

APPROPRIATION (CONSOLIDATED ACCOUNT) RECURRENT 2014–15 BILL 2014

Third Reading

DR M.D. NAHAN (Riverton — Treasurer) [4.05 pm]: I move —

That the bill be now read a third time.

MR B.S. WYATT (Victoria Park) [4.05 pm]: The third reading of the Appropriation (Consolidated Account) Recurrent 2014–15 Bill 2014 is finally here. I was expecting it all week, Treasurer, and we finally got to it. There is no doubt at all that this is a revenue bill that needs to be dealt with as a matter of urgency. There was an interesting debate around the revenue laws that introduced two tax cuts increases and one tax cut, effectively.

The Revenue Laws Amendment Bill 2014, I think, tells us the message of the budget. I do not know why the Liberal Party wants to be in government—I do not know! I get what Prime Minister Tony Abbott and federal Treasurer Joe Hockey want. I get what they are trying to do and I get the age-of-entitlement rhetoric from Joe Hockey. That has given the Abbott government a framework. I am not saying I agree with it, but I understand what they are trying to do. The Abbott budget starts to deliver on that rhetoric. There are various levels of consistency or agreement—I am not going into that—but it is an interesting story and it is a story I am not surprised to hear coming from the Abbott government.

I do not know why the Barnett government wants to occupy the treasury bench. The last three economic documents—the budget delivered by the Treasurer, the midyear review last year and the budget after the election campaign—are all very different. I think the Revenue Laws Amendment Bill 2014 that we dealt with this week, which has two tax increases and one tax cut, reflects the dichotomy that the government is unsure about its story. I thought initially—the Premier made the point some time ago—that the government’s second term was the term of public transport. That has changed; that has gone. I understand that, but I do not understand the story of the government and why the Liberal Party wants to be in government, other than just to be in power. I do not understand it.

The budget is the story of the government and of its priorities for the year. Each budget of a four-year cycle should set out and build on that story. Here we are now with the second budget of a four-year term, and it is directly contrary to the budget given a year ago. I know it was not the member for Riverton’s budget a year ago, but he is part of the government and so I would have thought there would be some consistency.

I do not understand what the government is doing anymore. We have had our disagreements since 2008 over how the government is doing it and how fast the government is spending and how quickly it is taking on debt et cetera, but I got what it was doing in the first term—I actually got it. I understood what it was doing; it was a story. No longer does it have that story. We look to the budget to see what the story is. If there was a story there—the Treasurer might respond in due course; probably next week after the third reading contributions—it was probably blown out of the water by the Abbott government’s budget coming down a few days after the state budget. That now has implications for us post-2017 in particular, but certainly over the budget’s forward estimates. If the Abbott–Hockey government is re-elected in 2016 and it delivers on the rhetoric of post-2017, there will be some serious implications for us in Western Australia and discussions will need to be had. I have gone through some of that in the debate on the Revenue Laws Amendment Bill 2014 that we have been dealing with over the last three days. But I just do not know what the government’s story is.

I remind members that during the election campaign—the fully funded, fully costed election lie I have talked about many times—there was an impact on all those election promises. The total impact on net debt at the time was \$1.9 billion. After the election campaign it emerged that the assumption of receiving \$3 billion from the federal government was not to come to pass. The budget came down in August last year—it was a later budget after the election—and it brought everything into the finances on the basis that the government was going to deliver on MAX light rail, it was going to deliver on the airport rail link and it was going to deliver on all the election promises; it was to have brought everything in. I remember an article following the budget breakfast the day after the budget under the heading “Buswell puts no limit on State debt” in which the then Treasurer, the member for Vasse, said, “Look, I’m not going to put a figure on the debt. I don’t know. There’s now no limit.” The Premier had previously set a limit of \$20 billion—we remember that—and as at 10 August, the day after the budget, the then Treasurer said, “There’s now no longer a limit.” Referring to Mr Buswell the article reads —

He said the Government decided to invest \$4.7 billion on the “intergenerational” airport rail link, MAX light rail and Perth–Darwin Highway projects now because “the community want us to”.

He said that because the community wants the government to do that, it does not matter about debt. I know he would have been worried about the credit rating; hence, I remember the media at the time, before the budget came out, reporting on how he had flown to the eastern states to meet with the credit rating agencies and explain

the detail of the fiscal action plan. The member for Vasse knew there was a problem. If, indeed, we were going to bring everything into the books, we would have to have a credible way to manage the finances. Ultimately, the credit rating agencies cast judgement on that and said —

... in our view there is likely to be slippage, —

That is, in respect of the budget measures of 2013–14 —

reflecting our view of limited political will, as evidenced by revision of several budget revenue and expenditure measures.

They cast judgement shortly after the budget and reduced the state's AAA credit rating to AA+. That had an interesting reaction from the government. Then Treasurer Colin Barnett—the Premier at the time as well—said that debt would not exceed \$20 billion. He then said during the election campaign that it would level off, bearing in mind that Treasurer Christian Porter, six months previously, had said that it would peak and then decline. The Premier then said that it would level off. Then his Treasurer for the 2013–14 budget said, “It doesn't matter now. There is no limit. We are going for it because the community wants us to.” The now Treasurer, the member for Riverton, recently reflected upon that time and said on 16 April, “We maxed out the spending because that's what the population wanted us to do.” So, the ownership of the spending decisions of government has been pushed on to the population. It was not the fault of the government; that has been pushed on to the population.

We lost the AAA credit rating. I remember the debate in this chamber after the AAA credit rating was lost and the Premier standing up and saying, “Guess what? Everything is up for sale; everything is on the agenda.” Then we waited. We saw the midyear review in December, when all the things that had been put into the budget in August—three or four months previously—were taken out. Suddenly, we had the rhetoric from the Treasurer, the member for Vasse, saying that we could not afford the capital works program, as reported in *The West Australian* earlier this year, on 6 February. In the space of four months the Treasurer went from saying, “The community wants us to build all these intergenerational projects and debt no longer is an issue”, to saying, “We can't afford to do it.”

I know the Premier has said that it was because of changing economic circumstances, but, as the member for Cannington pointed out, we cannot find those documents that point to a sudden decline in revenue. We have asked for them—the member for Cannington asked for them yesterday—but every single document that we have seen since the *Pre-election Financial Projections Statement* of 2013 through to the budget shows revenue increasing, so that cannot be the case. Clearly, something is, and has been, going on in government. There is this fighting and wrestling over the direction of the finances and commitment to the capital works. At that time, the member for Vasse had been the Treasurer for some time, on and off. He went from saying, “The community wants us to borrow, with no limit on debt”, to saying, “We can't afford capital works projects and we tip more cuts to big projects.”

Then we get to this budget, which tells another story. I made this point yesterday about the payroll tax threshold increases that the Revenue Laws Amendment Bill has introduced. I was at the discussion, or business debate—I do not know what it was called; it was something like that—with the member for Vasse when he announced that in 2015–16 the government would be taking two steps to raise the threshold. It was put to me, “Well, shadow Treasurer, are you going to do the same thing?” There were 500 people, all from the business community, in attendance. I said, “No, I'm not. I can't commit to that because I can't commit to debt funding a tax cut.” This was when the finances were kind of in discussion in the election campaign, but not front and centre, as I think they probably will be by the next election. The member for Vasse did not say that that payroll tax cut would be funded by more stamp duty from first home buyers and land tax payers. That bit was missed out of that election commitment.

Then we got the budget. I think the member for Riverton understands—I know he understands because he is a smart man—and his rhetoric, I think, flows from the rhetoric of the member for Vasse. I noted that in the last 12 months before the member for Vasse resigned as Treasurer he had been more frank and open, and I think he understood that he needed to develop a plan, particularly if, as was speculated, he was going to take over the leadership of the Liberal Party. That is why there was that reference to the economic regulator and why we have a very useful review going on now into micro-economic reform. I think that was the plan. The Treasurer, the member for Riverton, gets it. He understands it; I know that. I was very surprised and very impressed when the member for Riverton said a few things in an article in *The Weekend West* under the heading “Treasurer reveals he would not have built new \$1b sports ground”—full stop, at all. Do members know what? I think the Treasurer is starting to work out what is happening with the priorities and where that is having other implications. He is working it all out. The Treasurer made a few points in that interview. I must say that the Treasurer's interview today was very interesting. There are not too many families today—I think the Treasurer has 12 brothers and sisters—with 13 children in the family. That is extraordinary. I have an image of the Treasurer sitting across

there in the chamber—13 of him! My God! I think Alston would have fun with that—drawing 13 Treasurers. I do not know whether they all look like the Treasurer, or whether his brothers do.

Dr M.D. Nahan: Don't give him any ideas.

Mr B.S. WYATT: I can only imagine the times. It was an interesting reflection, Treasurer. I think it would have been an interesting time to be living in Michigan. It was obviously during the Vietnam War, looking at what the Treasurer said today. The Treasurer has been here since 1978. Just for the record, I actually know the Treasurer's wife. She taught me contract law at the University of Western Australia.

Dr M.D. Nahan: You were a good student when you tried!

Mr B.S. WYATT: I want to emphasise that I think the Treasurer is underlining "when you tried". That is the key factor. That is what I like about this Treasurer. He is actually fairly frank—rudely so in that case, Treasurer, but I will ignore it! He is fairly frank. That is why he said, "Do you know what? We shouldn't build a stadium." From reading things that he has said in the past, I dare say the Treasurer is probably sitting in cabinet, thinking, "Why are we building this? Why isn't the AFL building this? The AFL is giving us \$5 million for a \$1 billion stadium." I know the Treasurer is asking these questions, and I hope he continues to do so, because, looking at the direction of the finances, he then goes on to make this point —

"It is being funded increasingly by iron ore royalties that are highly volatile and are from a market that is new, unpredictable, don't know where it's going to go," ... "And that's risky."

The Treasurer is quite correct. I agree with him wholeheartedly on all of that. I do not know whether the Treasurer has been listening; I have said it a few times this week to the Minister for Finance.

Could I have an extension, please?

The ACTING SPEAKER (Mr P. Abetz): Extension granted.

Mr B.S. WYATT: Thank you.

The ACTING SPEAKER: Sorry; I have just been informed that no extension is possible. My apologies.

Mr B.S. WYATT: It is at the discretion of the Acting Speaker.

The ACTING SPEAKER: Not for this debate.

DR A.D. BUTI (Armadale) [4.20 pm]: I also rise to contribute to the debate. The Treasurer's wife was a colleague of mine at UWA and, of course, I speak very highly of her. She continues to do outstanding work at the law school at UWA. She works in the field of education, which I am sure the Treasurer knows is a very important economic tool in any society or state.

I want to move towards a more local educational issue, which is the issue of possible amalgamations or closures of schools in the Armadale area. There has been a major education debate in this house for most of the year in respect of the government's move to reduce spending on education; more than \$2 million has been taken out of the schools in my electorate for this financial year.

I refer to an article that appeared in *The West Australian* on Monday, 9 June which stated, in part —

Premier Colin Barnett has started laying the groundwork for high schools in Perth's northern suburbs to close or amalgamate because of low enrolments.

The State Government recently revealed plans to close or merge small schools in the Fremantle and Armadale areas.

We know about Fremantle. We know that the Premier and the Minister for Education have talked about reform in the Armadale area, but I do not think either the Premier or the minister have mentioned anything about the merger or closure of schools in Armadale. The Premier and the minister visited Armadale on, I think, 29 April, and, from memory, they did not make any reference to the amalgamation or closure of any schools in the Armadale area. Of course, an article like that creates uncertainty for the schools in my area, particularly Cecil Andrews Senior High School and Armadale Senior High School. There are four high schools in my area: Armadale, with a student population of 618; Armadale Education Support Centre, with 45 students; Cecil Andrews, where the member for Forrestfield was deputy principal, which has 404 students; and Kelmscott Senior High School, which has just over 1 300 students.

The article I referred to seems to suggest that the Premier wishes to ensure that the high schools have a larger student population, presumably because he believes that that will create some educational benefits. That may be the case, but of course, none of that has actually been prosecuted with regard to the Armadale area. We have to remember that next year all high schools will be larger because year 7s will be going to high school, so there will

be an influx of population. The Armadale student population will probably be at least 800, Cecil Andrews will probably be around 600 or more, and Kelmscott will be even larger.

The concern I have with the process is the uncertainty that it is creating. From my understanding, the Premier and the minister were quite impressed with what they saw at Cecil Andrews and Armadale. I should say now that I can understand that at times there will be a need for schools to amalgamate; I am not saying that I am completely opposed to the idea, but there are fundamental differences between Fremantle and Armadale, and one of those differences is population growth. As the Premier and, I am sure, the minister will understand, the Armadale region is actually growing. There is a lot of vacant land and there are a lot of younger families coming into the area. I am not sure about the demographics of the Fremantle area, but I imagine there are a lot of older suburbs where maybe there are not so many younger children feeding into the local high schools. There may have been a bit of a trap here in trying to lump Armadale and Fremantle together, and I think the government —

Mr N.W. Morton interjected.

Dr A.D. BUTI: Harrisdale, yes, and Byford. But I do not think people going to Cecil Andrews —

Mr N.W. Morton interjected.

Dr A.D. BUTI: Yes, but Byford will take in the southern end; I am talking about places around Cecil Andrews, such as Haynes and Sienna Wood. Those areas will feed into Armadale Senior High School and Cecil Andrews Senior High School. The member for Forrestfield knows that area through his teaching—he used to live in Roleystone, so of course he knows the area—but I think I also know the area, and I can tell him that the primary schools in the area are growing, and those students will be going to high school.

The work that is being done at Armadale Senior High School, Cecil Andrews Senior High School and Armadale Education Support Centre is first class. As the member for Forrestfield will know, because he and I are on the committee of Cecil Andrews Senior High School, there is a new principal there. I do not gamble, so I will not bet, but I am sure that that committee, which will hopefully become a board if the school becomes an IPS, would not be in favour of the amalgamation or closing down of the school. The energy at Cecil Andrews at the moment is absolutely phenomenal, and I am sure that the member for Forrestfield would agree with that, otherwise he would not be sitting on the school committee.

Mary Griffiths has been the principal at Armadale Senior High School for some time, and she has incredible dedication —

Ms M.M. Quirk interjected.

Dr A.D. BUTI: That is right; she is the sister of the former Speaker, Fred Riebeling.

I am sure that the Premier was impressed by the personnel and leadership at both of those schools and the Armadale Education Support Centre, but the problem is the uncertainty that has been created by talk of mergers and amalgamations. I am all for improving education in Armadale, and historically there have been problems with the perceived quality of education in that area, but there is no doubt that those schools have done outstanding work and continue to do outstanding work. The member for Forrestfield talks about the new high school at Byford. It was thought that that was really going to decrease the enrolments at Armadale Senior High School, because some of its students come from that area, but that has not been the case. There has not been a decrease in enrolments at Armadale Senior High School; there has actually been an increase. Of course, with the growth taking place in Sienna Wood, it can only increase further.

Even though there is only a small Australian tertiary admission rank class at Armadale Senior High School, its mean was above the state mean. In 2013 it was ranked 21 in the top VET schools, and the only schools ranked above it were private institutions. In the last eight years, only two students have not graduated. Its expertise in vocational education is also recognised, and I am sure that the Premier and the Minister for Education would have been impressed with its vocational training expertise. It has recently opened a technical training centre—not a TAFE—at the school, as part of the educational institution that is Armadale Senior High School.

Mary Griffiths provides outstanding leadership and she has very, very dedicated teachers beneath her who are doing their best to ensure that the students of Armadale Senior High School receive an outstanding education. Armadale Education Support Centre, under the great leadership of Malliga Nallu, is a centre that teaches children with learning or other disabilities, and it is doing great work; it is a great institution that sits on the campus at Armadale Senior High School, but is a separate school.

The ACTING SPEAKER (Mr P. Abetz): Member for Butler, when you walk into the chamber, you should acknowledge the Chair; thank you.

Dr A.D. BUTI: The teachers and parents of the students at Armadale Education Support Centre are very worried about its future; and I sit on the management committee of that centre.

I turn to Cecil Andrews Senior High School, which is moving from strength to strength. It probably batted above its weight when the member for Forrestfield taught there, but now it is really moving—not because the member for Forrestfield is not there! The former principal, Mr Hunter, was an outstanding individual. However, often with change a new energy comes to an institution, and Stella Jinman is doing outstanding work at Cecil Andrews school. The school was opened in 1980 by Sir Charles Court and the Court family still retain a link with the institution, for which it should be lauded. The school is moving from strength to strength. It is seeking independent public school status. It has a very strong Indigenous educational set-up. It has now joined up with Clontarf Foundation. We know about the success of the Clontarf institute led by Gerard Neesham and his team. Cecil Andrews school, therefore, has a significant body of Aboriginal students and a growing student cohort studying English as a second language. It has a very committed staff. The member for Forrestfield would have worked with most of those staff members, and I am sure he would agree that they are outstanding individuals.

Mr N.W. Morton: It currently has the teacher of the year.

Dr A.D. BUTI: I was going to move onto that. The school has the current Western Australian Secondary Teacher of the Year, and I believe that the member for Forrestfield wrote a glowing reference as part of the nomination.

Mr N.W. Morton: I may have taught him a thing or two as well.

Dr A.D. BUTI: He is an outstanding teacher who has tried to tailor the curriculum for students who come from backgrounds where learning may not necessarily be easy so that they feel that their schooldays are more relevant to their circumstances. Cecil Andrews school is moving from strength to strength, it has an outstanding leadership team, an outstanding student body and an outstanding teaching body. However, this whole uncertainty has been created. I think it is the responsibility of the Premier or the Minister for Education to state what is in the plan for Armadale. It may not actually be the fault of the Premier or the minister, because they are not actually quoted in the article. It just states that the state government recently revealed plans to close or merge small schools in Fremantle and Armadale. I do not know of any plans that have been released by the government.

Mr C.J. Barnett: Correct.

Dr A.D. BUTI: Is that the situation, Premier, that no plans have been released at the moment about the merger and amalgamation?

Mr C.J. Barnett: We had a public meeting at Fremantle, which I thought was good.

Dr A.D. BUTI: Fremantle, yes.

Mr C.J. Barnett: And we will probably have one in the Armadale area.

Dr A.D. BUTI: Yes, but at the moment there has been no plan released in regard to an Armadale merger.

Mr C.J. Barnett: There have been no plans made.

Dr A.D. BUTI: Okay. That is something I wanted to clear up, as it has created some uncertainty in schools and in the population in the Armadale region. However, as I stated, Premier, Armadale is not like Fremantle. It is very different; it is growing.

Mr C.J. Barnett: Did I ever say they were the same?

Dr A.D. BUTI: I did not say that the Premier did. I am just making a point. I did not say that the Premier said they were the same. I actually said that the Premier may not have actually said these words.

Mr C.J. Barnett: You need to have an open mind on high school education.

Dr A.D. BUTI: I am not accusing the Premier. I am just saying that it has created uncertainty.

Mr C.J. Barnett: Only because your colleagues run around creating it.

Dr A.D. BUTI: It would be very good if the government cleared up the uncertainty. It may be that the Premier is being very defensive for some reason.

Mr C.J. Barnett: No.

Dr A.D. BUTI: There was no attack on the Premier. I was just telling him of the situation in the Armadale area and the uncertainty that has been created. The Premier can shake his head, but there are people in Armadale who the Premier went to see and who are working very hard. He said some glowing things, I believe, about the three institutions. So they want to progress and they want to develop in their own individual ways and it is very difficult to do that with the uncertainty surrounding education.

MR W.J. JOHNSTON (Cannington) [4.34 pm]: I am very pleased to rise to speak in this very brief debate about the budget and I understand that it is a general debate based on the fact that the budget covers so very many areas.

The ACTING SPEAKER: I have been very lenient; yes.

Mr W.J. JOHNSTON: I understand that is required under the standing orders. If my understanding of the standing orders is not correct, I would be very happy for the Acting Speaker to correct me.

I want to start by referring to the article in *The West Australian* today. I do not have the article with me but I have a clipping of it from a news service. The article on page 17 of the newspaper is by Daniel Mercer, the journalist who regularly writes on the electricity system and has great contacts and connections in the industry, and so is able to bring together the views of many people. The article outlines the fact that we are potentially at the start of a revolution in the supply of electricity.

Dr M.D. Nahan: Member, it has started.

Mr W.J. JOHNSTON: Yes. It has been going on for a while but we did not realise it; we have realised it only in the last couple of years, and that is actually changing everything. When I read the debates in this chamber in the last Parliament, I noted that they were debates about the past and not debates about the future. It might come as a surprise to many people to know that I support the Minister for Energy's decision to hold a market review. I have said that publicly, although I do not think it has been reported anywhere that I have said that publicly.

Dr M.D. Nahan: It has.

Mr W.J. JOHNSTON: Fair enough! That is not a surprise because I called for that as one of the Labor Party's election commitments in the lead-up to the 2013 election. In fact, my big criticism of the former Minister for Energy—who I must say at the time of that election refused to grant an interview to *The West Australian* newspaper on the plans for the energy sector, probably because he knew he did not want to be energy minister—was that he put out a statement defending the government's behaviour over the previous four years in the energy space. What really happened was for four and a half years the government went nowhere on energy policy in this state. That was largely because the Premier, who used to be the energy minister, had the view that the energy system should look like it did in the 1990s, and the energy minister did not know anything about the energy sector and did not know what it should look like. I can disagree, and I do disagree sometimes, with the minister on some of the things that he does. That is the process of opposition politics and it is appropriate, and I will continue to do that. However, we must have a fundamental look at the way the structure of the industry works for the benefit of the people of this state. I have never asked the minister this but I imagine he agrees with me on the issue that the one thing we know is that in five years the sector will not look like it looks today. I note the extensive quotes in the article from the minister about solar panels. We went to the last election with a specific commitment about solar panels for people in housing where they do not own the roof. Without quoting directly, the minister made comments such as every roof is a potential spot for a solar panel. We had a specific policy that would have allowed energy cooperatives to put solar panels on government-owned roofs, particularly at railway stations because they have the high-voltage electricity infrastructure that, as has been pointed out to me by people in the industry, gives a lot of options.

It is interesting that the article correctly identifies what is called the death spiral in which the costs continue to increase but the volumes of electricity fall, because we have always had the system of basing the bill on the total cost of the system divided by the energy units used to give the energy price. The problem with that system is it creates increasing costs but declining volumes and there is only one way for the price to go, and that is up. I identified that problem from the time I took over as energy minister. I should say shadow energy minister—I would love to be energy minister. Hon Kate Doust, a person I know very well —

Dr A.D. Buti: Prove it!

Mr W.J. JOHNSTON: I will bring the children in. How is that? That is proof!

She also identified this problem if we are to move to a new electricity system through renewable energy. Hon Peter Collier often talked about a bright future when he responded to questions about the Solar Cities program. Members should go back and read his media release and how he went on about the future of electric cars, solar panels and smart meters. But he never actually did anything about that. He had the Perth Solar City program in the eastern suburbs, in Bassendean, but the government never responded to the Perth Solar City program report. Whether the report actually reflects all the learning from that program is the question. I am not convinced that the report reflects all the facts. It is a big, thick report and going through it, it is highly technical. It would be interesting to know whether the outcomes that it describes can be achieved at a lower cost. I am pretty sure that it could actually be done. That is why, although I am not opposed to smart meters, I will not say they are the key to the future of the energy system.

What will happen with electric-powered cars is interesting. Electric-powered cars are probably not the future for motor vehicles despite what many of my colleagues might think. It is much more likely that the future will be plug-in hybrids.

Dr M.D. Nahan: What was that?

Mr W.J. JOHNSTON: Plug-in hybrids such as the Chevrolet Volt, which is sold in Australia as the Holden Volt. There is extraordinary fuel efficiency out of those vehicles. If a person can plug in their hybrid vehicle, their solar panels can charge the hybrid vehicle during the day and then they can run their house off the battery of the hybrid vehicle at night. If they run out of power, they can always turn the car on. That is an alternative. Another possible alternative for the future of the energy supply system is the solar panel with batteries. Everybody knows that within five or 10 years there will be a commercial solution to batteries. Hundreds and hundreds of people in different research institutions all around the world are working on battery storage, and one of them will crack an economically viable alternative. Tesla Motors and Panasonic are currently building a battery factory called the Gigafactory that potentially will be in California, but perhaps somewhere else. All the states over there are fighting over how much they will pay for the Gigafactory to locate in their state. That one factory will produce the whole current world output of lithium ion batteries. That is a revolution and it will have implications because the technology used in hybrid cars is the same technology that would potentially be used in battery storage on a house's roof or out in the garage or whatever. If a person with a battery encounters a string of cloudy days and the battery runs out, they could plug in their Holden Volt and charge their house off their car. If the battery gets low, they could drive to the service station, top up on petrol and drive back with their mobile generator. Another alternative is a person could have a gas fuel cell sitting in their garage. Again, fuel cell technology is not quite there yet, but clearly lots of people are working on that too. A person could have solar panels on their roof and because they need a gas pipe for their stove and hot water service, when they have four or five cloudy days, they can just use their gas fuel cell to produce electricity to run their house.

That raises a real question mark over what happens with the poles and wires. I know that the government discusses in the media the idea of selling Western Power. I think it has eight-and-a-bit billion dollars and six-and-a-bit billion dollars of debt, so the net value according to the books is about \$2 billion. If the government sells Western Power, the net return to the state is about \$2 billion, because the government has to pay the debt off even if it then uses that debt somewhere else. The problem is that suddenly there is a network operator that is solely interested in income. What regulatory environment will get the government out of the death spiral? That is a real question. This news clipping is from the Energy Supply Association of Australia and I get plenty of industry lobbyists coming to see me to tell me why we should be selling the fixed-line infrastructure, but no-one has explained to me how to get out of that problem. They just say it will transfer the problem to the private sector. The problem with that is that the problem belongs to the consumer, not the owner of the infrastructure and so customers are still on the hook for potentially exponential increases in costs.

The minister has announced a review of charges in the system, the way we pay for electricity; and I do not have a problem with that. In the media the minister said that perhaps a higher fixed charge might be the solution. I think he gave the example of Victoria, where charges are a couple of dollars a day more than in Western Australia. That may be an option. I have said before and will say again here that I would never support a system that is unfair to low-income earners. That quite rightly is the focus of the Labor Party. I do not know what the minister's review will produce, and neither does he. We discussed the review in the estimates hearing when we did the Public Utilities Office division. In public commentary one difference between the minister and me is on the question of demand-side management. I am not putting words in the minister's mouth, but I heard him raise questions about how demand-side management is funded. That is a fair enough —

Dr M.D. Nahan: It isn't about the concept of demand-side management. That is actually a very good concept—you can either not generate or avoid. The problem we have is that we are not using it.

Mr W.J. JOHNSTON: Yes, we are paying for not using it. But, of course, the government is paying for peaking plants and not using them too. Coming back to my criticism of the government—this minister included, but more particularly the previous minister and the Premier—our plan should be for no increase in electricity consumption. The moment a decision is made for no increase in electricity consumption, the market design is different from the one that takes into account increases in demand. If a magnetite producer comes along wanting a big lump of electricity, guess what, the magnetite producer will look after itself anyway, as will all big industrial producers. Whether they do that by a bilateral contract on the network, which is obviously in every consumer's best interest, or by some other arrangement, such as the gas pipeline and individual power station that the Premier talks about—which, to me, is sub-optimal—one way or another they will have to look after themselves. The market structure is that one user cannot be subsidised by another user, which is an appropriate way to handle it. The additional cost of transmission for that magnetite project has to be borne by them, not by the whole community, and that is the right way to go. One way or another, if an industrial producer were to come

along, it is separate to what we all think about when we think about electricity prices, which are mums and dads, pensioners and ordinary folk across the state.

We stand in an interesting spot in the debate about electricity. Quite frankly, the whole debate about the amalgamation of Verve and Synergy is irrelevant to that debate. The ESAA's annual report card did not change the score for Western Australia, which shows that the re-merger of Verve and Synergy was not really relevant and made no difference at all to the market. There are a whole range of reasons why one could argue that the decision had a negative impact on the market, but that is a debate for another day.

We are now subsidising the energy system by \$1.9 billion. I notice the newspaper said \$2.5 billion, but one way or another it is a huge amount of money over four years. We need to start thinking about the alternatives to the way we do things now that will make it better, particularly for the area of the state covered by Horizon but equally for the rest of the state. What can we do to give people as much decision-making power as they want? That is what Mr Mercer's article in *The West Australian* encourages us to do. It is what I have been talking about and what I talked about when he interviewed me in February last year—some of which got in the paper and some of which did not. We are talking about consumer choice, whether through cooperatives or whatever structure, who knows. There might be 100 different ways of doing it. The one thing we know is that it is not how it is being done now. It is not about privatisation. Privatisation is a sideshow; it is not the main game.

MR P. PAPALIA (Warnbro) [4.49 pm]: Thank you, Mr Acting Speaker, for this unexpected opportunity —

The ACTING SPEAKER (Mr P. Abetz): You do not need to avail yourself of the opportunity if you do not want to, member!

Mr P. PAPALIA: I always welcome the opportunity to avail myself of a chance to talk about the budget. What better subject! In this case, I will focus a little on something which we were not able to elicit specific detail of during the estimates hearing but which the minister was kind enough to provide us with some supplementary information on—that is, a breakdown of some additional programs for which funding had been listed in the budget. These Department of Corrective Services programs specifically focused on juvenile crime in the hope that some additional focus would result in better outcomes. The particular reference was under the heading “Significant Issues Impacting the Agency” on page 748 of budget paper No 2. After some reference to cultural change and staff development, it states —

... \$2 million was allocated during 2013–14 to increase the availability of early intervention and diversion services for young people at risk of reoffending. An additional \$2 million has been allocated for the 2015–16 financial year to support implementation of innovative diversion and wrap-around services.

I was interested to see a little more detail about the nature of that money—where the money was being spent, what programs were being implemented through the use of that money, who was spending that money, who was being targeted, how many people were being targeted, their geographical location and what sort of appraisal of the effectiveness or otherwise of the programs was being undertaken. That was the nature of the question asked during estimates and we received a bit of a breakdown of the \$2 million in the 2013–14 budget. Evidently, that \$2 million had been redirected from within departmental allocations to prevention and early intervention programs for youth. The response that I received is not entirely what I had hoped for, so I do not yet have the detailed information and the precise response that I had hoped for. The response indicates —

DCS is currently reviewing the services and programs it provides and contracts for disadvantaged young people. The review will identify the suite of current programs provided across Western Australia and identify any opportunities for future service/programmatic delivery and highlight any gaps.

The response goes on to state that the review will focus on prevention and diversion programs specifically for Aboriginal young people to improve life opportunities and to deliver efficiencies in the system. It also states that the commissioner approved the diversion of funds to a number of areas as an interim measure while the review of the services and programs was being undertaken. Those areas include remand programs at Banksia Hill Detention Centre, but without any specification about that, and youth diversion services for Carnarvon, Derby and Halls Creek. Again, there is none of the detail that I had hoped for. What I requested of the minister was details on the programs, where they are being conducted, who is delivering them, how much they cost, to whom they are being targeted—the real nuts and bolts—and, finally, what analysis is being undertaken to ensure that we get some knowledge of what is succeeding and what is not. That is not the response that I received. I hope that the minister has recognised that this is not the sort of detailed information I was seeking and that he will try to get that information.

The response also referred to further work being conducted in other areas, including an increase in service capacity for the youth bail option programs provided by Hope Community Services, and there is a figure attached to that. That is a little more detail along the lines of what I had hoped for. The other areas of work

include an increase in service capacity for south east metropolitan youth justice services provided by Centrecare, with an allocation of \$177 000; an increase in operating hours for all youth diversion services statewide, with an allocation of \$160 000 per location; and an increase in funding for programs at Banksia Hill Detention Centre, with an allocation of \$130 000. The interesting thing about all of that work is that I assume that the diversion of money to this initiative away from other previously dedicated allocations is in response to the minister's stated intent shortly after assuming his portfolio responsibilities to implement a justice reinvestment approach to tackle corrective services issues. Without being very specific, he subsequently indicated that he would focus on juveniles and try to prevent their offending and reoffending. He received some considerable acknowledgement in the media from notable commentators in the field. I am specifically referring to a story by Amanda Banks reported in *The West Australian* online on 8 May 2013 in which the Chief Justice commended that approach and is reported to have said —

“I think an increased emphasis on prevention would be welcome by all the judiciary,” ... “It is something we all, and I, have been talking about for years now.”

He said that in response to the discussion that had been generated in May last year by the Minister for Corrective Services. The interesting thing about it is that the Chief Justice's comments came after statistics were published in *The Weekend West* that revealed the local government areas where people said they were last living before they were jailed. This pursued the concept of justice reinvestment that was generally understood by some people. As articulated by the Chief Justice, it was about targeting the most effective use of resources and expenditure at groups that are over-represented in the courts and prisons. That is the concept that is generally understood by some people to be justice reinvestment. This was the response by the minister, because he said that he was embracing that approach. I assume that the \$2 million of re-diverted funds in the 2013–14 financial year was the minister's response to his stated intention of delivering on justice reinvestment. I have listened to the public discussion about what the minister hopes to do and I have watched what he has done since that time, and I have looked at and analysed the responses that I received to the questions asked during estimates. I want to make some comments about justice reinvestment, what the minister is doing and whether there is any correlation between the two.

Justice reinvestment means many things to many people. It was initiated in the United States by necessity. Once some of the more hardline states—led, most notably, by Texas—realised that they could not continue to operate, overcrowd and build more prisons, they were compelled by necessity to look for alternatives. They ultimately came to the solution that sought to create a framework that had a number of components. Firstly, they used qualified academics in an independent authority that was not part of government or part of a non-government organisation involved in the field directly seeking to benefit from implementing its program or anything of that nature—no-one with a vested interest—to do an analysis and find out where people in the prison system were coming from. When they did that, it became apparent very quickly that there were hotspots. A small number of neighbourhoods in cities and towns in the regions were vastly over-represented in the prison system. That was the first step. Having got that information, this independent authority was then tasked to go to each of those sites and, using its expertise, identify the issues and failings causing that over-representation. When they did it, they would compile an extensive list for each of the locations of causes of the problem or why those particular communities were in effect broken.

The third step was to engage with those communities. At that stage, they would bring into play all government agencies—multiple government agencies, multiple tiers of government, non-government organisations, businesses and, most importantly, community leaders from each of those communities. They would look at that community's list of problems or why it was broken, and they would all work together to come up with a potential list of solutions. The other step was to divert funds from future expenditure on prisons towards funding these interventions. The final and most important step was to analyse anything they did, and to determine what worked and to continue doing that and to stop doing things that did not work. That was the framework. Justice reinvestment was not a list of programs or any one particular person's or Indigenous organisation's pet project. It was a framework that would allow them to determine what communities needed that focus and what was wrong and how it could be solved, and to then identify funding through expenditure that would otherwise go into the prison system.

At times it was suggested in the debate in Western Australia that we could not shift capital funding from the future budgets to current budgets because it was impossible. However, I watched as the former Attorney General and then Minister for Corrective Services, Hon Christian Porter, did that very thing with Acacia Prison. As I understand it, he took tens of millions of dollars from the forward estimates for an Acacia build that was not projected to even commence for three years hence that time, and brought it forward—and that building is about to be opened in the middle of this year. It is physically possible to do this with this money.

I want to put on the record for the purposes of discussing it with the minister and engaging with anyone in Western Australia who is interested in this subject that a few programs generically receiving a slab of additional

Extract from Hansard

[ASSEMBLY — Thursday, 12 June 2014]

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Dr Mike Nahan; Mr Ben Wyatt; Dr Tony Buti; Mr Bill Johnston; Mr Paul Papalia

money in the juvenile detention or juvenile diversion world is not justice reinvestment. It is likely, as with any other approach, to fail because it has not had that framework wrapped around it whereby the first thing done is to identify through an independent process that is nonpartisan as far as service delivery goes or departmental intent goes—that is, someone who has no vested interest other than to provide the analysis. That must happen first, and it must be a transparent process and available for anyone to analyse or assess to determine whether it was robust. In this instance, that has not happened. All we have had is the opportunity for a bit of money that might have been used somewhere else in the department, to be spent somewhere in juvenile diversion, which may or may not work, may or may not be focused, may or may not be long term, and will not give us any insight into whether the concept of justice reinvestment works. If this process is labelled justice reinvestment, it will do a disservice to the state because if it fails, anyone intending to push another barrow or any other intent will say, “Justice reinvestment has failed. What a silly thing.” I am not necessarily advocating for justice reinvestment as a continued pursuit. I would like to update the discussion paper I published in 2010, and I have been looking at some of the observations made by Don Weatherburn in New South Wales. In his most recent book, *Arresting Incarceration*, he looked at justice reinvestment and made some criticisms, which were quite reasonable. However, it is a time of some urgency and significant changes are needed to the number of people in prison and to focus on how we can do that in the short term.

The intent of my speech today was to open up debate again with the minister because he has gone quiet on this whole subject matter. I would like to hear more from him specifically about what he has planned and whether there is a bit more science to it rather than just throwing a few million dollars from one part of the department’s expenditure over to another part.

Debate adjourned, on motion by **Dr K.D. Hames (Minister for Health)**.

House adjourned at 5.04 pm
