

## **ESTIMATES OF REVENUE AND EXPENDITURE**

### *Consideration of Tabled Papers*

Resumed from Thursday, 2 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 CHARLES SMITH (East Metropolitan)** [2.08 pm]: If I may just reiterate briefly, because I know that members are keen to refresh their memories from last Thursday —

**Hon Simon O'Brien** interjected.

**Hon CHARLES SMITH:** Especially Hon Simon O'Brien.

I was acknowledging the state of the truly dreadful set of books the Labor Party inherited from the previous government and I said that it beggars belief that we are in this financial situation at all. Western Australia underwent a huge, once-in-a-century economic expansion and all we have to show for it is a mountain of debt and a whole lot of economic pain. I will quote some budget propaganda that the government released. I quote —

Everyone will need to share the burden to help get Western Australia back on track and the State Government is committed to minimising the impact on struggling families and small businesses.

It seems odd that the state government chose to target certain sectors while shielding others. Surely the burden should be spread across all sectors in our economy. Why then were some liquefied natural gas producers and banks, which make mega-profits, not asked to make a contribution when the goldmining sector was? This seems patently unfair to me. As we have previously heard on many occasions, the profit margins across the gold sector are simply not strong enough to absorb a significant royalty increase. As my colleague, Hon Robin Scott, has continuously said, a substantial increase in the gold royalty would have turned that beautiful town Kalgoorlie–Boulder in the heart of the goldfields into the centre of the dole fields. We stand with the people of the goldfields and that is why we decided to vote against the gold royalty rate increase.

**Hon Peter Collier:** You are going to have to do it again soon.

**Hon CHARLES SMITH:** So we hear.

We also stand for the battlers, the pensioners and the families who are now doing it tough. Some of the state's most vulnerable groups have been hit with power price increases of up to 30 per cent. As was recently reported in *The West Australian*, we now find that previously confidential advice from Synergy to the government shows that the doubling of the supply charge would disproportionately affect some needy customers. Again, I do not think it is fair that people like pensioners and others on low incomes should face the pain while certain businesses and sectors are shielded.

I know that the budget was sold to us as a deficit repairer; however, it seems to be lacking in some areas. For instance, limiting expenses by itself does not repair a budget; we also need to diversify and increase our income. This budget does not do that. The government could save money throughout the budget. For example, the cost of projects such as the Ocean Reef marina could go a long way towards funding another 500 police officers, but no, it is another vanity project for northern suburbs voters.

I cannot express how disappointed I am in the government's approach to the police. The lack of respect shown to these dedicated people by this government is just shocking. There can be no doubt in my mind that this government will soon be the prima facie cause of lawlessness in Western Australia. Our laws are weak and enforcement of those laws is even weaker. Our policemen and policewomen play a significant role in keeping our communities safe, yet this government has failed to consider their most basic needs. As an ex-police officer, I understand that WA needs an effective, reliable and responsive police force to counter emerging security threats and to enforce the law. This cannot be achieved if our police officers are not fully resourced and do not operate with high morale. The government apparently understood this before the election and promised a pay deal of 1.5 per cent. Since the election, that pay deal has been reneged on. There is no doubt in my mind that the WA Police Force faces a number of crises. There is a crisis of confidence in the government to provide for our police and a crisis in community safety. Our intrepid and hardworking police simply do not have the resources they need to deal with the ever-growing workload. Now we have a new regulation coming in that the police have to deal with—the one-metre rule for cyclists. The government wants the police to prosecute potentially hundreds of these new complaints. I do not know who is going to do it. If footage has to go to the computer communications squad for analysis, it is going to take at least two years before any prosecution is brought. That particular squad cannot cope with the amount of work it has to do now.

I turn to the promotion of the budget papers. We see the government spruiking law and order investments. The government is very proud to have created a few 24-hour police stations. It has, however, failed to mention that it has not employed any extra officers to staff the stations. It has created the stations at the expense of police officers having to permanently change the rosters and work on their rostered days off. That is what is actually happening out there. The truth is that the government is placing even more pressure on an already overloaded service. Something is going to burst with the police service and I hope the government is ready for when that happens.

In my maiden speech to this house on 22 May this year, I made an appeal to all politicians in the government to consider introducing a workers' compensation-style scheme for the police. I do not see that anywhere in the budget papers. I cannot get a straight answer from the government and I have asked at least three times when this is going to come in. I never get a straight answer. I really hope that this year the workers' compensation scheme is going to be introduced. This is desperately needed.

Aside from law and order, one of the biggest issues facing the East Metropolitan Region is traffic congestion. I would like to acknowledge that certain funds have been spent on a number of important transport projects in the electorate. There is the new \$86 million traffic interchange at Roe Highway–Kalamunda Road in Forrestfield, which is fantastic. There is \$70 million for the Reid Highway dual carriageway between Altone Road and West Swan Road. I am glad to see some more investment in rail in an effort to alleviate some of the pressure on our clogged roads. I truly hope that the government can deliver on time and within budget. However, I must say that I am disappointed that the government has not allocated any funds in the forward estimates to construct the long-awaited Morley–Ellenbrook rail line. All we find over the next four years is a relatively small amount of funding for planning and design. This is despite the government promising during the March election campaign that it would commence work on a rail link by 2019 and finish in 2022. It is unclear still at this stage how the government will be able to fulfil its election promise. It was recently reported in the media that far from being fully funded and shovel-ready by 2019, the promised Ellenbrook–Morley rail line now appears to be contingent on Labor winning the next federal election. In other words, no federal funding has actually been secured for the project, just a verbal promise from the federal opposition leader to provide some funds should he become Prime Minister at some point. It is impossible not to be sceptical of such promises made by federal Labor. Many Western Australians and many members may remember when former Labor leader Kevin Rudd promised in 2007 a WA infrastructure fund of \$100 million a year, and guess what? That never happened. In 2010, Wayne Swan promised a \$2 billion WA infrastructure fund. Again, it never materialised. What guarantee do we have that Bill Shorten, if he becomes Prime Minister, will deliver even one cent? The answer is that we do not have any guarantees at all. I certainly hope Ellenbrook does get a train line; it is desperate for one. It is a fast-growing area in need of major infrastructure investment. I just wonder how the government thinks it is going to make that happen. Even during recent Senate estimates it was revealed that the McGowan government had not submitted a business case yet to Infrastructure Australia for the Ellenbrook rail line or any part of Metronet. Members will no doubt recall that the previous Liberal–National government was absolutely smashed over its failure to deliver this promised Ellenbrook line. I hope the government does not repeat the same mistake. The people of Ellenbrook, including me, as I live nearby, are sick and tired of these broken promises.

While I am talking about infrastructure, I would like to briefly make a point about the long-term planning in this budget, or the lack of any long-term planning. The government talks about reducing congestion and improving services, but it is difficult to see how this will be achieved, given Perth's population is set to soar and the population for Perth and surrounds is projected to swell by 75 per cent to around 3.5 million people. The government appears to be flying blind as we hurtle towards a much bigger city. The major parties are eager to promote and facilitate rapid growth through high immigration, but have failed to outline how they will finance and build the infrastructure needed to accommodate all these extra people. Over the last decade, Perth has experienced breakneck rates of population growth, and many established residents feel that their quality of life is now under threat. The major parties and Treasury need to realise that maintaining population growth at such a high level for an extended period will require massive ongoing investment in the state's rail and road infrastructure networks, not to mention schools, hospitals, water, energy and all the other physical and social infrastructure. If the population of Perth were to increase by 75 per cent, the stock of infrastructure would also need to expand by at least 75 per cent to avoid overload and prevent a degradation in living standards.

In a submission to an Australian Productivity Commission inquiry into infrastructure provision and funding, University of Queensland academic Dr Jane O'Sullivan noted, and I quote —

What is missing from the political discourse about infrastructure funding is the *loss of productivity due to crowding* of our existing infrastructure and services. Providing additional capacity to restore lost productivity gives no net benefit to the position of the average Australian business or citizen. Asking them to pay a user-charge for this new capacity, to replace what was taken from them by population

growth, obviously leaves them worse off. Normally, when someone takes away something you own, and then demands payment to have it restored to you, this is called *extortion*.

According to Dr O'Sullivan, providing infrastructure for population growth is not actually an investment in the conventional sense. Rather, it should be considered a recurrent cost required simply to maintain existing productivity levels and standards of living. Economists call this "capital widening" at the expense of capital deepening. To use Dr O'Sullivan's words again —

There is no prospect whatever for the infrastructure currently planned by government to increase per capita productivity sufficiently more than that lost through crowding, in order to repay the debt with interest. Our current high need for additional infrastructure is not a one-off situation, it is recurrent as long as population growth is sustained.

The government can keep pouring record amounts of borrowed money into so-called congestion-busting projects year after year. Unless population growth slows to a more moderate growth, WA will keep slipping further behind in infrastructure and services. Given the costs associated with rapid population growth, it would be prudent for the government to develop a long-term population strategy aimed at maximising the quality of life of existing residents. The state government should also urge Canberra to reconsider its de facto Big Australia policy, which is, of course, the prime driver of rapid population growth in WA and elsewhere in the country.

Aside from slowing down the population growth and thus forestalling the need for a costly expansion of infrastructure, we need to be smarter about how we finance long-term infrastructure projects in this state. One Nation WA has previously proposed the creation of a WA infrastructure finance corporation. Such an entity would be financed with seed funding and direct public funding and operate on a commercial basis. The establishment of a WA infrastructure finance corporation would reduce state deficit and debt by taking over some of the long-term financing of major infrastructure projects. It could raise its own funds for infrastructure development and provide long-term concessional loans to support strategic projects in WA. This would improve intergenerational equity. Long-term infrastructure would be financed using long-term loans, so that future generations benefiting from the asset also share in paying off the cost of the investment. This would allow WA to finance and construct major projects while earning a return for the taxpayer. It would allow the government to cut its budget expenditure on infrastructure and free up funds to either pay down debt or invest in education, health, families, policing and other areas. It would also reduce the need for so-called asset recycling—selling off public assets to fund new infrastructure—and mean less foreign ownership of our assets.

The government says this budget is a roadmap for fiscal repair; I say this budget is a lost opportunity and full of broken promises. It risked inflicting a lot of unnecessary pain in the goldmining sector for little benefit by targeting the goldminers for a royalty hike, while giving a free pass to those multinationals making mega-profits. It would not have made a significant dent in the state's debt; it would only have cost jobs and hurt regional communities, which, I might add, are already set to suffer thanks to the government's decision to, effectively, disembowel the royalties for regions program. This budget also presents a risk to our community because it fails to consider the needs of our police officers. That will be palpably felt in all our communities.

We all know WA is being ripped off under a shockingly unfair goods and services tax redistribution system. If the GST were distributed on an equal per capita basis, Western Australia would receive \$6.6 billion in GST grants in 2017–18. Instead, we will receive only one-third of that—\$2.2 billion—and as a result, the state will need to borrow more. Meanwhile, the eastern states continue to treat Western Australia like an automatic teller machine. WA does the economic heavy lifting while other states, which produce very little, reap the benefits.

Economist Leith van Onselen observed —

It's a bit rich for the big parasitic Eastern States to run population ponzi economies that exacerbate their enormous external imbalances while boosting their own GST allotments at the expense of surplus economies like Western Australia:

What is frustrating for ordinary Western Australians is the unwillingness or inability of the political establishment to fix the GST mess. The Labor and Liberal–National bosses in Canberra have not lifted a finger to help WA or reform the unfair GST redistribution system—a system that is undermining the Federation. From time to time, they may express sympathy for our plight, but never follow through with any firm action. Lately, we have had the commonwealth Leader of the Opposition, Hon Bill Shorten, do exactly the same thing by confirming that he will not do anything to fix the GST mess, should he be elected. Although the major parties have utterly failed Western Australians on the GST share, I am glad that the Commonwealth Grants Commission has at least finally signalled changes that will allow states to increase their mining royalty rates and keep at least 50 per cent of the additional income. If such reforms are implemented, WA may be in a position to enact a temporary budget repair levy that could be spread over those in the resources sector most able to afford it.

I also believe the government needs to consider lifting the foreign property buyers surcharge on the purchase of residential properties. There is a proposal for a four per cent surcharge but that would neither be a major revenue

raiser nor a deterrent to foreigners entering the WA housing market and pricing out locals. Whatever the government's reason for implementing the surcharge on foreign buyers, it does not appear to be terribly effective at the current rate. Rather, it is a half-measure at best. I note that Victoria recently more than doubled its surcharge on foreign buyers to seven per cent. The Canadian province of British Columbia last year implemented a 15 per cent tax on foreign buyers, with Ontario soon following suit. The WA state government's four per cent surcharge seems pretty paltry in comparison.

Contrary to what is reported in the media, One Nation is prepared to work alongside the government in good faith to mend the budget and tackle our state's alarming debt problem. However, the government must be prepared to negotiate with us and compromise; it cannot continue to break promises made before the election without any consequence.

**HON RICK MAZZA (Agricultural)** [2.29 pm]: It gives me great pleasure to make a contribution to the Estimates of Revenue and Expenditure—Consolidated Account Estimates 2017–18 budget reply. As members would know, Western Australia is facing very difficult economic times, with debt at approximately \$40 billion and deficits for many years to come. The pain is not only being felt in government but also is reverberating throughout the entire community. The increase in fees and charges for government services such as power and water is putting financial pressures on families, singles, pensioners and businesses. The unemployment rate in Western Australia is hovering at just under six per cent. Approximately 140 000 of the people who are counted as employed are engaged in part-time work and are in fact under-employed. I refer to an article by political editor Joe Spagnolo that appeared in *The Sunday Times* on 8 October this year. He reported as follows —

The number of West Australians claiming the dole has jumped by more than a third in just three years, with more than 95,000 people now on unemployment benefits.

New figures released by Social Services Minister Christian Porter show the harsh realities of a troubled State, with the WA economy still reeling from a mining slump that has seen unemployment rise to 6.2 per cent in 2016–17—the highest rate in 15 years.

WA Treasury is forecasting unemployment to be about 6 per cent this financial year.

While 70,973 people were receiving Newstart and Youth Allowance in June 2014, that figure has now swelled to 95,496—meaning the number of dole recipients has increased by 24,523, or 34 per cent, in just three years.

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The figures have prompted the Chamber of Commerce and Industry of WA and the WA Council of Social Services to appeal to the Labor Government to do more to stimulate jobs. CCI chief economist Rick Newnham said yesterday WA was now “88 per cent of the way down the business investment cliff”.

“Once investment returns to positive territory and new jobs are added, we will see the entire economy start to recover,” he said.

But he warned that any increases in taxes would only hamper economic recovery.

“To stimulate business investment WA must be seen as a stable place to invest,” he said. “Increasing taxes on business, particularly payroll tax, does the opposite, making WA the most expensive State to create new jobs.

WA is facing some problems, particularly in the job sectors. This reverberates all the way down the line. It is particularly evident in the housing market, which is generally the canary in the coalmine. During the past two years, median house prices have continued to fall; in fact, we have had negative growth. That is a sign that people are finding life pretty tough.

There are four main levers that a government can pull in trying to balance the budget. The first is to borrow money. Members in this place were asked earlier this year to approve a loan bill for \$11 billion for the term of this government. It will be interesting to see whether the government will need more money and this house will be asked to approve another loan bill before the government finishes its term. The second lever is to raise taxes. The government has been doing that through increases in fees and charges for electricity, power, water and payroll tax. The third lever is to sell assets. That will reduce debt and thereby reduce the interest bill on that debt, which is currently in excess of \$1 billion a year. The fourth lever is to cut spending. It is unusual for a Labor government to take a knife to the machinery of government and the public service, but this government has frozen salaries and limited salary increases to \$1 000 a year. It has also implemented redundancies and spilt some blood in this area, with some very large redundancy payouts. Those cuts are estimated to save about half a billion dollars. It will take some time before any financial benefit is derived from those cuts. It may also reveal that there has been a brain drain within government departments and services have had to be cut.

I refer to an article in *The West Australian* by Gary Adshead, which states —

By introducing a voluntary targeted redundancies scheme—or a public service job shredder—the McGowan Government will get 3000 salaries off its books.

But, and it's a big but, State debt will still have risen to \$43.6 billion and we'll still have a deficit of \$1.1 billion in three years.

And to reach a point of trying to persuade the public that Labor will get the finances back on track, Premier Mark McGowan has had to rip up an emphatic promise made on the March election campaign trail.

He categorically ruled out raising taxes if elected because West Australians “had had enough”.

Well, he's just broken his word and is blaming an unforeseen \$5 billion worth of writedowns in government revenue since Labor came to power.

The Premier says he's sorry but the truth is his pre-election promise was foolish.

Taxes are continuing to increase.

I want to speak about government efficiencies. A case in point is firearms licences. During the last term of the Liberal–National government, the Shooters, Fishers and Farmers Party moved a disallowance motion against massive increases in firearms fees that had been imposed as part of a cost recovery program. That disallowance motion was supported by the then Labor opposition, and by a couple of Liberal members in government who crossed the floor. Those significant increases put the fees charged for firearms licences in Western Australia way above the fees charged in other jurisdictions. A parliamentary inquiry was conducted into those fee increases and it found that although the cost recovery was substantiated, it was based on a very inefficient and clunky system. Millions of dollars have been spent on a new processing system for the licensing of not only firearms but also pawnbrokers. That system has been in place for about 18 months. However, the new system is not cheaper, and it is certainly not more efficient. I am constantly receiving complaints about the inaccurate details on firearms licences. A recent policy change by police has prevented the use of Australia Post for the transport of firearms, imposing a big impact on the industry. Only 13 carriers have been approved by WA Police Force to carry firearms. Most of those carriers are based in the city and do not deliver to regional WA. Today I received an email from a country firearms dealer who will have to close his doors because of the lack of supply. Many firearms dealers will fail if something is not done very soon to rectify that situation. This is particularly a problem for primary producers in the regions.

Borrowing money is the quickest way to make sure that the bills are paid and the lights stay on. However, all debt has to be paid back. A further burden on the expenditure side of the ledger is interest charges. There has been a lot of talk by governments, both state and federal, about good debt and bad debt as they try to justify their struggling and runaway deficits. There is no such thing as good debt. That is a fantasy. There is necessary debt, but, sooner or later, debt needs to be paid back. If this government had the political will to take the necessary austerity measures, it could get this state back into the black. That would free up over \$1 billion a year that this government is paying in interest to be spent on schools, health, and increasing the number of police officers. It could even be used to cut fees, charges and taxes to improve the standard of living of people in the community.

As at 30 June this year, WA Treasury Corporation detailed state borrowings at \$44.9 billion. That is a significant amount of money. There is a real prospect that debt will rise to beyond \$50 billion in the next few years unless significant changes are made to reel in debt. The government needs to do more than get out the crystal ball and hope there is a magical turnaround as part of the economic cycle. The former government tried that method, and the upswing did not materialise. The government needs to do more than just hope there will be an economic recovery.

The budget forecasts that gross state product will lift from a quarter of a per cent in 2016–17 to three per cent in 2017–18, which is a 12-fold increase. If that significant increase is being relied upon as part of the debt reduction program, I fear for the future. The other option is to raise taxes and service charges to provide revenue for the government, but that places an impost on the community and businesses. Increases in power charges, vehicle registration fees and water rates all lower the standard of living for Western Australians, particularly vulnerable Western Australians, and people, in general, reduce spending. Business taxes such as payroll tax, which is a tax on jobs, should be phased out, not raised, to provide more business incentive to invest and create jobs, not put more imposts on those businesses. It is a real handbrake on enterprise and increases the cost of doing business in Western Australia. It is up to governments to provide a good business environment within Western Australia to stimulate the market.

An issue from just before the election comes to mind. There was some talkback on ABC radio 720 about the stadium footbridge, which had been contracted to a Malaysian company for around \$40 million. I cannot remember who it was, but an officer from the department said that Western Australia does not have the expertise to build this bridge. Someone from the institute of fabricators got on the radio and said that we definitely have the expertise here in Western Australia to build the footbridge. The department came back and said that it all gets back

to cost. It came to mind that in Western Australia we impose occupation health and safety standards, which we need, payroll tax, land tax, stamp duties, power charges and everything else in this state that is an impost on business. Then we rub salt into the wound by saying that we will not build the bridge here because it is too expensive, so the government contracted a company in Malaysia. As it turns out, the wheels fell off the whole thing with the company in Malaysia and we are looking at \$90 million to build the footbridge in Western Australia. If we had had a decent business environment in Western Australia, with cheaper power and fewer taxes, maybe we would have had it built here in the first place. Often, increases in taxes such as payroll tax, stamp duty and land tax have diminishing returns for the state as companies cut overheads and reduce spending and enterprise slows down. People stop buying cars or properties, which reduces stamp duty, and there is less revenue for the state. This has been evidenced in reverse with the first home owner scheme. On page 513 of budget paper No 3, it forecasts that expenditure on the first home owner scheme is expected to reduce by \$26.5 million in line with weaker expected demand. Basically, that is saying that with the reduced demand for building new homes, the applications and claims for the first home owner scheme will reduce by \$26.5 million, which is very telling. We will have diminishing tax returns. First home owner buyers entering the market are the drivers of any real estate market. The reverse example demonstrates that taxes and charges can be increased, but if productivity, investment and spending decline, the tax burden causes a further contraction of the economy, which, basically, evaporates a lot of the expected income.

On a positive note, notwithstanding that the \$5 000 boost was abolished to save \$21.5 million—it might be less than \$21.5 million because, obviously, a slowdown is predicted—it is pleasing to see that the government retained the \$10 000 first home owner scheme for new buildings and the stamp duty concessions for first home buyers when they buy a house or a property. These concessions are crucial for an already struggling new home building and real estate industry, so it is good to see that those have been retained, even though there will be a \$26.5 million reduction in applications. It kind of contradicts the forecast of gross state product to lift from a quarter of a per cent to three per cent if the housing industry is going to reduce substantially over the next few years.

There has been some recent media commentary on housing affordability being the best it has been in decades. In fact, the Minister for Housing, Peter Tinley, was crowing that housing affordability is the highest it has been in many years. I am sure that many affordable housing advocates here would welcome that. Unfortunately, housing affordability has not improved because of wages growth and a better economic climate. The affordability has improved because property values have continued to decline. This is a negative reason for affordability to improve, not a positive one. If someone does not own a property and they are entering the real estate market, it is good news for them. Affordability is good. But if someone has bought a property in the past five years, things will be very diabolical for them, particularly if there are issues such as job losses or a relationship breakdown and they have to sell that house; many people will be selling homes for less than what their mortgage is. An article in *The Australian* in September focused on this issue and reported —

Signs of rising mortgage stress have emerged as the rate of missed home loan payments across Australia hits a five-year high and more than \$26 billion worth of mortgages have fallen behind.

Even with the official cash rate sitting at a record low, mortgage delinquencies hit record highs in the mining downturn hit states of Western Australia, Northern Territory and South Australia, where unemployment is squeezing more borrowers, according to figures tracked by Moody's.

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Moody's said Western Australia, with a rate of 2.96 per cent, bore the brunt of the rising mortgage delinquencies, driven by a weak economy and falling house prices. Underemployment hit 10.4 per cent in Western Australia in May, well above the national average of 8.8 per cent. House prices in Perth fell 2.1 per cent over the year to July and have fallen for more than two years. More than 7 per cent of home loans in the West Australian outback were overdue in May.

People in the real estate market, maybe in the mortgage belt, are experiencing a lot of stress, particularly if their jobs are on the line. Even though affordability has improved, it is really not good news for everyone. For most people a family home is their single biggest investment asset and underpins their personal wealth. People also have an emotional attachment to their home, so if someone falls behind on their payments and is forced out of their home, it is not only a financial loss, but also a strong emotional loss as they are turfed out onto the street. With these delinquencies, I am sure that the number of bank foreclosures will increase, and that is not good for anybody.

Further impacting property prices is the introduction of a four per cent foreign owner duty surcharge on residential property, which is expected to raise \$48 million. Hon Charles Smith said that it is a bit low and that it should be higher, at seven per cent for foreign investors. Time will tell whether investors will shy away from the WA market. It is always quite popular to say that if foreign investors come in, we will tax them so that they do not compete as heavily with the local market, but at the end of the day we need foreign investment in Australia and in this state. We will see whether that four per cent deters them over time.

**Hon Darren West:** Is there a fracture on the crossbench?

**Hon RICK MAZZA:** We are certainly not making any donations to local government members anyway.

**Hon Darren West:** Just declare them if you do. We have three days.

**Hon RICK MAZZA:** I will make sure that we do. The other issue is —  
Several members interjected.

**Hon RICK MAZZA:** Madam President, I seek your protection to continue my speech.

**The PRESIDENT:** Hon Rick Mazza has the call. I am sure that others will have an opportunity to speak, if they so choose, at a later stage.

**Hon RICK MAZZA:** The other option is asset sales. During the election campaign, the Liberal government was planning to sell Western Power and the Labor Party campaigned on not selling that asset. The total increase in the residential electricity tariff in this budget and out to the forward estimates is 27 per cent. That will compound and increase as time goes on. The wholesale supply of electricity in this state is contestable for industrial and large commercial users. Only domestic and small business users are forced to buy their electricity from Synergy. Synergy has a legislated monopoly on the sale of electricity to residential and other customers who do not consume a large amount of electricity. If this government really wants to phase out its retail subsidy, it needs to reform the retail market and allow electricity generation markets to compete as well. It needs to allow gas retailers to enter the electricity market. It needs to encourage the use of smart meters so that users can manage their demand and therefore reduce their costs. It needs to change the rules that prevent Western Power from providing cheap, standalone electricity on the edge of the network grid. It needs to bring real competition into the domestic and small business retail markets for electricity. We have seen it work in the retail gas supply in which there was significant competition and discounts of up to 30 per cent. The consumer benefits. If a person uses a gas heater in winter, they can shop around for the best deal on gas, but if they use a reverse-cycle air conditioner, the government can tell them to take it or leave it because it has a monopoly.

The government does not have a monopoly in the generation of electricity. There is plenty of privately owned generating capacity out there, such as Bluewater, but ordinary Western Australians cannot access it under the government's rules. If there is going to be meaningful competition in the electricity market, then that competition has to extend to generators and not just retailers. If the government is already subsidising electricity charges, then introducing retail competitors alone will not stand up. It is no good competing on a retail price when it is already lower than the wholesale price. It defies the laws of business gravity. There is a limit to how much the government can milk the taxpayer and businesses in Western Australia. Unless it is prepared to do something other than increase taxes, fees and charges, I think it will find the limit.

The community has been the subject of increasing power costs as the government winds back its subsidies. The impact on small businesses and struggling households has meant applications for hardship utility grant scheme assistance has skyrocketed as vulnerable people feel the financial pain of keeping their lights on. An article by Daniel Mercer was published in *The West Australian* last month, titled "Electric Shock". I quote —

More households than ever are seeking help to pay their power bills with a big increase in applications to the State Government's hardship fund in the past three months.

Official figures show more than half of the \$20 million allocated for the hardship utility grant scheme has been spent in the first quarter of this financial year as an 11 per cent increase in power bills begins to bite.

Almost 20,000 applications have been made to State-owned power provider Synergy by people struggling to afford their bills.

The figure for the three months to the end of September compared with 27,000 applications for 2016–17, a figure that was nearly three times the number of applications in the previous financial year.

Under HUGS, people in financial distress can apply for grants of up to \$581 a year for help to pay electricity, gas and water bills.

Residents above the 26th parallel can apply for up to \$962.

The State's welfare lobby said the latest figures were alarming but not surprising given WA's economic troubles and the size of cost-of-living increases in the Budget.

As the cost of living goes up, of course, peoples' standard of living goes down.

If the government is going to repair the budget and provide cheaper power to the residential and small business communities, then it needs to consider and investigate the sale of Synergy. In 2014–15, Synergy's revenue was \$3.2 billion. I know this government is not really enamoured of selling assets, but I will read from an interview

conducted in 2014 between the ABC's John McGlue and then shadow Treasurer, Ben Wyatt. I quote part of the transcript —

JOHN McGLUE

So what assets do you think are appropriate to be sold?

BEN WYATT

Well, I think it's those assets that ultimately can ... that does service the private sector in the main, that assets that can charge a user pays model along the way that doesn't necessarily require a subsidy from Government, and at the moment I think some of those port infrastructure and I think the Government has made the point around Kwinana Bulk Terminal ...

JOHN McGLUE

You're the shadow treasurer—what are your ideas, what assets do you think could be sold?

BEN WYATT

Broadly, the principles I look to are... are those assets being used in the main to benefit the private sector, are those private sector industries providing or being charged an appropriate fee—user pays, if so, then that may be an appropriate vehicle or appropriate asset to remove off the State's balance sheet and redirect that money into retiring debt.

JOHN McGLUE

What about the State's energy assets? Could you see some of Synergy's generation power plants being sold, for example?

BEN WYATT

Well, I think Eric Ripper in his retirement speech made the right point and that is that at some point I think it is inevitable that the energy assets will be sold ...

There we have it from our current Treasurer, who has not said no to selling Synergy.

I do not know what Synergy is worth. I do not know whether any modelling has been done on Synergy, but if for argument's sake it were worth somewhere around the \$10 billion mark and that was used to reduced debt, it could save us quarter of a billion dollars a year in interest payments. It would certainly help out the state and reduce our debt.

I am a believer in privatisation and capital being in the hands of the people who have the incentive and innovation to create service and efficiencies, otherwise they simply will not survive, so I can see the benefit of selling assets such as Synergy to provide competition, reduce energy costs and reduce state debt. However, there are some institutions that government must stay in control of—fundamental services such as policing, for argument's sake. I read there were plans to sell Landgate and I have a problem with that. Landgate is an institution that holds the land titles for every Western Australian in this state, which underpins the wealth of the entire state. It contains very sensitive information. The security of the Torrens land title system within Landgate is paramount to the state's whole economic fabric. I think selling Landgate would be a very poor move. The government could sell other assets, such as Synergy, which would also provide a level playing field for other retailers that enter the energy market if they are not competing against a government trading enterprise, but another private enterprise. I hope the government sees good sense in not privatising Landgate.

Another lever that can be pulled is to cut spending. Looking through this budget, I think it is still a fairly big spending budget. Fees and charges have increased and there have also been concession cuts, and the poor old pensioners have copped it again. In the last term of government, the pensioner rebate cap on water and council rates was reduced to \$550 a year for council rates and \$600 for water rates. In this budget, that cap has been reduced to \$100 each for water and council rates. That is a bit harsh on pensioners and older Western Australians who obviously own their own homes. They have probably spent a lifetime paying off a mortgage. They are not a burden on the state housing system. A little bit of a reward might be a concession on their rates, but no; along with high utility prices, the poor old pensioners have copped a bit of a kick in the teeth with a cap of \$100 each on those rates. In contrast, the budget shows spending on items such as a wave energy research centre—\$19.5 million, and a SmartRider ticketing system upgrade of \$34 million. I have spoken to a few people who said the SmartRider system works quite well for them so I do not know why we need to spend another \$34 million on upgrading it. Education assistants for schools will get \$48.3 million, which is great if the government can afford it but, in a time of austerity, I think that could wait. Unfortunately, things are tough and some things need to be sacrificed.

I will also touch on the rural fire service. Hon Colin de Grussa went into some detail about the importance of establishing a rural fire service and the recent Economic Regulation Authority report on setting up that rural fire



service. I confess that I have not read the whole report; I have read the key outline, which would suggest that the cheaper model is around \$4 million to establish, which I think would be very, very good value for money. The community has been crying out for it for some time. The Euan Ferguson report recommended a separate rural fire service. The Economic Regulation Authority report suggests that a rural fire service is actually quite affordable. When we look at items like \$4 million for a regional film project, we can see that again it is about prioritising expenditure: do we spend \$4 million on a regional film project or do we put \$4 million into a rural fire service? I think things are a bit skewed there. It is about prioritising what is important to the community rather than pork-barrelling.

I am very disappointed about the \$10 million cut from local government road funding grants, which was in retaliation for the disallowance motion we had on preventing the removal of concessions on motor vehicle stamp duty and registration. Country roads are very important to this state. They provide access for farmers to transport fertilisers and grains, and we know that the road toll in country Western Australia is much higher than it is in metropolitan Western Australia and, of course, road conditions can play a big part in that. We have limited the ability of many country shires to build and maintain new roads, and it has been suggested to me that some jobs out there are also on the line because if the local shire cannot afford to build and maintain those roads, it may not need staff to operate maintenance machinery. It was, I think, a poor move by the government to reduce that road funding grant. Other areas certainly could have been cut if a prudent eye had been cast over some of that expenditure. We are looking at \$19.5 million for a wave energy research centre when Synergy is closing down 300 megawatts of generating capacity due to oversupply, yet we cannot spend \$10 million on road funding grants. It is another example of poor prioritising.

A lot more work can be done on selling assets, sharpening the pencil and realising departmental efficiencies, prioritising expenditure and implementing austerity measures in these tough economic times. I suppose only time will tell whether this government has the ticker and good judgement to turn things around.

**HON SIMON O'BRIEN (South Metropolitan)** [3.02 pm]: I think we should note these budget papers. This is the first budget of the new government and I want to comment a little about what we might look for in the first budget of a new Labor government. There are a few key indicators that I will share with members that might be of assistance to the house. In the course of my brief comments this afternoon I will be touching on credit ratings. I want to talk a little about Ellenbrook rail. I will come to that perennial issue that has been raised from time to time. I also want to tell members a little bit about the sorts of things they might find useful to bear in mind when analysing this budget, being the first of a new Labor government.

Many of this lot—here and in another place—have actually been here before. They have some form. In a moment I want to take members back to 2001 to look at what happened then and at the parallels that are already emerging in 2017. I will not get too much into hackneyed political expressions such as “hypocrisy”, but some members might identify that theme beginning to emerge as they contemplate successive Labor governments. “Arrogance” is another word that is banded about freely, but one word I do want to introduce members to is “dissembling”, because I have noticed that that is a characteristic of successive Labor governments in particular. If members look for the word “dissembling” in their thesaurus, they will find synonyms relating to putting on a false front or a smokescreen, and words or expressions like “sham”, “fake”, “four-flush”, “conceal”, “cloak”, “camouflage” or “cover-up”. That is what we have seen in the past and I think that is what we are already starting to see now.

Let us contemplate briefly as we note these present budget papers the last time Labor came into office. I have some memories of that event, back in 2001; there are some similarities. Geoff Gallop was the Labor leader and new Premier then, as members might recall. What did Kevin Reynolds, another redoubtable commentator around town and a good Labor man have to say? He said that Gallop and his crew were like the dog that chased the car, caught it and then did not know what to do with it. We have had these debates and used those lines before, but it was true. We also saw some determination from the incoming Treasurer, Hon Eric Ripper, to not repeat the disastrous government actions of the previous WA Inc—era Labor governments. He told us that himself in his farewell speech in the other place. Slash-and-burn came to be the recipe for his approach to government action. I will give members a couple of examples of how that happened, and they might contrast them with their own observations of the day, if they cast their minds back.

Let us talk about road funding, for example. That was one of the first major casualties. I am particularly aware of this because I observed how it adversely affected my region at the time. Of course, later on I became the first Liberal Minister for Transport since, I think, Hon Cyril Rushton, who I doubt any current members knew, so I was a bit of a novelty at the time, but we are dealing with events long before that. What happened with the capital expenditure allocated to road funding? In the lead-up to the 2001 election, the transport portfolio was held by ministers Eric Charlton and Murray Criddle respectively, both of whom were members of this place and both of whom I am glad to say I have had occasional dealings with since; they are decent men. Eric Charlton was a bit of an individual, let us face it, and one of the things he did was to develop and get through the cabinet of the Richard Court government a very large road funding program to try to make sure that we had the road

infrastructure to meet the needs of the state as it grew. It was also designed to make sure that the users of roads—by nature, that is all of us—could be as safe as possible when using those roads, and we had already seen a lot of progress by 2001.

Do members remember the Kwinana Freeway south of Leach Highway in the days of the Dowding and Lawrence governments? The freeway had been extended a bit but there was a set of traffic lights at each intersection. As a member for the South Metropolitan Region, with my office at Canning Bridge, I had to get down to Rockingham or Secret Harbour or other such places all the time, and it was quite something to notice that as far as Thomas Road there were ongoing sets of traffic lights—stop, start, stop, start, stop, start. Large trucks had to stop and start, pushing out diesel particulates and making all the noise that went with it. By the time I got to Thomas Road, it did not go anywhere, so I would have to go down Johnson Road, Millar Road and all the other roads cutting through the back way, including Kerosene Lane, to get to my destination south of Rockingham. It was great when Minister Criddle, who was responsible at the time, finally completed the work that was needed to repair that situation and prepare Kwinana Freeway for the future. Let me briefly tell members about the scope of works. It involved not only all the grade separations on all those majors intersections down south where I mentioned, but also the necessary liaison with local residents and so on. It is not easy to retrofit that sort of infrastructure when in many cases communities have developed. But it had to be done and it was done. Do members know what else had to be done? Half the freeway had to be moved about 30 metres to one side because when it was initially built, no room was made down the middle for a future railway. A whole carriageway of the freeway was moved a little bit to one side and then grade separations and all those bridges were done—bridges that members are familiar with and pass not infrequently. That opened before the 2001 election, which was great. We saw a huge change overnight. Residents told us that it was terrific because all that stop–start noise disappeared, it was better for everyone’s health and people were getting around a lot more quickly—and it was easier on car brakes as well. There was another part of that project. I will mention a few examples.

Kwinana Freeway was also built far beyond Thomas Road. I think there was 13 or 14 kilometres of extension from Thomas Road right the way around to Safety Bay Road, which really opened up the south west corner of the metropolitan area. It was just about ready to open at the time of the 2001 election. I will refer to that in just a minute. What did Treasurer Ripper do for better or worse as he slashed and burned the funding program? He certainly got right into road funding. Some substantial amounts of expenditure were cancelled outright while some were deferred. What did the Labor members of the day do about that? I do not know what they did behind closed doors, but publicly I never heard a peep about it. There was a big project to upgrade Coalfields Highway. Coalfields Highway is often looked at as having a western half and an eastern half. Most of the western half was actually done under Charlton and Criddle’s ministerial responsibility, which was terrific. It had the higher priority and the rest of it, the eastern part if you like, was funded in the forward estimates. A new member for Collie was elected. He is a champion of his local area. Members know him because he is still around in the other place. There was a not a peep from him—nothing—when that funding was ripped out from his community, and it was the same story right across the state with new Labor members, all of who were elected because they were going to stand up for their community, yet those communities had the funding taken from underneath them. That is what happened in 2001–02. I will come back to Coalfields Highway when I get a bit of time.

Other aspects of capital expenditure were deferred. Just think about the Mandurah railway. We probably could have played that better in opposition because it was a Court government initiative and much of the heavy lifting and funding had been arranged under the Court government. A few things happened under the new Labor government. One of those things was to change part of the route, specifically north of Cockburn into the city. That changed the dynamics in a number of ways, and, as I said, in retrospect we—dare I say, I—could have handled the debate at the time a lot better because we tended to make it Labor’s project, which, from the point of view of posterity, is a bit unfortunate. But it was not only about changing the route and so on. It was not about the fact that a large part of the purpose of the railway was to service electorates such as Riverton and other electorates out Canning Vale way—electorates for which the new Labor members did not grizzle at all that their people were not getting the train service that was initially set out to be provided. No; it all became about changing the route, and those changes were made possible in a climate of capital infrastructure withdrawal because all that expenditure on the project was deferred. Members need to look out now to see how much money is, one way or another, being cancelled and how much is being deferred. I think they might find that instructive. Of course, all that was just the beginning and there was plenty more to come. There was that failed Office of Shared Services experiment, which wasted hundreds of millions of dollars. That money was just thrown away. I will come back to that in a little while. Then, of course, there were all the Corruption and Crime Commission investigations and minister after minister after minister resigned in disgrace. Of course, plenty of other ministers have endured. They spent time in opposition and are now back again. Can a leopard change its spots? I doubt it very much indeed.

One little story that I have told the house before concerns the opening of the Kwinana Freeway extension in 2001. To my recollection, it seemed like the opening took place the Saturday after the election, but it was probably a little bit later than that. There was the new minister, not of transport but of a thing called planning and infrastructure.

That minister had been around various places. She actually spent the best part of a term in this house previously, but by this stage she was off in another house. She later went to another house and now she is back again, I am delighted to say.

**Hon Tjorn Sibma:** It's a magical mystery tour!

**Hon Simon O'Brien:** It is a magical mystery tour!

I remember that she presided at the opening of the Kwinana Freeway extension from Thomas Road all the way down to Safety Bay Road. Barbara Scott and I, as the members for South Metropolitan Region, were there. We were not invited by the new government, of course. Rather, we were invited by the local council, the Town of Kwinana, which was nice. Murray Criddle, the most recent transport minister, was not invited, which I thought was just a plain bitchy thing to do and typical of incoming Labor governments. Barbara and I were delighted to be there. We sat through a 45-minute diatribe about how wonderful the Labor Party is at building roads. That is what we had to suffer through. To add insult to injury—because it was a pain having to sit there—there was not one mention of those who had been involved in the funding and the driving of that project. There was not one mention of Ministers Criddle or Charlton, which is very bad form, but, again, it is also about the word I used in my opening remarks—dissembling. I think that is most regrettable. I wonder how much of that we have already seen and how much more we are going to see. We shall see.

That is enough about a former government coming into office. Let me tell members about another former government when it came to office in 2008—not 2009, of course, because a very early election was held in 2008. A number of members opposite probably still lie awake at night and think about what fun that was. Premier Carpenter, of course, decided out of the blue, without consultation with his colleagues, to visit the Governor. I do not know whether anyone here was spoken to. I remember Hon Sheila McHale used to accompany him everywhere at that stage. Poor old Treasurer Ripper and his partner, our good friend Hon Ljiljana Ravlich, who was then minister for something or other—education was it?

**Hon Peter Collier:** Local Government.

**Hon SIMON O'BRIEN:** It was Local Government by then. There is another poisoned chalice; but I digress. They were off having a holiday somewhere up the coast. They heard on the radio or somewhere that apparently they had all resigned so that an election could be called. Were they really that ramshackle? Was that really what happened? Apparently it did, because not long afterwards I found myself as a new minister. I inherited an office on the 13<sup>th</sup> floor of Dumas House west. Guess who had been the previous occupant of that office? None other than my colleague I referred to earlier, Hon Alannah MacTiernan; the nomadic, itinerant member who goes from house to house to house. At that time she was a member of the Assembly and a recent Minister for Planning and Infrastructure. I had to do a few things. First, the dysfunctional Department of Planning and Infrastructure had to be dismantled and a new Department of Transport was created, and I am proud of that achievement. I might add that the officers who worked in that department were delighted to be a part of it. I will say some more about that on another occasion. Anyway, there I went. Members can imagine that when I was heading there I was wondering what was going to happen. I took physical possession of that office but had no staff at that stage. What do members think I found as I settled into that office and into that portfolio? The recent occupants had departed not only in a state of high dudgeon but also in some haste. There was not much left. There was a bit of scorched earth. I would not say they had cleaned the place—"cleaned out" possibly. There were a few things left. I found in a cupboard a wretched old Christmas tree from about 1927 and a few other things like that. I also found a locked safe in the minister's office. I eventually got it open but there was nothing in there. Maybe there were a few empty bottles around; I do not know.

**Hon Tjorn Sibma:** Vases.

**Hon SIMON O'BRIEN:** Vases, yes.

There was one thing in great abundance as the weeks progressed and we established the new office—loose ends. There were stacks and stacks of loose ends because Minister MacTiernan had also been taken totally unaware by Premier Carpenter's desperate and precipitated action. It had been a very busy job—it always is with transport. The things that I found were things left undone—as I say, loose ends. We had a bunch of port authorities, the boards of which in many cases were inquorate because renewals had not been processed because obviously no-one—at least not the minister and her advisers—had anticipated that the Premier would do something as precipitous as he did, which was to go to the Governor so early.

It was an interesting election, too. I have reminded members here before about one of my favourite moments when Premier Carpenter was with a former colleague from here, Graham Giffard. At that stage he was Mr Graham Giffard because he had left this place to become the Labor candidate for some place in —

**Hon Samantha Rowe:** East metro.

**Hon SIMON O'BRIEN:** The east metropolitan region—was it Swan Hills or something?

**Hon Peter Collier:** Yes, it was Swan Hills. One of those ones out there.

**Hon SIMON O'BRIEN:** One of those ones out there. The promise was: we are going to build a railway line to Ellenbrook. I remember seeing Graham Giffard as not only the nodding dog behind Carpenter during the announcement, but he also had this sign. Again, this is a great Labor tradition—put up a sign saying you are going to do something. It said this will be the site of the new rail line. He was very energetically banging in this sign on the location of this new Ellenbrook railway line. I recall one person who was conspicuous in their absence from that appearance and announcement and from any discussion that followed thereafter. Who was that person? It was the Minister for Planning and Infrastructure. She was not to be seen.

When I took over the ministerial office and inherited the detritus of what had passed for a transport department, there were various things in process. There were appointments—stacks of them—to be made to a whole lot of boards of port authorities and the like. I got on to that promptly, because it could not be done during the caretaker period. There were other reports from government agencies about projects in train—no pun intended—as one would expect. But there was not one thing about an Ellenbrook rail line. When the new Premier, Colin Barnett, asked me to have a look at this Ellenbrook rail line and advise the new cabinet, I said, “Righto.” I went looking but there was nothing. I could not even find anything scratched on the back of an envelope. There was no business case at all. It was simply a rash declaration made by a desperate Premier in the dying days of his administration. For the record, Graham Giffard never got elected either, though I wish him well in whatever he is doing now. Nonetheless, an undertaking had been given by the incoming government or by the leader of the incoming government and as a result I tasked the Public Transport Authority with examining the prospects of an Ellenbrook rail line and providing some fairly advanced advice to the new government. The advice I received was that the department did not know where the proposal had come from. But even on the most cursory examination—I got the department to do a lot more than a cursory examination; I got it to do a detailed examination—the advice I received about that particular project was, “Minister, this project is a complete dog. Don't touch it; you cannot possibly justify it on any cost-effective basis or on any principle of merit. And if you want to, because you've got a rush of blood that says you're desperate to build a rail line to Ellenbrook, bear in mind you'd be using so much of the transport infrastructure dollar that there would be a heck of a lot of other Western Australian citizens who would miss out.” In short, they are the sorts of contemplations that a government has to take when determining how to expend finite dollars. That is what happened.

Now, years down the track, we apparently have another pledge for another railway line to Ellenbrook. I read in the paper that this one might even go underground. That would be interesting because that brings us full circle now that we have a new Labor government. I have identified some of the articles of form, so I think members can see where I am going with my remarks this afternoon. I will bet London Bridge to a brick that undertakings have been given about Ellenbrook rail by this incoming government that do not stack up. There is a vacuum somewhere, which is the homework that has not been done, and yet commitments are being made. They are being dignified with this term “Metronet”. Everything is Metronet—Metronet this, Metronet that. “Put a Labor badge on it, whether you originated the project or not.” Hey, that sounds a little like the extension of Kwinana Freeway down to Safety Bay Road in 2001. Do not let the facts get in the way. Do not be scared to dissemble, put up a smokescreen, conceal, cloak, camouflage, cover up or four-flush; that is what we are seeing.

Members might, therefore, be concerned to contemplate all this in the context of the current budget, because here we go again: an incoming Labor government's first budget. I am seeing much of the same being practised by people I have seen practising it before. Perhaps they will not learn from the unfortunate outcomes of the past, but that does not mean that other members in this place should let them get away with it. This is the first of a number of budgets this government will deliver.

**Hon Dr Sally Talbot** interjected.

**Hon SIMON O'BRIEN:** I invite members to contemplate this and those budgets in light of some of the examples. I have given only a few today; there are plenty more. I see Hon Sally Talbot is prematurely trying to move to give me an extension, but I do not need it! I have adequate time. Do not incur the wrath of your colleagues just yet —

**Hon Dr Sally Talbot:** I am enjoying it. I wouldn't mind hearing a bit more!

**Hon SIMON O'BRIEN:** All right! I will give you some more! Look at members opposite. I cannot lip-read, but I am darn sure I saw at least one of them say, “For God's sake, Sally, shut up”!

**Hon Dr Sally Talbot:** They would not do that!

**Hon SIMON O'BRIEN:** I am sure they did not! I might need to clean my glasses; I am sure I would not have seen that! But it is all right. You asked for it; I will give it to you!

In the future I look forward to having a few tussles with the former Minister for Planning and Infrastructure, who is on urgent parliamentary business. I could not believe that I was suddenly going to be in the same place at the same time as this house-hopping, itinerant member of various Parliaments who has graced us again with her presence. But I look forward to that. She probably would not mind if, in her absence, I gave members one more story about what happens when governments come and go. We have heard from her and other members about what happens when there is a change of government, and new governments start opening the previous government's stuff. That is just one of those things that happens. I heard Hon Alannah MacTiernan comment on this recently. Unfortunately, I was in a place where I could not really interject at the time.

In talking about who owns various projects, I point out to members that a lot of projects, because of their scale and other factors, tend to be very complex, and for statutory and other reasons can actually take years to come to fruition. A lot of very big projects persist over successive governments. The other day in this place we heard some reference to who was trying to claim the credit for Forrest Highway. I hope I did that particular opening justice by pointing out that there were, indeed, several parents of this very good project. I remember that the late Don Randall, former federal member for Canning, and the former Minister for Planning and Infrastructure sitting in another place, were tit-for-tatting in the media about who had done what. A lot of people had been involved in that project. I reminded people at the opening that it went back certainly to Minister Charlton, and very definitely to Minister Criddle, and that was something that had not been introduced. I acknowledged them. I also acknowledged the input in the ministerial time of Hon Alannah MacTiernan. At the time and in the years leading up to it—because it was years—some critics were saying that she had somehow been tardy in moving that project forward. Maybe she was or she did not particularly like it—I do not know—but I point out that this was at a time when we had a Treasurer who was, shall we say, a little parsimonious when it came to spending big sums of money. For a massive project such as this, there had to be a reliance on federal funding being found and sourced. In due course it was sourced and the project went on and took a few years of construction. Believe it or not, the vast majority of the construction happened on my watch. I was the one who had to sweat over whether we were going to get enough weather to put those tens of thousands of tonnes of final seal on many kilometres of carriageway in time for the opening. But we got there in the end.

We also did some other things. We extended the project because of some good economies that we were able to achieve. I managed to properly build what was to be a simple road linking Mandurah with the now Forrest Highway into a proper grade, dual carriageway, four-lane highway called Mandjoogoordap Drive. I think it is the longest single-word street name that we have, to my satisfaction. Main Roads Western Australia was most upset. It had to get a special sign made because using its compulsory letter signage, the name would not fit on anything that anyone had in stock. Hon Stephen Dawson, we all have some claim to fame. That, at least, is mine.

Anyway, that was done. In the course of that we had to build, believe it or not, railway tunnels. Building railway tunnels is a very complicated exercise in the middle of Perth. I built a far greater length of railway tunnel than anyone else in this state. It was not as difficult a job, and I have not raised before, but it just shows that those are the sorts of things that happen as successive governments work through major, detailed projects that take years to construct. I will tell members this: whether it was Don Randall, Murray Criddle, Eric Charlton or Alannah MacTiernan, they all got an invite to the opening and were all mentioned as contributors to the project. Most of my comments were not about the ministers, but about the thousands of men and women who contributed to making this substantial and enduring piece of infrastructure. I contrasted that with the bridge-building capacity of my father, who during the Depression had been part of a team involved in building some of the significant, substantial wooden bridges that even to this day we still see in the south west along main roads. It was something to be proud of, and I am certainly proud of the achievements of all those people.

I have made some points that members might find instructive and useful. I wanted them on the record because I will contrast all that with the performance of this government as we see other budgets come forward. But I leave members with one more thing that brings us right up to date—that is, the question of credit ratings. Hon Ben Wyatt, the current Treasurer—the erstwhile potential Leader of the Opposition whose troops deserted him at the critical moment, but the —

**Hon Jim Chown** interjected.

**Hon SIMON O'BRIEN:** Perhaps. Who knows what will happen? If Stephen Smith is not available, they might have to look elsewhere.

In recent weeks, Hon Ben Wyatt has been getting us all ready. He has been preparing the commentariat and the people of Western Australia for a downgrade of the state's credit rating by Standard and Poor's, and Moody's. I have debated this issue previously with such knowledgeable people as Hon Darren West.

**Hon Tjorn Sibma:** Call him back in!

**Hon SIMON O'BRIEN:** No—he is just out at the local government department!

Let us come back to civilisation. Hon Ben Wyatt was like a kid waiting for Guy Fawkes night. He was so excited. He was almost quivering with anticipation.

**Hon Tjorn Sibma:** Fingers crossed!

**Hon SIMON O'BRIEN:** He had his fingers and toes crossed! He was hugging himself with delicious anticipation that Western Australia's credit rating would be downgraded.

**Hon Peter Collier:** And whose fault would that be?

**Hon SIMON O'BRIEN:** It would all be the former government's fault!

On 31 October, Hon Ben Wyatt, the Treasurer, put out a media statement headed, "S&P Global Ratings maintain WA's credit rating". I do not know exactly how Ben Wyatt dictated this media release, but I think it would have been through clenched teeth. Later that day, he delivered on television the good news that WA's credit rating had not been downgraded. He said, "Isn't that fabulous! I'm so happy! We might have thought that because of the mismanagement of the previous government, we were headed for a downgrade, but, joy oh joy, we are not." He also said at the time, in a clutching-at-straws tone of voice, that we are still waiting for a credit rating from Moody's. A few days later, on Friday, 3 November, he put out a media statement headed, "Moody's reaffirms WA's credit rating". That is despite the commentary from the Australian Labor Party and the Wyatt-McGowan government about the terrible set of books that the Labor government had inherited. That nonsense line has been put by many members opposite, including one this afternoon. However, it is starting to wear a bit thin, because they cannot say how much of that can be attributed to mismanagement by the former government and how much can be attributed to fluctuations in global markets, the inequity in the goods and services tax, and a range of other matters. I am not saying that the former government did not have some failings in this respect. However, unless the government confronts the issues in this state honestly and is dinkum with the people of Western Australia, it will get the wrong outcome. That is why I have raised this matter.

Ben Wyatt put out two media statements—one on 31 October about Standard and Poor's, and one on 3 November about Moody's. The subject was, "Oh, bummer; they did not downgrade the state's credit rating, so now we cannot belt the Liberal Party in opposition." However, someone in Ben Wyatt's office would have said, "But it is worse, Ben, because that benchmark has now been set not by one worldwide ratings agency, but by two, and if in future there is a downgrade in the state's credit rating, you and the Labor Party will have to own it." That is the disaster of this situation. Therefore, if the government wants to play this game of dissembling, it needs to understand that it will get caught out in due course, just as former administrations have been caught out. The government cannot maintain this line of dissembling forever. It augurs badly for the new Labor administration that it started government in this way. In 2001, I criticised the then new Labor government—it is starting to be a bit of a habit —

**Hon Stephen Dawson:** At least you're consistent, member.

**Hon SIMON O'BRIEN:** Thank you, minister. I am consistent and constructive. I am trying to help. This is a house of review, after all.

I said to Hon Kim Chance, the then Leader of the House, in quite a heated debate about some scandal or other that had erupted, that the government did not expect to get elected and it did not know what it was doing. I said that normally a government that is swept into office would have something positive to offer, a new program, an intention to do things, some enthusiasm and optimism, and show leadership. However, all governments come and go, and that gives us some comfort now that we find ourselves in the depth of deepest, darkest opposition. I gave Hon Kim Chance the Kevin Reynolds quote again. I said that his government has skipped that step and gone straight from election to decay. I am seeing in some of the public utterances from this government a symptom of the same thing—a government that has gone straight from election to decay. The government does not understand its responsibilities. It does not want to play a straight bat. It prefers to dissemble and play politics. It does not have any manners—many of them —

**Hon Sue Ellery:** Not all of us.

**Hon SIMON O'BRIEN:** I said many of them. I am convinced from what I have seen, not only now but also in the past, that if this administration is not careful, it will suffer the same fate as some of its predecessors. In fact, some of them are the same personalities. I do not have a great deal of interest in further discussion of this particular budget. However, I will be watching closely, through the same prism, as further budgets and further press releases unfold, to see for how long this government continues to blame everyone but itself for the problems it has made and is continuing to make for itself.

**HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment)** [3.48 pm] — in reply: I thank the many honourable members who have made a contribution to the debate on the Estimates of Revenue and Expenditure. The contributions were, to say the least, expansive and covered a range of areas. A number of members acknowledged the financial mess that has been left by the former Liberal–National government. Hon Simon O'Brien slightly acknowledged that.

**Hon Simon O'Brien:** It was proportionate.

**Hon STEPHEN DAWSON:** He certainly recognised the enormity of the financial mess left by the former government.

Many members offered a variety of views on how the state government could tackle or address budget repair moving forward. Some told us that we should stop spending and break our election commitments, while others gave us lists of projects to fund. Sometimes conflicting views were provided by members of the same political party. Many members used the opportunity to provide their views on a number of policy matters that are under active consideration by government. Obviously, we take those views and contributions on board and I will certainly ensure that they are passed on to the appropriate ministers.

Some members raised the foreign buyer surcharge. Some said that it was not high enough while others questioned its impact and whether it might be too much. A range of other taxes were addressed, including the gambling tax and the goods and services tax and that we get a raw deal from the feds. A number of members raised the 3 000 voluntary targeted redundancies that have been announced by government, and we will move through that issue over the next few months.

Every member in this place is entitled to make a contribution. As the minister representing the Treasurer in this place, I certainly undertake to ensure that a copy of the debate is forwarded to the Treasurer so that he can be aware of all the contributions by members of the Legislative Council. With that, I thank members for their contributions.

Question put and passed.