

ESTIMATES OF REVENUE AND EXPENDITURE

Consideration of Tabled Papers

Resumed from 13 June on the following motion moved by Hon Simon O'Brien (Minister for Finance) —

That pursuant to standing order 68(1), the Legislative Council takes note of tabled papers 4536A–F (budget papers 2012–13) laid upon the table of the house on Thursday, 17 May 2012.

HON BRIAN ELLIS (Agricultural) [11.35 am]: It never ceases to amaze me how brazen the opposition can be when it comes to the state budget. I have wondered why members opposite are not embarrassed at their apparent loss of memory when they raise issues such as regional roads, rail and communications. Once again, I have to try to keep a straight face while Hon Ken Travers complains about the grain rail network in the Parliament and in the media. Before I get to other issues I wish to touch on, I think it is timely for us to have a little history lesson to put this budget into perspective. I remind members opposite that the regional rail network was hopelessly ignored by the former Labor government while it was rolling in a huge surplus. What did it do with that huge surplus?

Hon Kate Doust: It's gone now—you lot have spent it.

Hon BRIAN ELLIS: This may be unpleasant, but I think a history lesson is in order to put things back into perspective.

The majority of the huge surplus was spent on propping up Labor votes by way of the Mandurah railway line. In comparison, the Barnett government has allocated over \$350 million to the grain rail network, and attracted federal funding by so doing.

Hon Ken Travers: How much have you allocated?

Hon BRIAN ELLIS: There has been \$350 million for the grain rail network, as the member well knows.

I have sat here while the same member complained about the funding for country roads. Which government built only 10 kilometres of Indian Ocean Drive in eight years? It was Labor. Which government completed that road under budget and nine months ahead of schedule within two years of being elected? Labor took so long to get the bulldozers moving on this road that its estimated cost for Indian Ocean Drive blew out from the original \$32 million to a staggering \$153 million. Luckily, there was a change of government. The final cost of \$95 million was a triumph for the Barnett government and Main Roads Western Australia.

But that was not the only regional road system neglected under Labor. In June 2009, the WA Auditor General brought down a report that stated —

Roads are at increased risk of structural failure because levels of planned maintenance have declined over the past 10 years—resurfacing by 30 per cent and rebuilding by 80 per cent.

Hon Ken Travers: Have you read the Auditor General's report on that matter?

Hon BRIAN ELLIS: I am quoting from it now.

Hon Ken Travers: Yes, and have you read the section that says it's because of the contracts that the former Court government signed?

The DEPUTY PRESIDENT (Hon Col Holt): Order!

Hon BRIAN ELLIS: In effect, the Auditor General was talking about two —
Several members interjected.

The DEPUTY PRESIDENT: Order!

Hon BRIAN ELLIS: I know it is hard for the opposition to hear the factual history, but the Auditor General was talking about two —

Hon Ken Travers: If you were giving the history, we'd happily listen to it.

Hon BRIAN ELLIS: I am trying to enlighten the opposition.

The DEPUTY PRESIDENT: Order! Let us be clear: please do not invite interjections. Carry on with your speech and address your remarks to me.

Hon BRIAN ELLIS: The Auditor General had been talking about two terms of Labor government neglect. His report went on to state that the estimated cost of eliminating existing overdue maintenance may exceed \$800 million. That disgraceful state of affairs was what the Barnett government inherited.

Hon Ken Travers: Are you going to read the section about the contracts signed by the Court government?

Hon BRIAN ELLIS: Sadly, it was not something that we could fix overnight. However, our government takes regional road safety seriously. The current budget provides \$24.3 million to upgrade various state roads comprising the grain freight network, as a result of some of the rail freight lines being decommissioned. There is \$35 million for the ongoing safe roads and bridges program, \$20 million for the ongoing state black spot program and \$41.7 million for safety improvements to crash sites across WA. This is on top of the \$375 million for the country local government fund between now and 2016.

But this budget hypocrisy is not limited to opposition members in this chamber. I have already spoken in an adjournment debate about the parliamentary and media outbursts of Margaret Quirk, MLA, regarding the regional police communications network. I remind members that Margaret Quirk was a minister when police officers between Geraldton and Dongara had to ask passing truckies to radio for help for accident victims. What did Labor do about this disgraceful state of affairs? It used the same tactics it used to build the Mandurah railway. It put all the money into —

Hon Kate Doust: Is that a bad thing? I think that has been fairly successful. It's very popular.

Hon BRIAN ELLIS: The member has not heard what I am going to say! The Labor government put all its money into improving police communications in the city where it could pick up some more Labor votes. This was despite the fact that in the seven months preceding this, attacks on regional police averaged two a day. The Barnett government knows how to look after the bush. We have allocated \$80.3 million over three years to upgrade communication systems for regional police and emergency services. Added to that, we have provided \$120 million to expand mobile phone coverage on country highways to eliminate black spots.

Another area Labor neglected was its unfulfilled promise to build a 330-kilovolt powerline to the midwest.

Hon Kate Doust: Sorry; what have you done with it? Zero!

Hon BRIAN ELLIS: I am pleased to say that the Barnett government —

Hon Kate Doust: You're still waiting, aren't you? You're still waiting!

Hon BRIAN ELLIS: The member will be happy to hear this. I am pleased to say that the Barnett government has achieved funding for this in our first term.

Several members interjected.

The DEPUTY PRESIDENT: Order!

Hon BRIAN ELLIS: I know it is a touchy subject in some areas, but I am just putting the facts. That is just a little of the history to put the record —

Hon Kate Doust: Where were you as the member not encouraging your government to deliver for your community on the 330-kilovolt line? You were silent!

Hon BRIAN ELLIS: To put the record straight, I have had to bring up a bit of the history that is unpalatable to the opposition. After that little history lesson, I now return to current times and will touch on some other issues.

Recently, we debated a motion on agricultural security. When I did some research, I was surprised that the research showed that, contrary to much popular belief, growth in global food consumption is expected to slow significantly over the next 40 years. This might come as a bit of a surprise to the people who run the line that the world's population is exploding and we are going to run out of food. According to a paper from the Australian Bureau of Agricultural and Resource Economics and Sciences, growth in global food consumption will slow from an average rate of 2.2 per cent a year between 1970 and 2000, to 1.3 per cent a year from 2000 to 2030, and then to 0.6 per cent a year from 2030 to 2050. The same paper notes —

Global food production has historically grown faster than global population ... Between 1961 and 2008, world population grew by 117 per cent while food production grew by 179 per cent ...

This is corroborated on the Commonwealth Scientific and Industrial Research Organisation website. What is the situation in Australia? According to the ABARES paper —

There is no foreseeable risk to Australia's food security. Australia produces twice as much food as it consumes ...

About two-thirds of the gross value of agricultural production in Australia in recent years can be attributed to gains in productivity. In a largely arid country with a diverse population, competition for resources, droughts and flooding rains, salinity issues and huge distances to transport products, both internally and overseas, our Australian productivity level is no accident. Agrifood 2025+: the future WAy noted that production in Western Australia has doubled through maximising the amount of land in production available, increasing yields and reducing costs. Nevertheless, according to the ABARES paper —

The Food and Agriculture Organization ... has estimated that 925 million people do not have sufficient food to eat.

This is due to complex reasons such as political instability, international trade, land grabs, biofuels, competition for resources, access to fertilisers and water, individual poverty, a lack of research and development funding, global climate change and regional climate limitations. For the sake of hungry people in those countries, particularly parts of Africa and South Asia, we cannot take our eye off the ball. So what is the Barnett government doing in this budget to secure agricultural security? The Barnett government is doing a whole heap more than the previous Labor government did. In a media release on 13 April last year, our Minister for Agriculture and Food stated —

... I am not aware of a single agricultural policy finalised, formulated or even flagged by the Opposition.”

It is not much better on the Gillard government front. In February this year, *Farm Weekly* noted that the federal Department of Agriculture, Fisheries and Forestry’s mission statement released in December 2011 —

... did not mention agriculture and failed to give any direction or accountability to what DAFF stood for.

It is no surprise, then, that the latest federal budget provided no extra money for farming research or infrastructure, provided nothing to replace the drought relief program or the exceptional circumstances program and scrapped the FarmReady program. In comparison, the Barnett government values agriculture. We have introduced a comprehensive package of agricultural programs across a broad spectrum of needs. I have quite a list and I will not go through them all, but I will touch on a few just to indicate to the house the importance the Barnett government places on agriculture. There is funding to address salinity problems; the “Bridging the Yield Gap” program to increase farm productivity; funding towards the Australian Export Grain Innovation Centre; \$11 million towards the \$55 million drought pilot scheme; the north east agricultural region strategy to build drought resistance across three million hectares from Kalbarri to Gingin; the climate change response strategy; expedited road train permits to drought-affected pastoralists; cuts to agricultural red tape, including long-overdue farm machinery movement permits; \$1.15 million for the “Pathways to Resilience” program, which aims to improve farm profit by lifting total farm productivity in areas that receive less than 350 millimetres annual rainfall; development of a new oat variety called Bannister, which has the potential to increase annual production by about 20 per cent and has improved resistance to stem rust, leaf rust and septoria; the “Farming the Pilbara” trial, to see whether groundwater pumped from mine sites could generate a new agricultural zone in the north west; the Gascoyne food bowl pipeline extension; the Ord stage 2 project; the Merredin Research Centre; and funding for wild dog control. There are also many other initiatives.

One of the most exciting innovations in this Barnett government budget is \$300 000 for a further 30 localised weather stations in the south west; this is on top of the \$265 000 in the previous state budget that rolled out 35 localised weather stations in the wheatbelt. These weather stations will be operated by the Department of Agriculture and Food in conjunction with other agencies, and will provide updated information every ten minutes. Because of my own farming background, I understand how important it is to have rain and moisture forecasts to make decisions on the timing and application rates of fertilisers and herbicides, and to decide the best time for seeding. However, the broader community—including mining, boating, fishing, aviation, conservation and emergency response teams—will also benefit from this network.

I turn now to a completely different subject. Like many other farming families, my wife and I sent our children off to school on an orange school bus, entrusting them to the skill of the driver. Many country students travel long distances over a considerable travelling time, and orange school bus operators are more than just chauffeurs; they provide continuity of care between school and home. Here is another example of how out of touch the previous Labor government was with the reality of the bush; just another little history lesson! Current school bus contracts, introduced by Labor in 2003, leave contractors vulnerable to loss of tenure and expose them to a variety of contractual complexities. Not only does this make it hard for remote communities to have continuity of service; it also means that the kids on the bus do not get the familiar care of a driver who effectively becomes a member of their extended family. I am delighted to have been part of negotiations over the last two years that will mean that 830 orange school bus contractors across the state will now have greater security of tenure and simpler contractual arrangements from July next year. Provided they meet key performance indicators and there is an ongoing need for a service in their district, they will have their contracts renewed without having to go to open tender. They will also have a say on how it works; industry consultations will be held regarding the specific content of the new contracts.

Industry consultations have also been held to ensure that the farmers of the sea will also have an income for years to come. Part of this has involved new regimes for lobster and demersal scalefish fishing, in order to preserve breeding stocks. It has also involved funding in this budget and the previous budget for several new

patrol boats and for ongoing research. All of this is essential because the world market is increasingly demanding sustainability certification for seafood. The fishing industry is integral to my electorate. Members might recall that, some years ago, I joined Hon Norman Moore in meeting with members of the Marine Stewardship Council in Brussels to discuss renewal of our rock lobster sustainability accreditation. Information on the challenges facing the industry at that time—most particularly the consequences of the low puerulus count—are detailed in my imprest report. The accreditation was renewed, and that was due to the actions undertaken by the Minister for Fisheries to ensure that the rock lobster industry remained sustainable. That is something he continues to do for the rest of our fishing stock.

Another primary industry where sustainability has become an issue is the live beef trade. It is interesting that the federal government budget papers listed two separate legal actions relating to the sudden suspension of the live meat trade. Both were tucked into the “Statement of Risks” section under a heading “Contingent Liabilities — Unquantifiable”, and relate to class actions by parties hit by the ban. One shows a potential class action by 21 clients represented by Minter Ellison; the other is a class action by three clients represented by Brisbane lawyer Trent Thorne. According to an article in the *Farm Weekly* of 17 May 2012, Mr Thorne believes industry claims could be worth between \$100 million and \$200 million. He said that the \$100 million business assistance packages the federal government announced in response to the ban were laughable, and a slap in the face compared with the financial losses suffered and payments made by those affected. Mr Thorne should know; his brother Nick is one of the largest cattle exporters in the Northern Territory. I am pleased that 81 per cent of approved facilities in Indonesia now use stunning, that dedicated animal welfare officers have been placed in Indonesian facilities, and that there is an ongoing program of practical training and skills development for local Indonesian staff. I do not condone the practices in some Indonesian abattoirs, as shown in the *Four Corners* program in May last year, but neither do I condone the knee-jerk reaction of the Gillard government. Neither, it seems, does the man who compiled what has become known as the government-commissioned Farmer review. The author of the review, Bill Farmer, who is a former Australian Ambassador to Indonesia, told the Pastoralists and Graziers Association conference I attended in Broome a few months back that the ban should never have been put in place. He also told the *Farm Weekly* —

When I think back to that night when the ban was implemented, I thought to myself, what could they have been thinking?

Mr Farmer went on to say —

And I think that rug was pulled out from under our feet because of the suspension.

And —

It will take some time to put that rug back.

In the meantime, pastoralists and exporters are hurting. On 31 May, South East Asian Livestock Services manager, Dean Ryan, told the *Countryman* that the costs for exporters of regulating the trade have gone up 400 per cent in the last 12 months. He told *The West Australian* that he has lost \$3 million and estimates it will take him more than a decade to make back what last year’s disruption cost. At the same time, sheep and cattle exports have dramatically dropped. Demand from Indonesia, our biggest market, is down by a fifth. Last year WA live cattle exports were down 34 per cent on the previous year. Fossil Downs pastoralists Jon Henwood told the *Countryman* that 12 months down the track, “the dirt hasn’t hit the fan yet.”

In the meantime, only half the money offered by the federal government to businesses hit by the export ban has been paid. Moreover, the scheme’s administration costs were nearly 18 times more than the benefit delivered by the scheme. In effect, the federal government spent \$1.2 million to hand out a meagre \$68 000 in compensation. According to the Senator Sean Edwards, who uncovered this mess during a recent Senate budget estimates hearing, the compensation scheme was poorly designed to begin with, which led to a low uptake. He went on to say that if agricultural minister, Senator Ludwig, had not made a knee-jerk reaction in the first place, the industry would not have lost thousands of jobs and millions of dollars in income, and the government—that is, the taxpayer—would have saved millions of dollars by not having to provide assistance.

As it was, Senator Ludwig finally visited Indonesia on 20 March 2012, nearly nine months after he suspended the live beef trade. WA agricultural minister, Terry Redman, managed to get there within 10 days of the announcement, but the knee-jerk reaction by the Gillard government to the Indonesian trade was only the beginning. Senator Ludwig then had another go at ambushing the industry. On 1 March 2012, with less than two months’ notice, he introduced a deadline for the tranche 1 markets to meet the new export supply chain system. Despite the sensitivity of the issue, he did not visit the Middle East until after he announced the deadlines and only a few weeks before they took effect. Given that the supply chain assurance programs can only function with the cooperation of the importing countries, in my view the senator put the cart before the horse. Now sheep growers and exporters to markets in Turkey, Qatar, Bahrain and Kuwait are also caught on the hop. Exporters to Saudi Arabia, United Arab Emirates, Malaysia and Oman have only six months to prepare for their 1 September

deadline. Those sending animals to Brunei, Mauritius, Russia and Vietnam have until 31 December. Although I support a supply chain tracking system and improved animal welfare, I believe this is another example of the Gillard government rushing in before consulting industry on particularities and time lines. Added to this, the deadlines flew in the face of the Farmer review, which guaranteed that there would be no hasty decisions until the reforms were completed at the end of 2013. Once again, it has come at a great cost to producers. The *Farm Weekly* reported one exporter saying that the cost of compliance with the new regulatory framework is an additional \$20 to \$30 per head.

It has been a very difficult time for the industry, but I will say that the industry has taken it on the chin, has accepted the regulations put in place and has been accountable. I think it is high time that those protesting against the industry were held to account also instead of the lies and innuendo that is put out by the protesters when facts do not seem to matter when they want to get over their side of the story.

In conclusion, although cattle and sheep producers are counting the cost of bad federal government, the people of Western Australia can count on the benefits of a good state government. The midwest will benefit from more than \$226.2 million for this financial year. The wheatbelt will benefit from more than \$22.3 million and the Barnett government has delivered a surplus of \$195 million in the current budget. In the time of global financial uncertainty, our AAA credit rating is rock solid. I welcome the state budget. I look forward to another year of good financial management under the Barnett government

HON HELEN BULLOCK (Mining and Pastoral) [12.07 pm]: I thank Hon Brian Ellis for giving me enough time to finish my remarks before lunch so I can enjoy my lunch before the world food shortage kicks in. I would like to make a short comment on Hon Brian Ellis's opening remarks. I must say that I do not quite understand the argument about why your government did not do this, why my government did not do this and "We build this. We build that." I take a philosophical approach to these kinds of arguments. That is, we have two major parties sitting in this chamber. Each of these parties has fundamental different policies on a wide range of issues. Also each party has very different priorities towards similar infrastructure and investment projects. So far, the parties take turns in governing the state, which means that in the long run, no matter how differently we believe about what should have come first, most of these policies and projects will be built and implemented.

I understand that not all not members in this chamber share my view, but I suppose by now I am used to it. That is not what my remarks are about today. In the past few weeks, we have been inundated with depressing news from other continents. Our share market has slumped due to the ongoing uncertainties of the Greek crisis. There has also been bad news from Spain and the United States as well as China. That bad news has wiped out billions of dollars from our share market. On 16 May alone, an estimated \$30 billion was wiped off the Australian share market. Gone with the wind again, on 4 June, was another \$23 billion on the disappointing US job figures, slow US manufacturing growth, record high unemployment rates in European countries and weak Chinese manufacturing data. At the moment, every country inside and outside of the Eurozone is waiting nervously on the outcome of fresh elections in Greece, which will happen this weekend, to see how this modern-day Greek tragedy will unravel. Just to refresh members' memories, the Greek crisis is essentially called the Greek debt crisis. The facts are that after years of unsustainable spending Greece has accumulated a sovereign debt pile of €40 billion, which is equivalent to US\$482 billion; that is, more than €30 000 per person in a population of 11 million. With its debt equivalent to 150 per cent of any output, Greece holds two unwanted world records: the lowest credit rating for a sovereign state and the most expensive debt. Greece has already been rescued once back in May 2010 by accepting a €110 billion bailout from the European Union and International Monetary Fund. Greece has lots of debts to pay but it cannot afford to borrow commercially because there is just not enough money there to pay the interest payment. The Eurozone leaders also agreed to a second bailout that amounts to €200 billion, which will happen in 2014. However, this plan has been thrown into jeopardy by the politicians. Greece's current situation is far from rosy. It has an unemployment rate of over 20 per cent and the crisis has led to curbs on widespread early retirement, tax rises and cuts in benefits and wages. However, after only two years of belt-tightening exercises the Greek people ran out of patience with this austerity approach and they forced the government back to an election.

Debt is a horrible thing to have. It takes a big chunk away from government revenue regularly and also puts restraints on the government's budget allocation for spending on necessities for a long period of time. But the only way to get out of the debt situation is to repay the debt in full, plus interest. There is no other way out. I am a bit surprised that the people in Greece still have not realised this simple logic. They have had their moment of joy; now the good times are over and the only thing that they can do is to tighten the belt, drink the bitter medicine and repay the debt. The fear of a similar austerity measure to that imposed on Greece has recently seen the French people elect a socialist president hoping that he will not be too harsh on welfare spending when he comes to deciding what type of fiscal policies to adopt and implement. They are not the only people who do not understand this simple logic in relation to debt. The statement issued by the G8 leaders on 20 May indicated that those countries in financial crisis have changed their tone. They are moving away from austerity measures and

have started talking about a commitment to take all necessary steps to strengthen and reinvigorate their economies. That is very ambitious; however, the question that needs to be asked is what are they going to use to strengthen and reinvigorate their economies? Surely, not more debt? Is it savings? The problem is that they do not have any. So I am interested to see what they are going to do with their debt.

On the surface, the situation in America is not as bad as Greece but recently I came across a website, www.usdebtclock.org. I suggest that members log on to the website and have a look, as it provides us with some eye-opening information. At the moment, the US national debt level is at \$15.7 trillion with a budget deficit of \$1.3 trillion and US federal tax revenue of \$2.3 trillion. Let us put this into perspective; it is like saying that someone earning \$200 000 a year has as debt \$1.4 million and continues incurring debt at a rate of \$340 000 a year. The interesting question here is how all of this will end—not well, I can assure members! Members are probably wondering what that has got to do with us, that Greece is an extreme case and it will never happen to us. Perhaps not in the near future, but we must acknowledge that we also have debt. All debts start from zero, just like Greece.

Four years ago when this government took office, the debt level to revenue ratio was 35 per cent with a budget surplus of \$650 million. By 2012–13, which is this year's budget, the ratio had increased to 73 per cent and a budget surplus of \$200 million. The total debt has increased by three-fourths in the last four years and now stands at \$19 billion. It is predicted that by 2015 the debt level in this state will reach \$24 billion.

It is true that our economic growth has been very pleasing in the past five years—even during the global financial crisis; we are doing very well. The growth in the past was mainly driven by increased business investment, household consumption and mining activities. All these activities are purely driven by Chinese demand for our resources. We are doing very well. Our growth rate was reported in the paper the other day as double the growth rate of China. I do not know where these calculations come from, but let us say that we believe that. The question we then need to ask is: will we keep growing at the current level over the next five years? Here are some answers. BHP Billiton Ltd has just ditched its \$80 billion plan for a future growth project over the next five years. The Oakajee Port and Rail project is another \$6 billion project that will not be going ahead for a very long time. Chinese manufacturing data does not look very good, and household consumption has fallen in this country to a dangerously low level, which has prompted the Reserve Bank of Australia to cut interest rates twice in the last two months. All of these are clear indications that the economy is slowing down.

Economics 101 tells us that when the economy is contracting, the government has a role to play in spending taxpayers' money to stimulate the economy so that ordinary people can get by all right without suffering too much. But what are we going to use to stimulate the economy during a downturn? Remember that we do not have savings for rainy days after all these years of the mining boom. They are just not there. So we might have to rely on more borrowings.

Looking into future, we are facing many uncertainties. I believe that this government's priority should be to focus on reducing the debt so that we will be in a better position to deal with whatever may happen in the future and also have the capacity to stimulate our economy when necessary.

Hon Jim Chown: I hope your federal colleagues are taking notice of your statement!

Hon HELEN BULLOCK: Yes; after this I am going to send my speech to them.

Hon Simon O'Brien: That will sort them out, then! Good!

Hon HELEN BULLOCK: Yes, good!

Members can tell that I am not a fervent believer in the free market, nor am I a great believer in government intervention. The truth is that government intervention often makes things worse. Governments often stuff things up. It gives taxpayers unrealistic expectations that governments can fix things and that governments can do everything. Greece has provided us with a perfect example of what not to follow: years of unconstrained borrowing and spending, and of living beyond its means, has finally brought that country to the brink of bankruptcy. Surely something can be learnt from that.

I have spoken enough about the debt situation. I now want to move on to talk about the future fund. I would like to start by congratulating the National Party—although no member of that party is sitting in the chamber at this time—on its move to exercise constraint and to adopt the idea of establishing a future fund and to transfer into that fund some of the excess royalties for regions money that would otherwise be overspent. To me, this is the highlight of the budget.

Last year, I spoke twice about the Norwegian sovereign wealth fund and suggested that this state should set up a similar fund to preserve for future generations some of the wealth that is generated from our mining industry. The first time I spoke on this was during the debate on the appropriation bill 2009–10, when I outlined a brief history of the Norwegian sovereign wealth fund and pointed out that even though Western Australia is also

blessed with abundant natural resources, after 40 years of digging and shovelling the dirt, we have ended up with a \$20 billion debt, in contrast with Norway's \$510 billion of savings in its future fund. My remarks about that were not very well received. The Minister for Finance completely ignored my comments, just as he is ignoring them now. So, I tried again during the budget debate last year. I again pointed out that our economy is very dependent on and hugely affected by the Chinese economy, which is slowing down. I argued that we should really establish this savings fund as a matter of urgency while we are still in a position to do so. But my notion of establishing a Norwegian-style sovereign wealth fund was put down mercilessly by Hon Norm Moore. He somehow turned my notion of setting up a sovereign wealth fund into a debate on secession of Western Australia from the federal government, which was completely irrelevant to my intention. Later, I realised that both Hon Norman Moore and the Premier have a passion for secession. I can understand that when one has stayed in the one place for such a long time, it makes one think that the Parliament is one's castle and Western Australia is one's kingdom. But, to me, I cannot see how it can be done. I think it is rather silly and unrealistic to continue to talk about secession. I have great respect for grey hair—if it were not for that, I would call them old fools.

So, again, I commend the National Party for listening—although not now—and adopting good ideas, and for genuinely trying to improve the party's performance and spend the royalties for regions money in a meaningful way. However, I must point out that an average amount of \$200 million a year for the future fund is far from significant compared with what is generated from the mining industry. It does make the fund symbolic. However, it is a start, and it is a positive move.

Having praised the National Party for this initiative, I would like to draw the attention of members to the fact, as I have spoken about, that according to this budget forecast, by 2014, Western Australia's net debt level will increase to \$23 billion.

In a speech given by Mr Martin Parkinson, secretary of the federal Treasury, on 7 March this year about Australia's economic circumstances, he underlined one of the main arguments for establishing another sovereign wealth fund. He said —

... the creation of an SWF *per se* does nothing to address either Australia's net debt position or, more broadly, the level of government or national savings over time.

If the Australian Government had financial liabilities of \$10 billion and runs a \$1 billion surplus, it can reduce gross liabilities to \$9 billion, or it can maintain them at \$10 billion and buy \$1 billion of financial assets to be held in an SWF—in both cases, net financial liabilities are \$9 billion.

He then went on to make this crucial point in relation to a sovereign wealth fund —

The only way the creation of a Sovereign Wealth Fund delivers a faster improvement in net debt is if it is used to justify a tightening of fiscal policy that would not otherwise be achieved.

He continued —

As such, if we are to have a sensible discussion about the merits of an SWF, the proponents of such Funds, whether at the national or sub-national level, need to be clearer about precisely what they have in mind. Absent tough fiscal decisions, an SWF does not constitute a contribution to future fiscal sustainability.

I hope that members on the other side of the chamber understand what he was talking about. What he is saying is very relevant to Western Australia's case. The government has now achieved the first step by proposing to set up a future fund, but if it has no precise understanding of what the fund is for, it will just become an offset account, as Mr Martin Parkinson pointed out.

The government needs to be aware of other dilemmas also. One of these dilemmas was pointed out by Ken Henry, former secretary to the Treasury. In his argument against the creation of a wealth fund in his post-budget address to Australian Business Economists on 18 May 2010, titled "Fiscal Policy and the Current Environment", he said that it is impossible to save if politicians are determined to spend. I will quote from his address —

Even if rules are put in place to restrict access to the fund, in the absence of liquidity constraints, a government that wants to finance an increase in current spending can borrow against the security of the fund. Money is, after all, fungible.

Federal Liberal member Malcolm Turnbull, in a speech to the International CEO Forum in Melbourne on 7 April last year, also made some good points about setting up a future fund. It was a good speech but it is too long to quote. Briefly, one of the relevant points he made was that a responsible government should treat taxpayers' money in the capacity of a fiduciary, not as a right or entitlement, but often taxpayers' money, or a surplus, is used to buy votes in marginal seats. I am sure this is the kind of dilemma that the National Party has encountered. I just hope that the National Party does the right thing. I think I have made the point about the future fund and I will move on to another subject.

[Quorum formed.]

Hon HELEN BULLOCK: Mr President, I do not understand which part of my remarks is not relevant to this budget that makes members go away!

The next topic is a transport hub. After three years of sitting in this place, my experience has led me to conclude that government is not really an efficient institution. I am not a big fan of government. I believe its functions should be strictly limited. However, one of the responsibilities of government, I believe, should be infrastructure building, not because it does it well, but because infrastructure is a public good that needs to be built using public money. I suppose it is not new to the Minister for Finance that I have a strong view about the Kalgoorlie–Boulder intermodal freight facility, commonly known as the transport hub. I have talked about it many times, and I must say that I am growing quite weary of repeating myself on the importance of this project. I am also weary of the government’s inaction and inefficiency in dealing with this matter. As far as I am concerned, two projects in my electorate have great importance to the future economic growth of this country as well as to the mining industry. The first one I have mentioned is the intermodal freight facility in Kalgoorlie–Boulder. Another one is the Oakajee Port and Rail link project. However, I regret to say that I do not foresee that either of these two projects will have enough of the government’s attention to appear in the budget for a very long time.

The intermodal facility in Kalgoorlie–Boulder is a very important project. Currently, the majority of the freight from the eastern states destined for the north west regions, such as the Pilbara and Broome, are transported via Perth. Even freight for the goldfields and Esperance regions is railed to Perth, bypassing Kalgoorlie, and then transported back to the goldfields and Esperance regions by road. By doing so, it adds approximately \$120 a tonne to the cost of freight. This costing was done in 2005 and I would not be surprised if I were told that the price now is double. It seems to me quite obvious that the current way of transporting goods to those regions does not make economic sense. With so many resources projects in the development stage in the eastern goldfields, north west and midwest regions, this project has become an urgent matter.

I have with me a long list of projects worth billions of dollars. These projects are very important to this state’s future economic development. The government should really focus on building the infrastructure to support current, as well as future, projects. These projects, I believe, can be best served by this intermodal freight facility in Kalgoorlie–Boulder. We do not want these projects to be ready to go without the infrastructure to take away the products. Members are probably not aware that we could export a lot more iron ore and other products if our ports had more capacity. This is still the problem. The problem has not been solved. The capacity constraints on our existing roads, rails and ports are limiting our export capacity, which means a loss of trade opportunities which leads to loss of revenue. Even the federal government has realised the importance of this integrated freight facility, and it is one of the few projects that the federal government is prepared to support. That is why the federal Minister for Infrastructure and Transport announced in Esperance earlier this year that the federal government will contribute \$2 million towards a feasibility study for this project. I am not sure whether he is aware that there is already \$5 million for a feasibility study for this particular project. Only so much can be spent on the feasibility study for one project; at the end of the day, at \$7 million it would have to be the most expensive feasibility study ever done by this government. Even the Director General of the Department of Transport, Reece Waldock, stated in last year’s estimates hearing that \$5 million is “perhaps overfunded for a feasibility study.” This government will pay \$7 million for this feasibility study.

The feasibility study has not yet started, and I have been told that it will take at least three years to complete. Given the expected slowing of future economic growth, I do not think that this government is very keen on this project, yet \$7 million will be spent. I remind members that a feasibility study was done by the previous government back in 2005; I just do not understand why it cannot be used as, or part of, the current feasibility study. It is another typical case of a waste of taxpayers’ money and a missed opportunity.

I move on to talk about the Oakajee Port and Rail project, which is also, as other members have mentioned, a very important project. Without it, most of the resources projects in the midwest will not get off the ground. Numerous projects have been shelved in that region because companies have lost faith in this government’s ability to deliver this important \$6 billion project. In looking back, I must say there was been a certain degree of stuff-up by this government during the tender process. This project really should have been awarded to a Chinese bidder for the very simple reason that the purpose of the development in the midwest is to satisfy the Chinese demand for our resources. I would have thought that the obvious thing would have been to keep the player in the game. However, for some very weird reason, the project was awarded to Murchison Metals, although it is quite obvious that Murchison is far too small to handle a project of such magnitude. It did not have enough funds to complete it. Mitsubishi has now purchased 50 per cent of the rights to build the project, and it is waiting for a Chinese concern to express an interest in partnering to build the project. I can tell Mitsubishi not to wait because that will not happen; it should move on. The economic tide has turned; OPR is dead. That also means that the development of the midwest is just another empty promise made by this government.

I think I have said enough, and I understand that it is lunchtime.

Several members interjected.

Hon HELEN BULLOCK: Have you not had enough of this mumbo jumbo, Mr Deputy President?

Hon Liz Behjat: Yes; so you can sit down right now then!

Hon HELEN BULLOCK: Right; I must say that I have to follow Hon Liz Behjat's example to always use up eight minutes and 50 seconds!

Several members interjected.

Hon HELEN BULLOCK: I understand that this is an opportunity to make detailed comments on items that are in or not in this budget. I have not done so because I do not want to get into the type of argument that Hon Brian Ellis did during his opening remarks. I am going to be generous to members and summarise my remarks by saying that I think this government needs to focus on reducing debt. The economic tide has turned, and the government is probably not aware of that. We really need to position ourselves to face future uncertainties, and we should not ignore the current circumstances. We should treat the Greek debt crisis as a warning, and look to our economic situation with the focus, as I said, on reducing debt, and building the infrastructure to get those midwest projects off the ground. The midwest projects are the foundations to this state's future economic growth.

HON DONNA FARAGHER (East Metropolitan — Parliamentary Secretary) [12.48 pm]: I also rise to take note of the budget statements.

I say at the outset that this is an excellent budget. It delivers benefits across a range of portfolio areas from public transport to education, to the environment and early childhood. The establishment of the future fund, funding for a new Museum, and the continued commitment to the Kimberley science and conservation strategy, as well as a range of other initiatives, will have a significant and long-lasting impact. In addition, although the examples I have mentioned—there are many other projects and initiatives—will have a positive impact on many Western Australians irrespective of location, there is, of course, the local aspect. By that, I mean the projects and initiatives being funded through this budget that will benefit specific local communities.

In mentioning that, I want to draw a distinction between the Liberal Party and the Labor Party. In the chamber a couple of weeks ago I had the pleasure, or displeasure—I am not quite sure which—of hearing Hon Ken Travers' contribution to the budget papers, during which he referred to the supposed winners in the budget. On 22 May he stated —

There was certainly a heavy emphasis on projects in the CBD and a bit of spillage out to the western suburbs, but very little in the outer growth suburbs where families are living today.

My ears picked up on that comment because I think it requires some correction. Hon Ken Travers might not know where the East Metropolitan Region is, but I can tell members —

Hon Peter Collier: Hon Ljiljanna Ravlich doesn't!

Hon DONNA FARAGHER: No, Hon Ljiljanna Ravlich certainly does not know where it is!

Several members interjected.

Hon DONNA FARAGHER: And the member is moving north!

Hon Ljiljanna Ravlich: I like to share myself around! Have you got a problem with that?

Hon DONNA FARAGHER: I am not going to comment on that one! We will let that one go to the keeper.

I was saying that the East Metropolitan Region, as well as the others, will benefit from this budget. Although there is always more work to be done—I do not think anyone would disagree with that statement—I am proud that the Barnett government has responded so positively, with the delivery of a range of new projects and initiatives across the East Metropolitan Region. It is much more, I must say, than when Labor was in government. If members opposite do not care to believe me, all they need do is ask some of their own members, such as the member for Bassendean. Indeed, when Hon Ken Travers made those remarks a couple of weeks ago, it reminded me of an article in the *Eastern Suburbs Reporter* a few years ago when the member for Bassendean was having a bit of a whinge about the former Labor government and more particularly about the Labor ministers. The article was headed "Safe-seat syndrome sees second-rate service: MLA" and states, in part —

BASSENDEAN MLA Martin Whitely has criticised his own government and taken a swipe at several Labor ministers for not taking care of his electorate.

...

Mr Whitely said that because Bassendean was a safe Labor seat its residents were not receiving the level of funding they deserved.

...

“Since taking over the seat of Bassendean, several ministers have been tardy in responding to my requests.”

The Bassendean MLA, who prides himself on being close to his electorate, said he was fed-up with many of his colleagues.

He stopped short of naming any of the “tardy” ministers he was critical of, but said he would start naming names if his electorate did not start receiving the attention it deserved.

The member for Bassendean should certainly be pleased with the work that has been done under a Liberal–National government in his area and other parts of the East Metropolitan Region—a commitment that was clearly lacking in the previous Labor government. I will give just a few examples. Any member who has travelled along Guildford Road recently will have seen the construction work underway—it is almost complete—on a principal shared path between Bassendean train station and Tonkin Highway. Covering a distance of, I think, 2.35 kilometres, this three-metre-wide continuous path and its associated lighting, signage and pavement markings will provide a safe, high-quality path to ride on. I have already seen some cyclists using it, even though it has not quite been completed! Although this new path is great news for local cyclists, it is even more exciting to know that it will extend further. Thanks to an injection of around \$20 million over two years in this year’s budget to improve cycling infrastructure, a new principal shared path will be built along the Midland rail line from Bassendean train station to Midland train station, which will connect with the path that I just mentioned.

Of course, in mentioning train stations, it is also important to recognise that, through this budget, the Minister for Transport—who I must say comes out to our region very regularly and we very much appreciate that—has provided for a number of upgrades to be undertaken at a number of stations, particularly along the Midland line, including Ashfield in the member for Bassendean’s electorate, Bayswater and Guildford. There will also be an upgrade at Maddington station. In addition, it is fantastic to see that additional Park ‘n’ Ride bays will be built. Indeed, I understand the plans envisage that over the next 18 months there will be around 310 extra bays at Guildford train station, 75 at Ashfield and 120 at Bayswater. Pleasingly, these improvements build on work that has been undertaken over the past year at Guildford, Maylands and Mt Lawley stations, and the work currently underway at Meltham train station. That station is currently closed whilst a complete upgrade is undertaken, with about 50 new car bays also being created.

There are, of course, a number of other wins for the East Metropolitan Region. From an education perspective, funding has been provided for new schools in Byford, which is a fast-growing area within our electorate. There is also continued funding to upgrade Bullsbrook District High School and for the complete redevelopment of Governor Stirling Senior High School—two schools that were completely neglected by the previous government. The \$63 million redevelopment of Governor Stirling Senior High School is one that I have taken particular interest in for many years. I thank the chairman of the school council, Graham Lane, and Pindan’s site manager for organising a site visit a couple of weeks ago. It was particularly pleasing to see that construction is well underway and that the school will be open for the start of the 2013 school year. A state-of-the-art school built to cater for about 1 000 students on one of the smallest, if not the smallest, school sites in the state is no mean feat. I congratulate everyone who has been involved in that redevelopment. I certainly look forward to the day that it opens and students who have been at both the old Midland primary school and Cyril Jackson Senior Campus are able to come back together to be part of really a new life for that school, which is absolutely fantastic.

A range of other initiatives and projects are being funded through this budget, whether it be funding for the Gateway WA project, which is a very important project, or the Midland health campus, which will be the first new public hospital in more than 50 years and will provide new and expanded services for residents in the East Metropolitan Region. For the first time, we will have access to chemotherapy, high-dependency care and coronary care. There will also be—I think this is really important—a dedicated paediatric area for children presenting to the emergency department. This is important infrastructure. Health is absolutely critical, and the fact that this new public hospital is being built with 307 public beds and about 60 private beds is absolutely fantastic. Other funding will ensure that Lloyd Street in Midland has the capacity to deal with the increased traffic that will inevitably arise when the new hospital opens. There is also funding over four years for Outcare’s Live Works training and rehabilitation initiative. This latter initiative is unique. A couple of weeks ago I had the opportunity, with Minister Redman, to visit the Department of Corrective Services’ Riverbank site in Caversham where we heard firsthand about the positive impact that this program has on young Indigenous offenders. By placing participants in traineeships, apprenticeships and other employment, as well as providing literacy and numeracy skills, mentoring and other work skills, this program diverts these young men towards meaningful and

practical training, putting them back on the right path away from a life of crime. I think that is something that all members in this place would support. Therefore, to say, somewhat disingenuously, that this budget is all about the CBD and the western suburbs is simply ridiculous.

I will now touch on two particular issues before I sit down, both of which relate to children and young people. Members in this place know of my very longstanding interest in the area of early childhood development and early intervention. This dates back to my university days, and certainly extends into my time in this place. Indeed, I had many a conversation with my former roomie, Hon Barbara Scott, with whom I shared an office near the library for about four years, on the importance of early childhood services and the early years of learning. I have raised that on many occasions in this house.

It is often said that prevention is better than cure. This is certainly the case when it comes to early childhood development. Indeed, as Nobel Prize-winning economist James Heckman said in a 2008 discussion paper —

Policies that supplement the child rearing resources available to disadvantaged families reduce inequality and raise productivity.

...

... interventions early in the life cycle of disadvantaged children have much higher economic returns than later interventions ...

Therefore, it is clear that the early identification of potential developmental delays and other issues allow effective strategies to be put in place during the critical early years of a child's life. It is for this reason, therefore, that I strongly support the investment of more than \$28 million to provide integrated services for children and parents through the establishment of 10 new child and parent centres on school sites. Providing a one-stop shop to help ensure that children and parents get the support that they need is really important.

Sitting suspended from 1.00 to 2.00 pm

Hon DONNA FARAGHER: Prior to the lunch break I was outlining to the house my longstanding interest in early intervention and early learning and the view that early identification of potential developmental delays, hearing and speech difficulties and the like allows effective strategies to be put in place in those critical early years of learning. I said at the time that it is for that reason I strongly support the announcement made prior to the budget, that is being funded through this budget, of more than \$28 million for the establishment of child and parent centres across 10 school sites.

Hon Robyn McSweeney: Excellent initiative.

Hon DONNA FARAGHER: It is an excellent initiative, minister. I was probably in the midst of talking about this when we went to the break. A one-stop shop that helps ensure that children and parents get the support they need without having to go from one place to another is really important. It is about having one place where a mum or a dad can take their child or children to get a health check—I will come to those in a moment—or gain access to allied health services such as occupational or speech therapy; to access play groups; early learning programs that involve parents; and parent information classes. This really is a step in the right direction. I want to applaud the government, particularly the Premier, the minister in this place and the Minister for Education for having the foresight to make such a commitment to Western Australia's children.

I am particularly pleased with the investment in tandem with this of more than \$58 million over four years in early childhood health care, which includes funding for around 100 extra child health nurses. I was very pleased to come out for the announcement with the Minister for Child Protection and the Minister for Health on that. I have to say that prior to having my daughter Clare, I had not had a great deal of personal contact with child health nurses. But it is fair to say that my contact since her birth has been somewhat more frequent and has been second to none. When I was thinking about this I thought about the two health nurses I have been to. Our first nurse, Jill, was contacting me even before I had left the hospital. She met us at our home probably less than a week after we had returned home with Clare. Since that time, I have visited the clinic for, I think, the six-week, the four-month and the eight-month checks. There is not a 12-month check, but we went back at 12 months because they said, "Even though there isn't a 12-month check, if you want to come, come along." A lot of mothers take up that opportunity. We did the 18-month check just last week.

Hon Robyn McSweeney: And of course she is top of the class!

Hon DONNA FARAGHER: She is going very well. Knowing what child health nurses do and their importance within the community it is with some alarm on my part to learn that only 30 per cent of 18-month-olds and 10 per cent of three-year-olds received their recommended health checks in 2010, with even fewer Aboriginal children receiving them. These nurses are an invaluable resource. Helping new mums in particular find their way cannot be underestimated, whether it is talking with them about teething, solids, developmental milestones or any question or concern they may have. I am not sure whether it is the case with every child health nurse and

clinic, but in my case it was a child health nurse who, in addition to those checks, organised the start of the mother's groups—those who had had children within a short space of time of each other. We met for I think about six weeks every Friday, and it was great for us to all talk about where we were all at and to know that we were no doubt experiencing exactly the same thing at different points in time.

Hon Robyn McSweeney: You think you're very alone at times don't you?

Hon DONNA FARAGHER: We do and it is helpful to know that is not the case. I think we would all agree that all children should expect to have the best possible start in life. I hope most sincerely that this significant injection of funds will increase, most importantly, the number of children who access these and other vital health services because it is very important for them in their future lives.

Finally, the other initiative I want to briefly touch on is within the youth portfolio. Unlike Labor, the Liberal Party strongly supports the Cadets WA program. This program supports around 7 000 young people across almost 200 cadet units from around the state. This program, which was critically underfunded by the previous Labor government, has many positive benefits attached to it. Participants learn new skills related to the particular cadet unit they are involved in of which there are many and varied, and that is the strength of the program, because there is obviously the Army, Navy and Air Force cadets but also the Bush Rangers, St John Ambulance cadets and so on. The program is unique with what it provides to Western Australian young people. In addition to that, the program promotes very strongly the notion of citizenship. As members who have had any involvement with the Cadets WA program will know, it can be enormously beneficial in developing leadership and teamwork skills and improving self-esteem, confidence and so forth. When I was minister I was particularly proud when, a couple of years ago, this government provided an extra \$2.3 million funding to the program. At the time, that was its first increase in 14 years, indeed, its first increase since its inception under the Court government. I think Hon Mike Board established the cadets program. It received no increase in eight years under Labor which, I have to say, highlights its complete disregard for what is a very good program.

Members might also recall that at the time of that funding injection, I announced a two-year trial for a new junior cadet program called River Rangers. I had come to the view as minister that while Cadets WA was designed for secondary school students, indeed many upper primary school students were ready to participate and wanted to participate. I also felt that, given the very strong interest that young people take in the environment, and the fact that I was environment minister at the time, there was a perfect opportunity, in addition to the Bush Rangers, which is an established cadet-type unit, to establish a new junior environment-based cadet unit and, in this instance, involving the Swan River Trust. At the time five or six primary schools with students between years 5 and 7 were allowed to participate. With that in mind, I was really pleased when the Minister for Youth, Hon Robyn McSweeney, who is in the chamber today, invited me earlier this week to be part of her announcement that River Rangers will become a permanent part of the Cadets WA program with an injection of \$1.8 million over four years. As I had envisaged when I was minister, River Rangers is clearly providing these young cadets with the opportunity to learn more about our environment and river systems, as well as gaining or, indeed, enhancing those important personal skills, some of which I have already mentioned. The minister may correct me, but by virtue of this becoming a permanent program, and with that injection of funds, about 500 new cadets will be allowed to participate, which is absolutely fantastic. The minister told me on Monday that the independent evaluation that was undertaken as part of the pilot program found that there had been high levels of engagement and very positive outcomes. I am sure the minister will agree with me that that was certainly clear with the young cadets who were at John Septimus Roe Anglican Community School in Mirrabooka, where the announcement was made. It has 45 River Rangers in its unit, which is absolutely fantastic. I understand from the coordinator that some of the parents of the younger students below the age of year 5 want to participate. The four or five students we met showed a great deal of enthusiasm, confidence and commitment to this program, which is fantastic to see.

I congratulate the Minister for Youth, who has a very strong commitment to children and young people in this state. I commend her for making River Rangers a permanent cadet type. Some might say that this is but a small program amongst a whole scheme of things that are funded in the state budget. Perhaps that is right. But for me and for all the 7 000 cadets who participate, their families and the cadet leaders who generously give up their time to teach these young people the tools of the trade of the particular cadet units and who teach them and guide them to learn those important values, such as leadership and teamwork, if this program helps young people make a positive difference in their lives and in their community, then it is worth every cent.

I conclude by saying that this budget is an excellent budget. As I said at the beginning of my contribution, more work needs to be done. But this budget clearly demonstrates the Barnett government's strong commitment to the Western Australian community, whether that be in the area of public transport infrastructure, the environment, early childhood services, the police, health or any other portfolio area. I commend the Premier, the former Treasurer and our ministers in that regard.

Debate adjourned, on motion by **Hon Ken Baston**.