

Hon Ken Travers; Hon Simon O'Brien; Deputy President; Hon Phil Edman; Hon Peter Katsambanis; Hon Samantha Rowe; Hon Peter Collier; Hon Kate Doust; Hon Amber-Jade Sanderson; Hon Ljiljana Ravlich; Hon Helen Morton; Hon Alanna Clohesy; Hon Sue Ellery; Hon Nick Goiran; President; Deputy Chair; Hon Dr Sally Talbot

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**DUTIES LEGISLATION AMENDMENT BILL 2013**

*Discharge of Order and Referral to Standing Committee on Legislation — Motion*

Resumed from an earlier stage of the sitting.

**HON KEN TRAVERS (North Metropolitan)** [5.06 pm]: — in reply: We were at that point, and we were held in suspense because we were left unclear whether, in his comments, Hon Simon O'Brien —

**Hon Simon O'Brien:** What was the question again?

**Hon KEN TRAVERS:** — was accepting that the Duties Legislation Amendment Bill 2013 is a broken promise. During his speech, he made it very clear to the house that he was accusing the opposition of trying to perpetuate some myth that it was a broken promise, when in fact it is clearly a broken promise. I am more than happy for Hon Simon O'Brien to state his case when we get to the second reading debate, as I am sure he will have the opportunity to, because this is a broken promise. No myth is being perpetuated by —

**Hon Simon O'Brien:** The broken promise was that you guys would deal, one way or another, with three bills by the end of this week. That was the broken promise.

**The PRESIDENT:** Order, members.

**Hon Simon O'Brien:** So do not go —

**The PRESIDENT:** Order! Let us get this motion dealt with.

**Hon KEN TRAVERS:** I think the Leader of the House and the Leader of the Opposition, by way of personal explanations, have fully explained that issue to the house. Maybe, during his second reading debate contribution, if we are unsuccessful in referring this bill off, Hon Simon O'Brien can explain to the house how this is not a broken promise when the Liberal Party never told the people of Western Australia that it intended to hit them up with a \$527 million slug.

**Hon Simon O'Brien:** Did this matter arise at all in the course of the election? Did it?

**Hon Sue Ellery:** Taxes did! You made a specific promise about taxes.

**The PRESIDENT:** Order!

**Hon KEN TRAVERS:** In fact, I have a copy of the specific promise the Liberal Party made about taxes, in which it talked about how it was out there planning to support small business in Western Australia by providing tax relief. I find it extraordinary that Hon Simon O'Brien is saying that the next time we go into an election, we will need to get the Liberal Party to go through and itemise every single item in the law, that it will keep that law —

**Hon Simon O'Brien:** I am not saying that! Don't try to invent words and put them in my mouth!

**The PRESIDENT:** Order!

**Hon KEN TRAVERS:** The tradition is that if a party's intention is to change the law, particularly on an issue like tax, then it would make that clear before the election. Or was it part of the Liberal Party's fully funded, fully costed plan, but it was the secret part? Maybe that is what the opposition missed. The Liberal Party had a fully funded, fully costed secret document that it never released and never submitted as part of the costings to Treasury before election day, whereas Labor made it clear before the election. Let us just debunk that myth that is being perpetuated by Hon Simon O'Brien.

**The PRESIDENT:** Order! I have just re-read the motion and I cannot see election promises mentioned. I understand the member's reference to it, but his comments need to relate to the need for the bill to be referred to a committee.

**Hon KEN TRAVERS:** That was my final remark on it, Mr President, but you are right; I was responding to comments that a member made in their contribution to the debate. All I am allowed to do in a right of reply is respond to the issues raised—or to the lack of a contribution by members of the National Party. The Leader of the Opposition failed to address any of the issues. Normally, we would expect members of the National Party to stand and state their position, as they try to perpetuate the idea that they are somehow different from the government, but of course they did not. So it will be interesting to see how they vote and whether they just vote with the government and reinforce that this is a coalition government and they are required to get money bills through. That is what governments do and that is what is happening.

**Extract from Hansard**  
[COUNCIL — Thursday, 27 June 2013]  
p2291d-2378a

Hon Ken Travers; Hon Simon O'Brien; Deputy President; Hon Phil Edman; Hon Peter Katsambanis; Hon Samantha Rowe; Hon Peter Collier; Hon Kate Doust; Hon Amber-Jade Sanderson; Hon Ljiljana Ravlich; Hon Helen Morton; Hon Alanna Clohesy; Hon Sue Ellery; Hon Nick Goiran; President; Deputy Chair; Hon Dr Sally Talbot

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I will conclude. There is a range of serious and complex issues, and my colleagues have outlined the history of committees, how they operate and how important it is for bills such as this to be referred to committees. Substantial issues need to be answered. I do not think the Leader of the House sought in any way to address the issues that we raised as a matter of importance. The way in which the bill is currently drafted means that referring the bill to a committee will not alter the amount of revenue collected by the state, but it would provide an opportunity to have all the consideration that I talked about. Even though the Leader of the House has previously said that he is not prepared to entertain it, I urge him to reconsider. We would then be able to complete this bill, move on to the other bills that the government wants to pass, and hopefully get those completed in a very short space of time. We would all be able to go home, come back on 6 August, see the report, deal with the matter and move on. There would be no consequences to supporting this motion. There are significant consequences to opposing this motion.

**Hon Michael Mischin:** It's blackmail.

**Hon KEN TRAVERS:** No, it is not blackmail. I will not go back through all the issues that I raised in my introductory remarks about the risks to the state in commonwealth–state financial relations. If the member thought I was suggesting anything else, that is what I was referring to. I urge the house to support the motion.

*Division*

Question put and a division taken with the following result —

Ayes (11)

Hon Robin Chapple  
Hon Alanna Clohesy  
Hon Stephen Dawson

Hon Kate Doust  
Hon Sue Ellery  
Hon Adele Farina

Hon Ljiljana Ravlich  
Hon Sally Talbot  
Hon Ken Travers

Hon Darren West  
Hon Samantha Rowe (*Teller*)

Noes (20)

Hon Martin Aldridge  
Hon Liz Behjat  
Hon Jacqui Boydell  
Hon Paul Brown  
Hon Jim Chown

Hon Peter Collier  
Hon Brian Ellis  
Hon Donna Faragher  
Hon Nick Goiran  
Hon Dave Grills

Hon Nigel Hallett  
Hon Alyssa Hayden  
Hon Col Holt  
Hon Peter Katsambanis  
Hon Mark Lewis

Hon Rick Mazza  
Hon Michael Mischin  
Hon Helen Morton  
Hon Simon O'Brien  
Hon Phil Edman (*Teller*)

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Pairs

Hon Amber-Jade Sanderson  
Hon Lynn MacLaren

Hon Ken Baston  
Hon Robyn McSweeney

Question thus negated.

*Second Reading*

Resumed from 26 June.

**HON KEN TRAVERS (North Metropolitan)** [5.18 pm]: I am pleased to inform the house that I am the lead speaker for the opposition on the Duties Legislation Amendment Bill 2013.

**Hon Peter Collier:** You've only got 10 minutes!

**Hon KEN TRAVERS:** You wish, Leader! Standing orders provide time for me to make a full and comprehensive analysis of the bill for the house, and I intend to do so.

**Hon Simon O'Brien:** You've only got unlimited time, so don't use it all!

**Hon KEN TRAVERS:** I encouraged Hon Norman Moore to take his inspiration from the member of the United States House of Representatives who recently clocked up over 55 years in Congress.

**Hon Michael Mischin:** On the one speech?

**Hon KEN TRAVERS:** No. In the upper house of Texas the other day, a place that I visited in the 1990s, I believe someone spoke for over 10 hours. Unless I get too many interjections, it is not my intention to take quite that long today.

It is really interesting that this bill is yet another part of the story of the Liberal Party not just breaking promises since the election but dipping its hands into the pockets of Western Australian families and workers. Let us think about it. When we get up in the morning and make ourselves a cup of tea, we are paying more for the electricity we use to boil the kettle, despite an election commitment to the contrary. We then go and have a shower. We will be paying more for our water than the Liberal Party told the people of Western Australia before the election they

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would pay. The gas to heat that hot water will be more expensive. People getting on the bus to go to work will pay more for their fares from Monday. All fares will go up by amounts above the rate of inflation. If people decide to drive, they will find that it will cost more to drive their car to work because the cost of motor vehicle licences has gone up by greater than the rate of inflation. Public servants will be told that even if productivity increases are provided, they will get an increase in pay going forward only at the rate of inflation in Western Australia. Third party insurance on cars will go up if the government gets its way with the Insurance Commission of Western Australia Amendment Bill 2013 that it has brought into this place. People who are not public servants and who own their own business may say, "I am going to give up. I am going to forget about all of this. I am going to retire. I am going to sell my business. I am going to get out of it." If this bill passes, they will pay more. They will pay a tax that they never expected to pay when they went into the ballot box to vote for the Liberal Party.

We did not hear a single word from a single member of the Liberal-National government telling the people of Western Australia before the election that they would need to be paying stamp duty on non-real property after 1 July 2013. I reckon that most people in Western Australia would have thought that because legislation was passed through this Parliament back in 2009 in the form of the Revenue Laws Amendment Bill, they would not be paying stamp duty on non-real property as of Monday. If this bill passes this house, that is exactly what they will be doing. An estimated \$527 million worth of duty will be paid whenever non-real property is sold in Western Australia, something that we were told was legislated not to occur. If that is not a commitment to the people of Western Australia at an election, I do not know what is.

If the government wants to try to deny that this duty was not an election commitment, is it saying that even if it passes legislation, we have to get a formal commitment from it before the election that it will not change its mind after the election? What would happen if it said that on FM radio? Does that mean the government is or is not going to do it? Even if it said that it was not going to abolish stamp duty or duty on non-real property, would we take it literally or is it one of those occasions when we should not take a piece of legislation literally? I mean, what were members thinking? As we were debating earlier, the Liberal Party made promises about tax cuts during the election. Later I will talk about the issues relating to the order of priority in which tax cuts should be given, whether or not they are going to be given.

I return to the views that were being considered by the Liberal Party in 1999 when the GST agreement was struck about the order in which we would get rid of taxes and charges in Western Australia. In summary, it was made clear that we should get rid of duty on non-real property before we move on to things such as payroll tax, although there is probably an argument for adjusting all tax rates from time to time to allow for bracket creep, or something else that will come up.

A breakfast organised by the Chamber of Commerce and Industry of Western Australia, I think, had a debate between Ben Wyatt, the future Treasurer, and Troy Buswell, the Treasurer. The Treasurer made a great song and dance during that debate—I was there—about how the Liberal Party would be helping small business because it would be giving tax relief to small business in Western Australia. The Treasurer did not say one word about the bill that we have before us today. I have a copy of the press release that was put out following the Treasurer's announcement at that breakfast. He tried to present himself as the champion of small business, convincing people that he would give them a better deal. Those small businesses would have been better off with the proposition that Labor was putting forward, which is that we do not give people \$121 million in tax relief from payroll tax but we continue to give them \$527 million in relief from the duties tax that this bill will be imposing on them from Monday. People would have been substantially better off.

The Treasurer was crowing about his announcement in one of the media reports on WAtoday. Despite the fact that it would have been easier to do what the Liberal Party clearly did at the election and mislead the people of Western Australia, the shadow Treasurer, Ben Wyatt, a man of great integrity, made it clear that we would not be matching the government's position because tax cuts are effectively debt funded at the moment. That is the reality. If we borrow money and give a tax cut, it means we have to give more money, which means we are giving a tax cut today and imposing the cost on future generations. Ben Wyatt acted honourably, even though he does not have the title, and in my view the Treasurer acted dishonourably by not telling people that this was going to be the case. I am reminded that the Liberal Party took a fully funded and fully costed plan to the electorate. Two scenarios arise out of that. The first possible scenario is that it never had a fully funded and fully costed plan and when it got elected, it tried to sort it out and that is why it introduced this bill. The other scenario is that the Liberal Party did have a fully funded and fully costed plan and it chose to keep this element of it secret. It is one or the other. I hope throughout this debate that we hear from the Liberal Party which of those two options it was. As the Leader of the House said, right across the state we saw flyers, newspapers and television

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advertises showing the little replica of the wax seal. I think we have agreed that that is the term we will use. It is like one of those old wax seals. The plan was supposed to be fully funded and fully costed, and stamped with a seal in the corner, as was virtually everything I saw that it put out, indicating a positive agenda. Therefore, it clearly was not as much as it put out in terms of a negative agenda. It did not match that in volume, but that is what it did. If the government had a fully funded, fully costed plan, how could it be that it could not afford that plan and has had to do this? It was part of the legislation. We have to reflect on that for a second. Is this an accidental mistake by the Liberal Party? Is this a one-off, or is it in the government's DNA to mislead the people at election time about tax cuts?

Let us follow the history of the Barnett government, commencing from when it was first elected in 2008. In that election campaign the Liberal Party released the document titled "Securing the economic future of Western Australia". It was not a particularly long document—two pages and a cover sheet. It opens with —

Labor has failed to capitalise on Western Australia's economic boom, and too many Western Australians have missed out. Many families and small businesses rightly feel that the economic good times have passed them by.

Despite record revenues, the Labor Party has failed to invest in the infrastructure and services needed to maintain our communities. After eight years of Labor, where has all the money gone?

The Labor Government has squandered the opportunities presented by the economic boom. This cannot be allowed to happen again.

If elected, a Liberal Government will immediately move to secure the long-term economic future of Western Australia.

A Liberal Government will:

These are the two key things the Barnett government was going to do —

1. Commission an Economic Audit to improve the economic and financial management of government in Western Australia; and
2. Implement a Tax Reform and Reduction Strategy —

I repeat —

2. Implement a Tax Reform and Reduction Strategy, including the delivery of a minimum of \$250 million in additional tax cuts for Western Australian families and small businesses in the first term of government.

Remember those words—in the first term. That is what a Liberal government was going to do. According to the Liberal Party, there was an economic boom when Labor was in government, but the past four years have not been an economic boom, despite the fact that the revenue that has gone into government coffers over the past five years has been at record growth levels. It has been up there; it has been at the best of the best. It has not been a low level of growth. The Liberal government has had growth in revenue as healthy as Labor had. Labor did build infrastructure. It built the Perth to Bunbury highway, it built the Mandurah railway line, it built the Clarkson extension, it commenced building the State Theatre Centre of WA and it left money in a trust account for the Barnett government to build the Fiona Stanley Hospital. The Labor government rebuilt hospitals, health services and schools across Western Australia. I could take members through the electorates now represented by Girrawheen, Wanneroo, Ocean Reef and Butler and show the many schools that were built in those growth areas when that seat was simply the one seat of Wanneroo. Parts of all of those seats made up the seat of Wanneroo. It was growing like topsy. A record number of new schools were built during that time. The infrastructure was being built. If the Barnett government has built any more infrastructure, which is a debatable point, certainly in terms of beneficial infrastructure, it has been through borrowings, which will mean that future families and generations will continue to have to pay higher taxes than ever before to fund that expenditure. What the Barnett government has done is to remove the opportunity for future generations to make choices about what they want money invested in.

The reality is that poor economic management has led to the bill that is before us tonight. That is why it is before us tonight—poor economic management. The economic audit was supposed to provide savings to the government. We are yet to see that rolling out. It was also going to provide the capacity for further savings. Further down in "Securing the economic future of Western Australia" it states —

All savings identified by the Economic Audit will be quarantined for return to the Western Australian taxpayer through the Tax Reform and Reduction Strategy.

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The tax reform and reduction strategy saw the Barnett government extend the abolition of duty on non-real property from 2010 to 2013 and to now remove the abolition of that duty forever and a day. It is no longer just deferring the abolition of that duty; it is taking it out of the act. Until someone brings in an act of Parliament to abolish duty on non-real property, it will be there forever and a day. Of course, that is a good segue into the tax reform and reduction strategy of the Liberal Party. I turn to page 2 of the document, where it states —

When Labor took office in 2001 Western Australia was the second lowest taxing state in Australia.

After eight years of Labor Western Australia is now the nation's highest taxing state per capita —

One thing members need to be careful of is that the words jump around in here, but we can go into that debate in more detail a bit later if members want. It continues —

and Western Australian families and small businesses are paying a high price for Labor's tax grab.

That arose out of the GST agreement signed by Richard Court, with his deputy leader Colin Barnett standing by his side, and John Howard, with his deputy and Treasurer Peter Costello standing by his side. It goes on —

The Liberal Party recognises that an equitable, competitive and consistent —

Consistent! What an interesting word. It continues —

tax policy is vital to Western Australia's economic future.

How consistent is it to bring in a bill in 2010 saying that from 1 July the government will be abolishing duty on non-real property and then weeks before 1 July 2010 to bring in legislation to renege on that commitment? The government has now brought legislation to the Parliament so late in the piece that we are dealing with it on our last sitting day and just days before 1 July, when that would have kicked in. That is not consistent. The Liberal Party is not consistent with its own policies on these matters. The document then states —

A Liberal Government will implement a tax reform and reduction strategy based on the following key principles:

- Delivering Western Australian families and small businesses the 'boom' dividend they have missed out on under Labor;

The government was initially going to defer the abolition of duty on non-real property, which we know is worth \$527 million and would benefit the owners of small businesses—they are the ones who will be paying the franchise fees, water licences or the many other things covered by this bill that are considered to be non-real property. The Liberal document continues —

- Restoring Western Australia's tax competitiveness relative to other state and regional economies;

Interesting! When Labor was in government we changed the rates for payroll tax and duty. We have never seen those things and we have never seen any lasting reform to the rates for stamp duty or payroll tax under the Barnett government. I cannot think of a tax that the Barnett government has abolished. I would welcome it if a member of the Liberal Party could suggest to me a tax that it has abolished over the past five years—one single tax. There is silence in the chamber tonight. Members opposite know that there is not one. They cannot recall; they are like me. I suspect that if the great minds of this chamber collectively cannot recall one single tax that the Liberal Party has abolished in the last five years, it is probably because there is not one. This is the government that claims to be a small tax government with small expenditure, yet it has had record economic growth.

The next line of the Liberal Party's policy document from 2008 states —

- Returning to taxpayers, through lower tax rates, any unforeseen tax revenue windfalls ...

Again I make the point: where are these lower taxes?

**Hon Helen Morton:** Where's our share of the GST?

**Hon KEN TRAVERS:** I am glad that Hon Helen Morton mentioned that because, as part of this debate, I will extensively cover the issue around the GST and the deal that was done between Howard and Court and Barnett. I agree with the minister; the deal that was done by the Liberal Party at the state and federal level is a crucial part of this debate and it is fundamental to the issues that we are dealing with tonight. I look forward to getting into that part of my contribution a little later.

As I was saying, the Liberal Party policy document states —

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- Returning to taxpayers, through lower tax rates, any unforeseen tax revenue windfalls ...

Can Liberal Party members in the chamber tonight give me one example of where that occurred over the past five years? Can they give me one example? Again, there is silence in the chamber from members opposite because there is not an example that they can give us.

*Point of Order*

**Hon SIMON O'BRIEN:** The honourable member is trying to get government members to engage in unruly interjection in direct contravention, Madam Deputy President, as you know. But that is all right because that has happened before. The reason why I am appealing to you on a point of order and asking for your intercession is that I am starting to weaken and I might break a standing order if you allow him to keep tempting me to do so!

**The DEPUTY PRESIDENT (Hon Liz Behjat):** Thank you for that contribution, Hon Simon O'Brien. There is no point of order. However, we have all been going on very nicely thus far. There is only about 20 minutes and then there will be a break, so you might perhaps find that you have time away from the chamber in which you might be able to regather your strength to continue through what may be a long evening.

*Debate Resumed*

**Hon KEN TRAVERS:** Thank you, Madam Deputy President. I suggest to Hon Simon O'Brien that he makes a note of the points that I raise so that when I conclude my remarks, he can make a contribution to the house. I would welcome that. Madam Deputy President, to assist Hon Simon O'Brien, from now on when I ask questions through you to the other side, if he gives me the little signal that he is going to answer that question, I will note that we will hear a contribution from Hon Simon O'Brien later in this debate on the abolition of taxes that have been provided by the Liberal Party.

**Hon Simon O'Brien:** The relevant minister, I am sure, will give you all of that.

**Hon KEN TRAVERS:** I am a bit shocked because the member said he was not going to interject and how unruly it was and then he interjected!

**Hon Simon O'Brien:** I told you I'd be tempted!

**The DEPUTY PRESIDENT:** I am sure you will not be tempted further, Hon Simon O'Brien.

**Hon KEN TRAVERS:** I have seen Chairs throw out government members who unruly interject too often to assist the government getting its legislation through!

**Hon Sue Ellery:** That's what he's hoping for!

**Hon KEN TRAVERS:** Yes, he wants to go home early.

**Hon Simon O'Brien:** I'm weakening; I'm weakening.

**Hon KEN TRAVERS:** I probably need to go back through the four points because I have lost my spot—no, I am just joking!

The Liberal Party said it would return to taxpayers, through lower tax rates, any unforeseen tax revenue windfalls. That never happened. I turn to the final point of the key principles on which Liberal Party members live and die, according to this platform, which we would expect with their rhetoric to be fundamental to their very existence as Liberal Party members sitting in this place tonight. The final principle of the tax reform and reduction strategy is —

- Providing stability and certainty for taxpayers.

What an interesting statement when we consider the circumstances in which we find ourselves tonight. Having gone through an election with a fully funded, fully costed plan for Western Australia, some three months later, with days to go before 1 July, the Liberal Party comes in and says, "On 1 July, we will not abolish the taxes that have been sitting in law since 2008. We're not going to abolish them; we're going to reinstate them." How is that stability? How is that certainty? Again, I look forward to an explanation from the members of the Liberal Party tonight about how the Duties Legislation Amendment Bill 2013 provides stability and certainty. At the moment, the only certainty we have is if the Liberal Party thinks it can get money out of the working people of Western Australia and small businesses, it will have a go at it. That seems to be the only certainty. The policy also talks about a tax review. It states —

A key task of the Economic Audit Panel will be to assess and identify options for tax reform, consistent with the principles outlined above.

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The principles, those foundations, the basis of the Liberals' existence —

**Hon Helen Morton:** You want to join us, don't you?

**Hon KEN TRAVERS:** That has not been anything that I have ever even contemplated, I am afraid, Hon Helen Morton. I have always enjoyed Hon Helen Morton's company, but I have never wanted to join her politically. She can absolutely rest assured of that. In fact, the only member of the Liberal Party whom I ever thought I may have some political connection with is the Treasurer, Troy Buswell. But that was, of course, when he was a member of the Labor Party and I went to my first branch meeting and met him for the first time. Then I thought I had some connection with him, but it proved to be wrong! Now I know that I have absolutely nothing in connection with him. Whilst I have a great deal of respect and time for Hon Helen Morton, I do not intend to join her any time soon—in fact, ever. I am very proud of the fact that I, along with my siblings, have taken my parents from meeting as Young Conservatives to showing them the light and they are now very proud members of WA Labor. I have to say that they always had a strong sense of social justice, even when they were members of the Young Conservatives. I think that was back in the days when people with a sense of social justice actually existed in conservative parties. But I digress too much for now.

Several members interjected.

**The DEPUTY PRESIDENT:** Order, members! If we could just perhaps stay with the theme, I think it might be helpful.

**Hon KEN TRAVERS:** This was in the United Kingdom, so it was slightly different in that regard. It was back in the days when my mother tried to keep at bay Margaret Thatcher in her crusade to change the Conservative Party. Anyway, that is a story for another day.

The Liberal Party policy document states —

A key task of the Economic Audit Panel will be to assess and identify options for tax reform, consistent with the principles ... above.

The tax review will also examine:

- Anomalies in the current system that inhibit business and economic development ...

I am trying to think of when we have seen the outcomes of this economic audit that the Liberal Party told us it would have, which would remove the anomalies in the current system that inhibit business and economic development. I hope that someone will take down this question and pass it to Hon Simon O'Brien, who is out of the chamber on urgent parliamentary business: can Hon Simon O'Brien tell me the anomalies in the system that this government has corrected in its five years in office, and how it is now assisting in removing those anomalies that inhibit business and economic development? How does reinstating a tax that was due to be abolished on Monday of next week assist in removing those anomalies that inhibit economic development? The government wants to take \$527 million out of the pockets of people in business who sell their intellectual or non-real property, and put that money into the consolidated account. The people in business should be allowed to keep that money and reinvest it into the economy. That would be a much more effective use of that money than putting it into the consolidated account.

The Liberal Party policy document goes on to say that the tax review will also examine —

- The effectiveness and accuracy of current methodologies used to forecast state revenues; and

That is interesting. The Leader of the House said in his second reading speech on this bill that the volatility in the economy is the reason the government needs to bring in this bill and the reason it is going to renege on its election commitment. However, the government was going to fix that. This document says that the government was going to change the methodologies used to forecast state revenues for the purpose of improving their effectiveness and accuracy. Yet the Leader of the House is now talking about volatility. I will talk about volatility a bit later in this presentation. The government has clearly failed to keep that commitment if it is now saying that the revenue projections are not more effective and accurate than they were previously.

The document goes on to say that the tax review will also examine —

- Potential levels of funding available for tax reduction over and above the forward estimates and in addition to savings identified by the Economic Audit.

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Again, I ask members to take down this question and pass it to Hon Simon O'Brien, who is out of the chamber on urgent parliamentary business: can Hon Simon O'Brien, in his speech to the chamber, give me one example of where that has occurred in the last five years of the Barnett Liberal-National government?

I will continue through this policy. It makes fascinating reading. It continues —

*Funding Tax Reform*

Yearly variations in revenue forecasts make it difficult to accurately determine levels of funding available for tax reform.

The Liberal Party went to the election with a fully funded, fully costed plan. The government is now telling us, three months after the election, and after it has been in office for five years, that because of the volatility in the economy, it now has to break its commitment to cancel the abolition of duties on non-real property, which was scheduled to come into effect on Monday. The document goes on to say —

Despite this, a Liberal Government will be committed to delivering significant tax reductions in its first term.

To demonstrate this commitment to significant tax reform, a Liberal Government will allocate a minimum additional \$250 million to tax cuts in its first term over and above the current forward estimates.

We know that was never delivered upon. We know that was a broken promise from the Liberal Party's last term of government. What we are seeing here is a pattern. What we are seeing here is form. It is starting to look as though it is in the Liberal Party's DNA to promise tax cuts and then not deliver them, because that is what it has done.

The final paragraph under this heading is —

This \$250 million commitment is also in addition to the Liberal's pledge to return all savings identified by the Economic Audit to Western Australian taxpayers.

We need to remember that at the time this document was written, it was already in law that in 2010, duties on non-real property would be abolished. Not only did the Liberal Party not meet its commitment in its last term to make tax cuts, but also it imposed additional taxes by deferring the abolition of duties on non-real property.

I am sure some members opposite will talk about the government's one-off payroll tax rebate to small business. That was a \$120 million commitment to small business. Small businesses were required to pay that money up-front and get it back at the conclusion of the financial year. Interestingly, the government will argue that it has met its \$250 million commitment to tax cuts, because that payroll tax rebate will be given again for this financial year. However, the government said that it would meet that \$250 million commitment in its first term. How does paying a rebate in its second term in office meet the government's commitment to deliver tax cuts in its first term in office? The government has form on breaking its promises on these matters.

It is clear that the government said that it would make the changes to ensure that there would be an up-front tax cut of \$250 million, and also tax cuts over and above that. The government has broken that commitment. The government cannot now say that that is because of the goods and services tax. That is not new. This state's share of the GST revenue has been declining for many, many years. The only exception was in the period around 2003-04. It has been declining since the day Mr Court, Mr Barnett, Mr Howard and Mr Costello signed the GST deal. The only other exception was after the sustained campaign by the then Treasurer, Hon Eric Ripper, who managed to secure an increase that meant that for one year, and the year following, GST revenue went the other way. There might also have been a small adjustment a couple of years ago. But, traditionally, there has been a decline. So the argument that this is new is complete and utter nonsense.

But the government went further than that. Members may recall the Liberal plan for the first 100 days of government, "Delivering Better Government and a Better State for WA". The second dot point under the heading "The Economy" states —

- Appoint the Economic Audit Panel to conduct a full audit across the Western Australia public sector in order to improve the economic and financial management of the state.

The government has done that. The economic audit was expected to produce a range of savings that would be passed on in tax cuts. But that never happened. The third dot point under that heading states —

- Commence work on the Tax Reform and Reduction Strategy including plans to deliver \$250 million in tax cuts to Western Australian families and small businesses.



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The Liberal Party said it would do that in its first 100 days of government. That suggests that the government was going to get straight on with that and deliver those tax cuts to the taxpayers of Western Australia in its first term. Yet we know that at the completion of this government's first term in office, it had not provided that \$250 million in tax cuts. The only way the government can come even close to doing that is in its next term of government. What the government has not told the people of Western Australia is that they will get a payroll tax rebate next year, but, from now on, they will have to pay duty on their non-real property, because the government is going to remove that clause from the legislation.

That is the history of the Liberal Party and its promises about tax cuts for the people of Western Australia. It is an absolute disgrace. It is consistently a case of this government misleading people about its intention to reduce taxes for the people of Western Australia. It is unforgivable for a government to go to not just one election, but two elections, and promise tax cuts but fail to deliver.

*Sitting suspended from 6.00 to 7.30 pm*

**Hon KEN TRAVERS:** Before the dinner break I was referring to the Liberal Party's form of making promises before an election and then failing to deliver on them after the election. I was going to move onto the fact that the government is trying to somehow suggest that the circumstances we face today are different from what was expected at the time of the election. In the fourth paragraph of the Leader of the House's second reading speech he states —

However, in 2009, the impact of the global financial crisis compelled the state government to defer the abolition date by three years to 1 July 2013. This was given effect in the Revenue Laws Amendment Act 2010.

He goes on to say —

Unfortunately, volatility in the state's revenue base and expenditure pressures from rapid economic and population growth are continuing to place significant strains on the state's finances.

I do not know whether the intent of that was to somehow try to justify to the house that these measures are required and they were not able to have been foreseen before the election so they could not have been incorporated into the fully funded, fully costed red sealed plan that the Liberal Party committed to the people of Western Australia. Could we or should we have known before the March election that there was volatility in the state's revenue base? Is it something that simply occurred post the 2013 election? Let us look through some of the documents that might help inform us on that matter. We could start with the *2012–13 Pre-Election Financial Projections Statements*. This document is released under the Government Financial Responsibility Act 2000. The purpose of that act was to ensure that all people going into an election understood the state of the state's finances. It is an update. As members will be aware, the other two documents required as a result of that are Budget Paper No 3 *Economic and Fiscal Outlook*, the midyear review and then, of course, in an election year, a pre-election financial statement, which is intended to update us and give us a picture of the financial situation immediately prior to an election. What did that document have in it that might inform us in the house tonight whether the volatility of the state's revenue base, referred to in the Leader of the House's second reading speech, was known to the Liberal government? At the very least, if the Liberal government members never bothered to read it, they should have read it. It commences with an outlined block of highlights. It states —

- The outlook for the Western Australian economy remains positive, with above-trend growth of 6.0% forecast in 2012–13 (unchanged from the recent mid-year review).
- This level of economic expansion, along with strong population growth, continues to drive demand for public sector services and infrastructure. However, revenue growth remains subdued.

Anybody who was preparing a fully funded, fully costed plan for the election—anybody responsible—would have known that —

**Hon Sue Ellery:** There's a flaw in your plan.

**Hon KEN TRAVERS:** That might be the problem here, Leader of the Opposition. Just that statement automatically starts to debunk the implication of the inclusion of the statement —

Unfortunately, volatility in the state's revenue base and expenditure pressures from rapid economic and population growth are continuing to place significant strains on the state's finances.

Clearly, just on those statements alone, the government should have known that and included it in its fully funded, fully costed plan. The midyear review goes on to state —

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- Notwithstanding the subdued revenue growth, the outlook for the State's finances has improved since the December 2012 mid-year review, with operating surpluses now forecast in all years. This primarily reflects revised forecasts for royalty revenue following a recovery in iron ore prices in recent months.

We can talk a little about those issues a bit later, but it again highlights that there was subdued revenue growth. This government has had record revenue growth until current times. It is the fact that expenditure growth has been outstripping revenue growth that is the real problem for this government. The real problem for this government was not the volatility or the expenditure pressures from rapid economic growth, because that was known. The real problem—I think to this day it is still the real problem—is that the government went into the election requiring a whole range of savings to be delivered, and it had no idea about how it was going to do it. Despite having put them into the budget 12 months ago, it had done nothing prior to the election to achieve those savings. Of course, as we have discussed many times before in this house, if a government needs to get a two per cent saving over 12 months, if it leaves it till the last three months, it will have to get an eight per cent saving.

The last dot point on page 1 is the real killer for the government. It debunks any suggestion in its arguments that the volatility is a new thing for it. I will quote again from page 1, chapter 1, of the 2012–13 *Pre-election Financial Projections Statement* —

- The forward estimates are highly sensitive to volatile commodity prices (particularly iron ore) —

There is that same word, “volatile”. I will leave it to the English experts in this place to talk about what volatility is versus what volatile is, but it means the same; it means that the government should have known —

and ratings agencies have indicated that the State's triple-A credit rating is at risk of being downgraded.

It is interesting that earlier in the week the Minister for Mental Health was trying to suggest that it was not. When Hon Darren West was asking questions around that issue, she was, I think it would be fair to say, a little in denial on that issue, but this is again the crunch in that pre-election financial statement. It continues —

This highlights the need to constrain expenditure growth in line with revenue growth, with an appropriate and significant surplus as a buffer against this volatility.

So, if someone was preparing a fully funded, fully costed plan using as the starting point the 2012-13 *Pre-election Financial Projections Statement*—which I would have thought a responsible economic manager who was preparing a fully funded, fully costed plan would—they would use the information in this document as the base from which to move forward. They would need to ensure that their fully funded, fully costed plan for Western Australia provided for appropriate and significant surpluses that could act as a buffer against this volatility. When the government was going to the election, if it needed to reinstate duties on non-real property, it should have made that clear to the electorate before the election; and if it included in its fully funded, fully costed plan the abolition of those taxes as of Monday, it should have also made sure that it had a significant surplus to act as a buffer against the volatility now referred to in the second reading speech of the Leader of the House.

But that is not the only mention in the midyear review; there are pages and pages of it. It strikes me that the Leader of the House would not have allowed that to be put in his speech if he had read this document. I am going to make sure that he understands what is in this document. The overview on page 2 states —

Since the December 2012 mid-year review projections were finalised on 10 December 2012:

- the outlook for iron ore prices has strengthened (by around \$US4.6 per tonne to an average of \$US123 per tonne in 2012–13, and around \$US15 per tonne per year on average across the outyears); while
- the annual average \$US/\$A exchange rate has appreciated marginally (by around US0.7 cents in 2012–13 and between US1.3 cents and US1.4 cents in the outyears).

Interestingly, I suspect that since then the price of iron ore and the Australian exchange rate have become more favourable than predicted. But this document then states —

Accordingly, this Pre-election Financial Projections Statement (PFPS) includes a \$134 million increase in mining revenue in 2012–13 and a further \$1.9 billion increase across 2013–14 to 2015–16.

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I might add that I suspect that any changes in mining revenue are more down to the government changing its methodology than it being calculated on a like-for-like basis, and it should have allowed a buffer. But if it had been calculated by the same process as before, there would not have been a loss of mining revenue.

The next relevant point in this document relates to the next paragraph of the minister's second reading speech on this bill. The document states —

These increases are partially offset by the lagged impact of the Commonwealth Grants Commission process on Western Australia's GST revenue, with:

- an aggregate \$340 million reduction in GST grants across the forward estimates attributable to the change in royalty forecasts; and
- a further \$405 million reduction in the outyears due to weaker financial conditions outlined in recent mid-year review projections for other jurisdictions.

After the minister's second reading speech referred to volatility, it went on to state —

This has been exacerbated by the commonwealth government's refusal to implement the recommendation from its own goods and services tax distribution review to immediately reduce by three per cent the effective redistribution of mining royalties among the states. This represents a cost to Western Australia of over \$100 million per year.

Again, why the government would factor something that has not occurred yet into its fully funded, fully costed plan but not the fact that there was going to be a reduction in GST payments is beyond me. What we need to remember is that the GST came about because of decisions taken by two Liberal-National conservative governments in the late 1990s.

At page 3 of the *Pre-election Financial Projections Statement* is a section on forecasting iron ore prices. The third paragraph on that page states —

As an illustration of the sensitivity of the financial projections to iron ore price variations, if the starting point for the iron ore assumptions for the outyears was \$US12 per tonne lower than currently assumed:

- the royalty revenue forecasts across the forward estimates period would be reduced by an aggregate \$1.4 billion;
- the general government sector operating balance would be a deficit of \$84 million in 2013-14 (compared with the \$390 million operating surplus currently projected); and
- net debt would increase to around \$24.9 billion by 30 June 2016 (compared with the current estimate of \$23.7 billion).

It goes on —

This serves to highlight the sensitivity of forward estimates to the volatility —

There is that word "volatility" again —

currently being experienced in iron ore prices, and the need to retain an appropriate buffer against adverse movements.

So, there we have it again, the pre-election statement warning the government, when it is developing its fully funded, fully costed plan, to make sure it retains an appropriate buffer against adverse movements. Did the government retain that buffer or are we here today because it did not? If the government is correct that revenue has dropped, all that statement says is that in its fully funded, fully costed plan it did not retain the buffer that it was told to, was warned about, was spoken about and was written about by the Under Treasurer in the pre-election financial statement. Just to make it absolutely clear for members, the government included graphs in the statement, so that even if people did not want to read the material, they could look at the graphs and see what was occurring.

The *Pre-election Financial Projections Statement* on page 4 states —

These changes have resulted in Western Australia's projected GST 'relativity' falling to 27% by 2015-16 (down from 35% in the mid-year review).

Again, it was completely predicted that that would be occurring. None of us in this place likes that. None of us likes the fact that our share of GST revenue is going down. We all know whose fault it is. It is the people who signed us up to that deal and, I might add, the people who reduced the ability of the state to have its own source

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of revenue. One of the key issues around this debate tonight that we will need to move into at some point is the question of vertical fiscal imbalance along with the equalisation process and the impact that those measures have on the capacity of this state to control its own finances.

We can continue to go through page after page of the *Pre-election Financial Projections Statement* of 2012–13. On page 8 the document is kind enough to make sure that anyone preparing a fully funded, fully costed plan would know the problem that revenue growth was starting to taper off compared with growth over the last few years. At the bottom of page 8, the document states —

General government revenue growth remains significantly lower than the long-run average growth rate of 8.5% recorded over the last decade. At 1.0%, growth in 2012–13 (relative to 2011–12) is particularly flat, reflecting the State's lower share of national GST collections in 2012–13, lower tied grants from the Commonwealth (which 'brought forward' significant payments to the State into 2011–12 from 2012–13), —

It is not that the commonwealth was reducing the money coming to the state; it was the years in which it was paid —

and the impact of a large one-off revenue in 2011–12 (following the rationalisation of two boards, see 2011–12 Annual Report on State Finances). Across the four year forecast period, general government revenue growth is expected to average 4.8% per annum.

How can the Liberal Party claim that it needs to ditch its election commitments? How can it claim that it needs to reinstate a tax, not defer its abolition forever, as from Monday until somebody chooses to bring in a piece of legislation? I do not know why the Leader of the House included those two statements in the second reading speech. Clearly, the intent was to try to suggest to this house that it was unforeseen or extraordinary when in fact it was very clearly outlined. I do not want to labour the point, but when the government brings in a bill such as this and puts those statements in its second reading speech, we need to ensure that everybody understands just how many times it was mentioned in the *Pre-election Financial Projections Statement*. On page 18 under the heading "Statement of Risks", it goes through all the changes that have occurred since the December 2012 midyear review. It states —

The following Statement of Risks is largely unchanged from that reflected in the December 2012 mid-year review. The main differences are:

- an update of the revenue sensitivities noted in the table below;

It goes on to refer to the Economic Regulation Authority's final decision on Western Power's third access arrangement; the identification of a potential revenue shortfall for Western Power for 2012–13; and the Minister for Education's announcement of the development and rollout of the independent public schools initiative, the costs of which will relate to the number of schools that adopt the initiative. But of course that rollout would have been included in the fully funded, fully costed plan, would it not, minister? Surely it would have been. It could not possibly be a fully funded, fully costed plan if it was not. The document also refers to the unspent increases in royalties for regions funding resulting from changes to the royalty forecasts in the PFPS. This is an interesting one; the minister will like this one. One of the changes between the 2012–13 midyear review and the *Pre-election Financial Projections Statement* is referred to in the final dot point, which states —

the addition of a new risk relating to delays in the commissioning of Verve Energy's Muja AB generating facility.

The government even knew at that stage that the minister had stuffed up and lost money for us. Members need to think about this. If this bill is passed tonight, as from Monday people who did not expect to pay tax on non-real property will end up paying \$527 million over the next four years. How much of that \$527 million is to cover the cost of the blowout at Verve caused by the current Minister for Energy, who, although he says that he accepts responsibility for it, has not faced any consequences? Ministers cannot just take responsibility without suffering the consequences. Responsibility without consequences is not accepting responsibility.

Are we debating this bill tonight to cover the Verve blowout? Maybe we are putting it through this house to cover the time when Hon Simon O'Brien was Minister for Finance and he allowed subcontractors to go unpaid for government projects. His agency failed those people. Yesterday we saw the tabling of the report that now requires the government to spend \$5 million to compensate those people for their losses. Is the reason we are passing this bill tonight to help find that \$5 million? Interestingly, that would have been known to the government before the election because Hon Simon O'Brien would have seen the draft report from the Small Business Commissioner in December last year. I suspect that he would have known the problems back then. The

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government sat on that report until yesterday's announcement. That is another \$5 million. One starts to wonder whether the reason the government wants to ram this bill through tonight is because it has said to the ministers and government members in the upper house, "You'd better get it through because this is to pay for your stuff-ups. This is to pay for the problems you have caused in the expenditure costs of the state of Western Australia."

I wonder how much of this bill will cover the problems in the mental health area that we have been hearing about. I have no doubt that ex gratia payments will need to be made at some point in the future. How much of this bill relates to the Bigger Picture campaign for which the government used taxpayers' money to run political adverts? I wonder how much of this \$527 million that will need to be collected will be used to pick up the cost of those sorts of things that this government has done.

The key point in all of this is that the government knew that. The interesting thing is that WA Labor did not know how badly the Leader of the House bungled the problems at Muja AB when he was Minister for Energy. We saw it in the *Pre-election Financial Projections Statement*. At that point we did not truly understand the depth of the problems that had been created by the incompetence of the minister, who said on television tonight that he approved additional payments without going to cabinet. These are quite extraordinary circumstances. I bet the emeritus Minister for Energy got the tick from the Premier. All of these things would have been known. That does not quite explain why, after an election only a few months ago, we now need to reinstate a tax that was due to be abolished.

Page 18 of the *Pre-election Financial Projections Statement* goes on to refer to forecasting uncertainties. It states —

The inherent uncertainties associated with producing forecasts for an approximately \$239 billion economy and \$25 billion recurrent budget means that there will always be differences between the forecasts of key aggregates and the final audited results. This Statement of Risks provides an overview of the known issues that have the potential to materially affect the financial projections contained in this PFPS.

Again, it goes through all the things we talked about earlier for which allowances should have been made. Again, the government has not given any justification for this. The two paragraphs on this in its second reading speech are not justifications. I hope that the Leader of the House has a better justification for the government breaking this promise than was provided in his second reading speech. Under the heading "Forecasting uncertainties" it also states —

- General government revenue has been underestimated in nine out of the last ten years by an average 3.9% per annum. For one year, 2008–09, revenue was overestimated by 3.0% (reflecting the impact of the Global Financial Crisis in that year). A 3.9% variance in the revenue estimate for 2012–13 in this PFPS equates to \$994 million.

Again, we are given plenty of warning of what the magnitude needs to be for the government's fully funded, fully costed plan; that is, if there is a three per cent variance, there needs to be \$994 million surplus. Of course, as we discussed earlier, the advantage of running large surpluses like that is that they can be used to invest in capital works programs without borrowing. Members recall that Labor acted responsibly—that is how we managed our budgets for eight years. This government has not chosen to do that for the past five years. That is why Labor was able to deliver significant infrastructure and services, and to reduce debt in the general government sector, not increase it. The Liberal Party attacked us for doing that; it attacked Labor for being economically responsible financial managers and, of course, we now see the chickens coming home to roost because of the Liberal Party's irresponsible nature. The next point under "Forecasting uncertainties" states —

- General government expenses have been underestimated in five out of the last ten years by an average 1.2% per annum. For the other five years, expenses were overestimated, on average, by the same margin of 1.2% per annum. A 1.2% variance in the expense estimate for 2012–13 in this PFPS equates to \$303 million.

The figure of 1.2 per cent is actually a lot less than the two per cent efficiency dividend the government was required to get. The PFPS then highlights movements in the royalty income, petroleum royalties and transfer duties. For each one per cent increase or decrease in property prices, \$20 million is taken away from revenue. It was all there; it was all laid out. There was nothing unexpected about the volatility in the state's revenue and it was no surprise that there were expenditure pressures from massive economic growth and population growth. The state of Western Australia has been experiencing massive population growth for almost a decade now. It cannot be claimed that that was not known or predicted. Page 20 of the *Pre-election Financial Projections*

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*Statement* has a whole section dedicated to commonwealth grants, which provide for \$8.843 billion in 2012–13. It refers to GST grants and Western Australia's share. It states —

Western Australia's GST grants are a function of the Commonwealth's national GST collections, Western Australia's population share and the Commonwealth Grants Commission's (CGC) annual recommendations on the States' and Territories' GST relativities (i.e. GST shares relative to their population shares).

Forecasts of the national GST pool are based on the Commonwealth's 2012–13 *Mid-year Economic and Fiscal Outlook*. With uncertainty still surrounding the outlook for growth in the global and domestic economies, there is a risk that GST collections could vary from those currently projected.

There we go. Once again, the *Pre-election Financial Projections Statement* warned all political parties that when they were putting their financial plans together for the next four years to take to the people for the election, they needed to be cognisant of that risk. A responsible economic and financial manager would have incorporated that risk into a fully funded, fully costed plan, but clearly, either the government did so and kept secret its intention to reinstate these duties on non-real property or alternatively it failed to. Is the government deceitful or incompetent? It has a choice, and I am more than happy to hear from the government which it is. Was it incompetence or deceit; or was the government deceitfully incompetent? Maybe it was both.

The *Pre-election Financial Projections Statement* 2012–13 continues, on page 20 —

Population share estimates are periodically updated, and over time are affected by the relative economic prospects of States.

For 2012-13, the GST revenue estimates incorporate the CGC's approved recommendation of Western Australia's GST relativity (i.e. 55%). Projected GST relativities beyond 2012-13 have been revised since the 2012-13 mid-year review (to 42% in 2013-14, 30% in 2014-15 and 27% in 2015-16), reflecting the lagged impact of revisions to the State's mining royalty estimates and revised financial projections in other jurisdictions' mid-year reviews.

That is a really important statement in terms of this debate. We face massive growth in one particular revenue stream, royalties, and to be fiscally responsible we need to run a large surplus; but just because revenue is going high, we cannot afford to allow our expenditure to climb as quickly as our revenue growth, because there is a lag impact. Interestingly, one of the good things Hon Eric Ripper did as Treasurer was to condense that lag impact so that it improved the situation for Western Australia. We may collect a lot of money in royalties this year, but in future years our GST allocation will be reduced as a result of that. We may book the money in this year and keep it, but in future years we will suffer a lower GST allocation because of the horizontal equalisation process that is part of the commonwealth agreement signed in 1999. When we get on to some of the cabinet submissions that led to that situation, members will understand that there were opportunities to improve the situation but Mr Barnett and Mr Court, who were running the Liberal government in this state at the time, chose not to do it. They chose to help John Howard get his tax package through ahead of the interests of Western Australia, and this is the man who now wants to try to blame the commonwealth government for the deal that he signed us up to.

The argument that this is somehow to do with the GST distribution is nonsense. The observation is made in the *Pre-election Financial Projections Statement* that —

These relativities have been projected by the Department of Treasury on a 'no methodology change' basis. However, they could be altered by the implementation of recommendations from the Commonwealth's GST Distribution Review. The Commonwealth Government's response to this Review was not known at the time of finalising this PFPS.

Only a fool would have based his "fully costed, fully funded" plan on that distribution review being implemented. The government should have worked on what it knew at the time, and should that review have been implemented at a later stage, it would have been a bonus and might have allowed the government to do more. But a government would not have gone out and made a commitment based on that unless it was being incredibly irresponsible. The *Pre-election Financial Projections Statement* continues —

The recommendations of the Review could have both positive and negative impacts on Western Australia, particularly in relation to how the CGC assesses States' capacity to raise mining royalties.

The minister referred to mining royalties in his second reading speech, and the way they are assessed, but we were warned here in the PFPS. It was all written down before the election and before the government made its commitments to the people of Western Australia. It continues —

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In this regard, the CGC currently measures States' relative capacities to collect royalty revenue from onshore minerals under 'low rate' and 'high rate' categories, with iron ore 'fines' being classified to the 'low rate' category. The Review recommended that the CGC be asked to examine the treatment of iron ore 'fines' in light of Western Australia's decision to align the 'fines' royalty rate with the 'lump' iron ore rate; and that the CGC be asked to develop a new mining revenue assessment at the earliest opportunity.

Each of these recommendations increase the likelihood of a different treatment of iron ore for 2014–15 onwards.

The estimated impact on Western Australia's GST grants of three different scenarios (relative to iron ore 'fines' remaining 'low rate' in the CGC's model) is shown in the following table.

The table indicates that if it is a separate iron ore component, it is minus \$98 million, climbing to minus \$250 million. The combined low rate and high rate components for 2014–15 and 2015–16 are minus \$62 million and minus \$354 million respectively. If the iron ore fines are reclassified to high rate, it is minus \$246 million and minus \$565 million. What did the government not know before the election about the relativities and the potential impact on GST revenue with respect to mining royalties? What did the government not know? I hope a government member will stand in this place later tonight and explain that to us. Very relevant to the cause of the Leader of the House's speech, the *Pre-election Financial Projections Statement* states —

The Review also recommended that the CGC's mining revenue assessments be discounted by 3% to allow for currently unrecognised costs incurred by State governments in supporting mining activity (to apply to GST shares from 2013–14 onwards). This is estimated to increase Western Australia's GST grants by \$123 million in 2013–14, rising to \$161 million by 2015–16.

The interesting thing is that if the government implements the recommendations of its review, as the Leader of the House in his second reading speech said it should, it would give us extra money of around \$100 million. The government does not mention that if it implemented that review in full, we would also lose money. What the government did not mention is that that was known to the government when it went to the election with its wax-seal stamp saying it had a fully funded, fully costed plan. There is nothing new and it is dishonest to come into this house and give a second reading speech, as the Leader of the House did, that tries to proclaim that somehow something has happened since the election that has changed the situation so that the government now has to walk away from a legislated commitment to abolish duties on Monday. Not a single thing has changed. The *Pre-election Financial Projections Statement* continues —

In addition, the Review reports a longer run aspiration of an equal per capita distribution of GST grants, which would substantially improve Western Australia's funding share (beyond the current forward estimates period).

That is true; there is an aspirational component and it would be a great initiative to see that implemented in Western Australia. It is quite difficult, because we would need the agreement of the other states, which would see the other states missing out. The interesting thing is whether this idea of a per capita distribution of the GST grants is a new initiative. Is it something that has arisen only in the past few years or has it been around for an awfully long time? I tell members what: it has been around for an awfully long time. Back in the late 1990s when the whole issue of the GST was being considered, New South Wales launched a public campaign pointing out the inequities of the arrangements of the Commonwealth Grants Commission process. At the time, it was noted in a cabinet submission from the Liberal Premier of Western Australia that we had some sympathy with the New South Wales position. We need to remember that at the time, New South Wales was seeking the grants to be distributed on a per capita basis. The submission included a statement that they did not want to go down that path if it meant jeopardising tax reform. They were prepared to put the interests of the federal Liberal Party ahead of the interests of Western Australia. Colin Barnett was prepared to do that, and so was Richard Court. So members can imagine my surprise when I read an article the other day in which Richard Court was trying to say that he had nothing to do with that; it was not his fault. These things were known at the time. Yes, it would be fantastic to get the grants distributed on a per capita basis. Why did we not fight harder for that per capita basis back in 1999 when we were negotiating from a position of strength and try to get that implemented? Major states such as New South Wales were on our side.

Where was Colin Barnett at that time? If people say that he was Minister for Resources Development at the time and he did not have anything do with it, I will read to members later tonight some speech notes that were provided to Colin Barnett, as Minister for Resources Development, for the CPA Australia state conference on 15 May 1998. The now Premier of Western Australia took an active role in those negotiations. This is the same

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bloke who reckons he had a fully funded, fully costed plan. He is the same person who was responsible for the GST deal that we have today. The problems that we face with the GST today can be placed squarely on the shoulders of Colin Barnett; and the more he tries to hide it, the more it shows that he knows in his heart of hearts that it was his fault. He signed up this state to that bad deal. He was more interested in helping his federal Liberal colleagues than he was in looking after the interests of this state. It will be interesting to see what he does over the next couple of months and whether he will again put the interests of his federal colleagues ahead of the interests of the state of Western Australia.

Another way in which we can help Western Australia is by funding infrastructure. The new Deputy Prime Minister of Australia, Anthony Albanese, has been a great friend of Western Australia in terms of funding infrastructure.

**Hon Michael Mischin** interjected.

**Hon KEN TRAVERS:** The Attorney General can laugh. Every day we see this government trying to claim credit for the sinking of the Perth railway line. That is being done with \$200-odd million from the commonwealth government. The other day we had a debate in this house about the government's regional freight review and all the road projects that are currently being built in Western Australia. As the Attorney General will recall, of the \$700 million worth of road projects that are currently under construction, over \$500 million of that funding has been provided by Hon Anthony Albanese, the Deputy Premier Minister of Australia. The federal government is providing that funding to help Western Australia. The federal government has committed to a range of road projects going forward. One of those projects is the Perth–Darwin highway. Is that why the government needs to put this bill through tonight? Does the government need to put this bill through tonight so that it can find the money for its contribution to the Perth–Darwin highway, which it is not even going to fund fully —

**Hon Sue Ellery:** We do not know.

**Hon KEN TRAVERS:** That is right, because we did not get a budget this year. Anthony Albanese has put on the table half of the funding for that road. The government has to come up with the other half of the funding. Is that why this bill is before us to tonight? Is the government going to fully fund its half? The bigger question is: will the government make sure that Tony Abbott commits to that funding? Will the government make sure that the funding that will be coming to Western Australia in Nation Building II will be matched by Tony Abbott? Will the government make sure that the funding that will be coming to Western Australia for the Gateway project will be matched by Tony Abbott?

**Hon Sue Ellery:** Have they even asked?

**Hon KEN TRAVERS:** Yes; have they even asked? Has one single question been put about that funding? It is funny; I have never seen the Premier out there on the stumps, demanding a better deal for Western Australia for infrastructure funding, or a commitment from the federal Liberal Party that it will maintain the infrastructure funding that has been committed to by the federal Labor Party.

*The Pre-election Financial Projections Statement* states —

Even on a 'no methodology change' basis, the accuracy of GST relativity projections is affected by, inter alia, the complexity of the CGC's methods, uncertainty surrounding projected own-source revenue growth in Western Australia and other States, and the CGC's response to new issues (e.g. data availability and suitability) that emerge over time.

As an illustration of this uncertainty, Western Australia's 2012–13 GST relativity of 55% was substantially lower than the 60% projected in the December 2011 Government Mid-year Financial Projections Statement. The CGC is expected to recommend GST relativities for 2013–14 in late February or early March 2013. Its recommendation for Western Australia could be significantly less than or greater than the PFPS projection of 42% (significantly affecting the GST grant estimates across the forecast period). By way of illustration, each 1 percentage point variation in the GST relativity is worth between \$53 million and \$62 million from 2013–14 to 2015–16.

What does government not understand about that part? Does the government understand it now? Did the government understand it before the election when it put together its fully funded, fully costed plan? If it had, it would have included the abolition of duties on real property coming in on 1 July in its fully funded, fully costed plan. Why do we need this bill? What has happened to make the government require this bill tonight? Why can we not give this tax cut to small business? We know why. It is because the government overcommitted in the



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election. It promised more than it could afford. Labor was responsible. We refused to play its game of having an auction about payroll tax. We said that although we support and we would love to see the Perth–Darwin highway built, we cannot give a commitment until we know the financial circumstances. We want to see it built and if we can get some commonwealth money, we will move heaven and earth to meet our commitment to match the commonwealth government's funding. We will make sure that our priorities are right to do that. But we would not give a commitment because we do not make commitments that we cannot keep.

The government made commitments and it is now in this complete mess whereby it has the worst of both worlds. It is breaking promises on a daily basis and ditching tax cuts because it cannot meet its commitments. It is all of its own making because it was not responsible before the election. Tonight we are debating a bill that is a product of the government's irresponsibility. The government should at the very least admit that to the house tonight. The government should be honest not with us but with itself; this bill is before us tonight because of the government's financial irresponsibility and incompetence—nobody else's. This is Muja AB on a mega scale. The minister could not see that the pipes were going to blow. The Premier and the Treasurer could not see the volatility in the revenue streams, even though it was written chapter and verse in the *Pre-election Financial Projections Statement*. Page 22 of the *Pre-election Financial Projections Statement* is titled "Commonwealth Government Payments for Specific Purposes". It is a very interesting issue because, as we know, as part of the commonwealth agreement that introduced the GST it was important to maintain those specific purpose payments at a level that they were at previously. To quote from page 22 of the *2012–13 Pre-Election Financial Projections Statements* —

The forward estimates of payments for specific purposes, and associated impacts on State spending, also have a significant margin of uncertainty,

I think "uncertainty" is another word for volatility. If members want to doubt me, let us look at what *Macquarie Dictionary* says about volatility —

**Hon Michael Mischin:** It's under V.

**Hon KEN TRAVERS:** Is it?

**Hon Michael Mischin:** It comes after U and before W!

**Hon KEN TRAVERS:** I will find it, do not worry. *Macquarie* says —

Evaporating rapidly; passing off readily in the form of vapour...

Light and changeable of mind; frivolous; flighty.

Fleeting; transient.

Pricked; vinegary.

Relating to information in the memory bank of a computer which is lost when power is disconnected.

I think if we go to "uncertainty" we will find a similar definition.

**Hon Michael Mischin:** Good try.

**Hon KEN TRAVERS:** Maybe the Attorney General, having a little laugh, agrees that volatility and uncertainty are one and the same.

**Hon Michael Mischin:** You're telling the story.

**Hon KEN TRAVERS:** We can go through it.

**Hon Michael Mischin:** I'm sure you will.

**Hon KEN TRAVERS:** *Macquarie* defines "uncertain" as —

Not definitely or surely known; doubtful.

**Hon Michael Mischin:** I thought you were looking up "volatility".

**Hon KEN TRAVERS:** I have done that. I will go back to it for the Attorney General in a minute. *Macquarie* continues —

Not confident, assured, or decided

Not to be depended on.

Subject to change; variable; capricious.

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Dependent on chance.

Unsteady or fitful, as light

Uncertainty means —

An uncertain state or mood.

Unpredictability; indefiniteness.

Something uncertain.

The meanings of the two words are very similar. They are all the way through the financial documents before us today warning, cautioning and predicting. Yet the government comes before this place and, in its second reading speech on this Duties Legislation Amendment Bill tries to tell us that somehow we have a volatile state revenue base, which clearly is intended to be an excuse for introducing this bill tonight, which will take away an election commitment.

The projections statement goes through the reasons, as follows —

- the potential for Commonwealth policy changes, including possible new National Partnerships and greater intrusion by the Commonwealth into the delivery of State services;

I might add that has been occurring by both sides of government for a number of years. The driver is a thing called vertical fiscal imbalance, which was supposed to be fixed by the commonwealth agreement on finances in 1999 when the goods and services tax came in. What actually came out of the commonwealth–state agreement that introduced the GST was an increase in the vertical fiscal imbalance. We reduced access to our own revenues. We reduced the capacity to raise our own funds outside the horizontal equalisation process. The projections statements point out —

- that some National Partnership payments are contingent on the State's performance and may require the State to match Commonwealth funding;
- that National Partnership agreements continue to impose inflexible input controls and onerous reporting requirements, which may limit the State's autonomy and ability to optimise the management of resources and improve service outcomes;
- in some cases, the need for the States to compete for national pools of funding, and to provide matching funding;
- the uncertainty over whether National Partnership agreements expiring during the forward estimates will be renewed or replaced. It is estimated that, for National Partnership agreements that expire during the forward estimates period, compared with 2012–13 Western Australia will receive around \$100 million less in 2013–14, around \$800 million less in 2014–15 and around \$900 million less annually thereafter. The extent to which these losses are offset by new or continued National Partnership agreements remains uncertain at this time; and
- parameter uncertainties (such as timing and indexation for inflation and wages growth).

Again, it was warning us, cautioning us, by saying, “Be careful. You don't necessarily have the money that you think you have. You may have to come up with more money.” Again, I wonder: is the reason we are putting this bill through tonight that the government knows something that we do not know? If Mr Abbott is elected in September or whenever it is, is it the intention to fund all of his election commitments, of which there are many, because he intends to cut back on some of these commonwealth payments for specific purposes? Do we have this bill before us tonight because the government knows that it is going to need to find more money to support its federal colleagues because it has already done the deal, as it did in 1999, to help them rather than look after the state?

Again, there is a whole section on iron ore royalty income and how income estimates are particularly sensitive to movements in the United States–Australian dollar exchange rate and iron ore prices. It talks about how the spot price of iron ore has moved since the release of the midyear review in December 2012 and how the Australian dollar has traded. I might add that it has gone favourably for us in recent times rather than unfavourably. It talks about the exchange rate and the iron ore prices. What did the minister mean in his second reading speech when he included those three paragraphs that refer to volatility in the revenue base, the issues with the Commonwealth Grants Commission process and population? Was he trying to use that as a justification for the passage of this bill; and, if that is the case, how does he reconcile that with what was in the *Pre-election Financial Projections*

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*Statement?* It just goes on and on and on. The pre-election statement even has a little section about transfer duty. What are we abolishing or reinstating with this bill? It is duties. The statement continues —

Property transactions are highly susceptible to fluctuations in market sentiment and are therefore —  
Can members guess what the word is? It is “volatile” —

volatile and difficult to forecast. The current transfer duty forecasts seek to balance the risk of continued weakness in the non-first home buyer housing market with the risk that market sentiment could quickly change and cause a faster than expected recovery in transaction volumes.

It is all there. The statement even predicts transfer duty. It then goes through and highlights all the spending risks that are there. It talks about the fact that the government has not made its corrective measures and that it will need to make its corrective measures. It states —

If savings measures are not fully achieved, there will be a deterioration in the net operating balance and net debt estimates contained in this PFPS.

Is that why we have the bill tonight?

[Quorum formed.]

**Hon KEN TRAVERS:** As I was saying, the document refers to the need for corrective measures, and states that —

If savings measures are not fully achieved, there will be a deterioration in the net operating balance and net debt estimates contained in this PFPS.

It is interesting; the Duties Legislation Amendment Bill 2013 is clearly a budget measure. Traditionally, when dealing with budget measures, we would have the budget in front of us so that we could get a better and clearer picture of the need for the budget measures on the revenue side. Unfortunately, we are not in a position to do that tonight because we do not have a budget. We do not know whether the government has been able to achieve its efficiency dividends or corrective measures. In fact, “corrective measures” is probably a better term, because the efficiency dividend is only one very small part of the many corrective measures this government needed to implement so that the budget came in onstream. It is an interesting and particularly unusual set of circumstances. I accept the decision of the house, but, on reflection, if the bill had gone to a committee, it probably would have been better to have it report after the budget was brought down on 8 August, so that when this bill passed, we would have had a full picture of state of the finances and would have known what was really driving the introduction of this bill tonight, and known the reasons the Liberal Party is going to slug small business in Western Australia a tax increase from Monday—a tax increase that would not have been there without the passage of this legislation.

If the government wants this bill passed tonight, today or tomorrow—whenever it passes—it is incumbent on it to give us a better idea of the state of the budget. I simply do not accept the arguments given in the second reading speech. It is political drivel. It is political spin, at best; it is political spin without substance. If we are paying the senior people in the Premier’s office massive increases that increase their salary by more than our electorate officers get paid, and that is the rubbish they produce, it is very sad. In the normal set of circumstances we would be able to test a budget measure like this against the budget. But the government is playing games. It can do this part of the budget, but it could not actually bring the budget in for us. It brought in, potentially, three budget measures, but there were certainly two big ones: the Duties Legislation Amendment Bill 2013 and the Insurance Commission of Western Australia Amendment Bill 2013, which is another attempt to raid the pockets of Western Australian motor vehicle owners. There can be no two ways about it. It is, again, trying to get those through before the budget, and we cannot compare the measures we are looking at tonight with the full state of the budget.

The *Government Mid-year Financial Projections Statement* makes reference to the decommissioning of the Office of Shared Services. I know we will get the line that that was under Labor, but never forget, members, that the Barnett government was briefed on it, considered it and made active decisions to invest significant money into the Office of Shared Services. The Barnett government failed to make it work, but it clearly must have thought it could when it put that money in. The majority of losses on that project were incurred after the government’s decision to continue the project and to pour money into it. There has to be a shared responsibility, therefore, and the government needs to accept a significant component of that responsibility.

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**The PRESIDENT:** Order! While most debates on financial matters can be fairly broad, the member cannot embrace every element of a potential budget speech when we are dealing with a bill that refers to just one aspect of revenue, the Duties Legislation Amendment Bill. I think the member understands what I am saying. He needs to refer to duties and amendments occasionally.

**Hon KEN TRAVERS:** I do, and, Mr President, I thought I had been doing that most of the night by pointing out and going back to the reasons we have to pass this bill.

Again, the key issue is contained in the minister's second reading speech, in which he sought to justify this bill in a couple of paragraphs. He talked about the volatility in the state's revenue base, the problem of continuing expenditure pressures from rapid economic and population growth, and of course the problems with commonwealth grants. I guess the point I am making is that those issues are not in my view justification for this bill, and at the very least they should have been known to the government. We struggle to understand why we have this bill before us today, because of the risks of expenditure pressures. I think that the expenditure blowout is driving this bill. That is not the reason given in the second reading speech by the minister. The reason we have this bill before us tonight is very simple and plain: this government cannot manage its expenditure. The risks for expenditure pressures were contained in the *Pre-election Financial Projections Statement*, just as it contained warnings about the volatility in the state's revenue, which the minister relied on in his second reading speech for the Duties Legislation Amendment Bill.

I therefore do not know, because we do not have the budget before us, whether the reason this bill has been brought in is the need for more funding for our schools. Is that why we have to slug people \$527 million over the next four years in taxes that they did not expect to pay when they voted for the Liberal-National government at the last election? Is that why this bill is here? Is it because the government needs to provide more funding for schools? What was the top-up mentioned the other day for schools?

**Hon Sue Ellery:** It was \$26.8 million.

**Hon KEN TRAVERS:** It was \$26.8 million, but when asked, the minister did not even realise it had occurred in his portfolio.

**Hon Peter Collier:** No; I did. I didn't think it was the same component as the student growth. That is what I said today after question time.

**Hon KEN TRAVERS:** The minister said it today; he did not know it yesterday.

**Hon Peter Collier:** Of course I knew it yesterday.

**Hon KEN TRAVERS:** Why did the minister not say it yesterday?

**Hon Peter Collier:** It is because I wasn't sure whether the entire amount was for student growth, and I said that today after question time, so don't mislead. That is fact.

**Hon KEN TRAVERS:** I will leave it for the Leader of the Opposition who can talk about it in more detail.

Is the reason we have to pass this bill tonight that the minister can fund the growth in schools? Is that one of the reasons, rather than the volatility in the revenue base? The volatility was warned about, so it is not as if it is new. I cannot imagine why the government did not have all of this incorporated into its fully funded, fully costed plan. It now has to bring in a bill that breaks a promise. Of course there was the increase in electricity prices. Is that why we have to deal with this bill in here? Is it because the Premier stood and looked down a camera lens in the pre-election debate and talked about electricity prices? Is that the reason we have to pass a bill that will now impose \$527 million on people? Interestingly, the increase in the cost of electricity that was part of the glide path in the previous budget is similar to where we are today? Is that why we have to raise this extra money? Is it because the Premier looked down the camera lens and told people that power prices would go up by around the rate of inflation, even though the government has broken that promise as well and pushed up the cost of power prices? Is that why we have the Duties Legislation Amendment Bill before us tonight? I wonder. Again, we will never know because we do not have the full budget. We know that that is going to be a significant cost because the Under Treasurer told us. If the government implemented in the budget the electricity prices that the Premier promised when he looked sideways at the camera during the debate, it would be a significant cost. I wonder what went wrong with the fully funded, fully costed plan. There were many, many warnings about the problems, and they should have all been included. So we are left to ask the question: why are we dealing with this bill tonight? Just in case members are in any doubt, let me assure them that it was not just in the *Pre-election Financial*

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*Projections Statement.* Sorry; if I am interrupting any of the conversations on the other side of the chamber, please let me know!

Several members interjected.

**The PRESIDENT:** Order, members! Settle down.

*Point of Order*

**Hon PETER KATSAMBANIS:** I think the member should refer all of his comments directly to the Chair rather than to members sitting on one side of the house or the other.

**The PRESIDENT:** That is a standard requirement of any member when they make a speech. I will not interrupt from my seat.

*Debate Resumed*

**Hon KEN TRAVERS:** The minister outlined in the second reading speech for this bill the issue of the volatility in the state's revenue base. Just to make it clear to members, it is not as though this suddenly appeared in the *Pre-election Financial Projections Statement* and so the Liberal Party may have been caught by surprise. In the heat of an election, the Treasurer and whoever else was doing the fully funded, fully costed plan for the Liberal Party might have got a bit carried away and missed all those references that I have outlined about the volatility in the state's finances. Election campaigns can keep people pretty busy. That is why the government missed it, and so it had to bring in the Duties Legislation Amendment Bill to find some more money. It missed the volatility, and that is why it has been included in the minister's second reading speech.

I thought I would look at the 2012–13 midyear review. Did that refer to uncertainty and volatility? The first dot point in the bold box headed "Highlights" on page 1 of chapter 1 of the *Government Mid-year Financial Projections Statement*, which came out in December last year, states —

Underpinned by strong growth in business investment and above-average population growth, the Western Australian economy is continuing to perform at above-trend levels. The economy is now expected to grow by 6.0% in 2012–13, up from 4.75% at budget-time.

What did the minister say in his second reading speech was the justification for this bill? He said —

Unfortunately, volatility in the state's revenue base and expenditure pressures from rapid economic and population growth are continuing to place significant strains on the state's finances.

That is right, minister; they are, but they are not a justification for this bill, because we would have known that if we had looked at the highlighted box on page 1 in chapter 1 of the *Government Mid-year Financial Projections Statement* from December last year. The second dot point on page 1 states —

Softer economic growth in China has been reflected in lower iron ore prices which, coupled with a persistently high exchange rate, has significantly reduced the State's forecast mining royalty revenue.

Again, it made it very clear that this revenue base of the state of Western Australia is a volatile area. The third dot point states —

Economic and population growth —

Again, those terms were used in the minister's second reading speech —

have resulted in modest increases in taxation revenue, but these factors are driving significant demands for government services and infrastructure.

What was new that caused the government to bring in this bill and renege on its commitment to the people of Western Australia and to walk away from its commitment to abolish duties for non-real property from Monday? What happened? We have not received an explanation. Last year's midyear review gave us plenty of warning. The first line under "Overview" states —

Despite ongoing uncertainty in the global economy, the immediate outlook for the Western Australian economy has improved since the 2012–13 Budget.

Again, we see that word "uncertainty". "Statement of Risks" on page 31 opens with the statement —

The inherent uncertainties associated with producing forecasts for an approximately \$239 billion economy and \$25 billion recurrent budget ...

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They are similar words to those used in the *Pre-election Financial Projections Statement*. They have been repeated. If we did not absorb it the first time, we should have absorbed it the second time, yet the government still comes into this place and tries to tell us that the justification for walking away from its commitment and the reason this bill needs to get through this house is because of the volatility and uncertainty and expenditure pressures. We are seeing nothing new.

The government gives a similar explanation in the midyear review and the *Pre-election Financial Projections Statement* about government expenses being underestimated and government operating balances being varied. The same language is included in the midyear review. Page 36 gives the same explanation for the difficulties with the iron ore price forecasting methodology and points out that the methodology has been revised since the budget. Again, it is interesting to see the way this government manages its finances; it does not have a budget and sticks to it for the whole year. It changes the methodologies and structures of the budget and brings in measures such as the bill we are dealing with tonight in between budgets. I would have thought that good sound financial management means all these things would be fixed at budget time and legislation would be brought in. If the government has bills such as this, they should all be brought in as part of that package and then it should stick with that throughout the year. The midyear review would simply be an update of those measures. It should not be starting to change its methodology between budgets. If it wants to change its methodology, it should change it at budget time. If it wants to change the structure of how agencies are treated, it should be changed at budget time. If it wants to bring in measures to impose taxes on people, it should bring them in at budget time. It should not do it in a haphazard chaotic way like it is tonight with this piece of legislation. That is the government's problem. When it runs a chaotic financial system and operates in the way that it has, it will have the problems that it has.

Again, it has lines like, "this has heightened the risks to the state's royalty revenue". On transfer duties, it talks about the high susceptibility and fluctuations in market sentiment, saying that they are therefore highly volatile and difficult to forecast. We read the same words over and again. The government is trying to argue that that is its justification for this piece of legislation. It should have predicted it well in advance of where we are today.

The *2012–13 Government Mid-year Financial Projections Statement* uses a beautiful little graph to illustrate how iron ore prices and exchange rates have fluctuated. Traditionally there has been a long-term connection between the Aussie dollar and iron ore prices. That meant that they effectively hedged each other. That change and that disconnection between the two occurred some time ago, so that cannot possibly be the volatility that the minister referred to in his second reading speech for the duties bill. It yet again highlights that this minister has not given an explanation to the house in his second reading speech about why we are dealing with this bill tonight and why this government is now so desperate that it must inflict a \$527 million tax impost on small businesses across Western Australia, which is what this bill does. In the midyear review the government even changed the methodology because of that volatility and the fact that we had seen a disconnect between the exchange rate and iron ore markets, how we sat as a nation within that, how that was then impacting our revenues and how we needed to offset those changes. On page 59 the midyear review states that the reason that occurred is that there had been an underpinning demand for the Australian dollar. It states —

Demand for the Australian dollar has traditionally been influenced by the outlook for commodity prices and exports, given Australia's relatively high exposure to external demand. In recent years though, demand for the Australian dollar has increasingly been underpinned by foreign demand for Australia's AAA-rated Commonwealth Government Bonds ...

Again, there is a figure to show how that has been occurring. This was all predictable, all known, nothing new— not a reason to support this bill. The midyear review then discusses risks. On page 67 it states —

Downside risks to global growth have become more elevated over the past year, reflecting uncertainty surrounding the policy responses to the economic challenges faced by the United States and the euro area.

When we think about that, there is probably an argument that things were more volatile before the election than after the election. So, why do we have this bill before us tonight? What is the government's reason for it?

On page 68 the midyear review discusses domestic risks —

The decline in dwelling investment in 2011–12 was greater than forecast in the 2012–13 Budget, despite evidence of a pick-up in underlying housing demand.

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That is interesting. We have a bill to impose a duty for non-real property on the taxpayers of Western Australia as of Monday. In the midyear review, which included duties on that non-real property being abolished from 1 July, there was a decline in dwelling investment. I have only seen some small figures in recent times, but I suspect that since that time referred to in the midyear review the housing market has started to go well. If the housing market is going well, how are we doing in duties on real property? If we are doing well in duties on real property, why do we need to reinstate them on non-real property? I live in Joondanna and I visit the houses around where I live, and going into home opens for properties on the first home owner market, I have never seen anything like it, probably, since the 1998 boom with the people lining up. I went to one property on Waterloo Street and it was literally like going to a party when I was 17. The whole house was empty of furniture and people were squeezing to get into this home open. That says to me that the duties the government is getting from real property are going up, I suspect. If the duties from real property are going up, why do we need to reinstate duties on non-real property? Of course, we do not know what the current forecasts are because we have not had the budget. We have a budget bill to implement a duty on non-real property, but we do not have a budget to explain it to us. We heard a pathetic second reading speech about which the best one could say was that it was misleading, if not intentionally misleading.

I spoke to the agent after the home open and he had six people he was going to see that night to write up offers for that property. He had a further 14 people lined up who wanted to make offers, but he was going to talk to them the next day. Effectively, it was going to be an auction. I reckon that property would have been struggling to sell 12 months ago; three months ago it would have sold, but they probably would have got only \$350 000 for it. I am not a valuer, but it would have been somewhere around there; it was at the top end of the market for those sorts of properties in Joondanna in the Waterloo Street area. It was a nice unit. It was listed on the market at \$390 000, and I expect it would have sold for something well in excess of \$400 000. Unless the prospective buyers are first home owners, they will pay duty; an investor would have to pay duty. I do not know how duty on real property is going at the moment; perhaps the government can tell us. There was a period during which duty on real property did not increase; the top end of the market was not moving. But in recent weeks, I actually think that the top end of the market has started to move as well. Are we starting to see that flow through to the government coffers? We will not find out, because we are being asked to pass a budget bill without a budget in front of us.

The risks that were outlined in the 2012–13 *Pre-election Financial Projections Statement* have probably gone the other way on that particular one, but again, I would urge caution and not start to book all that revenue. Save it, do not allow expenditure to get to it, and then it can be used to fund expenditure on capital works without it.

I reinforce the point that this so-called volatility that the Leader of the House spoke about in his second reading speech is something new that might have been missed. I ask members to have a look at the 2012–13 *Economic and Fiscal Outlook*, budget paper No 3. I quote from page 68, under “Revenue Estimates”. It reads —

Revenue estimates are sensitive to changes in key economic parameters, including the \$US/\$A exchange rate, commodity prices (especially iron ore), employment and wage growth. Approximate annual impacts of changes in these variables are outlined in Table 9.

For as long as I can remember, budget paper No 3 has always listed the risks and what the impacts of changes will be in terms of overall government revenue; for royalty income, it is always a one cent increase or decrease in the US–Australia exchange rate, and it explains what that means for the variability of revenue for the state.

We have been told that we need to pass this bill because the state government needs revenue, the implication being that all these volatile things have happened that the government was not able to predict. In every budget paper, the Treasury writes out for us, chapter and verse, what impact a change in the US dollar increase or decrease in the price of iron ore will have on the state’s revenue, and what a US dollar increase or decrease in the cost of barrel oil will have on petroleum royalties. The 2012–13 *Economic and Fiscal Outlook* tells us what each one per cent increase or decrease in taxable wages or employment growth—the total wages bill—does to the revenue that we get from payroll tax. It tells us what each one per cent increase or decrease in average property prices does to the revenue for transfer duty and, of course, it tells us what the impact on state revenue will be for every \$100 million increase in iron ore royalty revenue due to increased value of production. It states —

... in 2012–13 (all else being equal), Western Australia will lose an estimated \$89 million of GST grants in net present value terms (the loss will occur in later years due to the time lags in the Grants Commission process)

The state does better thanks to iron ore royalties, but a lot of the revenue is redistributed thanks to the GST arrangement and the deal done by Mr Court and Mr Howard. That is nothing new. It is all listed. The same

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things were said in the 2011–12 *Economic and Fiscal Outlook*. Page 64 of that document states that although a review of the GST distribution arrangements had been announced —

... the review is likely to significantly alter Western Australia's GST grant share from 2013–14 onwards, sufficient uncertainties exist regarding the outcome of the review to warrant forwards estimates based essentially on a continuation of current arrangements.

The government should not have been trying to book any money in advance. That is what I told the government in 2011–12. Under the section “Other Revenue” on page 95 of the 2011–12 *Economic and Fiscal Outlook* we were warned that revenue was anticipated to be relatively flat, reflecting uncertainty with projecting movements in these lumpy revenue sources. This is nothing new. Why do we need this bill before us tonight? I do not know, other than it is because of the fiscal mismanagement and incompetence of this government. For four years revenue has been growing at a rapid rate and it has now slowed, as we were warned constantly could happen. We were warned immediately before the election that it was likely to happen. All the government's mismanagement over the last four years is catching up with it. In the past, the government had extra revenue that it could throw at the problem and it went away, but good financial management is not about being able to do it only in the good times and being able to balance the budget when there is overtime coming in that week; it is about meeting the bills when there is no overtime coming in and revenue is not continually increasing. Good financial management is about making provision for that. If the government had made provision for that, we would not need to deal with this bill tonight and the government would not need to slug the people of Western Australia who will suffer because of this government's mismanagement.

If this bill is passed, as of Monday predominantly business owners will have to pay a duty on non-real property. They were wrong if they thought they could buy and sell all the things covered by this bill such as intellectual property and business licences and that they could then retire after receiving all the value of the non-real property assets because they would not have to pay it. We know that the purchaser pays. When I buy a house, I factor in how much will be paid in duty. The price of houses goes up and down based on supply and demand and the elasticity of people's ability to pay. I have no doubt that if there was no requirement to pay this duty to the government, people would either keep that money in their pocket, invest it in their business or factor it into the price that is paid for the business; that is, the intellectual property or non-real property that will now incur this duty that must be paid.

The 2010-11 *Government Mid-year Financial Projections Statement* raises the same issues about how the revenue forecasts fluctuate and change, and about the need to maintain large surpluses. It talks also about the uncertainty surrounding GST distributions. I want to quote an item on page 28 —

For 2010–11, the GST revenue estimates also incorporate the CGC's —

That is the Commonwealth Grants Commission, for the benefit of anyone who was not here earlier —

approved recommendation of Western Australia's relativity, which combined with population movements mean that Western Australia will receive a 7.0% share of the national GST pool. However, the GST revenue estimates for 2011–12 and beyond incorporate Department of Treasury and Finance projections of Western Australia's GST share (6.8% in 2011–12, 5.8% in 2012–13 and 4.9% in 2013–14). Given the complexity of the methodology, uncertainty surrounding key variables and the CGC's response to some emerging issues, the annual change in Western Australia's GST share beyond the budget year is difficult to predict accurately.

It again talks about the sensitivity of royalty income, and issues around commonwealth grants. That is nothing new for this government.

As I say, we wonder whether the reason this bill is before us tonight is not because of the reasons outlined in the second reading speech, but because of the cost blowouts of the Barnett government. We wonder whether this bill is more about addressing expenditure issues than it is about addressing issues with revenue. There is a long list of projects that over the last couple of years have suffered cost blowouts. I suspect that when we get the budget, there will be another long list of projects that have suffered cost blowouts.

I will list some of the historic blowouts. There was the \$102 million blowout on the Ord River project. The government has now given away that land on a long-term lease. It will be interesting to see whether ultimately that has a net economic impact on the state of Western Australia and that is one of reasons the government needs to have this bill passed tonight. There was the blowout on the Perth City Link project. There was the blowout



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under the portfolio of the former Minister for Energy on the solar feed-in tariff. There was the blowout on the “Premier’s Palace”. There was the blowout on Elizabeth Quay.

**Hon Kate Doust:** You can call it “Betty’s Jetty” now!

**Hon KEN TRAVERS:** Yes. There is also the Muja AB scandal. How much will we have to pay for that?

**Hon Kate Doust:** It is \$288 million now, and possibly \$317 million.

**Hon KEN TRAVERS:** Yes; possibly \$317 million. The cost is going up like an auction. That \$317 million is starting to get very close to the \$527 million. Maybe that is why the government needs to get this duties bill passed. It is because the cost for Muja AB will ultimately hit \$527 million.

Duty is not cheap. Do members in this place know what the duty rates are? The amount of duty payable increases progressively. I think I have the correct duty rates here. The duty rates are the same for both real and non-real property; they change for residential property. The dutiable value for \$0 to \$80 000 is \$1.90 per \$100 or part thereof. For \$80 001 to \$100 000, it is \$1 520, which is the amount someone would pay for \$80 000, and then it jumps to \$2.85 for every \$100 or part thereof. There is another bracket from \$100 001 to \$250 000 and the dutiable value is \$3.80 per \$100 or part thereof. It then goes from \$250 001 to \$500 000 and the dutiable rate is \$4.75. For \$500 001 upwards it is \$5.15 per \$100 or part thereof.

I would have thought that the one thing the government might have done when it brought in this bill tonight is change the rates at the same time. The government should admit that it has to raise this money because of its fully funded, fully costed plan at the election—well, it lied. It got it wrong. It made a mess. It stuffed it up. Whatever excuse the government wants to use, it deceived and misled the people of Western Australia. For whatever reason, the government cannot balance the budget today so it will reinstate duty on non-real property from 1 July. The government is going to start to slug the people of Western Australia. However, there has not been a change in the rates for some considerable time. As a gesture of the government’s contribution, it will try to find other areas within which to save money and in return it will change those dutiable value brackets. I do not know when they were last changed but I suspect it was a long, long time ago. In fact, I do know when they were last changed; it was in 2008 when the Duties Act was brought in. The rates were reduced although the base on which the duties were collected was broadened.

Taxes under the Liberal government are interesting. There is a thing called bracket creep. When these rates were struck, clearly the intent was that when someone buys things at the lower end of the market, the government wants to get some tax off them, but it understands their capacity to pay so it sets the rate per \$100 low. Progressively, as the price of an item goes up, the government starts to charge more and more. Since those rates were struck, many of the items now being valued and having duty paid on them have gone up in value. In fairness, in the same way that income tax scales are often progressively increased to maintain relativity, and to avoid bracket creep, the government should have increased the brackets at which different rates would have come in. However, nothing in this bill deals with that issue to lessen the pain and to assist those people at the bottom end of the market, which clearly was the intent when these duty rates were struck. We accepted that people were paying duty on something of the value of up to \$80 000 and we wanted to charge them the lower rate. I suspect that if those people are at the top end of the \$80 000 bracket, they are probably starting to pay \$3.80 for every dollar over, because they have gone into that higher rate. That is something that the government could have done if it was being fair and reasonable, but it clearly refused to do it.

I went back and looked at the debate on the Duties Bill when the Liberal Party was in opposition. Even though there was a reduction in duties rates and a range of other changes, the Liberal Party moved amendments to reduce the rates and the amount of duty to be paid, even though at that stage the bill provided for the abolition of a duty on non-real property in 2010. One of the key speakers in that debate was the current Treasurer, who spoke about the need to reduce the impost across the board for rates of duty. He argued in his speech about whether it was being used to fund advertising. I noticed in *The West Australian* of 24 May that the government has just entered into a new state government master media services contract for \$305 million. Is that why this bill is before us tonight? Does the government intend to bring in even more Bigger Picture advertisements—“bigger picture, but delayed; bigger picture, but we can’t tell you when; bigger picture ain’t going to happen but it is not our fault, because it has become more complex than we realised even though nothing has changed!”

Several members interjected.

**Hon KEN TRAVERS:** It is all right; let them go.

Several members interjected.

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**The DEPUTY PRESIDENT (Hon Adele Farina):** Order, members! Hon Ken Travers has the call and should not be inviting interjections.

**Hon KEN TRAVERS:** I did not invite the interjections, Madam Deputy President, the Minister for Mental Health started to interject.

**Hon Helen Morton:** I was enjoying the show and the adoration of the people behind you.

**Hon Sue Ellery:** I think she said you're gorgeous.

**Hon KEN TRAVERS:** I am going to blush if these conversations continue any longer! I have never been described in those terms before and I doubt it will happen any time soon. I certainly do not think over the next six hours I will hear it again.

**Hon Helen Morton:** Don't you believe it!

**Hon KEN TRAVERS:** Pardon?

**Hon Helen Morton:** I was referring to the adoration by your backbenchers towards you and how gorgeous it is to see them so enthused by what you are saying. It is fabulous.

**Hon Alyssa Hayden:** Engaged.

**Hon Helen Morton:** It is fabulous—engaged, loving, adoring, it's like the Messiah.

**The DEPUTY PRESIDENT:** Order, members! I think there may have been some comment about not referring to people's facial expressions earlier in the day. Hon Ken Travers has the call. I might remind members that we are dealing with the duties bill.

**Hon KEN TRAVERS:** I hope that if they roll their eyes, the minister will let me know.

**Hon Liz Behjat:** We're watching the Milli Vanilli fan club over there.

**Hon KEN TRAVERS:** All right!

We all know about the millions the Barnett government spent on advertising its Bigger Picture campaign before the election. It is no surprise that after the election members are in here expecting business to pay for that advertising campaign. It is quite extraordinary.

I now want to work through the history of how we have arrived at tonight. The bill we are dealing with tonight seeks to revoke legislation which, as of Monday, will see duties on non-real property abolished in Western Australia. We have arrived at that point after a long and tortuous history. It is important before we pass the bill that we go through and recount that history. It goes back to the late 1990s when the Premier of Western Australia was Richard Court and the Prime Minister of Australia was John Howard. Interestingly, as I look around the chamber, I think I can see only three members who were in the chamber at that time. There was Hon Simon O'Brien and Hon Ljiljanna Ravlich, and—I guess I cannot really see myself unless I look down—I was the third member. Of course, the President was a member at the time those debates were being had. Obviously, he is away on urgent parliamentary business. We had a very messy taxation system. There had been a number of issues previously. People may recall that a range of duties were charged on tobacco, alcohol —

**Hon Peter Katsambanis:** There still are.

**Hon KEN TRAVERS:** They were state taxes. I do not know—when was Hon Peter Katsambanis in the Victorian Parliament?

**Hon Peter Katsambanis** interjected.

**Hon KEN TRAVERS:** Maybe if one of my colleagues would go and get me the biography of Hon Peter Katsambanis, I will incorporate that into my speech!

**Hon Peter Katsambanis:** It's not that exciting, you know.

**Hon KEN TRAVERS:** No, no.

**Hon Peter Katsambanis:** What you're going on with is far more exciting.

**Hon KEN TRAVERS:** In fact, what I would like to do, which would probably be of more interest, is have a look at the blog that the member used to have, but I think that is a bit harder to —

**The DEPUTY PRESIDENT:** Order, members! There is a point of order.

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*Point of Order*

**Hon PHIL EDMAN:** Can I ask what this has got to do with the debate?

**The DEPUTY PRESIDENT (Hon Adele Farina):** I think we are straying a bit away from the bill. The bill before us is the duties bill. I ask members to listen to Hon Ken Travers in silence and we might get through this a little more quickly.

*Debate Resumed*

**Hon KEN TRAVERS:** Thank you, Madam Deputy President. I do not know whether members recall that a number of state taxes that had been applied to tobacco and alcohol were ruled invalid by the High Court.

**Hon Peter Katsambanis:** Yes, that was done by the High Court. It was nothing to do with the GST.

**Hon KEN TRAVERS:** This is why I am going to make sure I go through the history of this chapter and verse because, clearly, even some of the wiser members of the backbench of the government are not aware of the history.

**Hon Peter Katsambanis:** You're just making it up.

**Hon KEN TRAVERS:** No, I am not; trust me. I have the documents and I will go through them so that it is not in my words; it is in the words of the government of the day and advice from Treasury to the cabinet of the day about these matters.

A member: Have you got them with you?

**Hon KEN TRAVERS:** I have in fact. I have dealt with those documents over there. When I have finished with those other documents, I have the ones I am pointing to. Then I have the second volume, because I had to appeal the freedom of information request in the first instance, and in the second instance of the FOI I got a few more documents that are very insightful and informative about the tax reform back in 1999—the tax reform that led to a decision to abolish duties on non-real property. Members may or may not be aware that originally the abolition of duties on non-real property was to occur way back at the beginning of the last decade as part of the initial deal. I am sure that members opposite sleep with “Fightback!” under their pillow and refer to it as a constant reminder and a bible of how they want to move forward.

As part of the original agreement, duty on non-real property was going to be abolished way back—over a decade ago. As a result of the deal that was done between the Australian Democrats and the Howard government, the agreement had to be renegotiated, and it was pushed back. It was eventually pushed back to 2010, and then a decision was made back in 2009; and the Barnett government, with the Revenue Laws Amendment Act 2010, pushed it back to 1 July 2013. In the 1990s, when this process commenced, there were a range of taxes and charges, and the commonwealth was making safety net payments to replace the former state charges on tobacco and alcohol, which had been ruled invalid by the High Court because they were excises and therefore could not be levied by a state government. As part of that tax reform process, the commonwealth government wanted to minimise or get rid of as many of those taxes as possible and move towards a broad-based consumption tax. From the state government's perspective, there was a massive desire to fix some of the major underlying problems of the state budget, one of which was the whole issue of vertical fiscal imbalance. In short, vertical fiscal imbalance means that the commonwealth Parliament raises the revenue and the state Parliaments spend it. Of course, if someone is raising and controlling how money is distributed, they have significant control over who is spending it; it also means they lose a degree of accountability. I hope people do not think that is just my view, because I will show members that these views were put forward at the time. There was a desire to get rid of a whole range of taxes and charges and the payments that replaced the alcohol and tobacco charges, because at the time they were ruled invalid they were a significant component of the state's revenue.

In November 1997, when the debate first got underway, Treasury sent a memo to the Treasurer setting out information about how a value-added tax would operate. That information had been requested by the Treasurer. That document also referred to national tax reform and a commonwealth tax arrangements briefing for the Premier. I will quote from the advice to the Treasurer from the Under Treasurer dated 10 November 1997, in which three points were made. It reads —

- Revenue raised directly by the States is currently sufficient to cover only around half of their expenditures. On the other hand, in 1996–97, the Commonwealth raised 36 per cent more revenue than required to meet its expenditures.

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- This imbalance between the States' spending responsibilities and their revenue-raising powers reflects their reliance on a range of inefficient narrowly-based taxes, which are generally unable to keep pace with economic growth.
- National tax reform must provide the States with access to broad-based growth taxes — such as taxes on income and consumption — to enable the States to rationalise their most inefficient taxes and to substantially eliminate the “vertical fiscal imbalance” between the States and the Commonwealth, thereby increasing economic efficiency, improving the accountability of governments and reducing wasteful duplication between different tiers of government.

The points I made earlier had been made by the Under Treasurer to the Treasurer when the tax reform process started. If that reform was brought to its conclusion, duties on non-real property would be abolished in Western Australia on Monday. But we know if we pass the Duties Legislation Amendment Bill 2013 that will not occur.

On 3 November 1997 a far more extensive document was sent by the Under Treasurer to the Treasurer. It was received on 13 November 1997 at the Department of the Premier and Cabinet. It is headed “Subject: Taxation Reform”, and states —

Following from the Leaders' meeting, this note provides information on possible income tax and indirect tax sharing arrangements.

The recommendation was for noting, and the background information that was provided starts —

The Leaders' meeting Principles of Taxation Reform (see attached) included that grants from the Commonwealth be abolished, except for Medicare, horizontal fiscal equalisation and assistance for the smaller States' and Territories.

That point about horizontal fiscal equalisation is really interesting because the government, in the second reading speech read out by the minister, was complaining about the impacts of that horizontal fiscal equalisation on the revenue that WA would otherwise have got. But back in 1997 the then Premier had attended a meeting where principles of taxation reform had been agreed to that actually continued to support horizontal fiscal equalisation and assistance for the small states and territories. So, what was Richard Court doing back then in terms of protecting the states? The letter goes on —

The Principles are silent on grants which pass through the States (ie for Universities, non-government schools and local government), however it is generally accepted that they would continue.

I note in the current climate the interesting issue about local government and the debate, of course, that is now occurring about a referendum on whether the commonwealth should be able to directly fund local government, even though back in those days it was left out of the process of the principles of taxation reform which commenced the process that sees the duties bill before us tonight. The letter continues —

In 1997–98 the overall reduction in grants therefore would be approximately \$24 billion, leaving around \$17 billion of grants to continue. Table 1 summarises the position:

It gives the figures on what would be required and refers to a VFI—vertical fiscal imbalance—target of \$23.6 billion, which is of course for the whole of Australia. On page 2 of the document, it then goes on —

The principles also called for the States to have access to broad-based taxes to replace their narrowly based taxes. How much State revenues need to be replaced with broad based taxed —

That is what it says, but I am sure it meant to say “taxes” —

depends on the extent of current State taxes which might be replaced. Using the 1995–96 data (the latest available) the amount of current revenues likely to be involved varies between —

It says “\$8 million and \$15 million”, but, again, I think it meant to say “billion” —

(the latter if payroll tax is replaced) as Table 2 shows.

It then has a tax table reckoner for 1995–96, and it goes through a number of the different taxes that were being collected. It refers to FID—financial institutions duty—and debits tax. Members may remember both of those taxes. I think everyone wanted to get rid of them. They were incredibly complex to administer for the revenue they raised. In those days they were collecting about \$1.9 billion. That would need a rate of about 0.7 per cent on value-added tax, or 0.9 per cent on income tax to compensate for that amount. Members may remember financial stamp duty, which was stamp duty on shares and marketable securities, hiring arrangements, leases, mortgages, loan securities, cheques, bills of exchange and promissory notes. Do members remember getting a chequebook

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with the little “stamp duty paid” note in the corner of their cheques? They might remember renting something from Coates Hire and paying stamp duty on the hire costs. Again it was an incredibly complex tax, and across Australia the government was collecting only \$1.4 billion, which would require a VAT rate of around 0.5 per cent or an income tax rate at that time of 0.97 per cent.

Going now to the more interesting ones: stamp duty on residential conveyances collected \$2.2 million, which would have required a VAT rate of around 0.9 per cent or a share of income tax of 1.1 per cent. The next one of course was stamp duty on non-residential conveyances—that is part of what we are dealing with tonight—which collected \$0.6 billion, with only 0.2 per cent VAT being required. Then there was stamp duty on insurance; stamp duty on motor vehicle registrations and transfers; and vehicle registrations, drivers’ licences and third party insurance taxes. It is interesting to think that we might even have tried to get rid of those. I wonder what would have happened to the Insurance Commission of Western Australia Amendment Bill if we had got rid of third party insurance taxes and rolled that into a VAT. It might have been rolled in to form the National Disability Insurance Scheme; that would have been a possibility. The big one at that time was payroll tax at \$7.1 billion, which would have required a VAT of about 2.9 per cent to recoup a similar amount of money.

It goes through a whole range of issues. The document continues —

In total then for addressing VFI and replacing current State taxes, the States’ revenue requirements to access new broad based taxes could be between \$32 billion and \$39 billion (if payroll tax is replaced).

I think members may have forgotten about this part of the deal that set up the circumstances that would have seen duties abolished on Monday if this bill were not passed. It continues —

We —

It is referring to the state —

have argued that the States should have access to both income tax and any broad based indirect tax. There are two main reasons for this:

- access to both taxes ensures that the States have a robust tax base, rather than one focused solely on income tax. (The growth in indirect taxes have also been stronger in Western Australia than growth in income tax); and

It is interesting to read that line and then hear the argument that we did not predict that GST would grow well in Western Australia, but we then complain that we are not getting our fair share. What was happening was clearly known to the government of the day when Premier Richard Court signed up to the deal with John Howard. Members may remember that prior to the Second World War states had the power to levy income taxes. It continues —

- relying solely on income tax could mean that the States have a substantial component of the income tax base which may result in the Commonwealth seeing the administrative task of maintaining the personal income tax base as being a State problem rather than a Commonwealth issue.

Other States have proposed that the States access only income tax and leave the indirect tax bases to the Commonwealth.

However, to replace State grants and current State taxes would require the States to have access to approximately 46% of the income tax base (and 56% if payroll tax were to be replaced). This is close to the maximum level of State sharing of the income tax being considered desirable before the Commonwealth might lose interest in the base.

The best means for States to share the income base needs further investigation. For example, it could be States have a flat percentage surcharge on Commonwealth taxable income (as Table 2 assumes) or States could specify a fixed percentage of each Commonwealth marginal rate (akin to the Canadian system).

Also, States would be best served in having diversity in their tax base rather than not just relying on personal income tax. Over the last 10 years sales tax revenues have grown faster than personal income tax (although this may reflect rate changes and avoidance practices). In addition, there are risks for States that the national tax mix will move over time away from direct (income) taxation to indirect taxation following the introduction of a BBIT.

Finally, early indications were that the Commonwealth would offer the States a share of revenues from a new BBIT.

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It concludes —

It is true that if States only effectively share BBIT revenue, rather than control it, then a VFI problem will return (around \$8 billion to replace State financial transaction taxes and stamp duties and \$7 billion to replace payroll tax), but States could seek legislative or constitutional protection to help “guarantee” their BBIT share.

That gives a fairly good indication of where things were travelling at that time.

This issue was part of the public debate. The Premier gave a speech on 29 May. I wish to refer to a couple of points in the speech notes that were prepared for him. I have before me document 5 released under freedom of information headed “Premier’s Speech, 29 May—Taxation Issues Section”. It states —

Whatever the economic outlook facing Australia as a whole, or individual states in particular, state and commonwealth government policy settings must be designed to maximise the economic opportunities that exist.

Just as importantly, they must also ensure a fair and equitable distribution of the resulting rewards.

They are pretty good statements of principle. They were the opening two points of a speech prepared for the Premier. If we look at what we ended up with as a result of that deal in Western Australia, what the government said it was trying to do and what it achieved are completely different things. It goes on to state —

Australia’s current tax system is inefficient and inequitable. It leads to the country having to bear an unnecessary burden both domestically and in the highly competitive global market.

It is a cocktail of commonwealth and state taxes which are unco-ordinated, poorly focussed, and which plainly do not meet our economy’s needs.

It often results in those with the greatest capacity to pay contributing less than their fair share of taxes.

For example, the impact of current indirect taxes on the competitiveness of Australia’s exports has been shown to amount, on average, to a cost penalty of about 4 per cent. At first glance this may not seem very high but, in highly competitive world markets, it represents a significant handicap.

We can continue to work through the process that led to the agreement that would see the abolition of duty on non-real property. Another one of the key dot points that I found interesting in the Premier’s speech notes states —

On the equity side, the apparent progressivity of the personal income tax is seriously undermined by the opportunities available to high income earners to avoid tax. At the same time, lower income earners bear a disproportionate burden of indirect taxes relative to their income.

That is a good statement. I found that I agreed with a lot of that. Another point that I thought was interesting and that would be useful to read in the house states —

There are too many different bases upon which tax is levied, and many of these are already narrow and diminishing. This results in the need for relatively high rates of tax which distort choices and lead to unnecessary economic and social costs.

For example, an employer who pays payroll tax will be better off taking on an independent contractor rather than an additional employee. Apart from distorting work practices and eroding the state’s revenue base, the difficulty of clearly distinguishing who is an employee and who is a contractor leads to significant uncertainty as well as additional compliance and administration costs.

Some of those issues have subsequently been addressed in that regard in the way in which payroll tax is administered. From what I can gather, people are now employing people overseas as a way of avoiding payroll tax in Australia. It is an issue. Further, the speech notes state —

In taking on the challenge of tax reform, it is vital that we focus on the tax system as a whole. We must review what it is there for and how it can be best designed to meet those goals. It is no good just fiddling around the edges by plugging a few loopholes in the income tax law. In the same vein, simply introducing a consumption tax—that is a goods and services tax—to replace the existing wholesale sales tax will do little to address the overall costs of the current deficiencies.

A much more comprehensive overhaul is needed!

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This means that among other key areas, the scope of reform must wholeheartedly embrace the issue of establishing appropriate expenditure responsibilities and more efficient and equitable arrangements for sharing taxing powers between the commonwealth and the states.

My, my, if only we could have achieved that back in 1999. If only what was given to the Premier as speech notes had been implemented as part of the commonwealth–state agreement. I again quote from the speech notes —

At present, the commonwealth raises 73% of all government revenues in Australia, but is directly responsible for only 55% of all government expenditures. The states raise only 23% of all government revenues, but are responsible for 41% of all government expenditures. As a result, states are heavily dependent on commonwealth grants for revenue.

The interesting thing is that after all the tax changes, which we will hear about in more detail later on, the situation was not greatly improved. That highlights another problem. The speech continues —

Furthermore, progressive cuts to commonwealth grants have forced the states into excessive reliance on too many small sources of revenue. As you would be only too well aware, many state taxes are narrowly based, highly distortive, carry high compliance costs, are based on ‘sin’ activities such as gambling and alcohol consumption, and do not generally grow at a sufficient rate to match the increasing demand for state services as our population and economy expand.

This mismatch of revenue raising powers and expenditure responsibilities blurs and muddles the important issue of public accountability and puts the funding of state provided services at risk. In addition, states are unable to respond quickly and appropriately to their particular economic and social needs.

If the commonwealth was still providing the states with the same share of taxes as it did 10 years ago, annual grants to the states would now be around \$8 billion higher.

Western Australia’s share of this additional amount would be around \$800 million.

Remember, this was some time ago, but in today’s dollars that would be a massive increase in revenue for us. The speech goes on —

Other federations seem to have been able to work out a more satisfactory financial arrangement between their governments without threatening their economies’ stability. Compared with similar federations, Australia has by far the largest imbalance in revenue and expenditure responsibilities across the different levels of government. Finding a solution to this problem in the nation’s interest should not be beyond us.

It should not have been beyond us, but it appears that it was, because we never really fixed the vertical fiscal imbalance that we continue to face to this day. I again quote from the document —

I should emphasise that states are not seeking to increase the tax burden upon the residents. Rather, we want reform which will give states access to the growth revenues they need to fund the vital community services they provide and the essential infrastructure which is so vital to economic development.

We face a future full of opportunities. We must make sure we don’t undermine the potential that those opportunities offer by hanging on to a tax system which is well past its use-by date.

Yet tonight, the government seeks to have a bill passed that will continue one of those taxes that, back in the 1990s, was well past its use-by date. It was about to go, but it will stay if the government is able to get this bill through tonight.

I turn now to a document that is dated even earlier—5 October 1997. It is a memo to the then Treasurer, with the subject heading, “Tax Reform: Additional Information”. It provides information on a range of issues, including commonwealth tax revenue and expenditure in Australia; components, including tax on the retail price of motor spirit; international comparisons of top marginal tax rates; company tax rates; consumption tax rates; composition of tax revenue by type of tax; and tax revenue as a percentage of gross domestic product. There is also a comparison of federal–state funding arrangements in other federations, including a summary of current tax arrangements in Canada, and a history of taxation changes in New Zealand, the United Kingdom and Canada. It points out that 50 per cent of all commonwealth revenues were, at that stage, coming from income tax on individuals; the next biggest was company tax at 14 per cent; customs and excise duty at 13 per cent—it would be interesting to see where that is today, after all the reforms in that area; and, of course, sales tax was producing around 10 per cent. Customs and excise was dominated by the excise on petroleum products, and at that time a

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quarter of commonwealth government outlays consisted of payments to the states. Of the balance, nearly half was made up of social security and welfare, and health and defence were the next largest commonwealth outlays. It pointed out that Australia's top personal income tax rates were high compared with Asian countries, with the exception of Korea and Indonesia. Only those two countries had substantial broad-based consumption taxes. But the memo also makes the point that Australia's top personal income tax and company tax rates were lower than Japan's and about average amongst the Organisation for Economic Co-operation and Development's member countries generally. Interestingly, the point is made in the memo that Australia was almost unique in imposing significant general-purpose payroll taxes and that in nearly all other OECD countries that imposed similar taxes, they were dedicated to social security benefits, with New Zealand being the exception. Social security levies on employers in other OECD countries substantially exceeded our payroll tax. The memo points out that our overall tax burden in Australia, measured by total tax revenue as a percentage of gross domestic product, was at that time well below the OECD average, and that while the comparison was less favourable against our Asian neighbours, specific figures were not immediately available, which partly reflected differences in welfare and service provision. An interesting point made in the memo concerned a striking feature of the international comparison of state taxes: states in other federations raised more than two-thirds of their revenue from their own state income taxes and state broad-based consumption taxes. The whole issue of vertical fiscal imbalance is a particularly unique issue for Western Australia.

I have a document dated 30 September 1997 that outlines plans for a new tax arrangement for Australia. It is a memo to the Treasurer from the Under Treasurer under the subject heading, "National Tax Reform and Commonwealth/State Arrangements". It states —

An option for changes to Commonwealth-State financial agreements and State taxes has been developed in the context of the Commonwealth's tax reform agenda.

The point is made in the memo that the range and scope of possible tax reform options that could be developed are limitless. It continues —

The attached material presents one option based on a reformed tax mix with:

- a State component of existing personal tax collected by the Commonwealth (at rates that can vary across States);
- States' access to a secure share of a new Commonwealth broad based indirect tax (at a uniform rate across all States);

It would have been interesting if the end result of the negotiations with the commonwealth government had been a uniform rate across all states, we would not be dealing with this bill tonight and we would be a lot better off in Western Australia. Obviously there was a need for a further rationalisation of inefficient current taxes. The tax the government wants to impose with the duties bill tonight is one of those inefficient state taxes. The memo states —

The attached material presents one option based on a reformed tax mix with:

- a State component of existing personal income tax collected by the Commonwealth (at rates that can vary across States);
- States access to a secure share of a new Commonwealth broad based indirect tax (at a uniform rate across all States);
- further rationalisation of inefficient current State taxes; and
- substantially eliminating VFI.

That is vertical fiscal imbalance. Of course, we never really achieved that. The memo continues —

We have examined this option in the context of national tax reform in which the Commonwealth introduces a broad based consumption tax (a VAT) to:

- replace current wholesale sales tax; and
- cut overall personal income tax rates (say by 5 percentage points across the board)

It further states —

Our initial examination indicates that with this reform and the abolition of the most inefficient current State taxes (FID, BAD and many stamp duties) —

That is what the duties used to be called. It continues —



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the elimination of VFJ would be achieved with:

- States sharing 5% of a total VAT of 12.5% (leaving the balance of 7.5% to the Commonwealth)
- States taking a flat 11.5% of personal income tax, and the Commonwealth retaining the balance of the reduced overall rate (eg the Commonwealth would retain a 3.5% rate of a new 15% overall rate in the lowest tax bracket).

We would have to agree with large elements of what was being proposed. It would have fixed many of the problems of Western Australia's tax system and we would not be here tonight dealing with this bill because we would have had access to the GST and to personal income tax. It was not clear at that stage how that would have applied and whether the income tax paid in Western Australia would have been kept in Western Australia or whether the value added tax, or the GST as it is called now, that was paid in Western Australia would have been kept in WA or whether it would have gone through the Commonwealth Grants Commission process. If what had been paid in WA stayed in WA, we would be a lot better off today than we are.

The letter also states —

Further analysis is required of the full implications of this proposal for Western Australian revenues and overall “winners and losers”.

Treasury worked with Deloitte Access Economics to get more information on the impact of the proposal on the national and state economies, obviously with a particular emphasis on WA, and on how it would affect various industries at a national and state level, and different socioeconomic groups. Of course, Treasury was also getting more information on the revenue growth potential for the state budgets. Again, one would think that the deal that was signed would have made sure that we had plenty of revenue for the future. Clearly, because we are dealing tonight with the duties bill to slug people and businesses in Western Australia \$527 million over the next four years, it was not very successful. The rest of the letter was about administrative matters.

**Hon Jacqui Boydell:** Are you okay, Hon Ken Travers?

**Hon KEN TRAVERS:** I am fine. How are you going?

**Hon Jacqui Boydell:** I'm fine.

**Hon KEN TRAVERS:** Thank you for asking. I appreciate that.

**Hon Jacqui Boydell:** That's okay. Just checking.

**Hon KEN TRAVERS:** When I heard that the Eagles had lost to Essendon, I knew that my father-in-law would be excited, so that will be interesting at home at some point in the future. However, I digress. That is the only thing that is on my mind that would be worrying me at the moment.

**Hon Simon O'Brien:** You don't need a comfort break or anything, do you? If you do, let us know because I would enjoy your discomfort.

**The DEPUTY PRESIDENT (Hon Alanna Clohesy):** Order! Hon Ken Travers has the call, comfortable as he is.

**Hon KEN TRAVERS:** Yes. I do not even need a back brace yet!

I will now talk about the debate that has led to where we are tonight, when we should be seeing the abolition of one more tax in Western Australia as a result of tax reforms made back in the 1990s. That debate came out of the Business Coalition for Tax Reform. It is interesting, when we think about it, that here we are dealing with a bill that, if it is passed, will put a \$527 million impost on business as of Monday, 1 July. A number of the groups that we would normally expect to be vocal about this impost have been very silent. I do not know why that is so. Those groups were very vocal in the lead-up to the state election about the need for payroll tax reform. They were given a commitment from the Barnett government for \$127 million in payroll tax reform. But of course they will now have to pay for that commitment with a \$527 million slug in duties on non-real property. I would have thought those groups would be angry about that and would be saying something about it. I find it fascinating that they are not doing that. They might not want to represent their constituents, but I will be representing my constituents and pointing out the problems with the way in which this government is managing its finances. I hope that the members of those organisations will start to ask what those organisations are doing when they are not prepared to stand and make comments about the actions of this government.

There was a broad debate by the Business Coalition for Tax Reform. The chairman of the Business Coalition for Tax Reform, who will be referred to when I start to quote from this document, had written to the Treasurer

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outlining the business coalition's updated position on tax reform. This document is a memo from the Under Treasurer to the Treasurer, dated 6 May 1998. That memo was approved by the Treasurer; I do not have a signature, but it was definitely approved, according to this document. The memo states that the coalition priorities for tax reform are, in part —

- replacement of as many existing indirect taxes as possible, including wholesale sales tax, payroll tax, FID, Debits Tax, stamp duties and insurance taxes;
- introduction of a goods and services tax levied on as broad a base as practicable;
- negotiation of financial relations between the Commonwealth and the States and Territories to ensure the States and Territories have access to a secure revenue base to replace certain State indirect taxes;

The goal was for the government to get enough revenue so that it could get rid of things like duties on non-real property. We thought we were there; the end was in sight; we were running to the finish line. But the Treasurer then came out and said, "Stop! The finish line is not 30 June 2013. We are going to continue the race after 1 July." The last time the Treasurer did that to us, back in 2009, at least he said, "Sorry, the finish line is not 1 July 2010; we are going to push it out to 1 July 2013." We are now left in the situation that we will need to keep running for I do not know how long. There will be no end date as a result of the passage of this legislation. So all that work, and all those discussions and debates that went on back in the 1990s by the business coalition, which was agitating to get a better deal for the people it represents, has gone. One of the last hurdles to cross was that we were finally going to finish the process on Monday. Not any longer. The Liberal Party wants to impose a tax slug on those Western Australian businesses. What a sad, sorry day. I have never believed the rhetoric that the Liberals are low taxing and that Labor is high taxing; that Labor is irresponsible with expenditure and the Liberals are responsible. I have never believed that because I have never seen that in practice. Tonight we are getting a clear demonstration that the Liberal Party is not about lower taxes. It then goes on to say —

Reforms to direct taxes to reduce marginal rates and to simplify corporate tax arrangements and restructuring the interaction between the tax and social security systems to reduce effective marginal tax rates confronted by low and middle-income Australians —

I completely agree with that. This is an interesting point that the coalition makes —

The coalition acknowledges that the reform of the indirect tax base is only achievable within the framework of more revenue security for the states. However, the coalition provides no specific proposal for reforming commonwealth state financial relations or any detail as to how the states might achieve increased revenue certainty and fails to recognise states' needs for autonomy in revenue raising in order to meet differing expenditure needs.

It is really interesting when we think about that. The state was pointing that out all those years ago; the business coalition did not recognise that. But then when we look at the deal that was finally struck, it did not deliver on those things either. As a result of all that, we are here tonight dealing with the Duties Legislation Amendment Bill.

This very strongly supports what I was saying earlier. The letter points out —

The coalition identified payroll tax as a high priority for abolition, but it did not outline any arguments in favour of its removal.

However, Treasury considers that the abolition of payroll tax should be a lower priority than the abolition of FID, debit tax and stamp duties on financial instruments and a reduction in vertical fiscal imbalance. In this regard, payroll tax is currently the state's biggest and best source of growth revenues.

In light of that, I wonder whether members on the other side of the house still agree with those comments. Have they stood the test of time since 6 May 1998? I wonder whether members on the other side of the house support what Treasury said about the priorities in which the government should be engaged. As we follow through, we will see it become clearer that the Liberal Party back in the 1990s thought that the abolition of stamp duty was more important and a higher priority than the abolition of payroll tax. That was the view of Treasury and that was then represented in the actions of the Liberal government of the day all those years ago. But is that still the case for the Liberal Party today? The interesting thing that we are faced with is that if the government honours at least one of its election commitments—of course that is always a big "if" because so far it is battling to honour any of its election commitments or certainly any of the cost money; I noticed it raced out a few election promises

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a few weeks ago that did not cost any money—it will give some payroll tax relief to businesses in a couple of years. The payroll tax, if I recall correctly from the minister's release at the time of the election, is worth about \$121 million over two years at the end of the forward estimates. In return for that payroll tax reduction the government promised at the election, of course, business will now have to pay \$527 million in stamp duty on non-real property transactions from Monday, 1 July 2013. If we follow the advice of Treasury from May 1998, as it was clearly followed by the Liberal Parties in state and federal governments in 1999, we would say, "Ditch the duties bill or at least modify it, include another clause that will defer it for a couple of years; do something around trying to save taxpayers in Western Australia from having to pay duties before we give them payroll tax relief."

I think I mentioned the breakfast I went to when Troy Buswell announced payroll tax relief in a debate with the shadow Treasurer, Ben Wyatt. I remember—I would not say the word "hostility" is the right word but there was a degree of more than disappointment, close to hostility—that people were less than impressed, shall we say, with the Treasurer's announcement. I think one person pointed out that the increase in the threshold amounted to fewer than one person. I might add that the last government to have made any changes to the threshold at which payroll tax comes in was a Labor government, quite a while ago. It really did not even account for bracket creep. At that stage the community at that forum were, as I say, bordering on angry or at least were highly disappointed and quite derisive of the Treasurer about the announcement, and people were less than impressed with him.

I wonder how they would have felt if they had also been told at the time that, if they are sick of the way this government is mismanaging things and taking payroll tax from them, it was time they got out. They would sell their intellectual property, their business licences and their franchises and retire in the sun in Broome. They might think, "I can hang out until 1 July 2013, then I can sell all that; the buyer won't have to pay duties; I'll probably get a little more for the sale as a result of that and I can retire into the sunset because I can't make a quid of it anymore with the payroll tax rates." I wonder how angry they would have been if they had known that to get the \$121 million in payroll tax relief, they would have to pay \$527 million in stamp duty. I keep harking back to "stamp" duty—old habits die hard.

It is an interesting concept to contemplate, but the Treasurer did not disclose to people at that forum what he was planning to do. As I say, I do not know whether we will ever get a disclosure from this government. It is not very open and accountable, so I suspect we will be left in bewilderment and wonderment about whether we are dealing with this bill tonight, because its fully funded, fully costed plan had this duty included in it but it was kept secret, or whether it had to be subsequently included in the fully funded, fully costed plan because of the incompetence of the government and the people doing their financial projections leading into the election. I reckon as we have gone through tonight, members opposite have sat there and said, "That was Richard Court, that was John Howard." If we think about it, according to the Minister for Mental Health, we have a new government today compared with what we had before the election, and even though the Premier is the same person, it is a new government. On that basis, I am sure that the Minister for Mental Health will be saying, "Oh, but back in 1998 when all of this was being done, the current Premier wasn't the Premier, so you can't hold him responsible." I remind members that he was the Deputy Leader of the Liberal Party. We know that many ministers in the government battle to keep abreast of their own portfolio areas and are more observers than responsible ministers. It might have been that former Minister for Resources Development Colin Barnett was not following the issues with respect to stamp duty and may not know why we are here tonight. He may not have been following the debates that started the process that led to us being here tonight.

I can tell those who are concerned that in May 1998 a set of speech and briefing notes for the Minister for Resources Development was sent to him by the Under Treasurer. They had been requested as speech points and briefing notes for the Minister for Resources Development so that he could address a CPA state conference on Friday, 15 May. That says to me that all those years ago Colin Barnett took a keen interest in the issues. We are all aware of the renowned capacities of the Premier to read a briefing note, absorb it, understand it, retain it and know what they were doing. So let us have a look at what some of those speech and briefing notes said that the now Premier got back in May 1998. I will quote from, as I said, an attachment to a letter from the Under Treasurer to the appointments secretary in the office of the Premier that is headed "Speech and Briefing Notes for the Minister for Resources Development". The first dot point says —

- National tax reform is vital for all Australians. The outcome must:
  - provide a better overall mix of taxes, including at the State level; and
  - address the severe imbalance in Commonwealth–State financial relations.

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The next dot point states —

- The Western Australian Government supports the Commonwealth Government's commitment to national tax reform in order to improve Australia's economic and social outcomes.

What it does not say there, but we later learnt, was that it supported it, even if it meant that it was to the disadvantage of Western Australia. It goes on to say —

- However, to be successful, national tax reform must involve the States. States will support a new national tax system that is efficient, equitable and promotes the international competitiveness of Australian industry. The current tax regime does not satisfy these criteria.

Leader of the House, does stamp duty on non-real property support and promote the international competitiveness of Australian industry? Is this a good tax? I hope we get an explanation from the minister tonight about whether it assists in having an efficient and equitable tax system and whether it improves international competitiveness. The next one is really interesting. It says —

- Indeed, many of the worst taxes, that fall heavily on the business community, are presently State taxes.

What is duty on non-real property? It is a tax that falls heavily on the business community, and it is a state tax. Therefore, I think we can surmise that it is one of the "worst taxes" being referred to.

The next dot point in the now Premier's speech notes is —

The States taxes that are considered to be most distortionary, least equitable and least able to keep pace with growth in State economies (and the associated demand for State services and infrastructure) are Debts Tax, Financial Institutions Duty and a range of stamp duties on financial instruments (eg stamp duties on share transfers, cheques, mortgages, rental businesses and leases).

Ideally, these State taxes would be abolished, effectively being absorbed into a new Federal broad based consumption tax.

We were almost there! We had almost abolished one of those state taxes! But it is rising from the ashes. It is the phoenix of bad taxes that is coming up out of the ashes and rising again. As of Monday, it will be back—if the government gets this bill through! We should change the long title of the bill to the "Phoenix Tax Bill"! I think that is a better name. The other option could be the "Bill to Fund the Cost Blowouts and Mess-Ups of the Ministers of the Legislative Council". But it would be unfair to say that this bill is solely about fixing the blowouts in Muja, the problems with ex gratia payments that will have to be made for the mental health system or Hon Simon O'Brien's reign as Minister for Finance, when he caused us to spend \$5 million paying subcontractors who had not been paid because of the incompetency of the department he was responsible for. It would be unfair to attribute this bill purely to the blowouts of the ministers in the upper house, because that would deprive the Treasurer of his fair share of responsibility for the blowouts and mistakes he has made that have cost the taxpayers of Western Australia, along with many other problems caused by the lower house. Do not worry, members, I am about one-third of the way through.

**Hon Helen Morton:** I have got that much signing done, it is not funny. I just want you to keep going all night, if you would not mind.

**Hon KEN TRAVERS:** I am always here to help, minister.

**Hon Paul Brown:** Hon Ken Baston has been to Darwin and back in the time you've been talking!

**Hon KEN TRAVERS:** Anyone called Ken is welcome in this chamber as far as I am concerned; it is always a good sign! Of course, members have made me lose my place on this one. I do not want to go back to the start —

**Hon Helen Morton:** Start again, please. Could you?

**Hon KEN TRAVERS:** No, I am not going to, minister. I know the minister wants me to, but I am not going to. I am going to find my place and take it from where I left off. In fact, was it this document where I lost my place, or shall I go back to one of the earlier documents?

**Hon Helen Morton:** One of those earlier ones, I'm sure.

**Hon KEN TRAVERS:** I have plenty more to work my way through when I have finished this one. I am not going to go back and start again from the beginning of this one.

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**Hon Alyssa Hayden:** Don't; I've been listening and I'll know if you're repeating yourself.

**Hon KEN TRAVERS:** I hope Hon Alyssa Hayden points it out to me as soon as it happens. I will welcome the interjection, should that occur. In fact, take a point of order on me, should it occur.

**Hon Alyssa Hayden:** I will.

**Hon KEN TRAVERS:** Good. I am glad we have that sorted. That is us working together as a house again.

Where was I? The document reads —

The States taxes that are considered to be most distortionary, least equitable and least able to keep pace with growth in State economies (and the associated demand for State services and infrastructure) are Debts Tax, Financial Institutions Duty and a range of stamp duties on financial instruments (eg stamp duties on share transfers, cheques, mortgages, rental businesses and leases).

Ideally, these State taxes would be abolished, effectively being absorbed into a new Federal broad based consumption tax.

This is an interesting point that was made in the briefing notes to the now Premier all that time ago. It says that however, this could not happen without substantially increasing the state's already excessive reliance on commonwealth grants. It goes on that indeed the national tax system cannot be properly reformed without addressing the financial relationship between the states and the commonwealth. If we accept that everything the minister said in his second reading speech is absolutely correct, he is saying that the states and the commonwealth never actually achieved what they set out to achieve with tax reform all those years ago and that we still have the same problems with the relationship between the commonwealth and the state in terms of our finances. I think he is probably right, but there is also another issue. He is right that we did not address those issues, but what he is not right about is that it was not known before the election and it should have been incorporated into the government's fully costed, fully funded plan that it claimed to have at the time of the election.

I will go back and quote from the speech notes again. They say that the need for reform of Australia's federal fiscal arrangement derives from the fundamental problem that the commonwealth has the bulk of revenue-raising powers whilst the states have major expenditure responsibilities. Hon Peter Katsambanis will enjoy this next dot point. The notes say that this situation worsened dramatically after the 1997 High Court decision, which forced the abolition of state franchise fees on tobacco, fuel and liquor. These taxes accounted for over 20 per cent of Western Australia's total taxes and licences. They have since been replaced by commonwealth grants thereby significantly increasing states' dependence on the commonwealth. As a result, the commonwealth now raises nearly 40 per cent more revenue—the notes say “that” but I think it should be “than”—it requires to meet its expenditures. This imbalance between expenditure responsibilities and tax powers commonly termed “vertical fiscal imbalance” is undesirable for the effective and efficient operation of government. There we have that term again. Yet that was supposed to be what we were doing with these tax reforms. We were going to get rid of the vertical fiscal imbalance, duties on non-real property and things like that, and it was all going to be fantastic going forward. But of course it did not happen. The speech notes made the point that a high level of VFI reduces the accountability of governments to its electorates. We must therefore ask whether the current Liberal–National government is unaccountable to its electorates. I suspect when we think about it, a government that goes to an election and claims to have sealed with a wax seal—or a figurative one anyway—a fully funded, fully costed plan, but fails to mention that it will reinstate duty on non-real property after 1 July 2013 is pretty unaccountable, and it does it less than three months after it went to the election. It is also five years after it made a promise to the electorate—members will remember that back in 2008, as we went through it a bit earlier tonight—to be a government that would reduce taxes and the tax burden on Western Australia.

I think one of the reasons that the speech notes state that a vertical fiscal imbalance reduces the accountability of governments to their electorates is that what they end up doing and what we see is that governments do not accept responsibility for their actions. Vertical fiscal imbalance allows a government to blame somebody else for its mistakes, its incompetence and its financial mismanagement. It was clearly identified in numerous budget documents that, over an extended period, the government had volatile revenue streams, significant growth and a system of horizontal fiscal equalisation. The revenue streams were growing and the government continually allowed expenditure to grow at or above the rate of revenue growth. The Treasurer could never get expenditure growth below 10 per cent per annum. In three out of the four years that the Liberal Party was in government, it could never get expenditure growth under 10 per cent; in fact, the only year that it could get expenditure growth under 10 per cent, the Treasurer looked at the writing on the wall and said, “I'm out of here. I can control this

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Premier and ministers for only one year. If I hang around, I know that on 1 July 2013 I will have to renege on the agreements that were given back in 1999 as part of the commonwealth–state government relations that implemented the GST to abolish duties on non-real property.” That Treasurer looked for the escape hatch; he looked for an opportunity to further his political career without having to hang around and be responsible for trying to clean up the mess, even with the promise that when the current Premier left he would become Premier. Of course, that Treasurer would have known the state of the budget. He would have known that vertical fiscal imbalance and the unaccountability that it brings would allow him to blame the commonwealth government for only so long for a process that his own party implemented for the state of Western Australia. But he would have known that, eventually, all those problems would come home and that when they did, the government would have to make decisions, and one of those decisions would probably have to be to reintroduce from 1 July 2013 the taxes that were abolished according to law. But he said, “That goes against my principles as a Liberal; I don’t want to be the Treasurer who does that. Where is my escape hatch? It’s time to cut and run.” That is what the only Treasurer in this Liberal government’s life of almost five years who has ever been able to keep expenditure growth under 10 per cent per annum did. Out of the blue one day, he walked in and announced that he was going to cut and run. I wonder whether he knew that we would be here tonight dealing with this bill.

**Hon Simon O’Brien** interjected.

**Hon KEN TRAVERS:** Hon Simon O’Brien needs to speak up louder if he wants me to enjoy his interjection.

**Hon Alyssa Hayden:** No; we don’t want you to enjoy it!

**Hon KEN TRAVERS:** That is good.

I have talked about the unaccountability of governments, but the speech notes go on to make the point —

A more obvious problem is that the Commonwealth can reduce grants to the States at its pleasure, and has done so over the years as an easy alternative to rationalising its own outlays. If State funding from the Commonwealth remained at the level of the 1980s, the States combined would be receiving \$8 billion more than currently. Western Australia would have a share of around \$800 million each year of this amount.

Is that not fascinating? The government was warned. It was told to make sure that it deals with vertical fiscal imbalance or it could end up with this situation. Interestingly, the current commonwealth government has probably been paying more than most in payments to the states, particularly on infrastructure. The problem we have is the agreed position of horizontal equalisation that the Liberal Party signed us up to when last in government. I think the National Party was its coalition partner then too. The speech notes state —

This has placed the States under pressure to increase their inherently inefficient, distortionary and, (in the case of gambling taxes) socially damaging taxes that are detrimental to the national economy.

What work has the government done on this bill to decide what impact it will have on not just the WA economy but the national economy if we impose a duty on non-real property as of Monday? This document states —

Western Australia is prepared to support the Commonwealth in meeting its overall objectives for tax reform by agreeing to abolish some of their worst taxes in return for access to a share of the Commonwealth personal income tax base and a significant reduction in VFI.

Now we are only talking about significant reductions. It continues —

Some might suggest that States should just receive a fixed share of Commonwealth revenues as a way of reforming Commonwealth/State finances.

However, revenue sharing of this nature has been tried before in 1976 and 1982 and both times the Commonwealth unilaterally abandoned the arrangements when it was unwilling to allow States to receive the full benefits of its growing taxes.

We have a period where we had revenue sharing between the states and the commonwealth but it was abandoned by the commonwealth. It refused to allow states to receive the full benefit of the growing taxes. That occurred in 1976 and 1982. I suspect that we are starting to get to the point at which 1976 is beyond the memory of some members in this chamber. There are also members in this chamber who were not even born in 1976. What about 1982?

**Hon Samantha Rowe:** Yes; I was four.

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**Hon KEN TRAVERS:** I doubt that the member could remember it. That highlights how times have moved on. What party was in power in the commonwealth government in 1976?

**Hon Darren West:** The National Party.

**Hon KEN TRAVERS:** The Liberal Party and the National Party were in government federally. Despite having revenue-sharing arrangements in place, a Liberal–National government decided not to pass them on. Who was in government in 1982?

**THE DEPUTY PRESIDENT (Hon Liz Behjat):** Member, I draw your attention to the fact that this is not a question and answer session. I think you have been asked once before to address your remarks through the Chair and not invite interjections from either side of the house.

**Hon KEN TRAVERS:** My apologies, Madam Deputy President. I was not seeking interjections; I was raising these hypothetical questions through the Chair, which I intended to answer myself.

The government that was in power in 1982 was a Liberal–National coalition government with John Howard as the Treasurer, the same person who signed with Richard Court when Colin Barnett was his deputy to the agreement that led to the GST agreement that should have led to the abolition of non-real property many years ago. Finally, we thought we were going to get it as of Monday but of course a bill was then introduced into Parliament that said, “No, we are not going to do that.” It is interesting to reflect on that because members on the other side always try to suggest that the arrangements in place for sharing of the GST are somehow the fault of the Labor Party and that somehow, the election of the Liberal Party will make it better. However, that would suggest that history shows that federal Liberal governments do not actually look after the interests of states very well at all. Is that why we are dealing with the duties bill tonight? Is it because the Liberal Party knows that deep down one of the problems we will face if a Liberal government is elected later this year is that we will need to find more revenue on our own because we will suffer as Tony Abbott tries to find funding cuts and so we will need to raise the money? Is the state government getting in in advance because it does not want to raise the money once Tony Abbott gets in because people will realise it was a national conspiracy of Liberal governments? If the state government gets the money in early, it will have the revenue streams in advance to cover the cut in funds to the states that is clearly coming. Tony Abbott will not be able to deliver the promises he has made; it is just not possible. They are a bit like the promises the Liberal Party made at the recent state election; it will simply not be possible to deliver all of those commitments—to cut taxes, to implement new measures, to do the things it promised—without making significant cuts.

We know from Hon Simon O'Brien's contribution today that it is only a broken promise if a government has not been expressly asked to commit to things already in law. The government can take the laws out of the statute books regardless of whether or not they were broken promises. They are not broken promises because we did not ask the government to commit to keeping the law in place, so it is allowed to bring in a duties bill that breaks the law.

This document gets even more interesting. It goes on —

Furthermore, revenue sharing in return for some of the States' current taxes would actually exacerbate VFI, further reducing the flexibility of individual States to respond to their particular needs and circumstances.

Again, Colin Barnett received this briefing and sat in a cabinet and did exactly what this briefing warned him not to do. It entered into an arrangement that reduced our flexibility to respond to our particular needs and circumstances. Those particular needs and circumstances should have been made known to the public before the election, but clearly they were not. Nonetheless, that flexibility was reduced. The document continues —

States need access to taxes under their control if they are to agree to abolish the worst State taxes and if the problems of VFI are to be overcome.

When I first read this I found it absolutely extraordinary that having received briefing notes like this, Mr Barnett could have sat in cabinet and agreed to this deal. It set the state up for the path we have been going down now for 10 years, which the Premier now tells us is a disaster for Western Australia. He is right, but he signed up to it. This document says he was warned. He knew about this—he had had the briefing notes from the Treasury about these matters well in advance. The briefing notes state —

The reform process preferred by the Western Australian government is that the worst State taxes would effectively be replaced, along with Federal sales tax, by a new broad based consumption tax.

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Constitutionally, such a tax can only be applied at the Federal level. This would initially require an increase in Federal grants to keep the States revenue neutral.

However, the States would then be given access to the personal income tax base to a level that goes further than just replacing new grants in respect of the State taxes abolished. The Commonwealth would lower its personal income taxes to allow States to levy a surcharge on the Commonwealth base. There would be an equal reduction in Commonwealth grants.

That did not happen; the government sold out because it decided it was more important to look after its federal Liberal colleagues than it was to get a better tax reform that would benefit Western Australia. The briefing note made the point that the capacity for payroll tax to be replaced under national tax reform needed to have regard for what rates a broad-based consumption tax and/or state income tax were reasonable, while still enabling a reduction in vertical fiscal imbalance.

The next part is interesting, in light of discussions we had earlier, because the briefing note also made the point that despite a poor public image, payroll tax was the biggest and one of the broadest taxes available to the states, and that although its initial impact was on business, it shared some of the characteristics of the PAYE income tax base. The note observed that after allowing for the costs to be passed on in higher prices, it had a similar impact as a consumption tax, and was also one of the few state taxes where revenue grew broadly in line with growth in the economy.

That is what was eventually rolled out in terms of the agreement that was reached. We were to keep payroll tax because, as the briefing note pointed out, payroll tax was a better tax than duties on things such as non-real property. Of course, that will all be reversed if the government goes ahead with its promises to reduce payroll tax. We also know that, overall, the tax collections of the state will be higher under the government's plans for taxes and businesses will be paying more into government revenue.

The briefing note concluded with the observation that state governments recognised the need for national tax reform and the enormous benefits that could flow to the Australian economy from a more equitable and efficient national tax system. It noted that the proposals outlined were aimed at contributing to the overall objectives of tax reform by the states agreeing to abolish some of the worst state taxes, removing pressure on state governments to raise additional funding from highly inefficient and regressive taxes and improving the link between expenditure responsibilities and revenue raising powers, resulting in more efficient and responsible decisions at all levels of government.

Yet tonight we are going to reintroduce, as of Monday, 1 July, one of those inefficient taxes that we thought we had got rid of. The briefing note also made the point that the Chamber of Commerce and Industry of Western Australia placed a high priority on abolishing payroll tax, and that it was a relatively efficient tax, although that was not the case in practice because it narrowed the base over time.

The briefing note also provided some background to the 1998–99 budget tax measures and observed that the 1998–99 budget revenue measures mainly consisted of tax rate increases in areas where Western Australian rates were low in comparison with most other states, particularly for certain stamp duties and motor vehicle licence fees. It was noted that the opportunity had been taken to broaden the conveyance stamp duty base.

That is what was said in the briefing note—that the opportunity was also being taken to broaden the conveyance stamp duty base. The briefing note went on to talk about some of those measures to broaden the conveyance stamp duty base. They were partially offset by increased concessions for homebuyers, particularly first home buyers, and a reduction in current conveyance duty exemptions for chattels. The briefing note made the point, all those years ago, about the shortcomings in the Commonwealth Grants Commission process, but we were told in the second reading speech that somehow the Commonwealth Grants Commission process was a new thing. Just to remind members, the second reading speech made reference to the problems supposedly created by the Commonwealth Grants Commission process. I reckon this is really insightful. It proves beyond reasonable doubt that Colin Barnett knew what he was signing Western Australia up to when he was the Deputy Leader of the WA Liberal Party all those years ago. The briefing notes attached to the letter of 14 May 1998 state —

The shortcomings in the Commonwealth Grants Commission process are making it increasingly difficult for Western Australia to keep its tax rates below those elsewhere.

Western Australia is effectively penalised for its strong economic growth relative to other States by receiving a reduced share of Commonwealth grants. Paradoxically, the grant sharing process currently makes no allowance for the infrastructure demands generated by economic growth.



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That advice was given to Mr Barnett when he was the Minister for Resources and the Deputy Leader of the Liberal Party in May 1998 before the Western Australian government signed up to the current GST arrangement that has basically set the way in which funding is provided to the states over the past 10 or so years. Back then he was told that the Commonwealth Grants Commission process was penalising us for our strong economic growth relative to the other states and that we were receiving a reduced share of commonwealth grants, yet now he complains about that same process as if it were new. He knew that when he signed us up to the deal that has put us in the position we are in tonight—he knew it. He was devious. I reckon he kept that briefing note because I still hear him quoting from it almost verbatim. How interesting is the statement, “Paradoxically, the grant sharing process currently makes no allowance for the infrastructure demands generated by economic growth”? The government knew back then that there was a problem with the way in which the Commonwealth Grants Commission’s process distributed money between the states. That says to me that Premier Barnett has absolutely no right to complain about the way in which the grants were signed up to because he entered into the deal knowing what the implications were. Everyone else in this chamber, and probably this Parliament, with the possible exception of John Day, who also was in the cabinet in 1998—I am not sure who else was—has the right to complain because they were not consulted. We were not made aware of it and we could not sit at the cabinet table to warn the government not to sign that deal and prevent the federal Liberal government from getting its changes through, but Colin Barnett knew. He is the one person in the Western Australian Parliament who has no right to complain. He entered into the arrangements we have today knowing the problems they were going to cause. When Mr Barnett says that this process does not make allowances and that the Commonwealth Grants Commission process is leading to a reduced share of commonwealth grants for Western Australia, he is right, so why did he sign up to the GST agreement? Why did he not get a better deal for Western Australia? If he got a better deal for Western Australia all those years ago, maybe we would not be dealing with this bill tonight. Then again, maybe we would be dealing with it because even if he got more revenue, he would have spent more and would have continued to be financially irresponsible. We would still be dealing with this bill because he is completely addicted to money. I will read the briefing note to members again —

The shortcomings in the Commonwealth Grants Commission process are making it increasingly difficult for Western Australia to keep its tax rates below those elsewhere.

Western Australia is effectively penalised for its strong economic growth relative to other States by receiving a reduced share of Commonwealth grants. Paradoxically, the grant sharing process currently makes no allowance for the infrastructure demands generated by economic growth.

That was the advice given to Colin Barnett by the Under Treasurer on 14 May 1998. Colin Barnett sat in cabinet and signed off on a GST deal that left those arrangements in place, and the problems that have been created by those arrangements have continued since that date. Yet Colin Barnett uses those same words, almost, today, to rail against the GST and to somehow lay the blame on everyone but himself.

As I have said, every one of us in this chamber has a right to be grumpy about this. However, there were some people who were smart enough to understand the implications and the ramifications of that deal for Western Australia. They were people like Geoff Gallop and Eric Ripper, who made those points in the other place at the time. In fact, one of the great briefing notes that I will get to at some point this evening is the advice that was provided to the Treasurer and the Premier at the time, which gave all these lines about how to attack the comments that were being made by Geoff Gallop and Eric Ripper about the problems of the GST agreement that Western Australia was proposing to enter into. Geoff Gallop and Eric Ripper did not have the advantage of this briefing note that I am talking about tonight, but Colin Barnett did. If members read *Hansard*, they will find that Colin Barnett was one of the key attack dogs of the Liberal Party in that debate.

As I said, if Mr Barnett, Mr Court and Mr Howard had actually dealt with these matters back then, we might not have had to deal with this bill tonight. However, I suspect that because of the long history of the financially irresponsible expenditure by Mr Barnett, we probably would still be dealing with this bill tonight. If Colin Barnett had been able to address the problems and get more money from the commonwealth, at a time when this state was in a strong negotiating position and had the power to do that—because the federal government and everyone else needed us to come to the table to agree to the GST—we might not have had to deal with the problems that we are dealing with tonight.

The other thing that was happening at that time was the infamous letter that was sent by the Under Treasurer to the Premier, complaining about the way in which a certain number of ministers were spending and committing government money without going through the proper budgetary process. One of those ministers was Hendy Cowan, the then Leader of the Nationals—some things never seem to change—and the other big spender was the then Minister for Education, as I think he was at the time, Colin Barnett. Colin Barnett has continued to do that

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as Premier, because he drives around the state, sees something, has a thought bubble that this would be a good idea, and away we go. Did he not talk once about how he had driven over the Burswood Peninsula and decided that would be a great base for a stadium? Do not care about the implications; do not care about the cost—it can go through the roof; we will build a stadium there. Of course we know that the cost of that stadium is blowing out. That was predicted at the time of the election. I suspect the government knew that at the time of the election.

**Hon Alyssa Hayden** interjected.

**Hon KEN TRAVERS:** Why does Hon Alyssa Hayden think the duties bill is in this place?

**Hon Alyssa Hayden:** You have told me your opinion. I know your opinion.

**Hon KEN TRAVERS:** The reason this bill is before us tonight is that the government needs to fund its excessive and irresponsible expenditure. This government has been unable to keep its expenditure under 10 per cent. The reason duties bills come before the Parliament is to fund the expenditure of government. If a government does not want to have duties—which we were hoping would be the case from 1 July this year—it needs to make sure that it does not have high levels of expenditure that it needs to fund.

It is absolutely relevant to duties. Members opposite might not want to hear that we will put a \$527 million impost on the people of Western Australia, starting from Monday, because of this government's irresponsible and poor financial management. They might not want to hear it, but it has to be said and made clear in the house of review. We, as the Labor Party, may not block budget measures in the house of review, but we will certainly subject them to scrutiny and highlight the problems of this government. I go back to reading a bit about the advice that Mr Barnett got in his briefing note.

**Hon Michael Mischin:** This is tedious repetition if you're going to read it again.

**Hon KEN TRAVERS:** I am reading a new section of it, Hon Michael Mischin.

**Hon Simon O'Brien:** It is the same information.

**Hon Michael Mischin:** It is plainly filibustering.

Several members interjected.

**Hon Michael Mischin:** Get on with it.

**Hon KEN TRAVERS:** No, I do not want to interrupt conversations and interjections across the floor. I do not want to interrupt people.

**Hon Michael Mischin:** Don't waste time.

A government member: He's running out of puff.

**Hon KEN TRAVERS:** No, I am not running out of puff.

**Hon Alyssa Hayden** interjected.

**Hon KEN TRAVERS:** When everyone has finished, I will get on with it.

*Point of Order*

**Hon PHIL EDMAN:** Can we stick to the subject of the debate?

**The DEPUTY PRESIDENT (Hon Brian Ellis):** There is no point of order. It certainly would help the honourable member on his feet if we did not have too many interjections. I am sure he is in a rush to get towards the end of his speech.

*Debate Resumed*

**Hon KEN TRAVERS:** I am pushing on. I am pushing on in the hope that I will get at least halfway through within the next hour.

**Hon Michael Mischin:** He thinks he's at home in front of the mirror!

**Hon KEN TRAVERS:** The Deputy President tries to stop the interjections so we can move on, but some members —

**Hon Michael Mischin:** Keep repeating yourself.

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**Hon KEN TRAVERS:** One of the things that the Attorney General should possibly do while he has spare time tonight is get a copy of *Hansard* on the native title bill and a couple of other more offensive pieces of legislation that the Liberal Party has brought into this chamber over the years.

**Hon Michael Mischin:** Get back to the point.

**Hon KEN TRAVERS:** This is very relevant and to the point.

**Hon Michael Mischin:** No, it's not. Just get back to talking about the duties bill.

**Hon KEN TRAVERS:** I am trying to, but the Attorney General keeps distracting me. When people interject and take the speaker off topic, the Chair often allows some leniency for the member to respond to the interjection as they try to get back to his or her point. One of the things the Attorney General will learn, if he is here long enough, is how this place operates and how members can continually introduce new material to their speeches. I will try to return to my speech. I am not rereading the same sections; I am reading a new section of the briefing note that was provided to Colin Barnett all those years ago, which according to my notes states —

The choice of revenue measures in this year's budget was further constrained by last year's High Court decision, which forced the abolition of state franchise fees on tobacco, fuel and liquor. These fees accounted for more than 20 per cent of Western Australia's tax base. Nevertheless, using Commonwealth Grants Commission methodology, Treasury estimates that Western Australia will remain the second-lowest taxing state after the tax increases announced in the 1999 budget although only marginally behind South Australia and Tasmania. New South Wales and Victoria (despite tax reductions announced in its 1998–1999 budget) will remain the two highest taxing states. However, this will depend partly on what revenue measures other states may introduce in their 1998–99 budget. Victoria, Queensland and Northern Territory are the only other states and territories that have so far handed down its 1998–99 budget.

The interesting thing is that, if we pass the Duties Legislation Amendment Bill and increase these taxes, I wonder where WA will sit in the scale of taxes relative to other states. I say that because normally if we were dealing with a budget measure such as this bill we would have a budget before us that we could look at. The budget papers, generally, give that relativity in taxes and our competitiveness. We will now have to wait. We are being asked to pass legislation by this government but we do not know the full picture. In my view that is a pretty disrespectful way of proceeding; it is a poor way to treat the Parliament. It is not just this bill this is happening with; it happens on a regular basis with the Barnett government. It treats the Parliament with sheer and utter contempt because it has the numbers. Every action creates an equal and opposite reaction.

**Hon Helen Morton:** I learnt that at high school, too.

**Hon Kate Doust:** It's good you can remember that far back.

**Hon KEN TRAVERS:** I am hoping to finish reading this briefing note.

**Hon Helen Morton:** Don't; we are just enjoying it.

**Hon KEN TRAVERS:** It goes on to say that to avoid the detrimental social impacts, the Western Australian government has not succumbed to the temptation of other states in legalising electronic gaming machines in hotels and clubs. For that I am thankful. I am glad we are dealing with the duties bill tonight and not a bill to implement poker machines in Western Australia. For that, I am thoroughly grateful and I hope that continues to be the case for some considerable time. I am very glad to see that. If we have to have a bill that takes money from the community of Western Australia, I would far prefer to be dealing with a duties bill to take \$527 million from people than be raising it through poker machines. To raise \$527 million in tax, the revenue would need to be significantly higher to cover the losses to the community and it would cause untold social damage. I am genuinely glad we have bipartisanship on that matter.

**Hon Simon O'Brien:** The trouble is we aren't dealing with this bill. I thought we had an arrangement.

**Hon Kate Doust:** We did not have an arrangement.

**Hon KEN TRAVERS:** We are dealing with it, Hon Simon O'Brien.

**Hon Simon O'Brien:** No, you aren't, you're filibustering and frustrating. You know you are.

**Hon Kate Doust:** Speaking from experience, aren't you?

**Hon Simon O'Brien:** Don't be juvenile.

**Hon Kate Doust:** I'm not juvenile at all.

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**Hon Simon O'Brien:** Don't come in here and talk about respect for Parliament.

**The DEPUTY PRESIDENT:** Order, members!

**Hon Phil Edman:** Let's not talk about the poor staff.

**The DEPUTY PRESIDENT:** Hon Ken Travers has the call.

**Hon KEN TRAVERS:** It is the government's decision to stay here, Hon Phil Edman.

**Hon Michael Mischin:** No; it's yours.

**Hon KEN TRAVERS:** The leader can call it off any time he likes.

**Hon Michael Mischin:** That's what it's all about, isn't it?

**Hon KEN TRAVERS:** It is the government's choice. The government could have brought this bill in four weeks ago, minister.

**Hon Michael Mischin:** Eleven votes against how many and you're throwing —

**Hon KEN TRAVERS:** This bill could have been brought in weeks ago, minister. When was the decision taken in cabinet to push this bill through?

*Point of Order*

**Hon PETER KATSAMBANIS:** I would appreciate it if Hon Ken Travers sat down whilst I made my point of order. Thank you. Sir, I have been listening to this and this is certainly straying right away from the relevance of the bill under standing order 46. The member has simply been asking questions for probably a good 45 seconds or a minute across to the government side of the chamber and I ask you, under standing order 46, to bring him back to the bill itself, rather than use this as a form of question time.

**The DEPUTY PRESIDENT:** I think the member who has the call, Hon Ken Travers, needs to get back to the relevance of the bill. At the same time, some of the interjection has not been relevant either, so I give the call back to Hon Ken Travers.

*Debate Resumed*

**Hon KEN TRAVERS:** Thank you, I think a really interesting point needs to be made about this legislation; that is, we are left in the position of dealing with this bill on the Thursday night the house was due to rise. When the member responds to my comments, I hope he will tell the house when the government took the decision to impose a duty on non-real property commencing this Monday, because I find it bizarre that the government has left it so late in the parliamentary term that we are in the situation tonight of dealing with this bill in this way. I cannot believe that the government could not have been more efficient and effective in the way it manages its business so that this bill would have been before the Parliament a lot earlier than tonight. It is part of the obligations of government. The government knows how this place works, and it knows that it needs to have the legislation that it wants to get through before the house well in advance. A number of bills have been coming through in a very poorly managed way. We are now left with having to deal with the duties bill tonight, whereas if it had been brought to the house a long time ago, we could have dealt with it earlier. It is the government's mismanagement of its legislative program that sees us dealing with the duties bill tonight, and other bills dealing with supply, and rebates and deferrals that we will need to go on to when we complete this one. It is sheer incompetence. The government should not come in here and try to somehow blame us for the lack of management of the legislative program. Three weeks ago we were struggling to find necessary legislation to deal with. I cannot believe that the government discovered only a couple of days ago that it needed to put this bill through to try to balance its budget for the next couple of years.

As members would be aware, as part of the briefing, a document was handed out that made the point that the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations was signed in April 1999. That had a whole range of measures in it, including the agreement to abolish stamp duty on non-real business conveyances from 1 July 2001. That was signed by the then Liberal Premier of Western Australia, Richard Court. As a result of the passage of the GST bill through the federal Senate, that house of review made changes to it, and there was an agreement to change the nature of the bill. In June 1999, a revised agreement was signed. It is interesting to note, and important to understand, that the measures to be reinstated that we are dealing with tonight should have originally gone on 1 July 2001—12 years ago. That is a long time ago. They were finally due to go in 2013. We are now sitting here tonight with the prospect of them being continued going forward.

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A memo was provided to the Treasurer, who was also the Premier at the time. The subject of that memo was the tax reform changes to the GST package, and it was regarding the likelihood that the Prime Minister would seek views on the implications of possible changes to the tax package needed to secure Senate approval. That was sent on 21 May 1999 by the Under Treasurer to the Treasurer. The memo points out that the Prime Minister would be likely to shortly consult with the states on the implications of the changes to the tax reform package, remembering that that original package would have seen the duties that we are dealing with tonight going back in July 2001. The memo provides the possible responses from a Western Australian perspective for the Treasurer. It also illustrates the impact on government finances, nationally and on the state budgets, of reducing GST revenue by what was estimated then to be around \$5 billion. It points out that the preference for WA would have been to see GST revenue, reduced personal income tax and welfare compensation. There were some issues with what the Democrats were trying to do with the mining sector. What we know, of course, is what ended up happening was that there was shift in when duties would be abolished. It is pointed out, on the second page of that memo, that it may also be necessary to retain some taxes. Of course, the Duties Legislation Amendment Bill 2013 that we are dealing with tonight is one of those taxes that should have gone but was ultimately was retained as a result of that agreement. The memo gives a lot of figures around what would happen if the states were still to abolish all these taxes, and the fact that they would need some sort of financial assistance grant to retain the section 90 safety net payments, which of course are those ones related to the loss of the excise on fuel, alcohol and tobacco. Another option considered was the retention of the first home owner scheme. I think the interesting option considered, rather than keeping the duties on non-real property, was that the commonwealth would retain the responsibility for grants to local government. As an aside, that is interesting in light of the debate we are now having, with the Liberal Party not wanting direct grants to local government.

The memo makes the point that —

So while the abolition of the worst State taxes may be desirable tax reform, this may not be possible if we do not want to be exposed to the risk of future cuts in FAGs or safety net payments.

In fact, we ended up getting just as bad a deal.

The memo makes the point that just because they were going to exclude food, it did not mean the intergovernmental agreement should be totally abandoned; and that Western Australia's objective remained securing access to a broad-based growth tax and to improve the state's budgetary position. Obviously, from a state perspective, the first preference was to modify the national package to reduce personal income tax and other welfare compensation. The argument, obviously, was that people would need less if food was excluded from the GST. It wanted to retain the expanded diesel fuel rebates for off-road users, so as to keep the benefits of tax reform to the mining sector, which sounds fair enough to me; and, if possible, tax reform should still achieve abolition of the worst state taxes. Of course, one of those was the issue we are dealing with today. The other point the memo makes is that if the state wanted to remain no worse off, it would not be able to take up some of the new expenditure responsibilities, which included taking over responsibility for the first home owner scheme. We did not want to see continued financial assistance grants, unless they were a fixed share of personal income tax, because that was about trying to remove that vertical fiscal imbalance.

I will read this whole section into *Hansard*. It reads —

If retention of some State taxes is necessary to balance State budgets, priority should be given to still abolishing Debits Tax and the minor stamp duties (the most narrowly based, distortionary or slowest growing of the State taxes). This would mean keeping FID and business conveyance duty (both the non-real component to have been abolished initially and the real property component).

That is what we are dealing with tonight—the non-real component being abolished initially.

It continues —

If Debits Tax had to be retained, it would have to be reformed (the base is currently too restricted and the rate scale is highly regressive).

And it mentions the need to have a very quick Premier's conference call.

Interestingly, back then the revenue for non-real conveyance duty estimated to be collected for Western Australia in the full year for 2001–02 was \$389 million—that figure was obviously for four years. It is interesting to note that this tax base has not significantly grown compared with many of the other tax bases. Again, I think that is another one of the arguments for why it is becoming less and less efficient and is worthy of

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being got rid of. That is why I would like to know why the government chose to introduce this tax rather than consider other options for raising the necessary revenue for the state of Western Australia.

There was a quite long note attached to that document about the way in which it had been agreed to between the state and the commonwealth. It states that the commonwealth retained responsibility to local government and that higher top-up payments were required to guarantee no state budgets. Of course there was a delay, as the abolition of many state taxes was postponed, including FID and debits tax. It states that the abolition of business stamp duties, except share duty to be abolished on 1 July, is to be delayed until a date determined with the states but on available estimates this will not be before 2006–07. That is what we are dealing with tonight. At that point it got held over to 2001. It was estimated that it probably would not occur until 2006–07. As we now know, of course, it eventually got put into an act in 2008 to be abolished by 2010. By 2010 it was deferred out to where we are today and of course now we are not even deferring it for another period; we are actually just leaving it there going forward.

**Hon Sue Ellery:** They think if they say they'll revisit it, everyone should just be satisfied that them saying it means it'll actually happen.

**Hon KEN TRAVERS:** Why would anyone believe this government on an issue like this?

**Hon Sue Ellery:** Indeed.

**Hon KEN TRAVERS:** If we believe that, we would believe it had a fully funded, fully costed plan at the last election.

**Hon Sue Ellery:** Indeed; that's what they said.

**Hon KEN TRAVERS:** So, what were the implications of all of that? The implications were that economic benefits for the state were still expected with GST-free treatment of exports and reduced fuel costs for industry. The document further states that the delay in the abolition of state taxes and reduced cuts to diesel excise mean that the expected reduction in business costs will be lower. Obviously that was a keen one back then but it does not seem to be one today. It was noted at the time that the benefits of the package from reforming state taxes and providing states with access to growth revenues were substantially reduced; that a key state aim in tax reform was to replace the worst of current state taxes with access to broad-based growth revenues; and that this would provide states with funds for community services and improved efficiency equity and simplicity of the national tax system. Of course, we have found a way around that point because we are now not going to abolish those taxes, so we can try to get growth in the GST. It notes —

... reduced benefit for State revenues—from around \$1.6 billion over 10 years from the original reforms to less than half this ...

It then refers to nice graph that is provided, but I will not go into much detail on that. It goes on to state —

(Our latest estimates had shown a gain for State revenues over 10 years of between \$1.6 billion, if stamp duty on conveyances of business real property were abolished when possible, to \$2.4 billion, if this stamp duty was retained indefinitely.)

I hope that when the Leader of the House responds to the second reading debate, he can tell us what it expects will be the impacts of the non-abolition of conveyances on non-real business property over a 10-year period if we retain this tax indefinitely, which of course the passage of this bill will effectively do. Of course, the Department of Treasury offered up solutions to the then Treasurer and Premier. It rightly despaired that the complexity built into the package would appear to be irreversible, but it offered up some ideas of how the state could be better off. That was obviously the first home owner scheme being returned to the commonwealth, which would provide room for the states to abolish stamp duties earlier than proposed. The department wanted to make sure that states had full discretion in the timing of state abolition and to retain these taxes indefinitely if required. The document goes on to state —

(However, they are not good taxes, need reform and don't provide growth revenues.)

It makes the comment —

If the abolition of any State taxes is to be staggered, Debits Tax should be abolished first before FID ...

And so it goes on. It also makes the point —

Commonwealth to agree to rationalise specific purpose payments ... by a combination of conversion into general revenue grants with no conditions attached and into general funding grants identified to

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particular areas but with reduced administrative conditions. Further, agreement be reached that total grants to the States grow in line with population and inflation.

Based on the comments contained in the second reading speech of the Leader of the House, it clearly did not get that, because he argued that the reason we must pass this bill tonight is population growth. It is also important to note the comments in the debate that we had earlier today. The deals that were being done back then required that the state would be no worse off as a result of those tax reforms and that the state maintain specific purpose payments and general revenue grants with no or limited conditions applying. A lot of those things were entered into as part of those agreements, but part of those agreements was that we would abolish duties on non-real property. So what will happen? I hope the Leader of the House can answer this question for us when he responds to the second reading debate. If WA now reneges on its obligations under those agreements from all those years ago, what will be the impacts for the state of Western Australia? What guarantees does the government have that we will not be penalised by a future commonwealth government in respect of payments to the state? Has it got those guarantees? Has it secured those guarantees from the current government? Has it secured those guarantees from Mr Abbott, as a potential future Prime Minister? Has the government achieved those commitments? Before this bill is passed, the government should provide that information to the house. If we are a house of review, before passing this legislation, we need to be absolutely sure that it will not have adverse impacts that have not been previously considered by the state of Western Australia. We need to hear from the government that it has sought and achieved those commitments, those sureties, that we are not going into this by breaching our obligations under those agreements and that does not transpire into a future federal government looking for savings and reneging on its obligations under that agreement. That will be a very poor outcome for Western Australian taxpayers and the Western Australian community. If by some slim chance the government is genuine in its suggestion that it eventually wants to abolish these duties, our capacity to secure those commitments will be even more important. In his response I hope the Leader of the House is able to give those commitments that they have been sought and obtained, otherwise we are heading down a very dangerous path and we are passing legislation completely blind.

I have a copy of the “Submission on National Tax Reform and Reform of Commonwealth/State Financial Relations” dated May 1988. I wish to compare this submission with the second reading speech made by the minister in this house the other day, where he complained about the way we are treated and the distribution of GST money between the states. There is a relevant point in the submission on national tax reform and reform of commonwealth–state financial relations by the state of Western Australia sent to the federal Treasurer by the Premier and Treasurer of Western Australia, who was Richard Court, ably assisted by his deputy, Mr Colin Barnett. I will not go through all the key points about what the reform proposal will do that were outlined at the beginning of that document. I do not want to repeat a lot of what I said earlier, except to say that it was all about abolishing inefficient, inequitable and distortionary indirect taxes, greatly reducing compliance costs for business, improving Australia’s export competitiveness and paving the way for Australia to become a major regional centre for financial and business services. It was all about reducing the state’s reliance on commonwealth grants, enhancing that fiscal responsibility and accountability at both levels of government. This is the one that I have not really talked about much tonight.

One of the key points of the tax reform proposals put forward by the Liberal government which has led us to where we are tonight—dealing with duties abolition—was “to maintain horizontal fiscal equalisation so that all Australians can have access to similar standards of service provision regardless of where they live”. That was the goal back then. Part of the problem, the reason we have so much of our GST redistributed, is that horizontal fiscal equalisation. I hope the government in its response to this debate can tell us whether it still supports horizontal fiscal equalisation and if it does, how it reconciles it. Of course, one of the areas about which we have a legitimate debate on horizontal fiscal equalisation is the lack of recognition of the cost of infrastructure in the growing state of Western Australia. We know from the briefing note that Mr Barnett got that he knew that at the time he signed up to the deal but chose to do nothing about it. If we are ever to be in a position to abolish duties on non-real property we will need to do two things. We will need a government that can control its expenditure growth and we will need an improved position with respect to commonwealth grants into this state. We can sit there and have the shrill debate like we have had from the Premier in the last few years, we can have him then just bring in a bill like the one the government has brought in tonight and have the minister give a second reading speech like the one he gave tonight trying to blame things on everything but this government’s inability to control expenditure. We can have that shrill debate and I suspect that the rest of the nation will look at us and ignore us, and we will not get change to the processes and we will not get the deal that WA deserves. If we have that debate of, “We deserve more and we do not need to justify it, because it’s our money; give it back to us.” They will say, “No it’s not; there is a process. Back in 1998 you supported horizontal fiscal equalisation, we’re

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not going to do anything about it. As far as we're concerned, keep your duties on non-real property." The only way we will change things is to put forward a logical and sound debate, and engage the rest of the country in that debate about the benefits, not just for WA, but for the nation as a whole, to assist Western Australia to fund our infrastructure without having to put in place inefficient taxes to do it, such as the tax the government is trying to pass tonight. If we have that debate, continue it and have a proper debate on those issues, I think we can convince the rest of the country that it is important to come up with a system in which no state is worse off, but WA gets a better deal for our infrastructure expenditure and we get the reforms we need so we do not have to be sitting here dealing with bills such as the one we are dealing with tonight. There is a lot of important infrastructure we need to build in WA to deal with the growth and to drive the future of the economy. But by the same token, those other states will want to see that state governments in Western Australia exercise fiscal discipline on their expenditure side. That is a problem we have at the moment that I think will be very hard to achieve on a national basis. That is why I think we will be sitting here, contrary to what was said in the second reading speech, which suggested that at some point in the future the government will be in a position to abolish duty on non-real business assets. If the government was genuine about that, it would not have written the bill in the way it did; it would simply have deferred it again for another couple of years.

**Hon Sue Ellery:** That is right, why would they not do that?

**Hon KEN TRAVERS:** The government would not do that because it knows that will not happen. Of course, the other problem is that they would want to defer it beyond 2017. If it was deferred to before 2017, the government knows, the same as we do, that it would then become an election issue that would highlight its broken promises. The government hopes that by bringing this bill in and pushing it through tonight—that is why I think the government is so desperate to get it through so quickly because it does not want people to realise what is happening—people will have forgotten that it has broken its promises. That is what I think the government hoped for, and that is why it does not want to wait until August to pass this bill, but it is prepared to sit all night to get it through—something that this house has not done for a long, long time. This is extraordinary; the government has brought in a piece of legislation very late, and it is not even prepared to sit on Friday. It will make this house sit through the night to try to get this bill through because it wants to try to get it through under the cover of darkness and have it passed in the hope that people will forget that it broke this promise. That is why we are sitting here tonight and why the opposition will subject this legislation to rigorous scrutiny. We are not going to stand by and become accomplices to what the government is doing. We have a principle in respect of legislation that deals with budget matters: we will not oppose it. That does not mean that we support it, but we will not oppose it when it comes to the final vote. Governments in the lower house have a right to govern, but we have a right to make sure that we expose potential flaws in the legislation. If members look at the way in which this house is structured, the one power it gives to the opposition is the ability to try to hold government legislation to account and to give it proper scrutiny, which is not available to the opposition in the lower house because debate is often guillotined and pushed through there without proper debate. That is a big difference between the upper house and the lower house.

When this bill is eventually passed by this Parliament, hopefully the people of Western Australia will know that it has gone through and that the Liberal Party has broken its election commitments to them. That is the situation, but this government is prepared to force this house to sit all night to get this bill through. I think this is a very, very sad day.

**Hon Simon O'Brien:** The agreement was that three bills would be done by this afternoon.

**Hon KEN TRAVERS:** If that were the case, I am sure that the Leader of the Opposition would have told me earlier in the week. She never told me that.

**Hon Simon O'Brien:** It's in the *Hansard*! On Tuesday the whole house voted on it!

**The DEPUTY PRESIDENT (Hon Adele Farina):** Order, members! We were doing so well for a while there.

**Hon KEN TRAVERS:** I listened intently to the debate earlier in the week about what was going to happen, and what was said corresponded exactly with what I have been told by the Leader of the Opposition in our discussions. That is why I prepared copious notes to assist me in the rigorous scrutiny of this legislation. I would not have done that if I had thought that some deal had been struck by which the opposition would just agree with and become accomplices to the government's determination to push this legislation through. That did not worry me in any way, shape or form because I noted that the bill was structured in such a way that it does not need to be passed tonight. There would be no ramifications for state revenue if the bill were not to be passed tonight. It is a political decision on the part of the government to have this bill passed tonight—nothing more, nothing less. The bill is structured in such a way that it could be passed tonight or in August when we come back.



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**Hon Sue Ellery:** As per the second reading speech.

**Hon KEN TRAVERS:** As per the second reading speech. If members care to look at the bill, clause 2 refers to the commencement date; it has two parts. If the legislation is given royal assent before 1 July, X happens; if it is given royal assent after 1 July, Y happens. It is structured and written in such a way that it does not need to be put through tonight. We could all go home and come back on 6 August and continue this debate, conclude the debate, pass the legislation, and nothing would change. The government would get the \$527 million that it needs to balance its budget because it cannot control its expenditure, but it intends to try to ram this bill through the house tonight. So be it, but be under no illusion—it is a political decision of the government that is making us discuss this bill tonight at this time. I do not know why it is so important. If the Leader of the House can give me a reason why this bill needs to be passed tonight, I would welcome it. Why are we still sitting here at 11.50 pm on a Thursday night with the Leader of the House sitting ashen and stony-faced across the chamber dealing with a bill that is structured to be passed in the first week of August? I can understand why government members might want the Supply Bill passed. It was disappointing the other night that it did not pass because I reckon we were almost done with the Supply Bill. Given another hour or two, we would have completed it, but we did not.

**Hon Sue Ellery:** I have told them that they can have that tonight.

**Hon KEN TRAVERS:** Yes, they can have it tonight. We could quickly conclude a couple of points and pass it. The government could have the Rates and Charges (Rebates and Deferments) Amendment Bill 2013 passed as well. I can understand why the government might want those bills passed before 30 June. The only reason that I can think of that the government wants to get this bill through before 30 June is that it wants to pretend there is not a retrospective element to it, but there is. This will impose a tax on people who may have entered into commercial arrangements believing that they would not have to pay duty if their contract came into force after 1 July. Imagine someone was thinking about selling some non-real business assets in March. They might have picked up a copy of the “Overview of State Taxes and Royalties” that was released by the government in March and turned to page 10 of that document and read the section on property taxes under the heading “Transfer duty”, which states —

Duty on the transfer of property was originally introduced on 1 October 1841 at a rate of one pound for every hundred pounds.

I did not bother to research what happened back in 1841 —

**Hon Sue Ellery:** Slacker!

**Hon KEN TRAVERS:** I did not get the *Hansard*; maybe other members might want to do that.

**Hon Sue Ellery:** I might!

**Hon KEN TRAVERS:** Back to 1841? It would be interesting to get it and look at the history of the debates going all the way back to that time. I just searched for the relevant bits back in 1998 that got us to the current circumstances.

The “Overview of State Taxes and Royalties” also states —

Transfer Duty (which replaced stamp duty —

Hence my old-fashioned language in the debate tonight —

on conveyances under the previous Stamp Act 1921) is paid by the purchaser of dutiable property (primarily land, buildings, mining tenements and business assets) on the basis of the dutiable value of property transferred. It is collected under the Duties Act 2008, which is administered by the Commissioner of State Revenue.

This is the interesting bit. This document was distributed by the government back in March this year. It further states —

Transfer duty will be abolished on the ‘non-real’ business assets component of property transfers (e.g. business goodwill, intellectual property and statutory licences) from 1 July 2013 (previously scheduled for 1 July 2010).

A businessperson who read that and who was in negotiations with someone might have said, “If we enter into a binding contract at this stage, you will have to pay duty on the non-real assets such as intellectual property. However, because we have reached that final price, if we can leave entering into the binding contract until after 1 July 2013, you can avoid having to pay, as the purchaser, stamp duty on this. We are a couple of thousand

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dollars apart in our price. But if we make the contract become binding after 1 July, we can reach agreement on the price.” So, they reach agreement on the price, and they enter into an auction. Both the buyer and the seller have paid across a bit of money to secure that price for 1 July in a contract, and both the buyer and the seller are happy, because they have been able to come together and meet the final terms of their sale, and they can use the money that they would have had to pay in stamp duty as a way of making that final negotiation and arriving at a price that they can both live with. One of those parties has paid across money to the other party to secure that option. They did that sometime in March, just three months before the end of the financial year, and they are very happy. However, the passing of this bill tonight will mean that that person will need to exercise that option and duty will need to be paid. The interesting thing is that the person who is most likely to require the option to be exercised is the seller of the goods. The purchaser, who has already paid across money on the option, will either have to lose that money or go through with the deal and pay stamp duty.

So the government is applying, in those circumstances, retrospective legislation. The Liberal Party is applying retrospective taxation. The Liberal Party has always railed against retrospective taxation as one of its principles. I suspect that the Liberal Party thinks that if it can get this bill through tonight rather than after 1 July, it can somehow make its conscience clear on that retrospectivity. If this bill does not go through until after 1 July, it is even more clear that the government is imposing retrospective taxation, because after midnight on Sunday, and as the clock ticks into Monday, duty on non-real property will no longer be payable in Western Australia. Of course, this legislation is structured in such a way that this tax will be imposed retrospectively. I am pretty confident that is why we are being forced to sit here tonight to deal with this piece of legislation. The Liberal Party thinks somehow that its conscience will be cleansed by having this bill passed before 1 July. However, that is not the case. There will be a retrospective element to this bill regardless of whether it is passed before or after 1 July, and the Liberal Party will forever need to accept that—that is, unless the government moves amendments before this bill is completed and intends to continue to push on with this legislation. Maybe tomorrow at some time the government can get parliamentary counsel to draft an amendment to make an exemption for those people who entered into options before the announcement by the government that it would be imposing this tax on 1 July. I do not know how many people might be in that situation. I do not think the government knows that either. I would not have thought this would come from a Liberal Party that has so strongly over its life railed against the issue of retrospective taxation. If I remember correctly, the Western Australian Liberal Party went to war with John Howard over the issue of retrospective taxation. For many years, people in the WA Liberal Party used to talk about the strained relationship between their party and John Howard, because he implemented retrospective taxation. Yet the once proud Liberal Party that stood up to John Howard is now going to do very same thing in the Western Australian Parliament. That is extraordinary.

I turn now to the *Overview of State Taxes and Royalties March 2012–13*. This is a document that is released by Treasury every year. It is a very good document. It gives a great overview of taxes and charges in Western Australia. It provides a summary of the duties that are collected. I might add that duties tax is not the only area in which this government is consistently dipping its hands into the pockets of Western Australians. It is fascinating to see how the emergency services levy has grown considerably each year under this government. It is not just in duties that the government is taking money off people. The government is also taking money off people through the ESL. When the bill for that levy went through the chamber, the government said, “No, no; this is evil; we are not going to do it.” But the government has now exploited that levy and increased it every year. This year, the government will again be increasing the ESL by more than double the rate of inflation.

This is a very instructive document. It gives a historic overview of the amount of revenue that has been collected from duties. One of the things that we learn from this document is that the duties on non-real property have not been growing. Duties are among those inefficient taxes that do not meet growth relative to other options for raising state revenue. That is why we were always going to get rid of that tax. However, we are now facing the situation that we will be keeping that tax.

I urge members to look at this document. They will find it very instructive. What is important about this document is that it shows that as recently as three months ago, the government was still releasing documents stating that this tax would be abolished from 1 July. One would think that if this duty were not part of the government’s fully costed, fully funded plan, it would not put it into documents. If this tax were not part of the government’s plan, it would be very rude, I would think, of the government to put that in.

Another document that is very instructive in this debate is titled “Reforming Western Australia’s Taxation System”. That document was written in December 2003. At that time, there was a debate about when this state would abolish duties on non-real property following on from the 1999 intergovernmental agreement. That was part of an overall strategy—when we last had a reforming Treasurer in this state—to try to get a better deal on

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taxes and not just impose new taxes on people, as the current Treasurer is doing. That was back in the days when we had a Treasurer who went out and consulted the business community and other key stakeholders in Western Australia to try to work out how we should deal with these matters. As part of that reform, we eventually got the agreement that duties on non-real property would be abolished from 1 July 2010.

The document makes a good point about how we got to the situation that we are in tonight in dealing with this bill. It states at page 2 —

Apart from the need to replace inefficient and overly bureaucratic statutory requirements, a number of developments in both the public and private sectors during the late 1990s and early 2000s, within Western Australia and Australia as a whole, reinforced the need for major State taxation reform.

These developments included significant changes in Commonwealth-State financial relations, landmark decisions of the High Court, changes to tax systems in other jurisdictions, advances in technology, and numerous changes in the way modern businesses operate and undertake commercial transactions.

The next point is very important —

These developments highlighted the importance of Western Australia having an efficient, fair and simple tax regime that minimised the burden of tax compliance on Western Australian business and the wider community.

That is what the government should be aiming for. The government should not be bringing back taxes that were supposed to be gone. But that is what will happen tonight if this government has its way and does not reconsider this bill. The document states also —

In Western Australia, it is this collection of different stamp duties and financial transaction charges that was of particular concern. This included life insurance duty, stamp duty on marketable securities, cheques and leases, debits tax and duty on workers' compensation insurance.

These taxes tend to be characterised by a narrow and often declining tax base, are administratively expensive to collect, and increase the compliance burden on taxpayers in terms of the duplication of effort required for record keeping and administration.

I now want to raise another issue, and I hope I will get a response from the minister. The minister stated in his second reading speech —

It is expected that these amendments will improve the state's finances by around \$120 million per year.

I have seen other figures that suggest the revenue that will be collected by this tax. I have used the figure of \$527 million over four years. I have seen other figures that show that in 2013–14, the value of this tax will be \$125 million; in 2014–15, it will drop to \$122 million; in 2015–16, it will climb to \$133 million; and in 2016–17, it will climb to \$147 million. I am interested to know from the minister whether the figure that is referred to in the second reading speech is the net figure or the gross figure that will be collected by the state. If this is the total amount that will be collected through this tax, I am also interested to know how much it will cost the state to administer this tax, and how much it will cost business to collect this tax. Those are important issues for the house to consider when it deals with this bill. We need to know what the compliance costs for businesses will be should this bill be passed and, as of Monday, duties are imposed on non-real property.

I have referred to the report of the business tax review. That was a very extensive process. That is something that has not happened in recent times in this state—the government has not sat down with the community, particularly the business community, to work out how we can ensure that this state has an efficient, equitable and simple tax system that will minimise compliance costs for business and meet the need for government to raise revenue to meet its expenditure demands. I would have thought that everyone in this chamber would support that view. Yes, we need money to run government but we take as little as possible, which is all about making sure we are not wasting money, we control our expenditure, we prioritise things correctly, we do not waste money on things that are nice to have and we focus on the basic infrastructure we need, and, occasionally, we might treat ourselves to something better. That is the first part of it, if we want a proper and effective taxation system. The second part of achieving proper taxation is to ensure that we do it in the most efficient and effective way possible.

In the early 2000s a review was undertaken that this report refers to. They developed a white paper and they wrote to 28 industry taxpayer and community groups. I do not think this government did anything like that before introducing this tax measure here tonight. A reference group was established comprising representatives of industry and community groups and academics, chaired by Mr Jonathan Ilbery, who was a partner and

Hon Ken Travers; Hon Simon O'Brien; Deputy President; Hon Phil Edman; Hon Peter Katsambanis; Hon Samantha Rowe; Hon Peter Collier; Hon Kate Doust; Hon Amber-Jade Sanderson; Hon Ljiljana Ravlich; Hon Helen Morton; Hon Alanna Clohesy; Hon Sue Ellery; Hon Nick Goiran; President; Deputy Chair; Hon Dr Sally Talbot

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solicitor with one of the big law firms in Perth, Jackson McDonald, and a previous national president of the Taxation Institute of Australia. I would have thought if we were undertaking tax reform, that is what we would be doing. But, of course, this government is not about tax reform; it is simply about raising taxes. Meetings and workshops were held and out of that process a range of initiatives were developed aimed at delivering a tax system that, according to this report, had fewer taxes, was fairer, was less distortional, improved the state's competitive position, was simpler and easier to understand and minimised taxpayers' compliance costs. They laid out the pathway to achieve that and obviously to reduce the number of state taxes. A series of taxes—again it goes back to that original commonwealth–state agreement—was to be abolished in 2003–04. They were those nasty little taxes such as stamp duty on cheques, leases, listed marketable securities and life insurance. If my recollection serves me correctly, they were abolished. Then in 2004–05, stamp duty on workers' compensation insurance was to go, and, finally, in 2005–06, debits tax was to go.

As I say, attempts were made to simplify the tax rate scales for the remaining taxes. In those days, at various stages, there were multiple payroll tax scales and they were combined into a single marginal rate of six per cent and the threshold was increased. Of course, one of the reforms included in that package, which we will get to shortly, was the issue around stamp duty, which became duty and, of course, that is what we are dealing with tonight. There was a reduction in land tax scales from 10 per cent to six per cent. This was real reform; it was not just about imposing a new tax on people that was not going to be there as at 1 July just to grab money out of them. An attempt was made to work with other jurisdictions for harmonisation. I note that one of the other things I missed earlier tonight when I was going through the Liberal Party's poor history on tax reform was that this duty spill is not the first time it has failed to implement changes to the tax regime in Western Australia that have been previously in place and agreed to for the state of Western Australia.

**The PRESIDENT:** Order! I have been following this debate very closely and I refer the member to standing order 47, involving irrelevant or repetitious debate. He will know, having been in this chamber for quite a while, that the term "tedious repetition" applies to debate in this chamber. If you are going back over old ground all the time, that amounts, in my mind, to tedious repetition. I think the member should have a good look at standing order 47 and work out whether his argument should be using new arguments and new points or he is just going over old ground.

**Hon KEN TRAVERS:** Thank you, Mr President; I appreciate your advice, as always. I was clearly introducing new material in the sense that I have not spoken before about the other tax measures that this government has previously failed to implement. I have not mentioned those at all in my previous comments.

This government introduced a range of measures in one of its budgets—I am still not sure when they will come into play—that relate to the way in which a number of taxes were treated. That is something we have not discussed previously in this debate. We have certainly discussed the government's poor record on tax reform but not that particular poor record of deferring the implementation of those measures

This report "Reforming Western Australia's Taxation System" of 2003 referred to improving Western Australia's tax competitiveness by progressively abolishing six state taxes and reducing the rate of stamp duty on new registrations of heavy vehicles, introducing a cap on the maximum amount of duty payable on heavy vehicles and providing stamp duty relief to genuine wholesale unit trusts. I think work had been done on the Duties Bill, but this report called for a Duties Act to be implemented to replace the old Stamp Act to ensure that we were keeping pace with modern business practices. One of the things it also called for was development of a taxpayers' charter and an integrated self-assessment strategy. It referred to broadening the base of the state's larger taxes—conveyance duty, payroll tax and land tax. That involved extending the payroll tax base to include eligible termination payments, removing the land tax concessions for residential land developers and changing conveyance duty arrangements in respect of land-rich company provisions, chattels, intellectual property and goodwill. A whole package of reforms was put forward. Of course, as we now know, many of those were picked up in the Duties Bill 2007, which included the abolition of the duties on non-real property, which we are now seeking to change with the bill we are dealing with tonight.

As I say, with tax reform, there is always the potential for there to be winners and losers. But we hope to get more winners and by doing it in a good way and making the taxing system more efficient, we can often do that. There is a long history of the Labor Party getting on with proper reform of our tax system, something we have not seen under this government.

The only other point I wanted to make, without going into too much detail on it, is that there was clearly a schedule of arrangements that would see these taxes abolished. The schedule was eventually replaced with an overarching agreement that required all the taxes to be abolished by 1 July 2013. Of course, if we pass this bill

Hon Ken Travers; Hon Simon O'Brien; Deputy President; Hon Phil Edman; Hon Peter Katsambanis; Hon Samantha Rowe; Hon Peter Collier; Hon Kate Doust; Hon Amber-Jade Sanderson; Hon Ljiljana Ravlich; Hon Helen Morton; Hon Alanna Clohesy; Hon Sue Ellery; Hon Nick Goiran; President; Deputy Chair; Hon Dr Sally Talbot

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tonight, that will mean that we will no longer be in compliance with that agreement. Hopefully, when we get to the committee stage of this bill, we can get some fairly rigorous explanations from the Leader of the House during debate on the short title about how the government intends to minimise the implications of the state of Western Australia's role in all of that.

As I said, we have a very high taxing government and one that is very quick to put its hands into the pockets of the people of Western Australia almost every day. This debate is not just about the bill we are dealing with tonight. Almost every day we find a new charge or a fee going up by more than the rate of inflation. The impost contained in this bill will come into effect on 1 July. On that same date people will be paying more for their Perth parking levies, for instance, and they will be paying more for their bus and train fares—all well above inflation. This duties bill is just one of many measures being implemented by the Barnett government. On 1 July, as well as imposing the payment of duty on non-real property as a result of this bill, the cost of parking bays under the Perth parking levy will jump to \$697—a 10 per cent increase on last year's levy. This government cannot keep its hands out of the pockets of Western Australian taxpayers.

As I say, we will continue to seek to do our best to raise the scrutiny of how this government operates and how this government tries to tax the people of Western Australia. The bill we are dealing with tonight is just one of the many examples of the government's willingness to overtax people. When this government came to power, the parking levy in Perth was \$212; it is now \$697. That is extraordinary. Everywhere we look, this government has another excuse to tax and charge people. Everywhere we go in the state of Western Australia, we constantly see this government trying to find new ways of taxing people, including renegeing on an intergovernmental agreement by passing a bill like this. This is a very sad day for the state of Western Australia. But governments have a right to do what governments have a right to do. Unfortunately, it will be four years before the people of Western Australia can hold this government accountable for its actions in bringing into Parliament this bill so very soon after an election. However, I will be doing everything I can to make sure that we remind the people of Western Australia of the way in which this government has operated in taxing them and imposing charges on them that it never told them about. I will not go over it all again, but there is no volatility or change that requires this bill to be implemented that was not known, or should not have been known, to the government prior to March 2013. We are left with two options to consider: either the government knew it was going to do this and chose not to tell people or it was so incompetent that it did not realise just how poorly it was managing the finances and it was only after the election that it realised it had to introduce a measure like this.

That concludes my remarks on the second reading speech, and I look forward to further debate on this bill.

**HON SAMANTHA ROWE (East Metropolitan)** [12.26 am]: I am pleased to rise tonight to speak on the Duties Legislation Amendment Bill 2013. Like my colleagues who spoke on Wednesday night, Hon Adele Farina, Hon Darren West and Hon Sally Talbot, and of course Hon Ken Travers who spoke tonight, I have quite a number of concerns about the bill that I want to place on the table. First of all, it would probably be best to go through a little of the history of the GST agreement, as it keeps coming up again and again.

*Point of Order*

**Hon NICK GOIRAN:** Mr President, I just want to refer you to standing order 47(1), which reads —

A Member who persists in making irrelevant or repetitive arguments —

**Hon Ken Travers:** She has barely started!

**Hon Sue Ellery:** She's hardly said one sentence.

**The PRESIDENT:** Order! Point of order, Hon Nick Goiran.

**Hon NICK GOIRAN:** Mr President, as I was rudely interrupted, I will quote it again —

A Member who persists in making irrelevant or repetitive arguments may be ordered by the President to discontinue the speech.

The honourable member has indicated that she is speaking in addition to a raft of other members and is about to engage in a history of the GST arrangement, which we have certainly heard ad nauseam, and I wonder whether that would amount to the member persisting in making a repetitive argument.

**Hon Sue Ellery:** No.

Hon Ken Travers; Hon Simon O'Brien; Deputy President; Hon Phil Edman; Hon Peter Katsambanis; Hon Samantha Rowe; Hon Peter Collier; Hon Kate Doust; Hon Amber-Jade Sanderson; Hon Ljiljana Ravlich; Hon Helen Morton; Hon Alanna Clohesy; Hon Sue Ellery; Hon Nick Goiran; President; Deputy Chair; Hon Dr Sally Talbot

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**The PRESIDENT:** Order! It is not out of order for the member to use that point as one point in an argument that the member wants to present to the house on the issue. But certainly we have heard that argument in depth, and I would think that if any other member wanted to go into the same sort of depth as we have already heard, that would certainly be repetition.

**Hon SUE ELLERY:** I have a point of order, Mr President. I wonder whether I might seek some clarification on the advice you have just given the house. Standing order 47 is quite clear; it refers to a member—singular. Nowhere in standing orders—unless, Mr President, you are able to point me to standing orders that do—does it say that somehow every single one of us does not have the right to put our own point of view, irrespective of whether someone else has put that point of view. I therefore ask you whether you could point out to me where the standing orders indicate that, and perhaps provide me with a bit more guidance on exactly how you are choosing to interpret standing order 47.

**The PRESIDENT:** Tedious repetition would be if a series of members quoted from the same document and made the same points in relation to the same document. The general argument can certainly be made and put by a member in their own words, but to me it certainly would amount to tedious repetition if the same document were quoted by a series of members one after the other.

**Hon SUE ELLERY:** I have a further point of order, Mr President, if I may, and I do this with the greatest of respect. In my comments I intend to refer to the second reading speech, and I hope that that will not be judged as referring to the same document as other members referred to.

Several members interjected.

**The PRESIDENT:** Order!

**Hon SUE ELLERY:** I am seeking guidance because I have not heard advice from the President previously that has suggested anything other than that standing order 47 refers to “member” singularly, not to “members” collectively.

**The PRESIDENT:** The second reading speech is obviously the blueprint that is laid out surrounding the policy of a bill, and it is quite in order for every member to refer in broad terms to the second reading speech. What I am referring to is if every member is going to quote from the same document, that is stretching the bounds of patience of any house. You can say that a member can do that, but standing order —

[Interruption from the gallery.]

**The PRESIDENT:** Order! Sit down.

Standing order 47 is obviously there to have an ordered, reasonable, rational debate, and I think that tonight we are seeing those boundaries stretched almost to breaking point. I do not think that any reasonable interpretation of those standing orders can interpret it any other way.

*Debate Resumed*

**Hon SAMANTHA ROWE:** Thank you, Mr President. I hope that my comments regarding the history of the GST agreement are not seen as tedious, and I have taken on board what you have said. I would like to draw everyone’s attention to a little bit about this agreement, because I feel that it relates to the duties bill and why we have concerns about it, but I take on board what you have just said.

As I said when I started, on 9 April 1999, a GST agreement was signed by the state Liberal government under Richard Court and the John Howard federal Liberal government. I just want to make it clear and on the record that we are talking about a state Liberal government and a state federal government that in 1999 signed the GST agreement. At no stage was it the federal Labor Party’s commitment in signing up to the GST, so to turn around now and say that it is the federal Labor Party’s problem that we are not getting enough of the GST revenue is just not true. That is why I want to go through some of this history so that we can get it on the record.

*Point of Order*

**Hon NICK GOIRAN:** Can I just draw to the Deputy President’s attention that under the standing orders, this member has a limited amount of time, and the clock is not even running at the moment.

**The DEPUTY PRESIDENT (Hon Alanna Clohesy):** I will just check with the Clerk regarding the running of the clock.

*Debate Resumed*

Hon Ken Travers; Hon Simon O'Brien; Deputy President; Hon Phil Edman; Hon Peter Katsambanis; Hon Samantha Rowe; Hon Peter Collier; Hon Kate Doust; Hon Amber-Jade Sanderson; Hon Ljiljana Ravlich; Hon Helen Morton; Hon Alanna Clohesy; Hon Sue Ellery; Hon Nick Goiran; President; Deputy Chair; Hon Dr Sally Talbot

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**Hon SAMANTHA ROWE:** As I was saying, back in April 1999, the GST agreement was signed. This included an agreement to abolish stamp duty on non-real business conveyances from 1 July 2001. As I said, in Western Australia, this was signed by a state Liberal government and a state federal government at the time. Back in May 1999, the commonwealth government announced a number of changes to this GST agreement following some further negotiations with the then Democrats. Basic food and some health and education items were then excluded from the GST revenue base. Consequently, projected GST revenues were no longer sufficient to cover revenue forgone from the taxes to be abolished as part of the April agreement. So that took place. Then, in June 1999, a revised GST agreement was signed, and that included an agreement to review by 2005 the need for keeping stamp duty on real and non-real business conveyances—that is, once GST revenues proved to be sufficient. Again, I would like to draw to everyone's attention that this was signed in Western Australia by the then Liberal state Premier, Richard Court. Colin Barnett was a senior minister in that government and at the time was deputy Liberal Party leader. From 2005 to 2007, Western Australia undertook a state tax review, with the aim of developing its own state tax —

**The DEPUTY PRESIDENT:** Order! It is a little noisy in the chamber. I am finding it difficult to hear the honourable member.

**Hon SAMANTHA ROWE:** As I was saying, Western Australia undertook a state tax review, with the aim of developing its own state tax reform priorities. Western Australia proposed to abolish stamp duty on non-real business assets from 1 July 2010. It proposed to abolish stamp duty on the hire of goods from 1 January 2007, and it proposed to abolish the mortgage duty from 1 July 2008. In March 2006, the ministerial council meeting of Treasurers agreed to individual state schedules for the abolition of the relevant state taxes, apart from New South Wales. Western Australia's schedule included the abolition of duty on non-real business assets from 1 July 2010. In November 2007, the Duties Legislation Amendment Bill 2007 was introduced into Parliament. This included amendments to abolish duty on non-real business assets from 1 July 2010. In November 2008, the Council of Australian Governments agreed on a new intergovernmental agreement, which was the Intergovernmental Agreement on Federal Financial Relations. This came into effect from January 2009 and incorporated the still relevant parts of the GST agreement. In December 2009, there was the midyear review, which included the deferral of the abolition of duty on non-real business assets until 1 July 2013. This deferral was announced as a corrective measure in response to the impact of the global financial crisis. This state's action was consistent with the 2008–09 agreement.

As I have said, in 2007, when the former member for Belmont, Hon Eric Ripper, was Treasurer for the Labor government, significant progress was made in the abolition of these taxes. It was Mr Ripper who brought legislation into the Assembly in 2007 to abolish duty on non-real business assets—non-real business assets being business licences, goodwill and intellectual property. Mr Ripper stated —

Finally, the bill delivers on the government's commitment to abolish duty on non-real business assets by removing business assets from the dutiable property list, and repealing a number of associated provisions, with effect from 1 July 2010. This commitment was announced in the 2006–07 budget, with an estimated cost of \$119 million in 2010–11.

It was a state Labor government that was prepared to take these tax cuts, not a Liberal government. In March 2008, while debating the legislation in the other place, Colin Barnett stated —

... it needs to be placed on the record that this is a high-taxing government; by any measure, both the Carpenter and Gallop Labor governments have been high-taxing governments.

That is just not true, and it is now coming back to embarrass this state Liberal government.

In September 2008, in the 2008 election campaign, the Liberals promised to cut taxes by around \$250 million. In 2009, following the 2008 election, the Liberal Party sought to defer this tax cut. In opposition, it made numerous claims about cutting stamp duty, yet one of the first things it did was to seek to defer the tax cut that was legislated by the previous Labor government. This has effectively increased taxes by over \$300 million.

Then we come to the recent state election on 9 March this year. Once again, when going to the polls, a clear commitment was made to the WA business community and the voters of this state by the Liberal Party in its small business policy. Page 3 of the Liberals' small business policy, under the heading "Tax Relief for Small Business", states —

If re-elected ...

...

Hon Ken Travers; Hon Simon O'Brien; Deputy President; Hon Phil Edman; Hon Peter Katsambanis; Hon Samantha Rowe; Hon Peter Collier; Hon Kate Doust; Hon Amber-Jade Sanderson; Hon Ljiljana Ravlich; Hon Helen Morton; Hon Alanna Clohesy; Hon Sue Ellery; Hon Nick Goiran; President; Deputy Chair; Hon Dr Sally Talbot

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The Liberals are committed to lifting the tax burden on Western Australian businesses to free up funds that can be better used to invest, expand, employ and innovate.

That commitment was made prior to the election on 9 March. Yet here we are in June 2013 asking why the Liberal Party misled the public about this tax slug during the election campaign. What is the government's excuse for breaking yet another election commitment? I have a list of nearly 12 broken promises of this Barnett state Liberal government, and it is only three or four months after the state election. It is amazing to think that in that short period, we have had not just one or two broken promises, but nearly 12, including public sector job cuts; the secret family tax with the Insurance Commission of WA increase in third party insurance premiums on cars; the increase in electricity prices, which are now 45 per cent higher than CPI; the increase in the business tax, which we are talking about tonight; no Swan Valley bypass; no Metro Area Express light rail by 2018 —

**Hon Helen Morton:** What is the relevance?

**Hon SAMANTHA ROWE:** It is not irrelevant. I am talking about broken promises, and these are all broken promises.

Several members interjected.

**Hon SAMANTHA ROWE:** It is related to the duties tax.

Several members interjected.

**The DEPUTY PRESIDENT (Hon Alanna Clohesy):** Order! Hon Samantha Rowe has the call.

**Hon SAMANTHA ROWE:** There have been more than one or two broken promises; there have been almost 12 broken promises since the state election on 9 March this year.

Several members interjected.

**The DEPUTY PRESIDENT:** Order!

**Hon SAMANTHA ROWE:** Fiona Stanley Hospital has been delayed by a year. The cancer services at Princess Margaret Hospital for Children are in crisis; there are not enough beds to cater for the demand. We have seen a significant pay increase of up to 52 per cent for Barnett's own staff, yet we are seeing all these job cuts. There is the ongoing use of overpaid personal consultants, the loss of the Browse onshore gas processing plant and no 24/7 police station in Ballajura. It is relevant, because what we are talking about with the Duties Legislation Amendment Bill is yet another broken promise made by the Barnett state Liberal government. It is relevant to say that it is not just this promise; there are a number of them, and I have just read out 12.

What was the Barnett Liberal government's excuse for breaking yet another election commitment with this bill? There were two excuses. First, we have volatile revenue —

Several members interjected.

**Hon SAMANTHA ROWE:** If honourable members would like to join the debate, maybe they should stand.

**The DEPUTY PRESIDENT:** Order!

**Hon SAMANTHA ROWE:** As I was saying, what is the government's excuse for breaking yet another election commitment? There were two excuses. First, we have volatile revenue, which is not the case. Nothing has dramatically changed between 9 March, and even prior to then, and now—only three or four months later. There has been no dramatic change in the economic outlook of this state. So it is incorrect to blame volatile revenue. As I have said, nothing has happened since the election to show that revenue has been hit so substantially as to require this tax slug.

The second excuse relates to the cut in GST revenue to the state. This Barnett Liberal government has tried to blame the federal Labor government for this, but, as I said in my opening remarks, in June 1999 this GST agreement was signed by a state Liberal government under the then Premier, Richard Court, with one of his senior ministers, Colin Barnett, by his side.

Several members interjected.

**The DEPUTY PRESIDENT:** Order! Members, if you are to leave the chamber, could you please do it quietly.

**Hon SAMANTHA ROWE:** As I was saying, this GST agreement was freely entered into by the Court state Liberal government with the Prime Minister of the time, John Howard, leading a federal Liberal government.



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What is known today is pretty much what was known at the time of the *Pre-election Financial Projections Statement*. It is not a viable excuse. I have some comments by Mike Nahan that I would like to quote.

**Hon Nick Goiran:** Who?

**Hon SAMANTHA ROWE:** Minister Mike Nahan; my apologies. In an article in *The West Australian* of Saturday, 19 July 2003, he was quoted as saying —

IS WA getting a fair share of the Federal revenue pie? Since Federation, the States have blamed the commonwealth for their every budgetary woe. WA Premier Geoff Gallop is at it again, blaming the Commonwealth's stinginess for the recent rise in State taxes.

...

... the WA Government is not being starved of revenue by the Commonwealth.

Talk about total hypocrisy! We now have a state Liberal government trying to blame a federal Labor government for being stingy with GST revenue. The GST agreement was entered into by the then state Liberal government and the then federal Liberal government.

The Duties Legislation Amendment Bill 2013 will unwind the scheduled abolition of transfer duty on non-real business assets, which will affect the small business community of Western Australia. This tax is worth more than \$527 million over four years. I am advised that it is worth \$125 million in 2013–14, \$122 million in 2014–15, \$133.5 million in 2015–16 and \$147 million in 2016–17. That is a significant amount to slug small business in anyone's eyes. Small business will suffer because of this tax grab. As I said earlier, the state Labor Party, under the then Treasurer, Hon Eric Ripper, had actually legislated in the other place to abolish the tax on transfer duty on non-real business assets back in 2007. In 2009, the state Liberal government claimed that it had to defer the abolition of this tax because of the global financial crisis and now it has decided to scrap the relief for business altogether. The Liberal Party has not given a commitment on when it will be abolished, if ever. Rita Saffioti said in the other place that this bill is the first substantial piece of legislation that has been introduced by the Barnett government since the election and it is a taxing bill worth \$527 million over the next four years. This is an irresponsible step when businesses are facing tough times and are appealing to governments for a decrease in their tax burden. Instead, they are receiving this great big tax slug.

As I said, this is another example of a broken commitment. In the pre-election promises that were made by the Barnett Liberal government—I have said this before in previous speeches —

**Hon Helen Morton:** Get over it.

**Hon SAMANTHA ROWE:** No, I will not get over it, minister.

**Hon Alyssa Hayden:** We have four years in government. Our government is not over. We have four years to deliver our election commitments.

**Hon Sue Ellery** interjected.

**Hon SAMANTHA ROWE:** That is right, Hon Sue Ellery. We are not talking four years out from the last state election; it has been only four months. I do not think that the public would appreciate that comment, minister. They are just meant to get over it, are they? I believe that the Barnett Liberal government has treated the public—the voters of Western Australia—with a total lack of respect by promising prior to 9 March a whole raft of things that the government committed to doing by a certain time frame within a certain budget. That was meant to be fully funded and fully costed, but that was not the case. The government knew that prior to 9 March. If that is not misleading the public, I am not sure what is. It is arrogant and shows a complete lack of respect for the voters of Western Australia.

I would like to make some further comments on the broken promises. As I said earlier, there were not one or two, but a whole range of broken election commitments and promises. I read out about 12 of them. Tonight I would like to comment on —

A government member interjected.

**Hon SAMANTHA ROWE:** The member is right; it is the morning. I would like to talk about public sector job cuts. As we heard recently, Premier Colin Barnett has broken another key election promise by deciding to slash —

*Point of Order*

Hon Ken Travers; Hon Simon O'Brien; Deputy President; Hon Phil Edman; Hon Peter Katsambanis; Hon Samantha Rowe; Hon Peter Collier; Hon Kate Doust; Hon Amber-Jade Sanderson; Hon Ljiljana Ravlich; Hon Helen Morton; Hon Alanna Clohesy; Hon Sue Ellery; Hon Nick Goiran; President; Deputy Chair; Hon Dr Sally Talbot

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**Hon SIMON O'BRIEN:** I would not want to discourage anyone from participating in debates, but that is so blatantly irrelevant to the bill before the house that I must raise a point of order. The member has just said that she is now commencing remarks about a subject that clearly has nothing to do with this bill.

**The DEPUTY PRESIDENT (Hon Alanna Clohesy):** The member has introduced a new topic and will continue the focus of her speech on the point of the bill.

*Debate Resumed*

**Hon SAMANTHA ROWE:** My point about the broken promises and broken commitments by the Barnett Liberal government is that I am placing them in context with the duties bill. We believe that the Duties Legislation Amendment Bill 2013 is a broken commitment. I read earlier from the Liberal Party's small business policy to show that it is a broken commitment. The Liberal Party committed to reducing tax for small business—it is printed in black and white. That is a broken commitment and I believe it is relevant.

Several members interjected.

**Hon SAMANTHA ROWE:** As I was saying, I will make some comments on the government's broken promises. I had begun talking about some of the public sector job cuts. The Barnett government has now decided to slash at least 1 200 jobs in the public sector, including positions on the front-line services such as police, hospitals and schools. I remind members that in September last year the Premier told Parliament that no cuts were proposed or planned for staffing within the public sector—none at all. I have some articles from others who do have concerns about the reduction in front-line services and the public sector job cuts.

*Point of Order*

**Hon PETER COLLIER:** Madam Deputy President, you have ruled on this matter before. Members opposite continue to talk about public sector job cuts, which have absolutely nothing whatsoever to do with the duties bill.

**The DEPUTY PRESIDENT (Hon Alanna Clohesy):** Hon Samantha Rowe is making a broad point about the bill and she has the call.

*Debate Resumed*

**Hon SAMANTHA ROWE:** Thank you, Madam Deputy President.

On 13 June it was reported online on the ABC that the Community and Public Sector Union spokesperson, Toni Walkington, said —

“Of course it's going to affect frontline services,” she said.

“Clearly the Premier has not been taking heed of messages that many in our community are sending to him about the fact that there are huge waiting times in a whole range of services.”

*Point of Order*

**Hon ALYSSA HAYDEN:** We have all sat here for many hours listening to this debate. The Duties Legislation Amendment Bill is about transferring duties on non-real business assets. It is not about public sector staff. It has nothing to do with broken promises. It is about duties and retaining the transfer of duties on non-real business assets. Under standing order 46 and the issue of relevance, I would like you, Madam Deputy President, to make a ruling on relevance and pull the member into line in this debate.

**The DEPUTY PRESIDENT (Hon Alanna Clohesy):** I have invited the member to focus her remarks on the purpose and the form of the bill. I think the member is bringing her attention to that as we speak.

*Debate Resumed*

**Hon SAMANTHA ROWE:** I will start to wrap this up. I am trying to explain to the house why my comments are in context. The broken promises that the Barnett government has made relate to this bill that we are debating tonight. That is what I am trying to illustrate.

I would like to conclude my comments on the public sector job cuts. I have another article dated Thursday, 13 June. I would like to quote the Health Services Union secretary, Dan Hill, who states —

“The health sector has already been cut to the bone and any further cuts could severely impact the quality of care given to patients in the health system,” ...

“The public health system is already struggling to establish new hospitals whilst running the existing ones. How is it going to cope with less staff and more patients?”

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...

“The public system can’t afford to lose the experience of its senior people who are still playing a vital role in delivering complex health services and supervising, mentoring and developing junior staff. The quality of our health services —

**The DEPUTY PRESIDENT (Hon Simon O’Brien):** Order! I am giving you a bit of latitude here, waiting to see whether you relate these comments about the Health Services Union to this bill. I hope you will not disappoint me. If you are not going to do that, you need to address the bill in order to comply with our rules of debate.

**Hon SAMANTHA ROWE:** Thank you, Mr Deputy President. I will tie my remarks in to the Duties Legislation Amendment Bill. The quote that I was reading relates to one of the broken promises of the Barnett Liberal government—that is, public sector job cuts. I was trying to put in context why we have an issue with this duties legislation. That is what I was aiming to illustrate, and I believe I have done so. It was worth bringing everyone’s attention to the numerous broken promises. I will conclude my remarks. I have listened to your comments, Mr Deputy President, but I was illustrating to the members of this place that —

**The DEPUTY PRESIDENT:** I think that point has been made. If you have anything further that you would like to address that is relevant to the Duties Legislation Amendment Bill, please go ahead.

**Hon SAMANTHA ROWE:** I conclude my remarks on the duties bill.

**HON KATE DOUST (South Metropolitan — Deputy Leader of the Opposition)** [1.03 am]: Tonight I am very pleased to be able to make some comments about the Duties Legislation Amendment Bill 2013. I am certainly pleased that I will not be on my feet for over five hours, as my colleague Hon Ken Travers was tonight. Part of the problem with this bill is that it was one of the first substantial bills that this government introduced into this Parliament. Although a number of my colleagues have alluded to the fact that it is about broken promises—part of it relates to that—the comments made by the Treasurer about why he introduced this bill into Parliament go to the heart of the integrity of this government and the consistency of its mismanagement of the finances of this state.

Listening to this debate today brought back a feeling of *deja vu*. I listened to a number of my colleagues talk about the original legislation, the Duties Act, that was passed in 2008. Today I reviewed the *Hansard* of the debate in this chamber. I think I alluded to it earlier today when we were discussing the possibility of a referral motion. As members would be aware, that was a substantial piece of legislation; it was a significant overhaul. The bill was debated at length by some key players in this chamber, most notably Hon George Cash, who gave an extensive dissection of the bill at the time. He outlined the reasons he would support all the legislation but was able to articulate quite clearly how he came to that reasoning. Hon Paul Llewellyn also spoke, as did Hon Ray Halligan. There are a couple of words that I could use about Hon Ray Halligan’s analytical processes in this chamber as he would work his way through a piece of legislation. It was useful to go back through *Hansard* and review the commentary from that period, the commitments that were made and the changes that were outlined in that legislation that related to the removal of intellectual property, goodwill, business licences and a range of other changes—the non-real assets component of a business. I know that members have already spoken about the fact that once there was a change of government, there was a change in direction of how these commitments were effectively derailed. They have been delayed and delayed and now they have been derailed, perhaps indefinitely.

I note that on 15 May this year, the Treasurer, Mr Buswell, made a statement in the other place. I will read from the *Hansard*. He said —

I rise to inform the house that the state government intends to take further action to improve the state’s finances by deferring the abolition of transfer duty on non-real business assets until budget circumstances allow.

He did not articulate the reasons he got to that point. I have listened to some of the noises coming from the other side about election promises and this government delivering election promises. We know from having listened to the litany of broken promises spoken about in this house tonight and on other occasions that in its second phase the government still has not delivered on commitments it made in its first phase. Almost within a week of the election on 9 March—I think I referred to this in other debates—we saw a Premier coming out almost as though he had been waiting for the election so he could get the result and start making excuses why he would have to make radical changes. As other members have said, he blamed it on the feds because that is just a nice easy fix and if he says it often enough, people might believe it.

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The government has tried to cover its patch. It has tried to say, “How are we going to resolve this series of escalating monumental financial disasters that we find ourselves in in Western Australia?” Not only has the state government committed itself to some pretty substantial capital expenditure in the form of the Burswood stadium—who knows how much that will cost us in the future—but also it has committed to the Elizabeth Quay project and, again, who knows how much that will cost in the long term? We are constantly hearing about costs going up on a range of other things. We have seen the shelving of the Oakajee project. We have finally recently seen the cost blowouts on the Muja project clearly articulated, going from \$250 million to today’s comments in the media that referred to it potentially costing \$280 million, with further movement blowing out to \$317 million. These are just some examples of where the government has not managed its finances.

We could talk about its mismanagement of Homeswest maintenance and the escalation of costs there, and its inability to provide proper accommodation for the homeless in this state; I have talked about that at length. The government has had all these balls in the air, if you like, trying to juggle them, and they are starting to come tumbling down. The government is starting to say, “How are we going to bring this back so we can manage it? How are we going to tighten up on things?” It has looked at ways to do that, and the Premier and the Treasurer saw the bill we are dealing with tonight as a way to get money back in the kitty at the expense of business in this state, particularly small business, and that is a significant problem. Way back in 2008 this bill had a potential of about \$119 million, but now we understand that, given that it is indefinite and into the out years, somebody mentioned \$540 million. That is a significant dollop of cash back into the coffers. On top of that, we had that other piece of legislation that we will not get to deal with now until August. Admittedly, all these bills have been deemed to be extremely urgent, and we know why they are urgent—because the government is having difficulty managing the books. The government is desperate to get this piece of legislation through so that it can haul some dollars back in. It also has the Insurance Commission of Western Australia legislation, which we will deal with at a later stage, through which it can extract a 65 per cent dividend, worth about \$20 million, back into the coffers. This is all about trying to put the finger in the dyke, if you like, to stop the flow so it can save money, and that is a significant problem.

I do not know why things have gone so bad; we have not had, over the last couple of years, the type of GFC issue that we had back in 2008. What we are starting to see, though, is that this government is unravelling, and it has been unravelling very quickly since the election. Although members opposite may not agree that this is a broken promise, I can assure them that it is. It is a commitment that was made and a commitment that small businesses in particular were looking forward to, because it may have helped them with the way they conduct themselves in the marketplace. We were given a short period of notice by the Treasurer in May that the government would introduce not only this bill, but also a range of other pieces of legislation and other significant changes that would cause some dilemma for businesses but save the government money, or, rather, allow the government to stockpile money. That is a real concern, and it is indeed a broken commitment. It creates significant problems, particularly for the small business sector.

I think I have already mentioned that I had the good fortune to attend a meeting in the Liberal Party room, which was a real experience for me; I do not often get to venture into those unknown territories! I should have had my immunisation jab, but I must say that the Liberal Party has a bit of a flash joint up there! It is much nicer than ours. Anyway, that is where the meeting was; sometimes one has to step into the den. The room was packed full of people from all over the state; Hon Darren West spoke there, and I am sure a number of other members participated in that debate. This was one of the issues that we talked about; we went through all the things that were happening in the state that could impact in a positive way—there were not too many of those—or things that could impact in a negative way. The type of measure that the government is seeking to have put through with this legislation certainly came as a surprise to many in that room. There was quite a bit of disquiet from the members of various chambers about how this legislation would impact on businesses in rural and regional areas. That is why it is disappointing that we have not had the opportunity during this debate to hear from those great champions of the bush, the National Party. Normally, National Party members would be on their feet to defend the rights of small business in rural and regional areas, but they have sat here silently throughout this debate. They are obviously compliant and prepared to just roll over and allow these sorts of things to happen in their areas. I would love to know how they are going to explain this to the small businesses in their electorates, particularly the impact of not having this tax removed. I hope that, at some point, at least someone from the National Party will have the gumption to stand and say a few words on this matter.

I will move on, but it was just a bit distracting to hear a member of the National Party coughing rather than speaking; I wanted them to speak! This is a really serious matter, and the fact is that it has happened very early in the parliamentary cycle. I heard a member from the other side say, “Oh, but we’ve got four years to do this”, but

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absolutely no guarantee has been given that the government will actually introduce more legislation to remove this tax.

Several members interjected.

**Hon KATE DOUST:** It could have said that, but it never did.

Several members interjected.

**The DEPUTY PRESIDENT (Hon Simon O'Brien):** Order! Hon Kate Doust is trying to address this issue.

**Hon KATE DOUST:** I am trying to address the issue, because it is really serious as you know, Mr Deputy President, having formerly been Minister for Small Business. Small business is a significant employer in this state. We have already heard tonight that the Liberal Party had a very clear policy for what it wanted to do to assist small businesses to grow, to employ and to innovate. My real concern is that this tax remaining in place will cause small businesses serious issues and prevent them from being able to grow, employ and innovate; it will actually add to the burdens and stresses of managing their businesses.

I have a very good example of this state government's mismanagement of the way in which it deals and engages with small business. Some people might think it is a bit of a stretch, but yesterday we saw the tabling of the report by the Small Business Commissioner, Mr David Eaton, of his inquiry into the construction subcontractors' work. Having read through the report, given the short time frame that he had, it is a very detailed report that refers to the impacts of government decisions on that particular group of subcontractors who were doing work on Building the Education Revolution projects for Building Management and Works. The commissioner provided a detailed analysis of the problems as he saw them. He has made about 17 recommendations —

**The DEPUTY PRESIDENT:** Order! Member, are you able to relate that in any way to the provisions of this bill? I do not mean in a semantic way; I am asking you to show relevance.

**Hon KATE DOUST:** I am, and I will come to that, Mr Deputy President.

**The DEPUTY PRESIDENT:** If you could, please.

**Hon KATE DOUST:** It is just going to take a little while to warm up and explain myself. I do not need a long time; I do not mean that facetiously at all. I am just working my way through what I am saying.

**The DEPUTY PRESIDENT:** With respect, member, it is not a question of time; it is a question of relevance.

**Hon KATE DOUST:** It will be relevant; I am trying to get there.

**The DEPUTY PRESIDENT:** Well, you have taken some time and it is not within the purview of the bill, so I would ask you to address the bill now.

**Hon KATE DOUST:** Mr Deputy President, I had only just started to explain myself on where I was getting to with that.

What I am getting at is that these subcontractors, particularly the 110 subcontractors that have been highlighted in this report, are small business people. Because of the decisions and mismanagement of this government, those 110 subcontractors will now experience difficulty if they decide to sell their businesses, so the issues of goodwill and IP are extremely important to them, and therefore they are related to this bill. We also have further evidence of other ongoing problems in this area. If the government had acted on the commitments that it made in October last year—that it would make significant changes in that area; in fact, four changes were proposed by the government at that time about how Building Management and Works would assist those subcontractors—perhaps we may not have been experiencing ongoing issues now. Last October, the government committed to provide —

- more detail on statutory declarations provided by contractors verifying subcontractors have been paid. The detail will include whether there is a current dispute and the value of that dispute
- the option to hold back monies from contractors if there is a dispute between contractors and subcontractors over payment or issues such as quality of work
- an education campaign to make subcontractors aware of their rights
- a requirement for contractors to inform BMW of the names and contact details of subcontractors working on a particular job.

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That is part 2, 4.2, “Initiatives Announced by Minister”, and it is page 70 of Mr Eaton’s report. If those four key proposed changes had all been enacted, I think they would have aided all those small businesses into the future. Unfortunately, we know, as a result of questions in this house, that only one of those proposals was actually enacted at that time, and that was the capacity to conduct an education campaign. We now know that the government held off on making those changes until this report was provided to the government.

**The DEPUTY PRESIDENT (Hon Simon O’Brien):** Order! Member, I am sorry, but this is not relevant to the Duties Legislation Amendment Bill. Although it might be a very important issue to you, it really stretches the bounds to try to include it in a debate on the second reading of the Duties Legislation Amendment Bill. I must ask you to return to the bill.

**Hon KATE DOUST:** I will; thank you, Mr Deputy President. I think these subcontractors are indeed affected by this bill, because they will have difficulty transferring or selling their businesses while this tax is still in place. A lot of these businesses—these subcontractors who have been caught out in this debacle—have lost out on the goodwill they have built up in their businesses over an extended period of time. I am thinking about a number of these fellows I have dealt with. One bloke who was coming up to retirement had built up his landscaping business over the past 20 or 30 years, and now—after what has happened, all the money he has lost and the problems he now has getting contracts—it is very difficult for him to use the goodwill he has built up. Goodwill is an intangible thing; it is built up on work he has done, the positive image he has created about his business and the fact that he has been able to deliver on his capacity to complete a contract. Now, as a result of these issues, this fellow and a number of others who work in a range of occupations within the construction industry are finding it very difficult. Despite all their hard work to build up this image of having a good business, of being able to do their job and deliver services for their client, they are having great difficulties. Small business people involved in this issue have developed their own intellectual property on the nature of their work and they are also caught up in this legislation. I understand where Mr Deputy President is coming from, but I believe these people will be affected by the decision of this government to maintain this tax. It will add to the cost of their businesses and create some disincentive, perhaps, for those businesses to restructure how they operate.

**Hon Sally Talbot:** They will be hit twice.

**Hon KATE DOUST:** They will be hit twice, and I think that is a real calamity.

Having seen a series of miscalculations and financial disasters by this government, it is now using legislation like the duties bill to try to grab back whatever it can to get itself into a reasonable financial position, without taking into account the long-term ramifications of those decisions. This comes back to the whole discussion about priorities: what are the key things this state needs and how do we get to the point of having them. We are now seeing that after having made commitments one after the other, the government is now not able to hold to them and is trying to find short-term ways to pull in the dollars to get over the line. This is sadly happening in the first few months of the Barnett Liberal government mark 2, and it is quite scary to think about where we will go over next three and three-quarter years; what else will be rolled out? What other measures will this government bring into this place to try to fill the coffers to cover for its ineptitude in managing the finances of this state? It is sad, because it will not necessarily be the larger businesses that will suffer all the consequences; it will be those smaller businesses—the people who buy the coffee shops or newsagencies or set up a franchise. Let us face it, goodwill and IP are the mainstays of the businesses of franchisees. When they come to the end of their franchise time and want to pass on their business, then goodwill is perhaps one of the key things they try to trade their business on. This will make it even harder for those people to do so.

We need some sort of commitment from the government. We hear it talking about how it is the great champion of business and small business in the state, and, having perused in *Hansard* the maiden speeches of a number of Liberal members, they frequently allude to their support for small business in this state and the desire to see changes so that businesses can operate effectively and grow and thrive. But we then see them sitting silently when their government introduces legislation to make it harder to do business in this state.

The other matter I wanted to canvass was that after this change was proposed by the Treasurer in May, I searched high and low to find some public comment from those illustrious organisations that purport to represent business in our state; I must say that their silence was deafening. When the government originally deferred the abolition of the tax on IP, goodwill and business licences and so forth back in 2008-09, it was rounded upon by the Chamber of Commerce and Industry of Western Australia. The CCI commented at that point that it would have a detrimental impact upon business in Western Australia. I thought it was great they had come out and stood up for their membership; that was terrific. When I looked this time, I could not find anything, so I went up to the Parliamentary Library and said, “Look, I’m really keen to find any comment at all from business—from

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the peak bodies—on their view on what government has done and about the Treasurer's announcement on deferring this tax." There was not a scintilla of information; not a single comment from the Chamber of Commerce and Industry in Western Australia or from the other peak bodies. The only organisation that had the courage of its convictions to make comment was Combined Small Business Alliance of WA, which had a paragraph in its newsletter criticising the government for taking this step. I thought: good on them; they are the only ones who actually stood up for what their members need and believe. There was nothing from the CCI. We have seen a pattern of behaviour of the government making outrageous decisions, such as the Synergy–Verve re-merger and a couple of other changes, and there being no comment from these organisations. They do not comment because they do not want to rock the boat of the relationship with this Liberal government, so they are prepared to have these types of bills—the duties bill—go through that have a detrimental impact on their members then try to mop them up afterwards in the vain hope that this government may at some point, when it can dig itself out of its financial hole, come back and review these issues. It is a vain hope because I think this government will find itself in a tougher and tougher place. It has not identified the key priorities in this state or how it will find the dollars for them. It is scrambling, trying to pull dollars from everywhere it possibly can. We see that happening by way of the increased fees and charges, and the Treasurer cannot even tell the community of Western Australia what each of them will be when they come in over the next week or so. Over the last few years we have seen a series of increased utility costs and licence fees. It is constantly take, take, take. That makes it very difficult for not only business, but also community members. People have to constantly tighten their belts and find better ways to manage their budgets but the same pressure is not being applied to this government in how it organises its priorities, manages its books and provides funding.

This bill is a very, very good example of how the government has obviously looked around and said, "What can we do? How can we pull the dollars in?" It has said, "Let's hit up small business. We made them a promise, let's go and tap them on the shoulder and say, 'We cannot deliver that, you're just going to have to suck it up and wait!'" About the only thing small business can hope for is the payroll tax rebate this government committed to in the last budget, albeit payroll tax has to be paid before a rebate can be claimed. I would be very surprised if any further assistance was given to small business in the short term by this government. I hope that small businesses, through not so much the larger peak groups but perhaps some of the smaller groups, such as the Combined Small Business Alliance of WA Inc, start to arc up and apply more pressure, as well as the regional chambers of commerce which seem to see themselves slightly differently from the Chamber of Commerce and Industry of Western Australia and seem to have an organised voice. They are the groups that need to say to the government, "It is not acceptable; it is not good enough; you're making it harder for us. It is much more difficult for us to operate a business; you have to change something."

I think we will see more and more random announcements by this government. There will be more and more opportunities for the government to try to make a cash grab—that is effectively what this is. The government is simply trying to fill up empty spaces in the Treasury coffers. Members have talked about some of the other short-term thinking. They have alluded to the public sector job cuts, which is quite a benign way to make savings. It is a short-term way to make savings. References have been made to a range of other short-term proposals that the government has put in place, as well as cancelled projects, or it has made what the Premier refers to as "FM program" promises. They are not real or core promises, they are simply so the Premier can get himself out of a hole. I just think this government is spiralling out of control financially. It has serious problems. It is simply trying to cover its tracks, which is a real concern. I do not know the answer to this. Perhaps somebody from the other side might know what will happen in three or four years' time. What we have seen happen in this short period since the election borders on disaster. Whilst the government may have gone out with great election promotions during its campaign, it has not taken people in this state very long to wake up and realise that the veracity of those promises was abysmal. The Premier was perhaps so desperate to get back in, he was prepared to say whatever he could and do whatever he had to do to win government, and within a short time he has reneged on a range of commitments and promises. It has been a very public demonstration of financial mismanagement. It is disappointing for the people of this state that they have to put up with that.

I referred earlier to subcontractors. The fact that subcontractors have been offered \$5 million to try to assist them out of financial difficulties is an acknowledgement that again there has been financial mismanagement on the part of government with the handling of those contracts. That has in some ways caused a lot of those people to lose their jobs, lose their homes and in some cases lose family as well as businesses. Those are serious problems. This government has failed to adequately support those people. That is a concern.

Although the opposition, as other members have said, will agree to this bill, we have serious concerns about how we got to the position of having this bill in this chamber in the first place; how it was decided that it was an urgent bill in the other place. It could not have been that all of a sudden the Treasurer woke up one morning and

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said, "I've got a problem, what am I going to do?" It is not an "add water" situation. This would have built up over an extended period. I imagine that leading up to the election the government was fully aware of the fact it had significant financial problems and that it would not be able to deliver on a range of commitments. Not just commitments to projects already in train, but to commitments it was making to the public. I know that Hon Samantha Rowe has already articulated a number of commitments that we now know will not happen. Within a week of the election, the Premier and the Treasurer constantly made announcements about what was not going to happen because the government could no longer afford to fund a particular project. They must have known a long time ago that they could not do this. Did they mislead the community of Western Australia? Is that why we are now in the position in which they are desperately scrambling to find as much money as possible to tie them over? As well as dealing with this duties bill and as well as the potential of the Insurance Commission of Western Australia Amendment Bill, we have still got the Supply Bill, which is worth a substantial amount of money, to tie them over until the budget. It is like putting bandaids on everything. When I rip my stockings, I use a bit of nail varnish to hold things together. It is about constantly adding a bit of nail polish to hold the nylon together.

**Hon Ken Travers:** They would be running out of fingers to stick them down!

**Hon KATE DOUST:** They would be running out of fingers!

**Hon Ken Travers:** How will they count when all their fingers are stuck in the dough?

**Hon KATE DOUST:** Members understand what I am saying. Here, they are absolutely desperate to try to hold everything together. I used the analogy of the nail polish on the stockings because I know a number of members in this chamber would relate to that situation.

**Hon Sue Ellery:** Indeed; in ever increasing numbers!

**Hon KATE DOUST:** It is a disaster waiting to happen. The government is bringing in legislation to try to bandaid its problems. It is seeking significant amounts of money to hold it over. Hon Ken Travers might remind me of the amount of money in the Supply Bill?

**Hon Ken Travers:** It is about \$7 billion, or 40 per cent of last year's figure.

**Hon KATE DOUST:** That is right, \$7 billion. This legislation is looking at another \$540 million and another \$20 million with the dividend from the Insurance Commission. These are not paltry amounts of money. These are not piffling bits of dollars to fix up small issues. These are significant problems.

*Point of Order*

**Hon PETER KATSAMBANIS:** Standing order 46 states that —

A Member's speech ... shall not anticipate any other matter which is listed on the Notice Paper.

Quite clearly Hon Kate Doust is anticipating the debate on the Supply Bill, which is on the notice paper. I ask the Deputy President to rule that it goes towards relevance pursuant to standing order 46.

**Hon KEN TRAVERS:** On the point of order, I was listening to the member. The debate on the Supply Bill cannot be anticipated, but that does not mean reference cannot be made to the fact that there is a debate about the Supply Bill, the implications of it, how they might relate to the poor management of the finances and how that all relates to this bill. That is what the member was doing. That is not anticipating the detailed debate on the Supply Bill. What a load of nonsense!

**The DEPUTY PRESIDENT (Hon Adele Farina):** I do not think it is a point of order in that the member has simply made reference to another matter on the notice paper. She is not going into a detailed discussion of debate on the content of that other matter on the notice paper and I do not think that goes to standing order 46.

*Debate Resumed*

**Hon KATE DOUST:** I thank Madam Deputy President for reminding me of that. I will not say anything more about that particular legislation because I would not want to upset the member!

I will come back to the duties bill and its effect on intellectual property. This is an area that we do not always think about, but this duty will have a significant impact for small businesses, particularly in the field of science and innovation in WA. Members in this place will know I am very keen on supporting the growth of that part of our very important industry in Western Australia. Although goodwill is extremely important for some of our small businesses, particularly the franchising area, the issue of intellectual property is perhaps of greater importance to our developing science-based small businesses, particularly in the areas of biotechnology and



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information and communication technology. We have a thriving sector here in Western Australia with a lot of very small businesses. Sometimes they might employ two or three people or sometimes they can employ up to 20 or 30 people. They are extremely diverse and they face significant issues with how they get their businesses up and going. Quite often when the business gets to a certain point and they may want to sell it, the intellectual property they have developed is extremely important. I come back to the point I made earlier that deferring this tax cut may have a significant impact on those types of businesses in the state. As we have discussed previously on a whole range of legislation, without naming it, this is a significant growth area that this government has ignored. Unless those small businesses are able to be beneficiaries of this type of tax cut, we may see a lot of these places shut their doors or them having to defer any potential opportunities for growth or developing their businesses further. That would be an absolute tragedy.

One of the small business people I have met in that area who springs to mind is a particular scientist who has been working on developing cancer treatment drugs. His business is essentially a very small operation—I think he has one other staff member—and he has to import scorpions for his research. That brings me to the fact that this government has failed in the last four years to bring in the bioprospecting legislation that would have assisted the biotechnology industry in Western Australia to no end. It may have actually helped them build up their goodwill and their IP, and it may have helped them overcome the problems in this legislation. If that particular fellow wants to expand his business, he will have some real issues. There are other businesses in this situation. There is another small company in the southern part of my electorate that has been involved in developing a nasal spray for malaria. Although this business employs only a number of people here, it has the potential to develop it on a worldwide scale. The intellectual property attached to that business is a significant component of its attractiveness and that will now be impacted because this tax cut will not come into play.

We are not necessarily talking about the large businesses or just the mining and resources sector that this government always talks about. The impacts of this legislation are extremely diverse across a range of businesses. I raise that particular part of industry in Western Australia because it is significant and I know it struggles. I recently attended the WA Information Technology and Telecommunications Awards. I am always amazed at the incredible intelligence in that room, the diversity of ideas that just come up and the types of projects and products that Western Australians are able to develop—and they are small businesses. Some of them may be researchers attached to universities, but there are small businesses evolving and hopefully one day they will evolve into larger businesses and create more job opportunities in Western Australia. Not having the capacity for this tax cut may slow those opportunities down and I think that is a serious concern. I wish the government had taken those matters into consideration rather than just trying to do the quick cash grabs it tries to do through the plethora of bills we will have to deal with. I really wish the government had looked at how this legislation will impact those types of industries that we need to grow. As we know, the heat has come off the mining sector. We hear about it in the media. We have known it was going to happen for a long time. We have talked at length in this place about the need to develop other industries alongside the mining and resources sector. This government has neglected to do that and it now asks what it will do. We need that science-based focus and we need to assist those organisations in the areas of ICT, biotechnology, agriculture and medical research. We need to make sure that there are good opportunities for those areas and that those businesses can afford to manage themselves and grow. One of those opportunities would have been to put this tax cut in place. That opportunity will be denied to those businesses if and when this bill eventually goes through.

This government needs to be held to account, which is our job. I know there has been a lot of criticism from members across the way about why we have taken so long to debate this bill, but as the opposition we need to clearly articulate to the government as many different aspects as we can about why this legislation will have a detrimental impact on a whole range of businesses in Western Australia. Although it might provide a short-term fix for the government, what will it do in six, 12 or 18 months' time when the Treasurer realises he has more problems? Where will the government go to next? Where will it find more dollars? What other legislation will we have to look forward to so the Treasurer can get his hooks more and more into Western Australian consumers and businesses simply so he can solve his own financial mismanagement problems? That is what this bill is about—it is about managing financial disasters that this government has created not just in the last four years, but particularly in the last three months since it won the election. The government is setting a precedent we will see time and again over the next four years. This is not just about broken promises; it is about financial mismanagement by the Barnett Liberal government.

**HON AMBER-JADE SANDERSON (East Metropolitan)** [1.49 am]: I rise tonight, very late, to make my contribution to the debate on the Duties Legislation Amendment Bill 2013. We are all very tired and I will see whether I can get my brain to work. My immediate reaction to this bill is one of disappointment, I think, and

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dismay in that, as a new member of Parliament, I expected to come in here and debate important legislation that would enact some election commitments or that would set the policy agenda for the next four years of this government, which is apparently a new government, so we keep being told by members on the other side. It is a piece of legislation that is going to hit businesses with a tax. That is the government's big agenda; that is its big piece to be debated in this house and in the other place. The government was not even competent enough to get it debated and passed in time in the other place so that we would not have to stay here all night. It is disappointing for me, and it is disappointing from the point of view of my electorate. I would like to see election commitments that were made in Morley, around Ellenbrook and transport enacted, but instead we are talking about taxing businesses—a tax that is already legislated for. It is reversing a tax break that was legislated for by the Labor government. There are issues such as homelessness, affordable housing and transport infrastructure, but we have a bill that is going to punish people.

My colleagues have gone through the history of the GST. I will not delve into that again.

**Hon Helen Morton:** Oh, do, please; we want to hear it again.

**Hon AMBER-JADE SANDERSON:** Okay; I will.

Several members interjected.

**Hon AMBER-JADE SANDERSON:** As I have been invited to by honourable members, I will.

**The DEPUTY PRESIDENT (Hon Adele Farina):** Order, members!

**Hon AMBER-JADE SANDERSON:** This tax will be imposed on people when they pass on non-real business assets such as intellectual property, goodwill and business identity—things that people have worked and toiled to build up; that is, their relationships and their intellectual property. They are hard to put a value on and they are a critically important part of any business—that is, their reputation as a business. The fact that this is a tax slug on business is bad enough, but it is in a climate in which it is already a very difficult environment for them to operate in.

In the second reading, Hon Peter Collier stated that this was a tax slug of around \$120 million, but over the next four years it is \$527 million. There was a lack of honesty in even the reading in of the bill. It says that the abolition of the tax will be deferred, but it does not say when the end of that deferment will come; it is just deferred indefinitely. So it could reap hundreds of millions of dollars more from business in WA, and small business in particular. This is particularly difficult to understand coming from this government because of its political philosophies. Clearly, on the Liberal Party's website, it states that its belief is —

In government that nurtures and encourages its citizens through incentive, rather than putting limits on people through the punishing disincentives of burdensome taxes and the stifling structures of Labor's corporate state and bureaucratic red tape.

It was Labor that brought in this tax, and the Liberal–National government is ensuring that it continues to be imposed, rather than making life easier for small business, which, I understand, is the Liberal Party's natural constituency. It is turning its back on it and unwinding the legislation that would lift the tax. This is a conservative government that is supposed to be taxing less and spending less. Both of those things are clearly not true, and they have not been true in this government. It has been spending state money on big projects such as a stadium, but has then privatised a hospital, which, to me, is the completely opposite way around. It should be that private business builds a stadium and governments build hospitals. That is what governments should do. On land on which there is already a casino and a multimillion-dollar operation, the government is just going to give them a stadium—why not?—but it will get the private sector to build hospitals. It does not make sense.

**Hon Helen Morton** interjected.

**Hon AMBER-JADE SANDERSON:** It does not make sense. Rubbish; they do not. I am sure that the people who work in the public health system will be offended by that, minister. The people who work in the public health system and toil away—those people who look after children —

*Point of Order*

**Hon ALYSSA HAYDEN:** As I referred to in another member's speech, this bill is not about hospitals; this bill is about duties—transfer duties. So I would like the member to be pulled back into line with what the bill is about.

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**The DEPUTY PRESIDENT (Hon Adele Farina):** In relation to the point of order, the member was putting her point in context, and interjections carried it further. Perhaps if there were fewer interjections, we would be able to stick to the subject matter of the bill.

*Debate Resumed*

**Hon AMBER-JADE SANDERSON:** Thank you, Madam Deputy President. You are quite right. It is about context, and it is about a context of ineptitude and hypocrisy and doing things, in my view, completely the wrong way around. It is completely upside down that the Liberal Party will continue to impose taxes on businesses and, in particular, small businesses. I note that we seem to be picking on Hon Peter Katsambanis tonight, but I think it is because he has been so strident in his views, particularly in his first speech. I want to quote what he said —

Higher taxes, more red tape and further subsidies will not improve our society.

*Point of Order*

**Hon NICK GOIRAN:** I have listened with great interest to the articulate speech of the member. Unfortunately, what she is about to do now, as she has indicated, is quote from the maiden speech of Hon Peter Katsambanis. Hon Sally Talbot did an excellent exposé on that exact thing yesterday, so this is now getting repetitious. I would ask you to —

**Hon Sue Ellery:** Not every member has quoted from it.

**The DEPUTY PRESIDENT:** Order, members! I am trying to take a point of order.

**Hon NICK GOIRAN:** Because this matter has already been dealt with in detail by Hon Sally Talbot last night, it is totally unnecessary for us to hear it once again, as good as that speech was by Hon Peter Katsambanis. I would ask, Madam Deputy President, that you draw to the attention of the honourable member standing order 47(1), which makes it very clear that a member should not persist in repetitive arguments. I believe that the President has already made a ruling on that in this debate recently.

**The DEPUTY PRESIDENT:** On that point of order, yes, the President has made a ruling on that. The President's ruling was very specific in relation to quoting from a document. I do not believe the member is quoting from a document, unless Hon Nick Goiran is referring to Hansard as a document. The President also made it very clear that it was tedious repetition when numerous members have got up and made the same point. I do not think that is the case. I have listened to most of this debate and, to the best of my knowledge, only one other member has made reference to it. It is the right of every member in this place to stand and speak to any bill and to put their point of view across. The mere fact that somebody else has put that point of view across does not exclude any member from putting the same point of view across. I think that is an important principle that we need to uphold. Every member is entitled to stand in this place and put their point of view and their argument on the matter that is being debated.

*Debate Resumed*

**Hon AMBER-JADE SANDERSON:** Thank you, Madam Deputy President. My point is that Hon Peter Katsambanis said —

Higher taxes, more red tape and further subsidies will not improve our society.

The facts show and history demonstrates that taxation has grown under this government. It has grown from \$6.3 billion in 2007–08, when the Liberal Party came into government, to \$8.2 billion today. So taxation has grown. The Liberals' small business policy—this is the policy that the Liberal Party took to the election—states —

The Liberals are committed to lifting the tax burden on Western Australian businesses to free up funds that can be better used to invest, expand, employ and innovate.

This is just another example of the hypocrisy.

Revenue has also grown under this government, and revenue growth has been strong; it has grown from \$19.3 billion in 2007–08 to \$25.5 billion in 2012–13. We have revenue growth and big spending, and the government is still taxing business. Even though it is enshrined in law that these taxes will be abolished, we are going to wind that back. This is in the context of a range of other broken promises. It seems very easy for the government to do this after just three or four months and with barely even a justification from the minister in his second reading speech—just population growth, poor economic circumstances and pointing the finger at the

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federal government around the goods and services tax. The economic context has not changed that much. I would expect a government that has just been elected to legislate on its election commitments, to bring in a budget on time and to demonstrate to the community that it is a competent government that will fulfil its promises. At the end of the day that is why the voters ticked the box and put the number one against the Liberal candidate and why they wanted to see those things delivered.

**Hon Peter Katsambanis:** There were a lot of them.

**Hon AMBER-JADE SANDERSON:** Yes, there were, so there is a lot of expectation out there and members opposite had better live up to them. If they do not, they will pay for it in the end. That is why people wanted to see the Metropolitan Area Express rail line; the Morley police station, which is supposed to be finished by the end of this year, but not a single bit of work has been done. I drive past it every day and I can almost see the tumbleweeds blowing past it. It is empty; it is supposed to be staffed with 80 police officers by the end of this year. In one of his flyers Ian Britza, the member for Morley said that the people of Morley were being terrorised by criminals and thugs and that we needed 80 police officers in Morley. What a way for him to describe his community. That police station was a very important commitment —

**Hon Ken Travers:** It was only after the cabinet had visited.

**Hon AMBER-JADE SANDERSON:** Yes. And still nothing is there. That was the stamp, “fully costed, fully funded”. But it should have said, “fully costed, fully funded” in small print because they were only half promises. “Morley; we might deliver it, wait to see, we’ll build you some public hospitals, but we’ll let private operators run them and own them and they’ll make profits out of them, so they are actually private hospitals. The Swan Valley bypass: Oh, did we say we’d build that; we’re only going to build a little bit of it”.

Several members interjected.

**The DEPUTY PRESIDENT (Hon Liz Behjat):** Order, members, Order! Hon Amber-Jade Sanderson has the call and she needs to be heard in silence.

**Hon AMBER-JADE SANDERSON:** Thank you, Madam Deputy President. “The Swan Valley bypass: Oh, did we say we would build that, actually we are going to build a little bit of it. It is a half promise; it is not a full promise and the MAX light rail is a promise but it’s complicated.” Who would have thought?

*Point of Order*

**Hon PETER KATSAMBANIS:** I have been listening intently for the past few minutes and I have heard nothing that even remotely resembles relevance to the Duties Legislation Amendment Bill. I have heard about roads and I have heard about hospitals and I ask you to rule on the relevance of those issues and bring the member back to the substance of the bill that we are debating.

An opposition member interjected.

**The DEPUTY PRESIDENT:** Order! Hon Peter Katsambanis, there is no point of order and I think there is a bit of repetition coming from this side of the chamber now on this matter. Hon Amber-Jade Sanderson knows she is speaking to the duties bill and I am sure she will ensure she stays on that subject matter. Please continue.

*Debate Resumed*

**Hon AMBER-JADE SANDERSON:** Thank you Madam Deputy President. Yes, I will stay on the subject matter. Where was I? This legislation is a tax in the context of a lot of other painful policies. It is a tax on businesses that want to sell their businesses. This is a business tax in the context of a government that is already inflicting pain through increasing rates and charges, electricity and utilities. Many, many small businesses are struggling to keep up with the pace of that. The public sector wages cap is relevant; the government has kept wages low in the public sector. There is less money in people’s pockets, they are unable to spend, consumer confidence is low, they do not want to go out and spend their money and businesses are struggling. They may want to sell their businesses and now they will be slugged with an extra tax when they do sell.

**Hon Alyssa Hayden:** They’re not slugged.

**Hon AMBER-JADE SANDERSON:** Yes, they are. CPI is not a true reflection of the cost of living.

**Hon Alyssa Hayden** interjected.

**The DEPUTY PRESIDENT:** Order!

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**Hon AMBER-JADE SANDERSON:** This is in a context in which the government is making more than 1 000 public servants redundant and there is a squeeze on agencies so they cannot even buy stationery. As a member of the East Metropolitan Region, my electorate office is in the suburb of Morley, which is an area that contains a lot of retail businesses. I want to highlight the impact this Duties Legislation Amendment Bill will have on the retail sector and some of the challenges the sector is already facing. The retail sector is facing a lot of challenges, in particular, one of the biggest challenges is the growth in online retail. Online retail sales increased 23 per cent in the past year versus 2.6 per cent of shopfronts. That is a huge difference. The areas that are winning are the big department stores. The independent retailers, the mum-and-dad businesses, the people who have lived in the area nearly all their lives running family businesses, are struggling to keep up with online strategies. A good online integrated strategy is very expensive and hard for many people to afford and get their heads around. This is relevant because small businesses and retailers are some of our biggest employers. When we are hurting small business we are making it harder for people to pay good wages, to pay penalty rates and to employ people and to keep the economy moving. If we have high unemployment, the economy slows down. It is pretty basic economics. Even I understand that and I do not have a background in economics. If people do not have money in their pockets, they cannot spend it. If people's businesses are hurting and they need to sell because they need to retire or they want to move on or develop or even restructure and make their business more efficient, this will tax them; this will hurt them.

*Point of Order*

**Hon ALYSSA HAYDEN:** I would like to question that the honourable member may be misleading the Parliament slightly in the way she is saying this will hurt an existing business if it sells. Sellers will not pay this tax; it will be the person who purchases the business. She is saying "These poor business people are hurting because they are being slugged". They are not the ones being slugged with a tax. A transfer duty will be paid by the person who purchases the business.

Several members interjected.

**Hon ALYSSA HAYDEN:** Excuse me; I have the call.

**Hon Sue Ellery:** Yes, on a point of order.

**Hon Ken Travers:** Make a speech.

**The DEPUTY PRESIDENT:** Order!

**Hon ALYSSA HAYDEN:** My question is: I have heard a number of speakers on the other side say that the people who are struggling in business and want to sell will be slugged with a tax. That is incorrect and they are misleading this Parliament and the odd person who may be listening. I wish they would not refer to people selling their business being slugged with a tax; it is misleading.

**The DEPUTY PRESIDENT:** On that point of order, members, Hon Amber-Jade Sanderson is putting forward her point of view in relation to how she sees this legislation affecting people. Hon Alyssa Hayden may also have a view about what this legislation may or may not do. When the time is appropriate, if Hon Alyssa Hayden wishes to she can make a contribution to that debate and then it is up to members to decide whose side of the argument they want to follow.

*Debate Resumed*

**Hon AMBER-JADE SANDERSON:** I take a little exception to being accused of misleading the Parliament. When someone is trying to sell a business—buy a business; my apologies—just like when they are trying to buy a house or buy a car they take into account the tax they will have to pay on that. That determines whether they proceed with that settlement. It is harder for people to sell and restructure their businesses. I will get back to small businesses and retailers; they are some of our biggest employers. When we hurt small business it is harder for people to provide secure employment, to pay good wages and to pay penalty rates.

Another big challenge in the retail sector is cautious customers. People are saving more, there is less job security, the cost of living is rising and people are paying higher electricity and utilities charges, so businesses are suffering. I will quote from the Deloitte Global Powers of Retailing 2013, as follows —

The retail environment in Australia has been a bleak one for a number of years. Across 2010 and 2011 Australian retailers failed to maintain their level of sales ...

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Interest rate cuts have been the prime driver of an improved level of spending rather than underlying capacity to spend (with jobs growth in Australia remaining anaemic), while consumer confidence is broadly neutral but remains volatile ... — not a healthy environment for spending).

This is a tough time for businesses and retailers. My major concern is for the independents. We want to develop centres and community hubs, not just these large, sometimes soulless, shopping centres that are full of big chains. We need community hubs, and they need to consist of independent and small businesses. There are areas in the East Metropolitan Region that are desperate for renewal. Old Perth Road, Bassendean, is a prime example of a neglected area that has everything going for it, except a vibrant business community. It is right next to a train station. It should be employing local people. It should have independent retailers. There should be the ability for people to buy those businesses and develop the site into a community hub. This is one more policy that will make that harder. Other areas such as Kalamunda and Malaga have a lot of independent retailers.

I will conclude my comments on this bill by re-emphasising that this bill is disappointing to a new member. It is an example of the ineptitude and hypocrisy of this government. I would like to see some of those people who feel so deeply about free market, small government and low taxes get up and argue against this bill.

**HON LJILJANNA RAVLICH (North Metropolitan)** [2.11 am]: I rise not to oppose the Duties Legislation Amendment Bill 2013, but to express my concerns with the bill. Like many speakers before me, I certainly have some serious concerns about the breach of trust between this government and the people of this state, in particular the small business people. Under the Duties Legislation Amendment Bill, small business will not be given tax relief on the understanding that it can no longer be afforded. Small business was led to believe that this tax relief would come their way. They have waited for it for a number of years. Although it was imminent, the government has made a decision that, because of the changing economic circumstances, this is no longer an “I can do”; rather it is an “I cannot do.” It is clearly stated in the second reading speech that the reason the government has decided that this tax relief will not be provided to small businesses is the economic circumstances that the government has found itself in. I find that statement in the second reading speech most concerning. This decision has been attributed to economic circumstances that have deteriorated. As a result of the deterioration of the budget, the government can no longer afford this commitment, or many other commitments, and, consequently, there has been a breach of trust between the government and the people of this state, in particular small business people, as I have said.

A very clear commitment was given that Western Australia would abolish this duty from 1 July 2010 as part of the GST agreement between the commonwealth and all the states and territories, and that this abolition would be legislated for in the Duties Legislation Amendment Bill 2007. We have a breach of contract with the commonwealth government by the state government because this is now no longer the case. It raises the question: what is the practical implication of this breach of contract with the commonwealth? I do not know; I have not seen the fine detail of the agreement between the commonwealth and the states specifically in relation to this matter. I do not know whether the state can walk away from the commitment it made with the commonwealth government and that will be the end of it, or whether some penalties will be involved or other follow-up issues will result from the fact that this agreement will no longer be honoured. If we go into committee on this bill, that is one question that will need to be asked: what are the obligations of the state to the commonwealth as a result of the breach of this agreement?

The penultimate issue is why this breach of faith has come about between the government and the people of this state. The reason given in the second reading speech states —

... in 2009, the impact of the global financial crisis compelled the state government to defer the abolition date by three years to 1 July 2013. This was given effect in the Revenue Laws Amendment Act 2010.

I do not think the government can or should blame everything on the global financial crisis. Yes, there has been a deterioration in the economic conditions in this state. Yes, revenues are down from what they would have been had there not been that deterioration. I do not think anybody would argue with that. But, at the same time, we need to talk about two things. We need to talk about the revenues that flow into the government's coffers and we need to talk about the money that comes out and how it is spent. On the spending side, everybody would agree that one of the characteristics of the Premier is that he does not mind spending money; he is quite a spendthrift. In fact, he has a long history of economic irresponsibility. Many members of his cabinet are also fiscally irresponsible, and I want to talk about that fiscal irresponsibility. This is not just about a global financial crisis and a government not being able to deliver its commitment to the business community of the state, in particular

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the small business community; this is about a government not being able to control its spending. The government now finds its AAA credit rating at risk and, as I understand it, is very close to losing its AAA credit rating. The government is absolutely desperate to find revenues. Earlier I put on the record my dismay when the Attorney General said that the courts could not afford \$50 000 to buy a camera so the proceedings in courts could be televised. But this is pretty much along the same line. The point I am making is that this government is desperate to find revenue to plug the holes in the budget and to deal with the overspending by ministers who have not been able to control their budgets and by a Premier who certainly has not shown any fiscal restraint. That is how this problem has come about. The government is in corrective mode because those revenues have not been checked.

I will bring to the house an example of how this translates to a minister's portfolio. However, before I do, I understand that breaking the promise to provide this tax relief to businesses will equate to some \$527 million over the forward estimates. That is quite a substantial saving. There is no doubt that breaking this election commitment goes right to the heart of the commitment the Barnett government gave to small business in the lead-up to the last election. Page 3 of the Liberal Party's small business policy clearly states —

The Liberals are committed to lifting the tax burden on Western Australian businesses to free up funds that can be better used to invest, expand, employ and innovate.

However, the Duties Legislation Amendment Bill 2013 before us does exactly the opposite. The Liberal Party went to the election and said one thing and after the election it has done something totally different. That is not the foundation of a good government and it is not how to build trust with the electors. My learned colleague Hon Amber-Jade Sanderson has made some comments about the commitments the Liberal Party gave to the electorate of Morley. Many commitments were made in that, and I will address some of them later. The government gave many commitments right across the board. It said that it would deliver on certain commitments but after it won the election, all of that changed. A government should not be able to behave in that manner, but this has become the hallmark of the Barnett government.

I will highlight a paragraph in the second reading speech of the bill. I am not talking beyond the scope of the bill; I want to go to the heart of it. What has caused this problem? Does anyone in this chamber really believe that the government is not honouring its commitment to give tax relief to WA businesses to the value of \$527 million over the forward estimates because of the impact of the global financial crisis? That is allegedly why there has been a breach of the GST agreement between the commonwealth and all the states and territories and why we are amending the Duties Act 2008. I say that us dealing with this bill and businesses not getting this tax relief has very little to do with the global financial crisis. I put it to this house that the reason that is the case is that this government has been fiscally irresponsible. I will use the energy portfolio as a case in point.

**The DEPUTY PRESIDENT: (Hon Liz Behjat):** You are going to make these comments relevant to the Duties Legislation Amendment Bill 2013, are you not, member?

**Hon LJILJANNA RAVLICH:** I am indeed. I have already put that on the record, and I put it on the record so that you, Madam Deputy Chair, would be very clear about the point that I am making. The point that I am making—I will say it again—is that I do not for a minute believe that the bill before us has been introduced because of the global financial crisis. I say that it is before us tonight because of the fiscal irresponsibility of the Premier, this government and the ministers in this government. I just want to use information that is already on the public record; I am not bringing new material to the house. This information demonstrates how fiscal irresponsibility has caused enormous pressure on taxpayers right across the board and that, as a consequence, the government must find revenue to deal with the pressures caused by the lack of fiscal discipline and incompetence of the Premier and the ministers of this government.

These matters have already been before the house but I want to talk about what has happened in the energy portfolio. Members might remember the green electricity scheme and the Barnett government's solar subsidy scheme, which ended up costing WA taxpayers and electricity consumers a staggering \$600 million.

**Hon Peter Collier:** That's a mistake. I have told you that about six times.

**Hon LJILJANNA RAVLICH:** Is it now \$400 million?

**Hon Peter Collier:** You're reading from *The West Australian*. They have apologised for that story.

**Hon LJILJANNA RAVLICH:** Did it?

Several members interjected.

Hon Ken Travers; Hon Simon O'Brien; Deputy President; Hon Phil Edman; Hon Peter Katsambanis; Hon Samantha Rowe; Hon Peter Collier; Hon Kate Doust; Hon Amber-Jade Sanderson; Hon Ljiljanna Ravlich; Hon Helen Morton; Hon Alanna Clohesy; Hon Sue Ellery; Hon Nick Goiran; President; Deputy Chair; Hon Dr Sally Talbot

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**The DEPUTY PRESIDENT:** Order members! We were going along very nicely there for almost 20 minutes and I would like us to continue in the same vein. Hon Ljiljanna Ravlich will confine her remarks to the matter at hand.

**Hon LJILJANNA RAVLICH:** Madam Deputy Chair, you must excuse me, I have just woken up and I do not know whether I am dreaming or having a nightmare.

**The DEPUTY PRESIDENT:** The member may want to excuse herself from the chamber until she has got herself together.

**Hon LJILJANNA RAVLICH:** Every time we bring a matter into this place that deals with the Leader of the House and his lack of competence, he gets nasty.

**Hon Peter Collier** interjected.

**Hon LJILJANNA RAVLICH:** Do not get nasty with me.

**The DEPUTY PRESIDENT:** Order! Hon Ljiljanna Ravlich, I think you have been told on more than one occasion that I am aware of that when you make your comments, you should address them through the Chair, not directly to members on the other side of the chamber. I would appreciate it if the member continued in that vein for the remaining 27 minutes of her speech.

**Hon LJILJANNA RAVLICH:** There was the \$600 million solar scheme. If that figure is a mistake, so be it. I do not know whether it is \$600 million or \$400 million, but *The West Australian* on Tuesday, 15 May 2012 reported that it was \$600 million. The article is titled “\$600m solar flare: Huge cost blowout of green electricity scheme revealed” and states —

The Barnett Government’s household solar subsidy debacle will end up costing WA taxpayers and electricity consumers a staggering \$600 million over the next 10 years—10 times the scheme’s original budget.

Under pressure to explain how the scheme had got so badly out of control, Energy Minister Peter Collier revealed yesterday that in addition to the scheme costing taxpayers the previously announced \$45 million —

There is a big difference between \$45 million and \$600 million, and the minister wants to blame that on the global financial crisis! This guy manufactures the global financial crisis! He is absolutely a walking disaster. The scheme that was supposed to cost \$45 million has now gone up to \$600 million and the minister over there just says, “Don’t blame me; it’s not \$600 million, it’s less than \$600 million”. Well, it might be; it might be \$595 million, it might be \$545 million—I do not know. It may well even end up being \$800 million by the time he has finished; I do not know.

**Hon Ken Travers:** You’ve got the whole chamber awake!

**Hon LJILJANNA RAVLICH:** I am half asleep! I know that there is a big gap —

**Hon Liz Behjat:** You’re talking in your sleep, are you?

**Hon LJILJANNA RAVLICH:** I could be!

Several members interjected.

**The DEPUTY PRESIDENT (Hon Brian Ellis):** Order, members.

Several members interjected.

**Hon LJILJANNA RAVLICH:** Gee, the member has changed in five minutes! I think it is a nightmare!

We have gone from \$45 million to \$600 million; that is a difference of \$555 million, so that is a lot of money. I will put that to one side; I note that the Leader of the House has gone very quiet. I will refer back to the penultimate paragraph, paragraph 3, about the impact of the global financial crisis compelling the state government to defer the abolition date by three years to 1 July 2013. I then want to have a look at the Muja AB blowout, again by the same minister. As if \$600 million is not enough! This is the great Minister for Energy over there. I refer to an opinion piece by Gareth Parker that appeared in *The West Australian* on Thursday, 20 June 2013, titled “Taxpayers take a hit for bungled power plan”. On 11 May 2009 the Premier and then Minister for Energy Peter Collier announced that the Muja AB generating units, built in 1996 and mothballed in 2007, would be refurbished amid energy security concerns after the Varanus Island gas explosion. The plant was to retrofit 240-megawatt generating units to bring it up to a modern environment standard; they were to run during



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summer, and so on and so forth. Hon Peter Collier apparently made a request for \$60 million to fix the boilers. He had been knocked back by the powerful Economic and Expenditure Reform Committee, but reporters learnt from Mr Nahan—the poor gentleman who has inherited this portfolio—only a few days ago that sometime in December or January, cabinet in fact approved an amount of additional spending but again, no announcement was made. After refusing to tell reporters or Parliament precisely how much additional spending was provided, Dr Nahan finally told *The West Australian* that the amount was \$47 million, although he still refused to say how much he expected the project would cost in total. So, he went to the EERC and got another \$47 million, but it does not stop there. The article that I am referring to is an *Inside State* piece. The article reads, in part —

It cannot pass without comment that this debacle was overseen by Mr Collier. His stewardship of the energy portfolio also resulted in the \$417 million blowout of the solar feed-in tariff ...

The Leader of the House should not shake his head! This is the ex-energy minister alone. It is anywhere between a \$417 million blowout of the solar feed-in tariff —

*Point of Order*

**Hon SIMON O'BRIEN:** I apologise for interrupting, but it is only on the basis that this has absolutely nothing to do with the bill before us now, and I ask the Deputy President to direct the member accordingly.

**The DEPUTY PRESIDENT:** Hon Ljiljanna Ravlich is obviously quite aware of standing order 46, and if she is not, I draw her attention to it, and ask that perhaps she could get back to debate on the bill. I will be listening with great interest to hear whether she can tie in her last comments to the bill before the house.

*Debate Resumed*

**Hon LJILJANNA RAVLICH:** I have already explained how it ties in. The point that I am making—I will continue to make this point—is that the bill is not before the house because of the global financial crisis; it is before the house because the government's spending is out of control and the state's AAA rating is under threat. Why is that? It is not because of the global financial crisis that these things are happening. It is because of the incompetence of government ministers.

Several members interjected.

**Hon LJILJANNA RAVLICH:** If members want to stand up, I do not mind. I am more than happy for them to stand up and they can make whatever comments they want when they do so, but at the moment I am on my feet. We have a blowout of \$417 million, a \$100 million blowout in —

**Hon Jim Chown** interjected.

**Hon LJILJANNA RAVLICH:** Look, if the member wants to get up, he should get up. He has sat there for four years and said nothing! He has sulked for four years and now finally —

**The DEPUTY PRESIDENT:** Order, members! The honourable member will take a seat. I think both sides of the house need to settle down now so we can get back to the subject we are dealing with, which is the Duties Legislation Amendment Bill 2013. Hon Ljiljanna Ravlich has the call.

**Hon LJILJANNA RAVLICH:** So there is a \$600 million solar green electricity scheme blowout, and then we have the Muja AB blowout. There is also a \$100 million blowout in the Pilbara underground power project, a \$55 million blowout in Synergy's billing system, and delays and blowouts in the Kwinana high-efficiency gas turbine project, costing an additional \$75 million.

This is the point. For those members who are interested and are listening, these losses —

Several members interjected.

**Hon LJILJANNA RAVLICH:** I ask members to put their hands up if they are interested! Very good!

Several members interjected.

**Hon LJILJANNA RAVLICH:** I will try to put a picture of myself on the front!

These losses alone could top—not could, but I think will top—\$1 billion. This is one minister.

Hey, the state budget is only \$23 billion, and this minister single-handedly blows out \$1 billion! It is unprecedented! It is unheard of that one minister can blow out \$1 billion! Of course things have to be sacrificed, of course things cannot be paid for and of course there is not enough money to go around because he has blown \$1 billion.

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*Withdrawal of Remark*

**Hon HELEN MORTON:** I would like the member to withdraw the statement about “he”, and referring to the minister in that form. I think there is a standing order that refers to members referring to members across the chamber as “he”. And it might be reasonable to expect that the member would direct her comments directly through the Chair.

**Hon Ljiljanna Ravlich:** Desperate people!

**The DEPUTY PRESIDENT (Hon Brian Ellis):** The honourable member has been in this place long enough to know the correct way to address members of Parliament, and I would ask her to do so in future.

**Hon LJILJANNA RAVLICH:** I withdraw. I sincerely apologise. I very much apologise to the Leader of the House because I called him a “he”. I apologise for calling him a “he”. Okay. Sorry; what else should I apologise for?

A member interjected.

**Hon LJILJANNA RAVLICH:** Referring to him as a he? Well, he is not a she!

**The DEPUTY PRESIDENT:** Order, members!

**Hon LJILJANNA RAVLICH:** Anyway, I apologise.

**The DEPUTY PRESIDENT:** I would draw you back to standing order 46, and the relevance of your comments to the debate.

*Debate Resumed*

**Hon LJILJANNA RAVLICH:** Here we go. That is the only point I wanted to make; it is no big deal, so the Leader of the House lost \$1 billion! He lost \$1 billion! And it gets worse, because the Leader of the House is going to lose more than \$1 billion because the next press release states that Treasury is now warning—this was on 9 February 2013, so not long ago—of a \$102 million Muja black hole, which is made up of part of this lost \$1 billion plus. This could all deepen! This minister may be responsible for a loss of up to \$2 billion—I do not know; it depends on how deep it deepens, I suppose.

But anyway, of course there is no money around. How can the government expect to have money when \$1 billion is blown by one minister? If this minister has blown \$1 billion out of \$23 billion budget—of course, this minister, the Leader of the House, has very little to say now —

**Hon Peter Collier** interjected.

**Hon LJILJANNA RAVLICH:** Yes, he has very little to say.

**Hon Ken Travers:** He won't be able to hide under the short title.

**Hon LJILJANNA RAVLICH:** He cannot hide under the short title. He is probably on Facebook as we speak!

This is where the problem arises. This is why we see this duties bill that means there will be no tax relief for small businesses. There cannot be any tax relief for small businesses because there is no money to give tax relief to small businesses, and no money for lots of things. People have to go without when there is no money; that is what happens. No money—people have to go without. Lots of people have to go without lots of things because the minister was incompetent. It boils down to that. Small business, unfortunately, in this case is the loser.

No-one is as honest as they should be about these things. What the government, the Premier or this minister should do—what somebody should do—is just say to the small business sector, “We can't give you the promised tax break because we have squandered the money. We have wasted the money. We have not been fiscally responsible and the money is not there.” That is the truth, and what is so bad about the truth? The minister should just go and explain to people in the small business sector that that is really what has happened.

It is very concerning that the Duties Legislation Amendment Bill 2013 that will facilitate the unwinding of the scheduled abolition of transfer duty on non-real business assets such as business licences, goodwill and intellectual property has come at a time when the small business sector is going through a really, really difficult time. A number of things are happening in the small business sector. We do not have to be rocket scientists to know that small business is in quite a bit of difficulty and facing a lot of challenges. Anybody with any interest in the small business sector knows that these are particularly difficult times because of the slowing down of the world economy that has been reflected in our own economy. There has been a slowdown in resource projects and in the real estate sector—there has been a slowdown across all sectors—which naturally flows through to the

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small business sector. The small business sector does it pretty hard in any event, and apart from the declining economic conditions nationally and internationally, the structural changes in the small business sector are making it increasingly difficult for it to compete. I do not know about other people in this place, but I do a little online shopping here and there —

Several members interjected.

**Hon LJILJANNA RAVLICH:** I think a lot of people do a bit of online shopping, but it makes it harder for small business to compete. Some major structural changes are happening in the small business sector.

The taking away of the promise given that can no longer be delivered on because of incompetent ministers such as the Leader of the House is yet another burden on small business that it should not have to carry. I fear for the future of small business. I went to Fremantle not long ago and was amazed at the number of shops that were closed. I went through Perth the other day—I do not often go into the CBD because I do not often find a reason to—and I was amazed at the change in the CBD and the number of shops without tenants. There is no doubt that a lot of things are changing in that small business area, and unfortunately it was really looking towards government to provide it with the relief it so desperately needs, and what happens? Right at the last minute this government pulls the rug from under its feet and says, “Hey, you can’t have it.” I think it is really, really sad, but it is one of many broken promises. People may not like to hear it, but we know that promises have been broken all over the place. We know promises have been broken and that commitments given prior to the election will not now be honoured because the money is simply not there to pay for them. We know why the money is not there: because of the incompetence of ministers such as the Leader of the House.

**Hon Paul Brown** interjected.

**Hon LJILJANNA RAVLICH:** Oh dear, oh dear, oh dear. It is getting a bit too sophisticated for me.

This is just one of many broken promises. I do not think one can look at the Duties Legislation Amendment Bill without looking at other commitments that have not been honoured by the government. I think they go hand in hand. There are so many commitments that have not been honoured by the government. I will give another example. I had cause to meet recently with local government representatives. They have put on record the fact that the government went to the last election saying there will not be any amalgamations of local government authorities, but now they are saying there will be. I said, “I do not know —

**Hon Alyssa Hayden** interjected.

**Hon LJILJANNA RAVLICH:** This ties in with it.

**The DEPUTY PRESIDENT (Hon Brian Ellis):** I am hoping you are going to convince me!

**Hon LJILJANNA RAVLICH:** I am going to convince the member. What people do not understand is that local government reform will actually cost hundreds of millions of dollars. Where local government was reformed—in Queensland, Victoria et cetera—it cost hundreds and hundreds of millions of dollars. It was paid by the state government so that those reforms could occur. When I met local government representatives I said, “With all the best will in the world, whilst the government may want to reform local government—even though it promised that it did not want to force amalgamations on local councils —

**Hon Alyssa Hayden:** How is that relevant?

**Hon LJILJANNA RAVLICH:** I will tell the member how it is relevant. It is relevant because there is no money to fund the reform process. Why is there no money to refund the reform process? It is because people such as the Leader of the House have basically squandered all the money by bad decisions and by their incompetence. There is no money. Obviously this commitment, in terms of tax relief for small business, cannot be delivered because there is no money. If there is no money for this, there will not be any money for local government reform either. Election commitments cannot be delivered because there is no money. It has nothing to do with the global financial crisis; it has to do with the incompetence of ministers. That is the point I make. I am also making the point that commitments were given about local government reform; that is, that councils would not be forced to amalgamate. Now I understand there is talk of amalgamation. In real terms it is highly unlikely because the government cannot afford to pay amalgamation costs. It is as simple as that. It cannot pay for those just like it cannot pay for tax relief for small business. Unfortunately, this amounts to a breach of trust. This government has not done the right thing by small business.

**Hon Alyssa Hayden:** You have only five minutes left.

**Hon LJILJANNA RAVLICH:** Yes, I know. I am not counting; I could go again!

**Hon Ken Travers** interjected.

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**Hon LJILJANNA RAVLICH:** Maybe I should ask for an extension.

Small business has the right to be aggrieved about the expectation it had of this government honouring the commitments it made about the Duties Legislation Amendment Bill. In addition to the unwinding of the scheduled abolition of transfer duty on non-real business assets such as business licences, goodwill and intellectual property, this will be another burden they will have to carry. It is unfortunate that that will be the case. It would have been, could have been and should have been entirely avoidable. It is really a sad reflection on this government, the Premier and the ministers because this is the mess that they have got themselves into. Unfortunately, businesses across the state will have to carry the burden of the government's incompetence. It is about as simple that. This is really where I am coming from: the government has been so dishonest in trying to shield or mask it as a problem created by the global financial crisis. That may well be so, but a very, very small portion can be blamed on the global financial crisis. The government has laid the blame, but the blame should be laid fair and square at the incompetence of the government rather than at the global financial crisis. That is really the point I make. The way this has presented, that this change had to occur because of the global financial crisis, is inherently dishonest. The people of this state, the small, medium and large business sectors, at least deserve the truth. Do not wrap it up in a lot of baloney and a lot of bull, so to speak; tell it as it is. This is certainly not what has happened in this case.

**HON ALANNA CLOHESY (East Metropolitan)** [2.16 am]: It is good to get an opportunity to talk about this bill, about which I have a number of concerns for various reasons in three broad areas. I have concerns about the purpose of the bill, the way the bill has been brought and the effect this bill will have. As we heard, the purpose of the bill is simply to raise tax. The bill postpones a tax cut to small business. Incidentally, the tax cut that is being scrapped was originally legislated to come into effect on 1 July this year—about three days away. Therefore, in three days, small businesses would have effectively had a promised tax cut, but no more if this bill is to be successful. We know that this bill puts a stay or puts off or abolishes transfer duties for non-real business assets. If this bill is passed, and what will continue to occur, is that business operators who purchase non-real business assets will continue to have to pay duty on those assets. If a business operator wants to purchase goodwill, a business identity, a business licence, the intellectual property of another business, rent rolls or client list or similar items—that is a pretty long list—they will have to pay transfer duty on all those items.

Exactly how much of this will be reaped by the government by way of this transfer duty that will be imposed? There has been a lot of discussion about that. I quickly wanted to look at what the dollar value will be. In his second reading speech, Hon Peter Collier told us that the government anticipates collecting about \$120 million through this tax each year. That advice was also set out in the explanatory memorandum. I think \$120 million in taxes is quite a lot of money, particularly when it comes from small businesses that are doing it tough. In a briefing from departmental officials, we heard that that amount is expected to grow over \$140 million in the last year of the forward estimates. We now understand that this tax will raise around \$125 million in the first year, 2013–14; \$122 million in the second year; \$133.5 million in 2015–16, the third year; and climbing up to \$147 million in 2016–17. A total of \$527 million will be raised over the next four years from small businesses that are doing it tough. That is the first of many of the concerns that I have. We were informed in this place that the tax will collect an estimated \$120 million when the best available information from government officers was that it will be well over that and probably around an extra \$27 million per year by the fourth year.

Who does this bill affect? Obviously, it affects small business operators throughout WA but the spin-off effects will be greater than that. Let us look at small business first. According to the Western Australian government's Small Business Development Corporation, a small business has a number of features, including that it is independently owned and operated, it is a non-public company, and it is closely owned and controlled by people who contribute most, if not all, of the operating capital. Not only are small businesses already doing it tough, but also they contribute most, if not all, of the capital. They are also the principal decision-makers. The principal decision-making function rests with them. In most cases, small businesses are generally defined as having 20 employees or fewer. These people are out there contributing in a large way to our economy every day. They feel the rolls, the dips and the turns of our economy. They get the full force of it. They feel it on a day-to-day basis. I know this because I have lots of friends who own and operate small businesses and I have a lot to do with small businesses in my electorate. I am thinking of particular small business operators right now. I see them working incredibly long hours daily. Sometimes they work to the point of exhaustion. In some cases, they work longer than we do. I see them fighting daily to keep their costs down. They work really hard to keep their costs down and to avoid unnecessary costs because we know that it is not easy out there.

My second problem with the bill is that this tax is just another cost to small business, particularly when they are doing it hard and particularly when they are doing it tough. I am thinking, in particular, of two small businesses

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in Mt Lawley. Even though the area seems to be thriving, they are finding it very, very hard. I will get back to that shortly. Why is that happening? It is happening because of a broken promise. As I mentioned, these businesses are usually categorised as small businesses, not only because of the features that I mentioned but because they employ 20 people or fewer. I was quite surprised to find the total number of businesses that represents in our economy—nearly 96 per cent of all businesses in Western Australia. They are the businesses that this bill has the potential to affect. Those small businesses are operating across a range of industries, including manufacturing, the services sector and retail, as Hon Amber-Jade Sanderson talked about so eloquently. Even in industry sectors where large businesses dominate, their success is dependent on those small businesses. Large businesses depend on small businesses for their own success.

Let us look at the proportion of Western Australian businesses in each category. A total of 0.3 per cent of businesses are categorised as large businesses, 4.3 per cent are categorised as medium while the rest are small businesses. They are the businesses that this tax is affecting. Essentially, the government said one thing to 95.4 per cent of all businesses before the election—“You can have your tax cut. It has been on the books for a number of years but we will reduce this burden for you.” It is saying something completely different after the election. It is saying, “No, you can’t have your tax cut.” From where I stand, that is just plain unfair and compounded by the fact that these same small businesses are already bearing the brunt of earlier broken promises.

I talked about small businesses in Mt Lawley. They are doing it tough. A number of businesses in the area around Walcott Street and Beaufort Street are closing. We see the turnover happen every day. They are dealing with not only this broken promise, but also with what other small businesses are dealing with and indeed, most families in WA; that is, other promises that were broken, like their electricity bills would be kept at or around the rate of inflation of 2.75 per cent. They have seen electricity prices rising by close to 70 per cent. That is an extra 70 per cent cost of running a small business—an extra 70 per cent on the cost of living in this state. Electricity prices are 45 per cent or higher than the consumer price index. Because of the type of business it is, the small business that I have in mind needs a fair amount of electricity to operate. The owners of this small business tried everything to bring their cost of electricity down because of the type of business it was and because they were also concerned to bring their costs down. They only recently found out that they were eligible for some state government assistance in this area, which they were pretty pleased about. They were beside themselves about the increased cost of electricity to their business. They are trying to get out of their business but they cannot. They were not told about some of the subsidies that were available for them to help reduce electricity costs. They were not written to. No-one came knocking on their door. They found it in very small print on a website. They were trying really hard to cut all their energy costs, including electricity.

The other utility that food and beverage businesses use is water. The small business that I am thinking of was slugged an extra 63 per cent for the cost of water. They need water to run their business. It is not as if they can run their business—it is a food business—without water. That cost increase, which they had every right to anticipate would not be experienced by their business because they were not told the cost of their water would increase, were slugged 63 per cent because they were promised by the government that they would not experience such cost price rises. There is a lot more to this picture and a lot more businesses are experiencing greater hardships. This bill represents an additional hardship. The cost of water will rise six per cent, electricity will rise four per cent and gas will rise 6.4 per cent. These are the possible expected rises for utilities after 1 July, in three days’ time. I say they are expected because I had to find that out through the media. I asked what those increases might be but I was told that it was too difficult to find the information.

During 2009–10, 29 356 small businesses registered names through the Department of Commerce in Western Australia. That figure comes from the Small Business Development Corporation website, which states —

This figure is significantly higher than the previous two years, where business name registrations remained steady at 25,410. This appears to indicate that confidence has increased following the global economic downturn.

However, it is important to note that business registrations are valid for three years. As such, the impact of the current economic situation on the viability of these new businesses will become more apparent over the next few years, as they renew or cancel their existing business names.

It is likely that this bill will not be good for that proportion of new businesses that are developing by purchasing, for example, the goodwill from another business in their start-up. What does this mean? I have talked about a couple of businesses, in particular, in the East Metropolitan Region that I know of that are experiencing it tough. What does it mean for the East Metropolitan Region in general? Let us have a glimpse at the total number of these businesses in some areas of East Metropolitan. According to the Australian Bureau of Statistics, the 2011

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census showed that, for example, 1 743 small businesses are registered in Mt Lawley. In Maylands, 908 small businesses will potentially be affected by this bill. In Ellenbrook, 1 109 small businesses will be potentially affected. All of those small businesses were promised that they would get some tax relief from this government, a promise from a supposed low taxing government, a promise that when this government had the chance to reduce tax for small business, it reneged on. That is not fair. Small businesses deserve better.

**HON SUE ELLERY (South Metropolitan — Leader of the Opposition)** [3.12 am]: What an extraordinary set of circumstances we find ourselves in. I am rising to make my comments at about 3.12 am. I said to my colleagues about an hour and a half ago that it has been a very long time since I have been up this late, communicating and fully dressed. On the days that my husband is doing shiftwork, he would be getting up about now and at about 3.15 am, I would hear the click of the front door. He does not wake me up before then but I hear the click of the front door. I know he has gone to work and I roll over and go back to sleep, which is not going to happen now. It is extraordinary not because I am awake but because we are here and we absolutely do not need to be. The second reading speech tells us that we do not need to be and the bill itself tells us that we do not need to be. The reason we are here is that the government has made a political decision to pretend that it needs to get this bill through by 30 June when the bill anticipates either a commencement date before 1 July or a commencement date on or after 1 July. That is in the bill, and it is referred to in the second reading speech. The bill was second read into this place on 18 June. That was five sitting days ago. The debate on the second reading started in this place on 26 June. Under our standing orders, technically we could have started this debate on 25 June, which would have generated an extra day's debate than we have had so far. The second reading speech was delivered in the other place on 22 May and the second reading debate concluded and the bill was read a second time on 12 June. Who controls the timing of the legislation that comes before the Assembly and the Legislative Council?

**Hon Ken Travers:** No-one knows. I think that's the problem at the moment.

**Hon SUE ELLERY:** It is worth asking the question because I assumed it was the government. It controls when we get legislation. The government that is telling us that this is a time-sensitive bill brings it into this house on 18 June and starts the debate on 26 June. The government controls when we debate legislation. We started this debate on 26 June. The very next day—27 June—one day after we started the debate on this bill, we are accused of holding it up and unreasonably delaying the passage of the bill when we started debating it one day before. The day after we started the second reading debate, we are sitting all night. The bill's second reading speech and the bill itself give the government options as to when the bill comes into effect and therefore, when it can start to collect the moneys that will come from the transfer duties. The second reading speech tells us —

If this bill receives royal assent before 1 July 2013, it will amend the Duties Legislation Amendment Act 2008 and the Duties Act 2008 to repeal the provisions that would otherwise abolish duty on non-real business assets. If the bill is assented to on or after 1 July 2013, the original provisions imposing duty on non-real business assets will be re-enacted. Transitional provisions will apply to dutiable transactions over business assets that were entered into on or after 1 July 2013, but before the commencement of the re-enacted provisions.

The second reading speech tells us that the government has options built into the bill. Those options are set out in clause 2, "Commencement". Subclause (1) states —

- (1) This Act comes into operation as follows —
  - (a) Part 1 — on the day on which this Act receives the Royal Assent (**assent day**);
  - (b) Part 2, except to the extent to which it does not operate because of subsection (2) —

Subsection (2) is important, and I will come back to that —

- on assent day;
    - (c) Part 3, except to the extent to which it does not operate because of subsection (2) — on the day after assent day.
  - (2) Part 2 does not operate if assent day is 1 July 2013 or later and Part 3 does not operate if assent day is before 1 July 2013.

In relation to the commencement provisions, the structure and the content of the bill give the government options. If it is passed before 1 July, this bill, when it becomes an act, changes the two parent acts by repealing the relevant provisions. On the other hand, if it is assented to on or after 1 July 2013, the bill, when it becomes an

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act, will effectively re-enact the original provisions, and transitional provisions will be in place as well. Why is it that we are here in the middle of an all-nighter when the bill itself says: anticipating that we may or may not make, let us say, the government's preferred deadline of 30 June, here are options to ensure that either way the bill will take effect, and either way the government will collect the revenue that comes to it out of this bill? The government has drafted the bill in such a way that it is covered. The revenue is coming in and the government is covered. So why, the day after we start the debate, are we doing an all-nighter—we started the all-nighter the day after?

The second reading speech also sets out the reasons that we have to have this bill at all. I put it to the house that those are spurious reasons, but I will get to that eventually. What the second reading speech, though, fails to tell us is why, given that it includes two sets of commencement arrangements, there is a preference for one. The second reading speech did not address that at all. If the second reading speech had addressed that question, we might understand why I am standing here at 20 past three in the morning. There is a pattern here, and the pattern is sloppy management of the government's legislation. In fact, a lack of legislative agenda at all is the major problem. But even having got some legislation, dubious though it is, the government cannot manage that.

The other day, in another debate in this chamber, I referred to the number of bills that have been dealt with in this place under Premier Barnett versus the number of bills that were put through this place under Premiers Gallop and Carpenter. I do not have the number in front of me, but it was clear to see from that set of numbers that, for example, in the last term of the Labor government versus the first term of the Liberal government, we were talking about a three-and-a-half-year term versus a four-and-a-half-year term. The number of bills passed in that four-and-a-half-year term versus the number passed in that three-and-a-half-year term should have been embarrassing to the government. It does not have a legislative agenda. In the Assembly, it looks to me as though the government has put the management of the house into the hands of people who are just not able to manage the process. They clearly do not understand the relationship between getting a bill out of the Assembly and getting it out of the Council. We have now been sitting for five weeks, and for most of those five sitting weeks the government has scrambled to find work for us to do, yet here we are, at 25 past three, debating a bill that the government wants to get through by 30 June, even though all the evidence that has been put before the house in the second reading speech and in the bill itself tells us that the bill, when it becomes an act, is not reliant on 30 June, in fact, to give the revenue return that the government wants to get out of the legislation.

I want to go to what the second reading speech tells us about why the government needs the return that it is going to get out of this legislation. Firstly, the second reading speech tells us that the government has a problem with revenue, except, of course, that revenue growth is strong. Thirty per cent over five years is the rate of revenue growth. It is a rate of revenue growth that other states would kill for, and I am sure they make that point to the Premier when he attends the Council of Australian Governments meetings. We have a rate of revenue growth that other states envy, so this notion that there is somehow a serious problem in WA with revenue is just not reflected in the numbers. One of the other propositions put to us in the second reading speech is that there is a degree of uncertainty about GST revenue, except that GST revenue has consistently come back pretty close to, if not exactly at, the same level that has been predicted in the budget papers. So that is not the case. The second reading speech also says that there has been rapid economic and population growth. Well, der; that has been happening for years. There is nothing new about that, and it certainly did not happen between 9 March and 10 March.

This government went to the election on a platform that included fairer taxes and less regulation—less intervention in the affairs of people doing commerce in WA. That is the guts of the Liberal Party platform on its relations and how it regulates business, but this bill is the opposite of that. If this government believed before 9 March the reasons that it said it needed to bring this bill into the Parliament—that is, to quote the second reading speech, “to unwind the scheduled abolition of transfer duty on non-real business assets, such as business licences, goodwill and intellectual property”—it should have put that to the electorate. There is nothing in what the government has relied upon to tell us why we need this legislation that it did not know before 9 March. It has already been ably demonstrated by my colleagues, in particular Hon Ken Travers, that from the budget assumptions, the midyear review assumptions and, indeed, the information available to us all in the *Pre-election Financial Projections Statement*, the government knew exactly what revenue growth was and is, it knew well what population growth was and is, and it certainly knew well what GST revenue came in at. So why did it not tell the electorate, “Oh, gosh; we've done some sums, and we're not going to be able to do all these things that we want to do, and we need to find another way to raise some money. We know all these things, so one of the ways we're going to do it is that we're going to abolish the abolition of transfer duty”? Why did the government not tell the electorate that? I suggest that it did not tell the electorate because it was making promises and

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claiming that they were fully funded and fully costed, and after the election it knew that it was going to scramble around to find ways to wind back so that it could find money to pay for its election promises.

The second reading speech before us is very short. The words in that speech that interest me, read —

The abolition will be revisited when its cost can be better accommodated in the state's budget.

If the government were really serious about that, would that not be reflected in the bill? Sometimes phrases and sentences get into second reading speeches and are not elaborated on because it is a long speech and there are a lot of things to fit in. That is not the case here; it is a very short second reading speech. I think we could have had some more elaboration on that, and we could have even had a bill that delivered that, because that is what the government did last time. That is what it did in 2010; it announced to people that it needed to defer the commencement of the abolition of the transfer duty tax, so it came to the Parliament with legislation that reflected that. The government knows how to do it. It has already been drafted.

**Hon Ken Travers:** We'll help them. We'll show them how to do it when we get to the committee stage.

**Hon SUE ELLERY:** Yes. It knows how to do it.

**Hon Ken Travers** interjected.

**Hon SUE ELLERY:** The government could have done it, because it has done it before. The drafting is done, because it was drafted before. All the government had to do was change the dates. Instead, the government had a whole new bill drafted, not to reflect what was said in the second reading speech; that is, that he intends to revisit it. Nothing gives effect to that in the bill

**Hon Ken Travers:** But it is clearly part of the policy of the bill because it is in the second reading speech.

**Hon SUE ELLERY:** Yes.

**Hon Ken Travers:** Clearly part of the policy of the bill.

Several members interjected.

**Hon SUE ELLERY:** I want to go back to the point I made earlier about the proposition that we are wasting time. The debate on this bill started on 26 June and on 27 June the government started accusing us of holding up the bill and unreasonably delaying its passage. That is extraordinary. I have unlimited time so I welcome the member's interjections.

**Hon Nick Goiran:** You make a reasonable point. My question is: after all this time now, have you had sufficient time to get all your points on the record?

**Hon SUE ELLERY:** That is my point. What does Hon Nick Goiran mean, "all of this time—two days"?

**Hon Nick Goiran:** So you haven't had sufficient time?

**Hon SUE ELLERY:** Two days.

**Hon Nick Goiran:** Okay, how many hours?

**The PRESIDENT:** Order, members! I have just come into the debate and I want to hear some debate on the substance of the motion, not an interchange relating to something else.

**Hon SUE ELLERY:** Thank you, Mr President. The point I was making was that the bill does not give effect to one of the policy points that is made in the second reading speech, and that is disappointing. If the government was dinkum about what it says in its second reading speech, the bill would reflect that. There is no structural problem with doing it because it has done it before; it did it in 2010, so I do not understand, and I will be interested to hear from the minister when he gives his reply to the second reading debate about why the house is dealing with an abolition as opposed to a deferment. If, indeed, we are to take the words in the second reading speech at face value, and the government does intend to revisit this, why is that not reflected in the bill? Instead, receivables are up and growth is good but debt and the expenditure are also up and they will keep going up because it turns out that "fully funded and fully costed" is code for we will dump our promises and charge more.

It was established in the other place, and I think it has been referred to here, that abolishing the abolition will bring back to government some estimated \$527 million over four years. I am interested in what modelling the government has done on what proportion of that money will come from what proportion of business. I am interested in what modelling has been done on how much of the burden of that is coming from small business and how much will come from medium-sized and big business. I hope the minister can provide some information on that. I think this is a cash grab based on false premises. It is not about the state of the economy; it is about the state of the Premier's credibility. The Premier made promises that were not fully funded and not



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fully costed, so he now needs to claw back the money from wherever he can to pay for them. Much fuss was made earlier in the debate that it was not appropriate and we should not be talking about broken promises. But I think that is at the heart of this because why would the party do something that to all intents and purposes is a complete reversal of its philosophical position when revenue growth is up; when the money coming into the government has not dramatically changed since immediately before the election? It is only because the promises it made were not fully funded and fully costed. It is appropriate to talk about promises in that context.

The debate has been characterised as urgent and I think that is a false characterisation. The bill's structure anticipates two possible separate commencement days and it contains transitional arrangements. This debate is being held at twenty five to four on a Friday morning because of a political problem; it is not about an implementation date for generating more revenue; it is a political problem. I will talk about that political problem in a minute but the political problem comes about because of the government's own incompetent management of its business. Even when confronted with a bill that, to its own natural constituency, we would have to think the government has a degree of discomfort about itself; even when dealing with a bill that it knows will not sit well with its natural constituency do they think, "Oh, we had better be a bit organised about this?" The government sort of half got there because it gave itself legislative capacity to get it through both before or after 30 June, but when it got to getting it through the house it could not do it. It knew it had a potential political problem because it was about tax; it was about intervention in the commercial exercise of the sale of non-real business; it knew it had a political problem with its own natural constituency, so it got the drafters to sort of cover proverbial backsides by putting in two commencement options but then the government could not get the bill into the house without finding itself in the position of having to talk about it all night. It is ridiculous.

The government did not want a retrospective tax and that is the political problem on top of the abolition of an abolition; it did not want to be retrospective. The government should have brought the bill in more than five sitting days ago. It is really that simple. It should have brought it in earlier.

**Hon Nick Goiran:** What would that have achieved?

**Hon SUE ELLERY:** We would not be standing here at four o'clock in the morning because we would have been able to deal with it earlier. Instead this low-tax, small-government, cut-the-red tape government is really doing philosophically the opposite from why it was established. I would love to be a fly on the wall at some of the Liberal Party's branch meetings. I would love to be there when it is explaining this.

**Hon Helen Morton:** You want to join us too; that is three of you now.

**Hon SUE ELLERY:** No I do not, but I made my confession in my first speech to this place when I think I said two things: One, my parents met at the Young Liberals and two, I was handing out how-to-vote cards at, I think, age 11 for the Liberal Party, for, I think, Jim Clarko.

**Hon Ken Travers:** My parents never forced that on me.

**Hon SUE ELLERY:** Yes. I will tell members opposite why my brothers and I would never entertain joining the Liberal Party.

*Point of Order*

**Hon NICK GOIRAN:** As entertained as I am by the Leader of the Opposition, as per usual, and as fascinated as I am about her history with the Liberal Party, I humbly suggest that this has absolutely nothing to do with the bill before us.

**The PRESIDENT:** I was waiting for the thread to be drawn between the personal story and the Duties Legislation Amendment Bill. I am very keen to hear what that thread is, otherwise we will have to get to some real substance.

*Debate Resumed*

**Hon SUE ELLERY:** I was tempted by an interjection suggesting that I was the third person who wanted to join the Liberal Party. I will ignore the interjection and members will have to wait to hear the story of what happened on the day that we doorknocked and handed out for Jim Clarko!

The point I was making was about the philosophical difficulty that members of the Liberal Party would have with this legislation, which will abolish the abolition of a transfer duty on non-real business assets for that part of what I think the Liberal Party has considered to be its natural constituency. I would love to see how it will explain this to its party members. I imagine it will go something like this: "We deferred the abolition of transfer duty on non-real business assets and now we are abolishing the abolition. Yes, friends, you are at a meeting of the Liberal Party." It is extraordinary, and I hope that we can hear from some Liberal Party members, other than

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by interjection, about how their party members have responded to this bill, because I am sure that they will have told them about it. I went to the Liberal Party website to see what information was available for its members. I could ask members opposite to give it to me but they would not. So I went to the website to see what material it is giving to its members to explain the legislation. I could not find anything. I did a search in the box at the top right-hand corner of the website but that got me nothing.

**Hon Liz Behjat:** Did you leave a donation while you were there?

**Hon SUE ELLERY:** I am being tempted to tell members opposite why I would never donate to the Liberal Party; I really want to tell them.

I then progressed and I went to the advanced search on the website. An advanced search found a reference to the 2010 bill, under which the Liberal Party deferred its abolition. It was brave enough to tell members that it was deferring the abolition of the transfer duty, but it appears to me, unless members can point me to some information on the website that I could not find, that it is not telling its party members much about this at all, if anything. If it is not on the website, I have to assume that members are doing the big sell on this face to face at their branch meetings.

**Hon Helen Morton:** So you went to one of those and sat in the back row and listened, did you?

**Hon SUE ELLERY:** Mr President, I am being tempted —

Several members interjected.

**The PRESIDENT:** Order, members! The Leader of the Opposition has unlimited time. Do not encourage her to use it!

**Hon SUE ELLERY:** I will give members a teaser; it does involve icy poles!

The point I was trying to make before I was tempted was that if it is not on the Liberal Party website, members must be doing the big sell at their meetings. The legislation that we have dealt with so far has been little bits and bobs that the government has scrambled together since the election. The first really new bit of legislation that we have dealt with from the conservative side of politics in Western Australia is a bill that will abolish the abolition of the transfer duty on non-real business assets such as business licences, goodwill and intellectual property. I would have thought that this is what the Liberal Party would want to talk to its party members about: “Thanks so much for giving us your money. Thanks so much for working so hard. Thanks so much for staffing the polling booths. Thanks so much for doing all of this. And guess what we’re doing for you?”

**Hon Nick Goiran:** We’re trying to get rid of the mining tax.

**Hon SUE ELLERY:** That is a really good point, Hon Nick Goiran. I do not see how members opposite can take such offence at the mining tax —

**Hon Michael Mischin:** Talk about the carbon tax.

**Hon SUE ELLERY:** I do not see how the party that so vigorously opposes the mining tax and the carbon tax and, in its vigorous opposition to the carbon tax, refers to the impact on small business, can then come into the house and say, “By the way, we’re going to abolish the abolition of transfer duty.” I do not see how the party that holds that position on the mining tax and the carbon tax, which I think are true to its philosophical base and its philosophical history—it has a long history of taking positions such as that—can say, “Guess what? The first bit of legislation we’re doing in the new Parliament will abolish the abolition of the transfer duty.” I do not understand how it can take that position on the one hand and then say that this is a fantastic piece of legislation on the other hand.

**Hon Michael Mischin:** How can you weep for small business when you imposed a carbon tax?

**Hon SUE ELLERY:** The point I am trying to make, honourable member, is that I am not weeping for small business; I am just pointing out —

**Hon Michael Mischin:** I’ve heard the rest of your lot say that they are.

**Hon SUE ELLERY:** Has the member heard what I have said?

**Hon Nick Goiran:** I have spoken to Ben Wyatt.

**Hon SUE ELLERY:** Thank you, Hon Nick Goiran. If Hon Michael Mischin missed it, I could start again.

Several members interjected.

**The PRESIDENT:** Order! Let us hear the argument being put by the Leader of the Opposition.

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**Hon SUE ELLERY:** The point I was trying to make is that it appears to me that members opposite are being unusually quiet to members of the party about the first piece of legislation that they have brought before the house. Why is that? I think it is because they are ashamed of it. I also think they feel a bit uncomfortable that it is deemed to be so urgent when in fact the bill contains two options that guarantee the government the revenue that it seeks. This bill can be implemented and take effect in the event that it is given assent before 1 July or in the event that it is given assent on or after 1 July. That has been built into the bill. The government will get the revenue anyway. Why does it want the bill passed before 30 June? The reason the government wants it passed before 30 June is that it does not want to be accused of putting in place retrospective tax changes. It does not want to be accused of not only abolishing the abolition of a transfer duty, but also doing it retrospectively.

That takes me back to where I began. When the government took the trouble to protect itself by building those two possible commencement dates into the legislation, why did it incompetently miss the relevant deadlines to get it into this place so that we could have this debate with lots of clean air and space between whenever the bill left here and 1 July? I do not understand how the government let itself end up in this position. That is the bit I do not understand.

We do not need to be here at this hour, because the Duties Legislation Amendment Bill 2013 does not require us to pass it before 30 June. Nothing is at risk for the revenue that it will generate—nothing. The government has protected itself by building that into the legislation and the minister referred to that in his second reading speech. The only conclusion that can be drawn is that we are here now because of a political decision. The government wants to mitigate the reaction it will get to this legislation. Not only members of the Liberal Party who own a business, but also other business owners will be affected by this decision. The government is doing them a disservice by not abolishing these taxes and there is a chance that this will be done retrospectively. That is hideous and terribly embarrassing to the Liberal Party. The thing that amazes me is that the government finds itself in this position because of its own doing. It could not manage getting the bill through its cabinet process and into Parliament in time so that we would have had this debate a week or two ago. We do not need to be here debating this now. We are here because of the government's political embarrassment; nothing more, nothing less.

**HON PETER COLLIER (North Metropolitan — Leader of the House)** [3.51 am] — in reply: I thank all members for their contributions. I found this quite a fascinating debate. I will make a number of comments that will pretty much embrace most of the points raised by members opposite. However, I am sure that we will canvass the Duties Legislation Amendment Bill 2013 in more detail at the committee stage.

I will address a couple of comments the Leader of the Opposition made about why we are here. I do not think it is flash either, I have to say. I think I speak for everyone in this chamber when I say that. I reflect the Leader of the Opposition's comments that members in the other place probably need to lift their game with regard to government business. We will deal with legislation as expeditiously as we possibly can whenever it is passed to this place, including this bill. I read it into the house on the day I received it and it sat on the table for a week, as members know, and then we dealt with it the next possible day. I will talk about the urgency for the bill and the points the Leader of the Opposition made about that. I will not canvass this too much again, but as I have said previously, I was genuinely of the opinion—although there is a difference of opinion—that we would get these bills passed this week. That is why we allocated so much time for debate.

Obviously the bill unwinds the scheduled abolition of the transfer duties on non-real business assets such as business licences, goodwill and intellectual property. We are all very familiar with that. We are not “Nigel no-friends” in this area; a number of other jurisdictions have done similar things. New South Wales has related its decision on the abolition of its transfer duties to the Gonski reforms. I am pretty sure that is right, but I will deal with that in committee. I am almost sure that the NSW state government needed that funding for its contribution to the Gonski reforms. Queensland, South Australia and the Northern Territory have also deferred the abolition of these duties.

This revenue provides \$120 million gross, for the benefit of Hon Ken Travers. Why not abolish it? A couple of members have brought that up and I know that there is an amendment on the notice paper about this. As is said in the second reading speech, it will apply until the economic circumstances change. That is the view of the government and I point out that we will not support the proposed amendment.

There are financial implications if this bill does not pass by 30 June, as opposed to having it pass after 30 June. Yes, there is a retrospective element to it, which is something to consider. Passing it by 30 June, certainly as we are working towards the budget in August, provides certainty for business and government. That is why we are very keen to pass this legislation before we rise today.

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A couple of other issues were raised in a very general sense. It was said that there were no cuts to the GST revenue that the government did not know would happen at the time the GST was proposed. However, it was never anticipated that any state's share of the GST grants would fall as low as Western Australia's share of the GST has fallen. I will quote from the great man himself, former Prime Minister John Howard, who recently said —

“I always knew that there would be fluctuations. I don't think anybody in 1998 or 2000 had in front of them projections as to how unequal the distribution would become.”

That is spot-on, particularly with regard to Western Australia. I have talked about the abolition of these taxes in the other states. Hon Ken Travers said that the state may be penalised if it does not abolish the stamp duty. As I said, most jurisdictions have done the same thing. The state Treasurer has written to the commonwealth Treasurer—he might have to write another letter because there is a new Treasurer now—to seek to amend the intergovernmental agreement. It is a written agreement and not a contract, so it will not have any implications. Also, there is no material change to WA's GST share because the federal budget papers show that WA's GST share is expected to be \$2.46 billion, \$2.6 billion, \$2.3 billion and \$2.58 billion. I will give an explanation for that. The commonwealth does only a fairly mechanical projection of the states' GST shares, based mainly on the states' share of GST in 2011–12. It does not forecast what the future GST share will be. In contrast, the Western Australian Treasury forecasts changes in the revenue-raising capacity of the states and territories. Consequently, the commonwealth's projections of WA's share of the GST differ from those published by the Western Australian Treasury, which forecast a significant decline in Western Australia's share of the GST.

**Hon Ken Travers:** Are you saying that is different from the pre-election statement?

**Hon PETER COLLIER:** No; I am just talking about the general forecasting. WA's forecast of GST was generally more accurate than the commonwealth's in the 2010–11 and 2011–12 budgets. During the forward estimates of these budgets, Western Australia's share of the GST fell steeply. This was picked up by WA's forecasts, but not by the commonwealth's.

Hon Darren West raised the issue of the lower rates of transactions in 2013–14. There was a higher estimate in 2013–14 compared with 2014–15. That reflects a behavioural assumption that some businesses would have delayed their transactions until after 1 July 2013 in an attempt to avoid paying the duty. It is assumed that there would be a higher number of transactions in 2013–14 than under normal circumstances.

This next matter will be a little sensitive because a number of members opposite asked why this measure was not included in the state election. It was never actually considered until after the state election and could not have been announced during the state election. We can deal with that. That is fine. I am just responding at this stage and we will have plenty of time to scrutinise the bill.

Most of the comments made were about why we have done it or about spending in other areas of government and whether or not there was a desired shift in terms of where we are going and why it was necessary to do this. As I said, those sorts of things can be canvassed later because they are largely political issues, but the specific issues on the legislation can be canvassed in committee. I would like to do that rather than spend any more time on my feet. I commend the bill to the house.

Question put and passed.

Bill read a second time.

*Committee*

The Chair of Committees (Hon Adele Farina) in the chair; Hon Peter Collier (Leader of the House) in charge of the bill.

**Clause 1: Short title —**

**Hon KEN TRAVERS:** There was an issue I raised in my contribution to the second reading debate that went to the way in which the clauses are constructed. I am wondering if the Leader of the House can explain something; obviously, this is around the different clauses. Clause 7 on page 3 is titled “Schedule 3 Division 3 deleted” and is worded “Delete Schedule 3 Division 3”. Then if we turn to page 17, clause 17 is worded “Delete Schedule 3 Division 3 clause 30(3).” We have already deleted that at clause 7, so how can we then just delete clause 30(3) at clause 17?

**Hon PETER COLLIER:** Clause 7 is only relevant if the bill is passed before 1 July. Does the member understand that? It will need to be deleted if the bill is not passed before 1 July, which is clause 17.

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**Hon KEN TRAVERS:** I thank the Leader of the House for that explanation. I want to canvass some of the issues about the way in which the various clauses of this bill will operate. During the second reading debate there was an exchange across the chamber during which a member, by way of a point of order—which was a little unusual—gave a very long contribution, which was more like a contribution to a second reading debate; it will be interesting to see tomorrow whether *Hansard* records it as a second reading speech. The member suggested that this bill was not a slug on small business. I do not know how imposing a duty on people who are buying businesses —

*Point of Order*

**Hon ALYSSA HAYDEN:** I would like to correct *Hansard*, if possible, and the statement to which the honourable member might be referring—that a member said that the bill was not a “slug on small business”—in fact, the member said that the bill was not a slug on the people selling their business. I think the member might need to get that correct.

**The CHAIR:** I appreciate that members have been here for a very long time, that it is the early hours of the morning and we are all a bit tired, but I think we will get through this a lot more quickly if members do not keep taking points of order that are not points of order. If the member wants to seek leave to make a personal statement, she can do so when we are out of committee; otherwise, she could do so during the adjournment debate at the end of the day. But let us try to focus on the committee stage of the bill.

*Committee Resumed*

**Hon KEN TRAVERS:** I stand corrected. The debate was about whether or not it is a slug on people selling their small businesses. From that, I take it that members opposite accept that this is a slug on people buying a small business. That is obviously the implication of the comments that were just made to the house. I would argue that it is effectively a slug on both. The person buying the business is certainly the one who needs to pay duties to the government to fund the blowouts and the stuff-ups of this government. There is no doubt about that. But members opposite cannot tell me that when people sit down to make a decision about whether or not to buy non-real property that they will not factor into the costs the stamp duty that they will have to pay, and that that will be reflected in the price that they will pay for that business. Therefore, at least part of the pain of the measures contained in this bill will be shared by both the seller and the buyer of the business. I think it is important that we get that clear—that the way in which the various clauses of this bill operate together will ensure that, going forward, people who buy and people who sell small businesses will be affected by this legislation. That is clear and simple. For members opposite to suggest otherwise is, I think, wrong, but they are entitled to their opinion. I understand the sensitivities of members on the other side; it must be very hard for them to sit there and watch this bill being introduced and passed, because the clauses in this bill go against the very reasons why they would have joined the Liberal Party in the first place, if we are to believe the rhetoric that they spout so often in their speeches, in this place and elsewhere. They must be finding this very difficult. It would be a not dissimilar situation to members on this side having to support legislation such as WorkChoices, which would go against the fundamental reasons why we joined the political party that we are members of. Every one of these clauses, when they work together, will bring together a scheme or arrangement that will ensure that people in Western Australia who buy or sell assets covered by this bill will end up paying the price.

I now want to move on and make some comments about the way in which this bill and the clauses within it are structured. That is one of the reasons why I asked for that clarification from the Leader of the House in the first instance, because it highlights very clearly the way in which this bill is structured in two parts—part 2 and part 3. It is quite extraordinary. I guess my question to the Leader of the House is: if the government is intent on getting this bill through by 1 July, why was part 3 included in the bill anyway? Why was it put into the bill if not to give the government the option of having the legislation passed after 1 July?

**Hon PETER COLLIER:** The whole point being, as I stated in my précis earlier, is that the decision to go down this path was not made until after the election. We cannot determine how long that parliamentary process is going to take. As the honourable member would know, in the lower house it could have taken a lot longer than it actually did. We were not, at that stage, familiar with what was going to happen with regard to the sitting weeks of Parliament. Fortunately, we have had, at this stage, sufficient weeks, but we could not have known how much time necessarily we were going to have to get that legislation through. We had to have the option of either pre or post-30 June for that reason.

**Hon KEN TRAVERS:** It is difficult, as to the comments the minister made, to respond without alluding to debates in the other place. But let us just hypothesise for a second, without alluding to the debates in the other place —

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**Hon Peter Collier:** You would never do that, would you?

**Hon KEN TRAVERS:** — that the bill was rammed through by the government in the other place. Just assume that for these purposes.

**Hon Peter Collier:** That is what I am saying. But at that stage you need to understand the legislation was being drafted and going through the whole cabinet process. As the member would know, it is a very elongated process. Sorry; that was more than an interjection.

**Hon KEN TRAVERS:** That is right; there can be an elongated process. But in giving the drafting instructions, surely a competent government, when it comes to managing the businesses of the house, would make a decision early on in the piece about how it would manage the bills. If the intention was to ram it through the lower house, to get it into the upper house with only a few days to go and then to make sure, having rammed it through the lower house, that the government makes the upper house sit through the night and through the next day to try to get the bill through before 30 June, the government would have made that decision months ago when it was drafting this bill, and it did not need to put it in. The argument is that it is something the government had to have in just in case, because it did not know what was not going to go on. How hard is it for the legislation committee of cabinet—I assume it has a legislation committee—to know how the government is going to manage the bill when it gets into the house? Surely a competent government managing business through the houses would sit and work through all those options, permutations and combinations and say, “We have so many sitting weeks, we have so many days and we have to get it through. We don’t want to have it after 1 July, so let’s just get the bill at a time that will allow for it to go through before 1 July, and use the various techniques that are available to us as a government to ram it through.” It is not unknown, returning to my hypothesis, for the government in the lower house to use the gag and guillotine to force it through down there. It is not unheard of for the government in the upper house to make the house sit forever and ever and ever to try to exhaust the opposition and get legislation through. So, it could have been and should have been—a competent government would have—predicted that, and not included the second part of this bill. I have to say that if it was always the intention—I cannot see why it would not have been in terms of the actions that subsequently occurred—of the government to push this through before 1 July, by putting the bill in the structure it has, it has actually made the legislation more complex. In fact, when we get to part 3, based on what the minister has told me, why would we not simply delete part 3 from the bill? Why do we need it? I think leaving it in just complicates the process; the government has actually produced a piece of legislation—what have we got?

**Hon Simon O’Brien:** By 1 July, it would have to go back to another place and have that amendment agreed to, which clearly can’t happen, so therefore that defeats your proposal.

**Hon Peter Collier:** And be assented to.

**Hon Simon O’Brien:** Yes.

**Hon KEN TRAVERS:** Can we not get them out of bed and bring them back? Quick, can the Whip give them a call? I am sure the Whip would have the Premier’s number; give him a call, ask him to bring them all back!

**Hon Kate Doust:** Where is the Whip?

**Hon KEN TRAVERS:** He is in the chamber.

**Hon Simon O’Brien:** I think the expression is to let sleeping dogs lie.

**Hon KEN TRAVERS:** How incompetent is that? We are actually again in the position of being unable to make amendments to the legislation. That is what Hon Simon O’Brien is saying to us today. We cannot make amendments to this legislation, again.

**Hon Simon O’Brien:** We can’t make the amendment to the legislation that you’ve proposed because it would be self-defeating.

**Hon KEN TRAVERS:** Well, we cannot make any amendment on that basis.

**Hon Simon O’Brien:** Well, no, you could. The house could, but obviously then the proposed July—anyway, I am not part of this.

**Hon KEN TRAVERS:** I think Hon Simon O’Brien is very much a part of it now. Once someone makes such an important interjection as that, they become very much a part of the debate of the chamber—a very important part of the debate of the chamber.

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**Hon Simon O'Brien:** It's just that you're taking so long to get nowhere, as an impartial observer I thought I would help.

**Hon KEN TRAVERS:** So long to get nowhere! We are on to the short title; we are past the second reading!

**The CHAIR:** Members, maybe we should remember that the short title is a very limited debate, and we should focus on it.

**Hon KEN TRAVERS:** I will stick with the ruling of the President—I am sure that is the ruling the Deputy President will be complying with—that was given in 2001 about the short title that I was having a good read of earlier this evening. I will make sure I stay within those rulings, so no dramas about that.

I am being told that if we want to clean up this legislation—make it neat and tidy, make it a better bill, which is the role of the upper house, delete clauses or amend clauses—it cannot happen. We just have to take it or leave it because of how the government has managed its legislative program. I accept that at the end of the day, whether or not a bill is amended is the will of the house. But an interesting proposition has been put to us by the government tonight, which is that we need to accept this legislation and there is no option for amendment because it wants it through tonight and it will not bring back the Assembly. So, we started the process with a clear agenda from the government that there will be no amendments in the house of review. The way in which this government views the role of the upper house is very interesting, and it reminds us that in Committee of the Whole we have that classic dilemma for the Legislative Council: it is a block on Labor governments, and it is a rubberstamp for Liberal-National governments. We are seeing the bad old days of the Council that existed for many, many, many years. That is the way it operated for more than 100 years. I remember as a child listening to debates about the clauses and the way bills were handled and whether or not clauses and bills should be amended in the upper house. I always remember as a child how they used to talk about how the Legislative Council only ever reviews legislation when Labor is in government; it is a rubberstamp for Liberals.

**Hon Kate Doust:** Wouldn't your parents let you listen to *Play School* instead?

**Hon KEN TRAVERS:** My father actually once brought me into the chamber of this place when I was about 12 years old. He took me to the stock exchange and a number of other places to show me the civic functions of the state.

Several members interjected.

**Hon KEN TRAVERS:** The Supreme Court. Sorry, I was being distracted. Thank you, minister, for getting me back to it. I will sit and seek the call again, because I want to make a contribution.

**Hon Peter Collier:** You still had another minute and a half.

**Hon KEN TRAVERS:** Yes, I know, but I did not want to be interrupted by having to sit down, so I am waiting for the Chair to make the call.

**The CHAIR:** The question is that clause 1 do stand as printed.

Government members: Aye!

**The CHAIR:** Good try! Hon Ken Travers has the call.

**Hon KEN TRAVERS:** I always enjoy the keenness of members on the other side!

Am I correct in assuming that the Leader of the House, in his reply to the second reading, said to the house that the government's view is that part 2 is not retrospective legislation but that part 3 is retrospective legislation? Did I understand that correctly?

**Hon Peter Collier:** Yes, that is correct.

**Hon KEN TRAVERS:** We now have it confirmed that the Liberal Party has introduced legislation into the Parliament; it passed through the Legislative Assembly via, what is it now—38 members of the Liberal Party?

**Hon Peter Collier:** Not quite; Liberal–National.

**Hon KEN TRAVERS:** We have to take off the coalition partners—how many are there; is it six?

**Hon Peter Collier:** Seven.

**Hon KEN TRAVERS:** Thirty-one members of the Liberal Party voted for a bill that has retrospective taxation clauses in it! Even though they may never be implemented, we have already seen another 15 or 16 members of the Liberal Party vote for a bill with retrospective legislation through the second reading stage in the Council.

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What does that mean? The government has passed the second reading stage; I expect we may get through the third reading stage before 1 July 2013. I am a positive person, like Hon Alyssa Hayden.

**Hon Simon O'Brien:** That was our understanding on Tuesday afternoon!

**Hon KEN TRAVERS:** Hon Simon O'Brien brings in red herrings. All he does is run the risk of delaying this legislation further. Let us be clear —

**Hon Simon O'Brien:** There is no goodwill; it is obvious.

**The CHAIR:** Can I ask all members to focus on the question before the Committee of the Whole House, which is that clause 1 stand as printed, and that interjections desist.

**Hon KEN TRAVERS:** Not only will we all be involved in the passage of retrospective legislation, but also we rely upon the executive. I suspect that many Liberal members of this house will hope that its executive will get on and give royal assent to this bill before Sunday night. Somehow they will then be able to go to sleep and pretend they never voted for retrospective legislation; or, they voted for retrospective legislation but it was never needed to be used: "We gave our executive that power and they kind of saved us so we can feel half better about ourselves." This is the Liberal Party that would not talk to John Howard for how many years because he had passed retrospective taxation legislation. How many years did the Liberal Party refuse to have him at its state conferences because he passed retrospective taxation legislation? Members opposite wonder why Hon Sue Ellery does not want to be a member of the Liberal Party any more or has not supported them since she was 11—maybe it is because the Liberal Party has changed!

A member interjected.

**Hon KEN TRAVERS:** I am making sure I focus on the way in which these clauses interact, given the retrospective legislation. A very important part of the short title debate, as members would be well aware, is the way part 3 comes into play, and all those clauses come together, to create a mass called retrospective taxation legislation. Was it Noel Crichton-Browne who used to lead the charge in the Liberal Party against retrospective taxation?

**Hon Peter Collier:** Don't ask me.

**Hon KEN TRAVERS:** That was before the Leader of the House's time, was it? Clearly it must have been before his time otherwise he would never have allowed it to go through cabinet. I can understand why the National Party does not care about what its Liberal Party colleagues do on retrospective legislation. I suspect such matters of principle would never be a concern for the National Party.

The other interesting thing is the Leader of the House's earlier comment that this legislation was considered after March. How soon after the March election did this legislation commence?

**Hon PETER COLLIER:** It came for drafting in early May and then it had to be approved to print. It was certainly after the election anyway.

**Hon KEN TRAVERS:** An interesting argument was put before us during the second reading. I do not know whether that was the intent of the second reading speech, but it certainly was the way I read it; that is, the Leader of the House suggested that after the election something materially changed to the state's finances that meant we need to have this bill brought on—not just brought on to defer it again, but to abolish it. The Leader of the House made it clear in his second reading speech that it was the government's intention, and therefore the policy of this bill, to abolish these taxes in the future. If that is the case, surely we should be able to amend the legislation today, not to just have the process outlined in which we simply abolish the abolition, but why do we not move an amendment to a range of clauses that would continue to defer the abolition date by another couple of years? Reading the second reading speech, that would surely come within the policy of the bill. If that is the case, why are we not able to do that tonight? What changes to the finances of the state are so material that we cannot defer the abolition for another two years rather than abolish the abolition?

**Hon PETER COLLIER:** As I said, after the election and budget deliberations kicked into action, decisions had to be made with regard to both expenditure and receipts. That is when the determination was made to move forward with this particular bill. If we were to put a finite date on it in two years' time, particularly given state, national and international volatility, I do not want to be back here in another two years' time sitting here at 4.30 am doing exactly the same thing. That is the whole point of having that open-ended approach. When the circumstances improve, we have the capacity then to make that change.



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**Hon KEN TRAVERS:** I would have thought it would be more sensible to keep the scheme in place and to give people a hope. I also found the Leader of the House's comments interesting when he said it was about cabinet sitting down and looking at the expenditure and receipts. The first word he used was "expenditure".

**Hon Peter Collier:** Budget deliberations commenced.

**Hon KEN TRAVERS:** Yes, and the minister referred to expenditure. I am not surprised to hear that. I think that is right. I think this bill is driven by the expenditure outcomes of the election, not the revenue matters that were raised in the bill. That does not change the policy of the bill. We will still go ahead with the abolition but the fundamental reason we are doing it is more about the government's need to find money to spend than it is about the government's failure to get receipts in. On the issue of deferring it through to 2015, when we get to clause 4, I will certainly move some amendments to a range of clauses that would allow this Parliament to give consideration to the option. I would have thought that would help ease the pain and ease the consciences of those members who know they will have to vote for retrospective legislation in this house tonight. At the very least, if they know they have put an end date on that retrospectivity, it should make them feel a lot more comfortable.

The other thing that strikes me as interesting is that this bill is called the Duties Legislation Amendment Bill. I do not think its short title defines what it does as accurately as it probably should. I would have thought that this bill does two things with respect to the Duties Act. First, from 1 July it imposes on the people of Western Australia a duty on non-real property. Second, if it is assented to before 1 July, it imposes a new duty on people in Western Australia over and above what is currently law. If the bill is not assented to, the executive makes a mess of its Executive Council meeting, as it has been known to make a mess of legislation in the other place, and if it does not get through by 1 July —

A member: Not here.

**Hon KEN TRAVERS:** Maybe not here but once we pass this bill, we lose control and it goes into the hands of the executive. I do not know who the vice-president of the Executive Council is these days. Is it the Leader of the House in the other place?

**Hon Peter Collier:** Yes.

**Hon KEN TRAVERS:** That should cause us all great concern. The second part of this bill, part 3, imposes a retrospective tax. In my view, a better short title descriptor of this legislation would be to call the bill the duties legislation (imposition and retrospective tax) amendment act 2013.

**The DEPUTY CHAIR (Hon Simon O'Brien):** Are you moving that accordingly?

**Hon KEN TRAVERS:** Not quite yet but I am getting very close.

**The DEPUTY CHAIR:** In that case, perhaps you would like to move it and that will put that question firmly before the committee.

**Hon KEN TRAVERS:** I welcome your guidance, Mr Deputy Chair. I move —

Page 2, line 3 — To delete "*Duties Legislation Amendment Act 2013*" and insert —

*Duties Legislation (Imposition and Retrospective Tax) Amendment Act 2013*

In my view, we should always have short titles that give a very clear and accurate reflection of the purpose of the bill so that when people pick it up, they can look at that short title and very quickly get a clear impression of what that bill intends to do. It is clear that this bill intends to impose a tax from 1 July 2013 if given royal assent before 1 July 2013. If the bill is given royal assent after 1 July 2013, the purpose of this bill is to provide for a retrospective tax from 1 July 2013. I think it is very important that we get the name of this bill right so that when people pick this legislation up in the future and have a look at it, they know exactly what it is about. They do not have to read too much into the detail of the bill. They do not have to go back and work through *Hansard* to find out what it does. They can have a look at it and see what it says. In my view, that will be a very good service to the people of Western Australia and to this Parliament and provide a name that truly and correctly reflects what this bill seeks to do. That is why I have moved this amendment.

I know that we could have gone down the path of saying that this bill is a \$527 million slug. That is not what I wanted to do. That would belittle the way in which this house operates. It is certainly an amendment that I think would be appropriate for those in the other place to move because that is the nature of the way that place operates. I think it becomes really important. The short title is one of those things that we could have a bit of fun

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with. This bill certainly lends itself to having a bit of fun with the short title. I think it is really quite important that we give the bill a name that accurately and precisely describes what it seeks to do.

**Hon PETER COLLIER:** As compelling as the argument of Hon Ken Travers is, he has not convinced me.

**Hon Ken Travers:** It's alright; I'm listening.

**Hon PETER COLLIER:** My argument is very compelling. Parliamentary Counsel determines the titles of these bills.

**Hon Ken Travers:** No, Parliament determines the titles of these bills. Parliamentary Counsel recommends.

**Hon PETER COLLIER:** It determines an appropriate title and it is a standard naming title, which is the Duties Legislation Amendment Bill. That reflects the contents of the act. I appreciate where the member is coming from but we will not be supporting the amendment.

**Hon KEN TRAVERS:** I am disappointed that the government does not want to ensure that this bill more accurately reflects the purpose of this bill and tells people the truth about what this bill does. The Parliament will ultimately determine the title of this bill. I accept that Parliamentary Counsel has a role to do it. I suspect there would be an opportunity for cabinet to have an input into that process before the bill is introduced in this place. It is not a simple case of Parliamentary Counsel determining the title of bills. I know that the minister cannot divulge deliberations of cabinet, but I suspect, having seen the titles of bills that have come through this place over the years, some names were probably devised by Parliamentary Counsel that never saw their way into this chamber.

When they hit the cabinet table, they were adjusted; they were changed to make the title a more accurate reflection. So, I think it is important. A bill that has a retrospective tax element to it should include that in its name. It is a very rare and unusual feat. If we track back through the history of this Parliament, I suspect that there will be very few bills ever passed, and I suspect—I might be wrong—that very few, if any, retrospective tax bills have been introduced by the Liberal Party to this Parliament. Because of that rare nature and because of the significant nature of such a bill, a bill that seeks to impose a retrospective tax should have that in its name.

I did not just leave the name as “Duties Legislation (Retrospective Tax)”, because that would not have given an accurate reflection of part 2 of the bill. Those other two words were needed. I put a lot of time and thought into trying to get the right words that sum up this bill in a way that is absolutely reflective of what it seeks to do.

**Hon Sally Talbot:** Which is what the title is supposed to do.

**Hon KEN TRAVERS:** Exactly, Hon Sally Talbot. That is what the amendment that has been moved in my name seeks to do.

I urge the minister to reconsider the name of this bill. I think it would be wrong for this Parliament to let this legislation go through and for it to not have the name that accurately reflects what it seeks to do. I think the minister accepts that there would be plenty of times when names have been changed by the cabinet before the bills arrived in this place, and I am sure the minister would accept that in the past bills have had names that more accurately reflected what they sought to do. I do not think I am the first member of the opposition who has ever tried to amend a piece of legislation to give it a title that is a more accurate reflection of the functions and purposes of the bill.

**Hon SUE ELLERY:** I rise to support this amendment, because while I was out of the chamber on urgent parliamentary business, I was able to see the screen and I watched part of the debate on this amendment. This is an amendment to give effect to what the bill before us really does. That is what it is about. It is about reflecting what the bill really does. It is about forcing the government out into the open about what it is doing with this piece of legislation. The house has done this before. Although I respect the advice that the government has about drafting and standard names et cetera, the chamber has considered propositions to change the titles of bills before. It happened when we were in government, and I am trying to think what the two bills that I recall were. I cannot remember now what they were off the top of my head.

**Hon Ken Travers:** I thought one of them was the electoral bill, but I searched for that and I could not find it.

**Hon SUE ELLERY:** Hon Ken Travers might be right. It was certainly a controversial bill, and this is a controversial bill. All that we are trying to do is get the title of the bill to reflect what this bill does. What it does is impose a retrospective tax. Why can we not call it that? The only reason the government could possibly not call it that is that it is ashamed to call it that; it does not want people to know that that is what it is doing, but that is what it is doing. Just own it and let us call it what it is.

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*Division*

Amendment put and a division taken, the Deputy Chair (Hon Simon O'Brien) casting his vote with the noes, with the following result —

Ayes (10)			
Hon Robin Chapple	Hon Sue Ellery	Hon Sally Talbot	Hon Samantha Rowe ( <i>Teller</i> )
Hon Alanna Clohesy	Hon Adele Farina	Hon Ken Travers	
Hon Kate Doust	Hon Ljiljana Ravlich	Hon Darren West	
Noes (20)			
Hon Martin Aldridge	Hon Jim Chown	Hon Nigel Hallett	Hon Rick Mazza
Hon Ken Baston	Hon Peter Collier	Hon Alyssa Hayden	Hon Michael Mischin
Hon Liz Behjat	Hon Brian Ellis	Hon Col Holt	Hon Helen Morton
Hon Jacqui Boydell	Hon Donna Faragher	Hon Peter Katsambanis	Hon Simon O'Brien
Hon Paul Brown	Hon Nick Goiran	Hon Mark Lewis	Hon Phil Edman ( <i>Teller</i> )
Pairs			
	Hon Lynn MacLaren		Hon Robyn McSweeney
	Hon Stephen Dawson		Hon Dave Grills

**Amendment thus negatived.**

**Hon KEN TRAVERS:** I am not going to go back through all the material that I presented earlier today, or yesterday—a little bit today, but mainly yesterday.

I am keen to get the government's views about what protections are in place for the way in which this bill is structured, not just an argument that some other states—not every other state—are doing this; that we will not be impacted upon by future redemptions in specific purpose payments or other payments from the commonwealth government to the state of Western Australia because we have not met the intergovernmental agreement that we are a signatory to. Do we need something in legislation; is there a protection; how are we protected from that occurring?

**Hon PETER COLLIER:** As I mentioned in my summation, the Treasurer has written to the former Treasurer.

**Hon Ken Travers:** Which Treasurer?

**Hon PETER COLLIER:** Our Western Australian Treasurer has written to the commonwealth Treasurer. As I said, the former Treasurer, but that will obviously transfer through —

**Hon Ken Travers:** The position stays.

**Hon PETER COLLIER:** Yes; there is flexibility and there is precedent for that; for example, flexibility was shown on the homeowner's grant. As I said, we are not alone in this territory. New South Wales, South Australia, Queensland and Northern Territory will do likewise.

**Hon KEN TRAVERS:** The government has written and sought agreement. I do not know that the minister said he had agreement from the commonwealth Treasurer.

**Hon Peter Collier:** No, we didn't.

**Hon KEN TRAVERS:** So we do not have agreement from the commonwealth Treasurer and I guess there is always the potential for an alternative Treasurer. Since that letter was sent, there already is an alternative Treasurer. Has the minister also sought commitments from Joe Hockey that if a future Liberal government is elected, it will not penalise Western Australia for having reneged on that intergovernmental agreement?

**Hon PETER COLLIER:** No, we have not.

**Hon KEN TRAVERS:** But minister, why not? Are we not exposing the state to a risk that a government that is looking for money says, "Hang on, you're in breach; you're getting \$527 million from a tax that you said would be abolished by 1 July 2013. You still have it in place so we will take \$527 million to fix our budget problems. We've got our own budget problems, minister; your decisions are having a drag on the Australian economy, so we'll grab that money." I understand why this government feels it would get a more responsive answer to that question from either the former Treasurer or the current Treasurer, but I am concerned that a potential future Treasurer may not be as accommodating. As the minister will recall, I pointed out in my contribution to the second reading debate the events in 1976 and 1982 when Liberal Treasurers were in power in Canberra, who,

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when it suited them, moved away from income-sharing arrangements for the states. They took money from the states.

I would have thought that we need something in the clauses of this bill to give us some protection or the government needs to go away and get that protection after the passage of the bill because we have now agreed with the policy and we are dealing with only the detail issues. We still need some assurances from the government that it has a plan to protect the states' interests, including making a position to the alternative federal Treasurer, Mr Hockey. We have to remember that this is the Mr Hockey who not that long ago came to Western Australia and said, "You lot should have toll roads." I suspect that if he gets a briefing from the federal Treasury people, there is every chance they will say, "Well, these states are in breach of the intergovernmental agreement" and he will say, "You beauty, I'll take that \$527 million from them in Western Australia. If they want that money, they can put a toll on some roads." We know he thinks that way—when he drives down the Perth–Bunbury highway, there should be a toll on it to help pay for it. I find it extraordinary that the government has not sought those sorts of guarantees from not just the current Treasurer or current government but any future government, particularly when it is so close. An election is not that far away at which there is a possibility there will be a change of government, although I think that possibility is diminishing.

A government member: A very strong possibility.

**Hon KEN TRAVERS:** That might have been the case a couple of days ago, but I think that possibility is now diminishing, but it is still a possibility. I maintain faith in the Australian people, but they do get it wrong sometimes. Sometimes they believe people when they say they have a fully funded, fully costed plan and then they are let down by those people when it turns out that they did not have a fully funded, fully costed plan. So, I think it is really important that the minister gives an assurance to this house that he will seek assurances from Mr Hockey. I know we will not get those back before we conclude the passage of this legislation, but it would be good if he could give us the commitment today that he will seek those commitments and report to the house when we next sit.

**Hon PETER COLLIER:** Look, there are safeguards, as I am sure the member is aware. It is appropriate that we deal only with the Treasurer himself.

**Hon Ken Travers:** You can deal with an alternative Treasurer.

**Hon PETER COLLIER:** Yes; we can have informal discussions and I am sure our Treasurer will do so with the shadow Treasurer, but to have any change there must be unanimous agreement among all jurisdictions regardless. If there is a change of government, that agreement will remain, so plenty of safeguards exist.

**Hon Ken Travers:** But we've torn up the agreement; that's the problem.

**Hon PETER COLLIER:** I mean if there will be a change. Five of the eight jurisdictions have to want to change.

**The DEPUTY CHAIR (Hon Simon O'Brien):** Members, before I give Hon Ken Travers the call again, I will discharge my responsibility to make sure that the clause 1 examination and debate does not take on the characteristic of another second reading debate, and I think we are almost in danger of that happening. Apart from eliciting information and assurances from the minister at the committee table, and previewing possible actions resulting from that by way of improving the administrative structure of the bill, the other option, of course, that remains is a debate in favour of defeating clause 1, and I do not think there is any intent to do that. With all that in mind, I will ask you to concentrate on something other than another second reading debate.

**Hon KEN TRAVERS:** It is certainly not my desire to move to defeat the short title, but we can of course in this debate seek those assurances to give us comfort so that we do not need to do that.

I understand that from a government-to-government point of view, the Treasurer deals with the Treasurer, but we are dealing with a slightly different set of circumstances today. There is nothing to prevent this government from formally seeking commitments. I would have thought that it would try to seek those sorts of commitments from Tony Abbott and Joe Hockey on the GST payment agreement, and this is a subset. I am also intrigued by the comments of the Leader of the House that it takes five of the eight states or territories to change the intergovernmental agreement.

**Hon Peter Collier:** It is unanimous; it is five of the eight that I referred to earlier that will be seeking it.

**Hon KEN TRAVERS:** We need to get the unanimous agreement of all the states to change the agreement, but, by the Leader of the House's own admission, five of them have unilaterally changed the agreement. That is the effect of what they have done, and that is the effect of what we are doing. Of course, we have taken that

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decision, so we now cannot go back on that. My point is that if five of those eight states can, by unilateral decision, ignore the agreement, what is to stop the other very important party to this debate, the commonwealth government, unilaterally ignoring the agreement?

**Hon PETER COLLIER:** There is nothing to stop it from doing that, but with the cooperative federalism that exists, it pretty much does the right thing.

**Hon Ken Travers:** It did not exist in 1976 or 1982, did it?

**Hon PETER COLLIER:** It is a long time ago.

**Hon Ken Travers:** It is the risk of a federal Liberal government.

**Hon PETER COLLIER:** Is the member conceding?

**Hon Ken Travers:** I am saying that there are risks in having a federal Liberal government; that is what I am conceding.

**Hon KATE DOUST:** Earlier in the second reading debate, I referred to comments made in *Hansard* by the Treasurer, Mr Buswell, when he made the initial announcement that the government would introduce this legislation. I will remind members that on Wednesday, 15 May he said that the government would take further action to improve the state's finances by deferring the abolition of the transfer duty. Rather than not providing this tax cut to business as was promised, what other options were able to the state government to seek other revenue sources?

**Hon PETER COLLIER:** That is a part of budget considerations. It will be considered in the forthcoming budget. Obviously, this had to be announced because of the timeliness of it. All departments are looking at cost pressures at the moment.

**Hon KATE DOUST:** I appreciate what the Leader of the House has said, but at that time, the government would have been casting around to find a mechanism to gather a pool of money. We know that this is the option it alighted on because we are dealing with this bill. If this option had not been in play, what other considerations did the government have to find another source of revenue? Could it have stopped a project—let us say the stadium—and utilised that money and brought it back into play? The government would have had a list of options. What other options did it have to look at before it made this decision?

**Hon PETER COLLIER:** I am sure there were a lot of options that were considered and will be forthcoming in the budget. This is just one such option that was decided upon. It was time relevant because of the implementation. That is why it was announced. When the budget is announced on 9 August, I am sure members will see a range of different areas in which the government has had to make some savings.

**Hon SUE ELLERY:** In my second reading contribution, I asked a question about the modelling that had been done on the money that it is anticipated will be generated through the abolition of the abolition. The explanatory memorandum refers to \$120 million annually. I understand—I am happy to stand corrected if I am wrong—that during the briefing the figure was adjusted to perhaps a bit higher than that to a total of \$527 million at the end of the four years. How is that burden spread, if you like, in the business community? To what extent is small business expected to contribute? There must have been a way that the government came up with that figure. I am interested in how it calculated which section in the business community would be doing what lifting.

**Hon PETER COLLIER:** I cannot give a specific, but in terms of the modelling that is done for the total transfer duty, in non-real assets it works out at about seven per cent. That is what that figure represents. No, I cannot give members a distinction or a breakdown between small and large business. As I said, it is about seven per cent of non-real transactions.

**Hon SUE ELLERY:** So that I understand it, seven per cent of transactions —

**Hon Peter Collier:** Yes, of transfer duties.

**Hon SUE ELLERY:** — are related to non-real; is that what the Leader of the House is saying? I thank him for that. I appreciate that it is 10 past five in the morning, but I find it a bit extraordinary that the Leader of the House is not able to say, on the basis of business that has been done to date, the proportion of that income generated from which proportion of the commercial sector.

**Hon PETER COLLIER:** The same rates exist between non-real and real, and they do not distinguish between the two; there is no need to.

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**Hon SALLY TALBOT:** Madam Deputy Chair, with your indulgence, I will ask a few questions about clause 1, given that clause 1 is a fairly broad-ranging clause.

**The DEPUTY CHAIR (Hon Liz Behjat):** Let us see how we go.

**Hon SALLY TALBOT:** Rather than make a speech, I will ask a couple of questions. If you would prefer me to defer them to later clauses, I am sure you will tell me, Madam Deputy Chair.

It seems to me that one of the problems bogging us down is that the bill uses language that is open to many interpretations. I put it to the minister that had he accepted the motion moved yesterday by Hon Ken Travers to refer the bill to the Legislative Council committee, we might have finished a few days earlier than 6 August, which I think was Hon Ken Travers' reporting date. This is exactly the sort of work that should be done by a committee. However, the government made its decision.

**Hon Peter Collier:** The house made the decision, not the government.

**Hon SALLY TALBOT:** Yes, because the government exercised its numbers to make sure that was the case.

Several members interjected.

**Hon SALLY TALBOT:** I am not reflecting on the house at all. Next time we are in a position like this, maybe members opposite will reconsider the motion in the light of the fact that we have to do this work with everyone here at this time of the morning.

I will ask the minister a couple of questions relating to clause 1. My first question is of a similar tack to those asked by other members on this side of the house on the debate on clause 1. The word "unwind", which is used in the second reading speech and the explanatory memorandum, seems to me to suggest that something that was wound now needs to be unwound. I assume it is "unwind" and not "un-wind". Was the 2013–14 budget actually finished and then the government realised that there was a problem and decided that it had to add a certain amount of revenue to the budget that was missing? Does the minister see the point I am making? To "unwind" something means to undo something that was already done. Can the minister explain that to us?

**Hon PETER COLLIER:** We could have said "unwound" or "abolish" or "abolition", but "unwind" was deemed to be more appropriate. With regard to the member asking whether the budget had been completed, absolutely not; I can assure the member of that.

Several members interjected.

**The DEPUTY CHAIR:** I point out to members that given the lateness of the hour, members will have noticed that the Hansard reporters are not sitting in the chamber and that proceedings are being recorded. For the ease of those who later transcribe it, it would be a lot better if members spoke one at a time.

**Hon SALLY TALBOT:** I notice that there is a strange feedback from the mics; I do not know whether they have been turned up.

The minister has just further confused the situation. Why was the word "unwind" chosen if an alternative was "abolish"? They are quite different. It seems that the government might be unhinging a few small business people around the state, but to unwind something is very different from abolishing something. The government could have said "wind back", but something is wound back only after it already has been wound. I cannot see how the word "unwind" is to be understood in this context.

**Hon KEN TRAVERS:** I will follow on from some questions asked by Hon Kate Doust about the way this bill was brought into being. My questions go to the clear outline of the policy of the bill and the first paragraph of the minister's second reading speech when he said —

The abolition will be revisited when its cost can be better accommodated in the state's budget.

I want the minister to help me determine what amendments we might be able to make fit within that policy. Part of the difficulty we are having is that this is a budget measure without a budget. We need the government to give us a little bit of help and information so that we can better understand the legislation we are dealing with tonight and how we can frame the amendments to meet that policy outcome. When the budget process that created this budget measure was undertaken, was this decision made on the basis that the Duties Legislation Amendment Bill 2013 was required to assist the government avoiding a deficit, or was it made to assist the government to get a larger surplus? I am not asking the minister to divulge the details of exactly what those figures are, but it would give us a good idea of where we are heading with regard to when we could revisit the abolition of these duties and when that is likely to be better accommodated.

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**Hon Sally Talbot** interjected.

**Hon KEN TRAVERS:** I am interested only in the legislation. We can worry about those issues at the time of the budget. We need to deal with the legislation before us tonight.

Was this initiative taken to ensure that the government did not go into deficit or was it taken to provide a larger surplus and to help with the volatility the minister referred to in his second reading speech?

**Hon PETER COLLIER:** No. This was done when considering the state's finances, as are all savings measures. Several members interjected.

**Hon PETER COLLIER:** I apologise—as all considerations are made with regard to the budget. Each department has areas in which they can assist those measures. That is what it was.

**Hon SUE ELLERY:** I want to ask a question but it is after 5.15 in the morning, which is when my alarm usually goes off. I just got a text message from my husband saying that he is about to ring WorkSafe! This is not a safe way to manage the business of the house. I think we need a statement from the Leader of the House about what his intention is. Does he intend to break for breakfast? Should members get breakfast separately? I think we need to know where we are going with this. This is not a safe way for any of us to be doing business. If I may make a suggestion, the Leader of the House can ask —

**Hon PETER COLLIER:** Madam Deputy Chair, I ask that we leave the chamber until the ringing of the bells.

*Sitting suspended from 5.20 to 5.38 am*

**Progress reported and leave granted to sit again at a later stage of the sitting, on motion by Hon Peter Collier (Leader of the House).**

[Continued on page 2382.]