

FIONA STANLEY HOSPITAL CONSTRUCTION ACCOUNT BILL 2007

Second Reading

Resumed from an earlier stage of the sitting.

HON GEORGE CASH (North Metropolitan) [5.42 pm]: Before question time, I was discussing in part some of the inconsistencies and confusion that have emanated from various media statements made by the government about the Fiona Stanley Hospital at Murdoch over a period of years. In the first example, I referred to a statement made by the then Premier, Dr Geoff Gallop, on 30 January 2005 in which he referred to plans to build a 1 000-bed hospital in the suburb of Murdoch adjacent to St John of God Hospital. He indicated that an amount of \$420 million had been allocated to that cause and that the hospital was expected to be opened in 2007. Nine months later, on 21 September 2005, a media statement appeared from the Minister for Health, Hon Jim McGinty, MLA, in which the concept of the Fiona Stanley Hospital had been changed from a 1 000-bed hospital that was to open in 2007 to the Gallop government allocating \$742 million to build the Fiona Stanley Hospital. He said that the Fiona Stanley Hospital was due to open in 2011 and, more than that, that it was to have 610 beds by 2011 and 1 058 beds by 2015. I cannot possibly understand how a hospital can change from a 1 000-bed hospital due to open in 2007, as announced by Premier Gallop in January 2005, to a 610-bed hospital due to open in 2011 and a 1 058-bed hospital by 2015.

However, things got worse. On 19 December 2006, about 15 months after Mr McGinty had issued that confusing statement - that is, a confusing statement that was inconsistent with the one made by Dr Geoff Gallop - Mr McGinty said that the government intended to allocate an additional \$350 million to construct the Fiona Stanley Hospital but that it would now have 643 beds. We went from 1 000 beds with Dr Gallop to 610 beds with Mr McGinty on 19 December 2006. However, Mr McGinty indicated in December 2006 that the total funding was \$1.1 billion and that the construction was due to start in late 2008 and was scheduled for completion in 2012. It seems to me that the earlier time constraint did not count any longer and that the number of beds and the period in which the hospital would be both commenced and finished were really a matter of political expediency; that is, the government said what it liked at the time, as long as it sounded good to try to convince the community that it was doing something. If there is to be a 643-bed hospital, as announced in December last year by the Minister for Health, and the total funding is to be \$1.1 billion, how could Mr McGinty put out a statement on 5 June this year, only three months ago, that the community would have the opportunity to shape - the operative word is "shape" - the design of the new Fiona Stanley Hospital? It seems to me that if the design is still to be shaped, the cost of \$1.1 billion is surely a very rubbery figure. The media statements obviously indicate that the number of beds is changing, and I have said that I believe that that is because of political expediency. However, the cost itself in economic parlance seems to be very elastic. The government has picked a number and that will do; it sounds pretty good and that is the number it will use for the time being.

As part of the committee stage of this bill or, indeed, in the second reading response of the minister responsible for this bill, the government has to tell us how many beds will be accommodated in the Fiona Stanley Hospital. I acknowledge that there is to be a stage 1 and a stage 2 and that the number of beds will be different for stages 1 and 2. However, we would like to know how many beds will be guaranteed. Given the inconsistency of the media statements that have been made in the past few years, I would also like to know what the construction period will be. If we know the construction period, we will be able to get a rough idea of a possible date for the Fiona Stanley Hospital to be opened. However, given that only a few months ago Mr McGinty talked about the community being involved in shaping the design of the hospital, I would like to know what will be the actual cost of the hospital. Is this \$1.1 billion that we have been talking about just a figure that has been plucked out of the air and is now a figure of convenience, or is it the cost of stage 1 of the Fiona Stanley Hospital? The bill refers to setting aside a round figure of \$1.1 billion. I would like the minister to also indicate to me where it is shown in the budget papers that the figure of \$1.1 billion will be transferred into that special account if and when this bill is passed. I have all my budget papers with me, so all the minister has to do is tell me which page it is on, and I am happy to look it up. I can see a number of references to \$1.1 billion over a period of years, but there does not appear to be a specific amount being transferred from the general consolidated account to this special purpose account. I am interested in that. It may be argued that that is an administrative matter because it is a transfer of funds, and that once the special account is established, it is an internal matter. However, I would like to know the position on that.

I guess the community is entitled to ask where the \$1.1 billion came from. However, before I deal with that, I say to the minister that when she is preparing an answer to the question about the actual cost - or should I use the term "anticipated cost" - please remember the Perth-Mandurah railway line, which the Minister for Planning and Infrastructure told us was going to cost \$1.2 billion and is now up to around \$1.7 billion. Is that right, Hon Simon O'Brien?

Hon George Cash; Hon Simon O'Brien; Deputy President; Hon Ken Baston; Hon Nigel Hallett; Hon Ray Halligan; Hon Helen Morton; Hon Giz Watson; Hon Ljiljanna Ravlich

Hon Simon O'Brien: Who knows where it's going to end.

Hon GEORGE CASH: The reason I ask my colleague Hon Simon O' Brien is that -

Hon Ljiljanna Ravlich: Ye of little faith.

Hon GEORGE CASH: Ye of little faith?

Hon Ljiljanna Ravlich: Yes, to Hon Simon O'Brien's comment, "Who knows where it's going to end."

Hon GEORGE CASH: I can tell the minister that she would do well to read Hon Simon O'Brien's press release in his capacity as shadow Minister for Commerce and Trade; Works and Services; Disability Services dated 2 February 2006 under the heading "Rail litigation to put Alannah in history books". In February 2006, about 20 months ago, or thereabouts, Hon Simon O' Brien pointed out very clearly that the cost of the Perth-Mandurah rail project had already blown out by in excess of \$360 million on its original price of \$1.2 billion. He referred to the comments Alannah MacTiernan made in March 2004 when she was singing the praises of the joint venture contractors Leighton Kumagai and the success of its design and construction projects in Western Australia. The minister claimed at the time that litigation on big projects had not occurred. She said that -

Since 1995, 10 major projects in Western Australia have been completed using this design and construct form of contract. It has an outstanding track record, with all projects completed on time or early, minimal variation in out-turn cost relative to award price and five projects winning industry awards.

Not one issue arising from these contracts has resulted in litigation.

The reason I suggest that the Minister for Local Government might want to have a look at that press release is that we have seen the Perth-Mandurah rail project blow out considerably over a relatively short period. As my colleague Hon Simon O'Brien said to me in response to my question to him about the current cost of the project, "Who knows? What day of the week is it; what month is it?" because it changes on a very regular basis.

Hon Simon O'Brien: The amount of \$1.664 billion is the current official estimate, but I predict that it will go considerably higher.

Hon GEORGE CASH: Dan Sullivan, our shadow Minister for Health in 2005, predicted a need for additional hospital beds. He was correct at the time and has been proved more correct every day of the week since then, if that is possible. I predict that Hon Simon O'Brien's suggestion that the price will exceed the current estimate will be an absolute fact as we move towards the litigation that will occur in the courts.

I say in passing that, if we had agreed to build the railway line along the alignment that the Court government had agreed to earlier, the Mandurah line would have been finished probably at the end of 2006, but, no, things had to be changed. Hon Alannah MacTiernan had to have it her way, and we have been paying the price ever since.

I raise those issues with the minister about the anticipated cost of Fiona Stanley Hospital. I say right now that \$1.1 billion for stage 1 is a very rubbery figure. I believe the cost will be considerably more than that by the time stage 1 is completed, notwithstanding about \$66 million, based on, say, six per cent of the \$1.1 billion capital investment going into the Fiona Stanley construction account each year, will provide some amelioration of cost increases. However, they will never keep up with current construction cost increases. Where did the \$1.1 billion come from? It came from the 2006-07 budget surplus. The minister is going to indicate to me where it is shown in the current budget papers.

Hon Ljiljanna Ravlich: I can give you that now. It is on page 139 of budget paper No 2, volume 1. I just got that out of my head!

Hon GEORGE CASH: Now, look what the minister has made me do: I have to stop talking, lean down and get my papers and now it will take some time! The minister should have waited!

Hon Ljiljanna Ravlich: I was trying to get it to you before the dinner break so that you could read it during dinner.

Hon GEORGE CASH: The minister should have been conscious of the fact that I was dealing with other matters!

Hon Ljiljanna Ravlich: I was trying to be very helpful, honourable member.

Hon GEORGE CASH: What was the page number?

Hon Ljiljanna Ravlich: Page 139, budget paper No 2, volume 1.

Hon GEORGE CASH: Page 139?

Hon Ljiljana Ravlich: I'm looking for it myself.

Hon GEORGE CASH: Does the minister warrant it to be correct?

Hon Ljiljana Ravlich: It comes with good authority.

Hon GEORGE CASH: Does the minister not warrant it herself?

Hon Ljiljana Ravlich: I am sure it is correct.

Hon GEORGE CASH: Page 139 - what is the item number?

Hon Ljiljana Ravlich: It's item 138.

Hon GEORGE CASH: That is correct. It is an amount of \$1 088 585 000. Is that right?

Hon Ljiljana Ravlich: I think so.

Hon GEORGE CASH: The minister thinks so!

Hon Ljiljana Ravlich: I haven't got to that page.

Hon GEORGE CASH: Given that it is a fair amount of money, would the minister like to tell me whether it is right or wrong?

Hon Ljiljana Ravlich: I am too busy giving you the instruction and assistance; therefore, I am not quite up to you.

Hon GEORGE CASH: I am calling that figure out; is the minister telling me that it is the correct figure? Am I reading the right figure?

Hon Ljiljana Ravlich: Well, I think you are, yes - \$1.09 billion.

Hon GEORGE CASH: The minister thinks she is. What about checking her papers and telling me.

Hon Ljiljana Ravlich: Hang on; I'm trying to find the right volume.

Hon GEORGE CASH: Let me tell the minister where it is. It is on page 139 and it is item 138!

Hon Simon O'Brien: She's not much good at organising a driver's test either.

Hon Ljiljana Ravlich: I do not have volume 2 with me, so there you go - after all that!

Hon GEORGE CASH: No wonder the minister said to me, "I think you're right."

Hon Ljiljana Ravlich: I have it here now. It is \$1 088 585 000. That is the one.

Hon GEORGE CASH: That is helpful. We have made some progress. We now know that \$1.1 billion is on page 139 of volume 1 of the *Budget Statements*. If the minister reads the budget papers, she will see where the money came from, because it has come from over-taxation, but the word "over-taxation" does not appear in the budget papers. What appears is the word "surplus".

Hon Ljiljana Ravlich: That's right.

Hon GEORGE CASH: In 2001-02, in the Court government years, there was a surplus of \$197 million. That means that the government spent almost as much as it received, and it was not, in effect, over-taxing the community. The current government came to office in 2001, and it obviously framed the 2002-03 budget. The 2002-03 surplus increased to \$254 million. That was still in the region of the surplus that eventuated from the budget that the Court government had framed. For 2003-04, the budget surplus was \$799 million, which was a very significant jump - an increase on the previous year's surplus of about half a billion dollars. However, not to be outdone, for the 2004-05 financial year the Treasurer saw that over-taxation result in a surplus of \$1.192 billion - about half a billion on top of the surplus for the year before, which was half a billion on top of the surplus for the year before that. If we were in the business of buying lotto tickets for the financial year 2005-06, the bonus draw would be \$2.610 billion. That is 13 times the Court government's budget surplus prior to its leaving office. This financial year just ended, the budget surplus was estimated in the budget papers to be \$2.265 billion. That is a fair amount of over-taxation, is it not? I am glad the minister is at least acknowledging it by nodding her head.

Hon Ljiljana Ravlich: No; hang on! Surpluses are not just in relation to taxing. They are revenues derived from a whole range of sources. What do you expect from a booming economy?

Hon GEORGE CASH: I see. What does the minister think taxation is? Does she think it appears on the revenue side or the expenditure side? It actually appears on the revenue side. It is a booming economy. Is that the excuse? My argument is that over-taxation can occur notwithstanding a stagnant economy or a booming

economy. It can occur if we do not adjust the revenues we are receiving. For instance, the government could reduce stamp duty on houses; it could reduce land tax.

Hon Ken Baston: They could abolish them.

Hon GEORGE CASH: Yes, it could, Hon Ken Baston. The Minister for Local Government can say, "Well, the excuse for the surplus is that we have a booming economy." However, that is not managing the economy.

Sitting suspended from 6.00 to 7.30 pm

Hon GEORGE CASH: Before the dinner break, I indicated that the government proposes, by way of this bill, to establish an account known as the Fiona Stanley Hospital construction account. The purpose of the account is to receive the \$1.1 billion, or thereabouts, that is shown in the budget papers and is earmarked for the construction of Fiona Stanley Hospital out at Murdoch.

I indicated that the government was able to transfer this \$1.1 billion to the proposed account because of the massive surpluses that it has managed to achieve as a result of over-taxation in the past few years. For 2006-07, the most recent financial year, the estimated surplus for the government is \$2.265 billion; a huge amount of money in anyone's business. I might say that that is not the end of it, because for 2007-08 - that is, this current financial year - the government estimates that it will have a surplus of \$1.453 billion. If members look at the budget papers for the past four or five years, they will see that the projected surplus is often underestimated. I would anticipate that the current estimated surplus of \$1.453 billion for 2007-08 will probably, again, be an underestimation. Having achieved a surplus in 2006-07 of \$2.265 billion, the government obviously had to work out just what it would do with it. A number of options were available to the government: it could apply the funds by way of debt reduction, to additional general infrastructure or perhaps by targeting a specific project - whichever option the government believed would give it the best political mileage and, obviously, that was the one selected.

If members look at reduction of state debt, an alternative option that was available to the government, they will be aware that the 2006-07 estimates in the latest budget papers show that the current public sector net debt is \$4.208 billion. That debt attracts interest. Because the government has received the \$4.208 billion over time and interest rates have changed, clearly, the average interest rate would have to be worked out. However, if we assume that the interest rate is about six per cent, that would mean that the \$1.1 billion that is to be set aside here would attract interest of about \$66 million a year. The option of reducing debt is an option that I thought the government may have considered. We know that for 2006-07, net debt was \$4.208 billion. Net debt is projected to rise in 2007-08, the current financial year, to \$5.799 billion - an increase of about \$1.5 billion. For 2008-09, net debt is expected to rise again to \$7.199 billion, in 2009-10 to \$7.645 billion, and current estimates indicate that by 2010-11, total public sector net debt will be \$8.191 billion. The accounts show us that the government intends for a significant increase in net debt to occur over the next few years, and the opportunity was clearly available to it to reduce the current debt by \$1.1 billion. I acknowledge that in reducing current net debt, some additional costs may be incurred as a consequence of early discharge. Those costs would obviously have to be factored in, and the interest saving that would be available would clearly be dependent on the prevailing rate for the \$1.1 billion that was discharged. It is also fair to say that had the option of debt reduction been followed by the government, in due course Fiona Stanley Hospital would have required debt financing for its construction. However, it is a question of opportunity cost and what can be achieved as the optimum level of benefits, so to speak, given current conditions.

The proposition of putting \$1.1 billion aside as a lump sum payment for stage 1 of the Fiona Stanley Hospital is, in the end, a subjective issue, in so much as some people would favour the \$1.1 billion to be spread across a number of infrastructure projects, rather than all of it being put into the one proposition. From my perspective, I am astounded at the lack of productive infrastructure being funded by this government. I believe that with the massive surpluses that the government has achieved in recent years - it is fair to say that the government is almost drowning in these surplus funds, which have very much come as a consequence of over-taxation - there have been huge opportunities for infrastructure projects to be funded across the state. I am talking in the main about productive infrastructure, particularly ports. There are classic examples along the coast of ships queuing up, so to speak, because there are inadequate port facilities, and there was a huge opportunity in that area.

I also believe that in helping to fund productive infrastructure, the government has an opportunity to kick-start various projects, which would in turn encourage private capital to follow in the financing of various major projects. However, I have to qualify what I am saying by acknowledging that not for one moment do I suggest that there is no need for a major tertiary hospital south of the river. It is very obvious, given the changing demographics and the major residential developments that are occurring and are planned for south of the river, that a hospital the size of Fiona Stanley Hospital is needed. However, there is an argument that rather than ploughing all this money as a lump sum into one project, Fiona Stanley Hospital, the opportunity exists right

now, and has existed for some time, for the government to spend a significant amount of its surpluses on opening more hospital beds to deal with the current critical situation in Western Australia.

I made the point earlier that only last weekend, ambulances were queuing at the major hospitals in metropolitan Perth. That was not because the emergency departments could not cope with the inflow of patients, but because the emergency departments could not move those persons who had been admitted to the emergency departments on to permanent beds within the hospital system. We read every day about how medical practitioners and others associated with the medical profession are pleading for the government to spend more money to open more beds in our current hospitals. In the end, I guess the question to be asked on behalf of the taxpayers who have provided the government with this \$1.1 billion is: could these funds have been applied to provide greater economic and social benefit to the people of Western Australia? That is a subjective argument, and everyone will have his or her own view on it.

There has been some conjecture about whether, if we did not have this bill, the interest that will accrue on this \$1.1 billion could be channelled back to the Fiona Stanley Hospital construction account. I have said that the interest on this account will be the order of \$66 million a year. The Financial Management Act 2006 provides that any moneys received from investments is required to be paid into the public bank account and credited to the consolidated account.

Hon Nigel Hallett: And bureaucrats will be appointed to take care of that.

Hon GEORGE CASH: Yes. The bill makes provision for the public service to maintain the account, so to speak.

Section 37 of the Financial Management Act states in part -

- (1) The Treasurer may invest any money standing to the credit of the Public Bank Account in a manner prescribed by the regulations.

We discussed the scope of these investments when we debated the Financial Management Act last year.

Section 38 of the Financial Management Act is headed "Proceeds of investment by Treasurer", and it states in part -

- (2) Money received from investment in repayment of principal is to be paid into the Public Bank Account.
...
- (3) Subject to this section, money received from investment is to be paid into the Public Bank Account and credited to the Consolidated Account.

That provision is very interesting. It states also -

- (5) The Treasurer may make and give effect to a determination that provides for money received from investment -
 - (a) to be credited to one or more special purpose accounts specified in the determination; or
 - (b) to be paid to one or more statutory authorities or other persons specified in the determination,at the rate determined by the Treasurer and specified in the determination.

Normally we would expect that subsection (5) would be sufficient to allow the Treasurer to make a determination in respect of the transfer of certain funds. The problem is that section 38 goes on to provide as follows -

- (7) Subsection (5) does not apply in relation to the investment of public money held in a special purpose account unless another written law provides, either expressly or by implication, that income derived from that public money is to be credited to the special purpose account.

That is the nub of the issue that we are dealing with today. That is the reason that in question time today, I asked about the application of certain funds. I asked, first -

- (1) Do the current provisions of the Financial Management Act 2006 prohibit the Treasurer from establishing a Treasurer's special purpose account styled the Fiona Stanley Hospital construction account?

The answer to that question was -

(1) No.

That was answer that I expected, because it is clear that that ability exists. I then asked -

(2) Having established such a special purpose account, is there a further prohibition on any interest earned on the principal amount in the special purpose account being applied to that special purpose account?

The answer to that question was -

(2) Yes. Section 38(7) of the Financial Management Act 2006 prohibits interest on the investment of public money held in a special purpose account being credited to that account unless an appropriation act or another written law provides otherwise.

I then asked -

(3) In the past 10 years has any money received from the investment of funds held in a Treasurer's special purpose account been credited to the specific Treasurer's special purpose account as a consequence of an implication in a written law rather than by an express provision; and, if so, will the Treasurer provide details?

The answer to that question was -

(3) The Department of Treasury and Finance is not aware of any such examples.

That does not say that it has not happened. It says that the Department of Treasury and Finance is not aware of any such examples. That highlights the fact that section 38(7) of the Financial Management Act 2006 raises that prohibition. The government is arguing that as a consequence of that prohibition, it is necessary to introduce this bill to create an account into which any interest that is earned on the capital can be paid.

This is a relatively short bill. However, as with all bills, the words are very significant. I have read out the long title of the bill. The short title of the bill is found in clause 1, and it is very simple -

This is the Fiona Stanley Hospital Construction Account Act 2007.

Clause 2 deals with the commencement of the act and states -

This act comes into operation as follows:

- (a) sections 1 and 2 - on the day on which this Act receives the Royal Assent;
- (b) the rest of the Act - on the day after that day.

The Leader of the House has provided an explanation to the house of why parliamentary counsel has changed the form of the commencement clause in some recent bills.

Clause 3 defines three terms that are used in this bill. The first definition states -

“Account” means the Fiona Stanley Hospital Construction Account established under section 4.

I think that is reasonably clear. The second definition states -

“establishment” includes the provision or installation of finishes, fixtures, fittings and equipment;

That is interesting, because the long title of the bill is as follows -

A Bill for an Act to establish a Treasurer's special purpose account called the Fiona Stanley Hospital Construction Account for the purposes of the construction and establishment of the Fiona Stanley Hospital, and for related purposes.

Therefore we know that “establishment” in the long title is to have the meaning set out in clause 3. However, if the meaning of “establishment” in clause 3 is limited to “includes the provision or installation of finishes, fixtures, fittings and equipment”, it is fair to ask: does “establishment” also include the use of the funds for the purchase of land for the hospital? I raise that because it is proposed that the government will purchase certain land adjoining the proposed Fiona Stanley Hospital site at Murdoch from the St John of God Health Care hospital group. In due course I will ask the minister how much is proposed to be paid for that land and how many square metres are involved. The point I am making at this stage is whether “establishment” can be said to include the purchase of land when it is limited to mean “includes the provision or installation of finishes, fixtures, fittings and equipment”, items that we would normally associate with the word “construction”. I am talking about the construction of the hospital.

Clause 3 also refers to a hospital. The third definition in clause 3 states -

“Fiona Stanley Hospital” means the hospital referred to in section 4(1).

Clause 4(1) - which will be section 4(1) in the act - states -

A Treasurer’s special purpose account called the Fiona Stanley Hospital Construction Account is established under the *Financial Management Act 2006* section 10 for the purposes of the construction and establishment of a hospital.

We have worked out what “establishment” means. However, I referred earlier to some inconsistencies, and indeed confusion, in the media statements that had been issued by the government about this particular hospital. I said that the then Premier Geoff Gallop talked about 600 beds. Later the Minister for Health talked about 610 beds and later 640 or so beds. It appears to me that it would be appropriate to ensure that this money is directed towards the establishment and construction of, say, stage 1 of the hospital at least, and that perhaps there should be a specific requirement that the hospital should have no fewer than, say, 600 beds or some other agreed amount. Otherwise, it seems to me that there is nothing in the bill that states the size of the hospital. However, more than that, as much as we all understand that Fiona Stanley Hospital is to be constructed in the suburb of Murdoch, as has been pointed out to me by my colleague Hon Nigel Hallett, there is nothing in this bill that will prevent Fiona Stanley Hospital from being built in Wiluna or some other place. If we are to establish an account that will hold \$1.1 billion in the first instance, the very least we can do is specify that the money will be used for the construction of a certain number of beds and that the location is to be on the land that was described in the answer to a question I asked a few weeks ago about the site at Murdoch. That appears to me to be a not unreasonable request.

I have said that there was not a special construction account for the Perth-Mandurah railway, the proposed Binningup desalination plant, the Kwinana desalination plant or Meekatharra District Hospital or other hospitals around the state. In that regard, the government acknowledges that this is a very significant commitment. However, clause 4, headed “Fiona Stanley Hospital Construction Account”, states in subclause (4) -

The money standing to the credit of the Account may be applied by the Treasurer for the purposes of, -

I intercede to say “may” is a discretion provided to the Treasurer; it is not an obligation or an express requirement -

and only for the purposes of, the construction and establishment of the Fiona Stanley Hospital.

It has been suggested to me by a number of my colleagues that there is a need to amend subclause (4) to at least provide words that would give effect to stage 1, which is to comprise no fewer than 600 beds, or some agreed figure, and that there be a specific reference to the location of the hospital. That, surely, is not asking too much.

Hon Norman Moore: And perhaps some sort of date by which it should happen.

Hon GEORGE CASH: The next thing that the Leader of the Opposition suggests is that some time-certain provision be included in the bill; that is, that construction should commence no later than an agreed date, and that stage 1, which must be defined in respect of the number of beds that are to comprise stage 1, should have some sort of end date by which time the construction is expected to be completed.

It is difficult, especially in today’s environment, to be very clear on just when this hospital will be completed. We have already seen that with the Perth-Mandurah railway and other large construction projects. The pressure on the market at the moment, due, as the minister would say, to a booming economy, is pushing out completion dates. I acknowledge some of the difficulties involved in stipulating specific times, but it seems to me that if the Parliament is being invited to agree that this \$1.1 billion should be put into a specific account for a specific hospital, at the very least we should be specific about the number of beds, and indeed specific about the location. The minister may wish to comment on the completion dates so that there is some understanding that the money will be spent, because this bill in its present form does no more than create an account; it does not authorise the building of the hospital. It says that once the building commences, payments can be made out of this account for the construction, but it does not direct anyone to build the hospital and it certainly does not direct anybody to do it in any specific time.

Clause 5 of the bill relates to a comment that Hon Nigel Hallett made earlier; that is, subclause (2) states -

For the purposes of the *Financial Management Act 2006* section 52, the administration of the Account is to be regarded as a service under the control of the department of the Public Service principally assisting in the administration of this Act.

That is so that people will be required to do certain things in accordance with the Financial Management Act. Again, in clause 6 there is an argument that says there should be some statement about whether it is dealing with stage 1 or stage 2. Clause 6, headed “Closure of Account and expiry of Act”, states in part -

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- (1) When the Treasurer is satisfied that the construction and establishment of the Fiona Stanley Hospital have been completed, the Treasurer is to direct that any money standing to the credit of the Account be credited to the Consolidated Account.

We would agree that there must be some terminating clause in respect of the money in the account. However, the bill does not refer to stage 1 or stage 2. One assumes that at the moment this is not a short-term account and that it is not designed just for stage 1, but that it is an account that can receive money over a period of time and, no doubt, will include funding for stage 1 and, one presumes, rather than assumes, stage 2 as well. However, that is something that the minister will be able to advise us on in due course.

Hon Nigel Hallett: We might have the Burke and Grill consultancy team.

Hon GEORGE CASH: Yes.

I make the following points for the minister. There is no reference in this bill to the number of beds in stage 1 or stage 2. I ask; is the bill intended to relate to both stage 1 and stage 2, or just stage 1? I have raised issues in respect of the word "establishment", and I ask: how does land fit into the interpretation of the word "establishment" when that word is intended to mean "finishes, fixtures and equipment"? I asked the minister to provide some detail of the proposed purchase of certain land from the St John of God hospital group. The other issue I am interested in is for the minister to say how much has been spent to date, and which account has been debited for the work that has been carried out to date and paid for. Three weeks ago, when I discussed this bill with the parliamentary secretary who introduced it and made the second reading speech, I was told, soon after it came in, that we had to deal with the bill as a matter of urgency because it was believed that work could not continue on the Fiona Stanley Hospital planning, I assume, because it is not being constructed at this stage, as there would not be any money if this account were not established. I said to the parliamentary secretary at that time, "If that is your advice from Treasury, please get Treasury to ring me, because that is not true." Money has already been expended, and it is not coming out of an account that has not been established. The parliamentary secretary was good enough to come back the next day and say there appeared to be some mistake: it was not a case of accounts not being able to be paid; it was a case of wanting to expedite the bill. Had the argument been that the account was losing in excess of \$1 million a week in interest because it had not been established, that would have been a reasonable proposition, because, technically, the account is to hold about \$1.1 billion, and if six per cent interest is earned on the money, it would represent \$66 million a year. The reason to expedite the bill was never the inability to pay accounts.

Another issue I would like the minister to tell us about when she responds in due course to the second reading debate is the stage we are at with the plans. I raise that because only a few months ago the Minister for Health was inviting the community to come in and, using his word, "shape" the design of the building. The other issue in respect of the purchase of certain land is whether it will be paid for from this construction account.

Therefore, a number of issues must be raised in respect of this bill. I said that the opposition does not oppose the bill, but we do not think it is necessary to enable the construction of the account. The opposition acknowledges some uncertainty in relation to the Financial Management Act about transferring interest into a special purpose account if there is no written law in respect of that matter, but that issue has been dealt with. I think the community is entitled to know what is planned in respect of this \$1.1 billion, and whether the government has any idea at all what the end cost of this hospital will be, recognising that construction has not yet started. Currently, the health system has some very significant problems that the community is crying out to have addressed, and that I believe could be addressed if part of this money was applied to those particular issues, recognising that any reduction in the \$1.1 billion would come out of future surpluses or debt financing into the future. They are the options that we have to consider when looking at expenditure of money relating to the opportunity cost that is imposed as a result of the decisions that are made. With those comments, I look forward to the minister's response.

HON SIMON O'BRIEN (South Metropolitan) [8.05 pm]: The first thing we need to do in considering the Fiona Stanley Hospital Construction Account Bill 2007 is work out the policy behind it. As Hon George Cash pointed out, the opposition is prepared to support this bill, even though, at the same time, he pointed out and demonstrated why there is no need for it. Nonetheless, the opposition can support the bill, and indeed might even be able to improve it a lot. I am sure that Hon George Cash and other members on this side will be able to make a significant and positive contribution during the further stages of this bill.

I return to my earlier remark; that is, what is the purpose and policy of this bill? Is it a bill that means we will have a Fiona Stanley Hospital in the southern suburbs? Of course it is not. It is quite irregular for a bill of this nature to be introduced, and although the government has held it up, at least in the public domain, as some sort of guarantee or proof of sincerity that it intends to provide a major new tertiary hospital in the southern suburbs in the future, the fact is that it is nothing of the kind. I noticed just before the last state government election,

Hon George Cash; Hon Simon O'Brien; Deputy President; Hon Ken Baston; Hon Nigel Hallett; Hon Ray Halligan; Hon Helen Morton; Hon Giz Watson; Hon Ljiljana Ravlich

some trickery attached to the Australian Labor Party's health policy in relation to hospitals south of the river. One expects a little bit of that sort of to and fro, of course, in the heat of an election campaign, so the record can show that I am not expressing any particular surprise. However, I point that out to the house for its edification, because I am sure members in this place have all seen a bit of humbug displayed in their time, and they know how to recognise it. When members, even government members, in their heart of hearts look at this particular bill, they can all say, "Well, I do know humbug when I see it, and I am looking at it right now." Hospitals do not need bills of this nature to guarantee their construction. This bill is a device to cover up the lack of activity on behalf of this government.

On the eve of the last state election there was almost a bidding war starting to develop about the number of hospital beds being promised for the south metropolitan region. I recall that one of the hospitals in question was a yet-to-be-named, future major tertiary hospital in the middle of the near south metropolitan region, specifically in the Murdoch area, where this new hospital is proposed to be built. Other hospitals in the mix included Fremantle, which is currently a quasi-tertiary level hospital in the south metropolitan region. Of course, there is also a range of other general hospitals in the region, including the Rockingham-Kwinana District Hospital, Bentley Hospital and so forth. At the time of the state government election, the figures quoted for future bed availability in that part of the world were something I was quite interested in, because it is the region I represent, but it was bemusing to see the shifting promises and shifting quoted bed numbers that were occurring almost every other day from the now Minister for Health and ultimate sponsor of this bill.

The DEPUTY PRESIDENT (Hon Ray Halligan): Order, members! Before the Deputy Leader of the Opposition continues, I ask members on my right to desist with their audible conversation, because they are making it somewhat difficult for me to hear Hon Simon O'Brien. They may also be making it difficult for Hansard to hear.

Hon SIMON O'BRIEN: Members opposite are obviously a little excited. If they wish, I can try to project my voice.

The minister with current responsibility for health has given the Western Australian public a changing schedule about how many beds will be provided in this new tertiary hospital and, indeed, the region. As I say, it has been a moveable feast, because a number of different parameters have been varied and bent - I use the word "bent" advisedly - to produce an apparently different outcome without actually changing the reality. Beds and bed numbers are the basic currency in providing public hospital services, but we all know that the system is far more sophisticated and complicated than that. Nonetheless, beds as a unit of currency in this policy argument are the standard to which everyone refers; indeed, people understand that 200 beds are better when it comes to providing services than are 100 beds. A shifting quadratic equation has developed. One day Mr McGinty was talking about a certain number of beds at Fremantle Hospital and a different number of beds at Rockingham-Kwinana District Hospital, which could be added to a different number of beds at the new Murdoch hospital to produce an overall result. As the campaign progressed over the space of only weeks, these numbers were shifted around quite dramatically. At one point the number of beds projected for the proposed Murdoch public hospital was 600 or 650. About a week later that figure shot up to 900 or 1 000. Of course, there was never any comment from the government about possible offsets, such as a reduction in the number of beds - indeed, some hundreds of beds - at other hospitals around the region. It was all about how many more beds will be provided at Murdoch. People must understand that a bill such as this is part of the ongoing game of shifting mirrors that has been designed to create an impression in the public's mind. Nothing of substance will actually be delivered.

I offer those points in support of the very good contribution made by Hon George Cash. We are very fortunate to have the services of Hon George Cash because when we reach the committee stage, he will be able to make serious proposals that will improve this bill and help the government demonstrate that this is not an exercise in spin but something of substance by way of a guarantee to the people of the South Metropolitan Region and others who rely on the public hospitals system.

Hon Ken Baston: And all Western Australians.

Hon SIMON O'BRIEN: Indeed, all Western Australians. I am not forgetting them, Hon Ken Baston. Hon Ken Baston will forgive me for standing here and talking as a member who represents the South Metropolitan Region, because that is the area that surrounds the proposed hospital site. I am also concentrating on the particular proposed hospital countenanced by this bill so that the Deputy President is absolutely confident that I am strictly addressing the bill and the second reading debate and not other matters.

Hon George Cash: Hon Ken Baston is hoping it will be built in Wiluna.

Hon Norman Moore: We might move an amendment to that effect!

Hon SIMON O'BRIEN: Please do not do that!

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Hon Norman Moore: Port Hedland might be another option.

Hon SIMON O'BRIEN: I do not think that they want this in Port Hedland.

Hon Norman Moore interjected.

Hon SIMON O'BRIEN: Some people have a slightly different view about that story, but I will not go into that now.

Hon Norman Moore: I will contemplate an amendment to have it built in Port Hedland.

Hon SIMON O'BRIEN: This is marvellous! It must be warming the heart of the honourable Minister for Health to see how positively members on this side of the house are offering to chip in their very good ideas to knock the government's bill into better shape. Mr Vice-President -

Hon Norman Moore: That was a Freudian slip.

Hon SIMON O'BRIEN: I am contemplating another bill!

Mr Deputy President, the question of what is the substance of the hospital promised by the government and apparently reaffirmed in this bill must be central to our consideration of this matter. This has become such a moveable feast that it is difficult to work out what the reality is. Hon Jim McGinty has a reputation in many circles, both respectfully and disrespectfully, as a shrewd and overly clever tactical politician. I certainly recognise that. I will not indicate whether I do so respectfully or disrespectfully. That depends on the way in which we occasionally do political battle and our encounters with one another. I had to admire his breathtaking ability to be able to con the voters of Western Australia into thinking that he was providing them with something when he was actually providing them with nothing. In late 2004, early 2005 - about the time of the election - the Minister for Health succeeded in conning a majority of the people who are concerned about public health facilities south of the river that he would deliver something when, in fact, the ALP's plans were rather different. Its immediate plans were to wind down a range of hospital facilities. I refer, for example, to Fremantle Hospital, a centre that has a long-established history of providing medical treatment to people in the community. It has been in existence for well over 100 years. Indeed, I worked there for some time in several capacities many years ago. When a government promises, as this government has done, to build a new hospital, it is not worthwhile spending too much money on existing facilities. They are wound down and, all of a sudden, the immediate need for additional magnetic resonance imaging machines and equipment or new theatres or a refurbishment of certain buildings falls by the wayside. Those things will fall away in priority because the government is putting all its eggs into the wonderful new promised basket at Murdoch. That is the first thing he did.

The second thing he has done is to give it a personality. It will not be called simply the Murdoch general hospital, the south of Perth tertiary medical facility, or some such other generic name. For Jim McGinty, it will be called "Fiona Stanley Hospital". How warm and fuzzy is that? She is a lady well regarded in this town, and I do not need to go into her accomplishments and reputation here. Let us associate her name with this highly political exercise. I do not know what Professor Stanley thinks of that. I have never had the pleasure of making her acquaintance. I do not know where she sits in the political spectrum, and I do not care, but I think it is a cynical action to give this public work the veneer of respectability that will be imparted by her name. It is a very peculiar way of going about things, but it is vintage Jim McGinty. There is no doubt about that.

Now, removed as we are from any proximity to state election campaigns, I reserve my biggest slice of open-mouthed recognition of Jim McGinty's tactics for the final masterstroke. That masterstroke is that we do not know when we will get this hospital. Back in 2004-05 and before, when it was being promised, it was not within cooe. What sort of dates are we talking about for the commencement of this project? Whether the hospital is 600, 700 or 1 200 beds or whatever it is this week, next week or next year, when will the first patient be treated in this hospital? At the time of the election, we were looking at 2017 at the earliest. That is a heck of a long time. Governments come and go during that period. If 2018 or 2019 arrives, and there are no patients in the hospital, its costs have blown out and all the rest of it, and Fremantle is still trying to service the region, overburdened and run down and not having seen a lick of paint in years, what will we do about it then? Will we track the aged Jim McGinty down to some retired politicians' rest home, or dig him up out of Karrakatta and say "Look, you blithering old bushranger, you were bulldusting us back in 2005, because the hospital is not ready like you said it would be"? That is the genius exercised by Jim McGinty, the political tactical genius, back in 2004-05 - promising this hospital that would not be there next week, in the next term of government, or even in the next decade. Although the time bomb was ticking, the government did not actually have to deliver anything. In fact, it could wind back on a lot of other capital and other commitments elsewhere in the health system by saying that it did not want to waste money on Fremantle or anything, because this marvellous new Fiona Stanley Hospital is in the offing. Members need to understand that.

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This bill is a further political exercise. I hope Jim has not gone a bit too far, although I think he might have. The Treasurer and some of the Premier's spin doctors have now got involved, and they are not as clever as Jim McGinty. They have tried to paint this up as some sort of further guarantee. Why do we need a further guarantee? This was all promised back in 2004-05. It is now 2007-08, and do we have any Fiona Stanley Hospital? Of course we do not. Years down the track, not a single brick has been laid. A whole lot of other things have to be done, and I might mention one or two of them in a minute.

Hon Norman Moore: They actually have to design it.

Hon SIMON O'BRIEN: They have to design it, and do all sorts of things.

Hon Norman Moore: They are asking for people's input now, in the design.

Hon SIMON O'BRIEN: That is thanks to Hon Ray Halligan's motion earlier today calling on the government to have more consultation. The Leader of the Opposition hits the nail right on the head by pointing out that many things are still yet to happen before anything is delivered by way of the ultimate outcome for the people. A few years go by, in which everyone says, "Great idea, we like this hospital - Fiona Stanley Hospital - we love it, we'll go with that." Then, a few years later, when the people have absolutely nothing to show for their faith, perhaps the spin doctors in government at the moment decide they should put some gesture to the punters, who are obviously getting a bit restless. The government does not have much good news; it is over-taxing everybody, it has huge budget surpluses, it is getting all sorts of things wrong and expenditure is blowing out in all sorts of ways. Why not then make some hollow gesture about reserving money - this year's surplus, or is it next year's surplus, I do not know -

Hon Murray Criddle: It doesn't matter, it's still a surplus.

Hon SIMON O'BRIEN: Either way, the people buying motor cars and registering them this year are paying for this hospital. The government has tried to go just that extra step now but, without it being pure Jim McGinty - with the involvement of others - it has lost the particular flair that was displayed back in December 2004 and January 2005. I would not blame anyone for being just a little bit cynical about this bill.

Nonetheless, the opposition thinks the government should deliver on its promises. We believe the major tertiary hospital is required south of the river, in the Murdoch area. That was our policy at the last state election, so of course we agree with it. What shape will this hospital ultimately have? As the Leader of the Opposition has just reminded us, it has not been designed yet.

Hon Norman Moore: Didn't they show us models and stuff before the last election?

Hon SIMON O'BRIEN: They did show us models and things before the last election.

Hon Norman Moore: Television ads.

Hon SIMON O'BRIEN: There were television ads and all sorts of things, but we are still a long way from seeing a brick laid. In fact, I do not know that we have had much advance on where we were a few years ago.

Hon Norman Moore: I think we might even be a bit further back, because at least back then they had some idea of what it was going to look like.

Hon SIMON O'BRIEN: They also might have had some idea of what it might cost. I imagine that there have already been some cost blow-outs. The Minister for Health can sit there and chuckle, because when the thing finally does come online, he sure as hell will not be the Minister for Health. He will be off in some retired pollied home somewhere.

Hon Anthony Fels: Sunset hospital.

Hon SIMON O'BRIEN: Possibly Sunset hospital. In fact, I like that idea. Let us put an amendment in this bill about guaranteeing the future of Sunset hospital. I remind members of the original purpose of the Sunset hospital. I think it was intended as an old alcoholic reprobates' refuge. Is that not how it was described?

Hon Norman Moore: An old men's depot.

Hon SIMON O'BRIEN: An old men's depot.

Hon Ljiljana Ravlich: You could move an amendment to that effect.

Hon SIMON O'BRIEN: We might just do that. I am glad the minister is keen for me to do that.

Hon Kim Chance: You might want to speak to the member for Nedlands first.

Hon SIMON O'BRIEN: I have learnt things from Jim McGinty, Hon Kim Chance. The thought had crossed my mind!

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Hon Ljiljana Ravlich: She's your good mate. You should do her a favour.

Hon Norman Moore: I think half the Labor Party would be happy to see Jim McGinty in Sunset hospital - like tomorrow!

Hon SIMON O'BRIEN: I can just picture an image of bliss out there on a chair on the lawn at Sunset in future.

Hon Ljiljana Ravlich: You and Sue Walker together.

Hon SIMON O'BRIEN: No, I was thinking of Jim and Sue together. It would serve them both right!

The honourable the minister is trying to stop me from addressing the bill directly, and that is naughty of her, so I will bring myself back on track before the Deputy President (Hon Ray Halligan) does. As I said, this is a bill that the opposition will support. Our lead speaker has already indicated that. We have no choice but to go along with it. As Hon George Cash, I think, put it, it is supportable but quite unnecessary. However, maybe we can build some value into it - all members of the house working together to add value to what would otherwise be an empty and hollow piece of legislation. Perhaps we can do that. These are all things that we will have to explore during the committee stage.

However, I want to place on record my observations of the cynical way in which the health beds bidding war has been developing in recent times. I will conclude by referring to another issue, this time north of the river, and not that far as the crow flies from the Sunset hospital site, but certainly a world away. I was down at the QEII Medical Centre some little while ago pursuing inquiries about the future of traffic management and other transport considerations in that district when the QEII site is redeveloped. I mention this to draw the parallel with the bill currently before us, and I will come back and conclude with that comparison.

However, looking at the real example of what is happening in the QEII medical precinct, my concern was raised when it was pointed out to me that there would be an expanded Sir Charles Gairdner Hospital on that site. I think just over 100 beds will be added in the next few years, so that will be a certain increase in the demands placed on transport infrastructure in that area, plus this government proposes to relocate to that site all of Princess Margaret Hospital for Children and all the functions, bed numbers and so on of King Edward Memorial Hospital for Women. Together with what is already there, plus a range of other tertiary functions and related activities in that whole precinct, we are looking at a heck of a lot of people travelling in and out of that area every day, particularly staff, because, of course, staff all come and go at least once a day, five times a week, typically. Although there is shift work, there are some very definite peak times, and the prospect of thousands of people having to go in and out of a location every day is of serious concern for transport planning from the point of view of parking, road access, public transport links and the like. Therefore, I can understand why people were concerned and asked me to go down to look at that site.

We had the benefit of the advice of senior officers from the Department of Health in the north metropolitan area, and we discovered that in fact there was not going to be a sudden explosion of bed numbers and staff numbers from those relocated hospitals on that site at any time in the near future - at any time at all. It will be almost a generation or so before any of these things are actually completed, much less the totality of it completed. I wonder whether 20 years from now we will look back and say that there was a proposal for this to happen, but it did not work out that way. Who knows? Governments come and go. In that example I found a metaphor. I went there thinking that we would suddenly see maybe 700 or 800 extra beds' worth of expansion on that one site in the next few years, and I found that, no, the timetable was far longer than that. Therefore, now when I look at the Murdoch proposal, I see just the same thing, whereby people are promised and expect a large tertiary hospital there at some time in the near future, but they are not going to get it at any time in the near future. I believe people will be increasingly disappointed when they realise that they were duded to some extent if they thought they were about to receive this new hospital in the wake of the 2005 election. It certainly worked for the Australian Labor Party in 2005; I do not know whether people will swallow the same line in 2009. I do not think people are that patient when their hopes are built up and then they find that in fact there is no immediate prospect of receiving the things that they were promised.

I do not want to hold up the progress of the bill unnecessarily, so I will conclude my remarks. However, I think I have made it abundantly clear to the government that, although we are all concerned about hospital numbers and so on, we are not very impressed with the way the government is handling itself and this issue. In fact, I think I have made it pretty clear that I believe the government has tried to be a bit too clever by half in how it goes about this. The government may have fooled a lot of people in 2005, but I do not know whether it can keep fooling them with the same story year after year. However, that is something for the government to find out, and that is a sword that it might well fall on. I am sure I wish the government all the best, and we will find out.

HON KEN BASTON (Mining and Pastoral) [8.37 pm]: When I first picked up the Fiona Stanley Hospital Construction Account Bill 2007, I thought it was very simple; it was only a few pages. I read through it, and I

was surprised that so few pages could perhaps lead to such disappointment. The Fiona Stanley Hospital construction account is really just a special purpose account to lock up funds and to allow the interest on those funds to go back into that account. I guess that was alluded to today when Hon George Cash asked a question in the house - question without notice 770- about whether that interest could be put back into the account without this bill. Of course, the answer was that it could not be. Therefore, in that case, it is a savings account. It is a savings account for what? It is a savings account to build a promised hospital that is badly needed, and I do not deny that. However, I find it an amazing way of doing business to lock up an amount of this size - that is, \$1.09 billion - until the hospital is built or to attribute it to the hospital as it is built. If any other asset of this magnitude were to be built, the government would borrow the funds and use other cash funds. For instance, to take a figure, some \$500 million may be put aside; that is, 50 per cent up-front. The other \$590 million could be utilised to bring up to speed the other health services throughout this state. If the government did not want to spend the money on health services, there are plenty of other things it could spend it on. This could be called a social dividend, because where did this funding come from? It came from the surplus, and as Hon George Cash has mentioned, it could be construed as over-taxation. It is a budget surplus for this state of a magnitude of some \$2.06 billion, of which \$1.09 billion is being set aside for the Fiona Stanley Hospital account. I have spoken about many health issues in this house. One of those issues is a very small one that would be solved with a minuscule amount of this funding. I refer to the building of a new nursing post in the Mt Magnet area. This is a town that sits on a crossroads and the nursing post is very important for when there are accidents in the area. There are other areas into which this funding could be put. The Mt Magnet Nursing Post is just one small example of what is needed in regional areas.

The government is, from memory, putting some \$42 million into a hospital in Broome. It is interesting how many phone calls I receive from nursing staff, asking where in Broome they can stay. It is not just about building bricks and mortar; it is about actually making sure that the other infrastructure includes accommodation etc to ensure the hospital operates properly and is serviceable for the communities of regional areas. Under my plan, the government would have an extra \$500 million to spend around the state, and it could do some commendable things that would be noticed by people. Hon Simon O'Brien alluded to the fact that in 2004-05, people thought the proposed hospital was fantastic, but they may not think so when they see nothing but a growing, locked-up bank account - a bank account locked up by a bill that will become an act once it passes through Parliament.

Hon George Cash alluded to the fact that some of this funding could perhaps be spent on ports. I would certainly have to agree with that. There is a lot of infrastructure that needs upgrading. An example is the Broome port. I have asked questions in this house about this before. I am well aware of the infrastructure there. The pipes used to supply water to the drilling rigs of the present resource boom are too small to deliver the water. When other players appear, such as Inpex Holdings and Woodside Petroleum, there will be waiting periods at the port. These are planning matters that need to be put into infrastructure. Why would the government lock up such a large amount of money when it has these other needs as well? It could still build the hospital; there will be further income next year and the year after. It will take time to build this hospital; it therefore does not make sense to lock up all the funding.

An interesting example was alluded to in the second reading speech. Hon Kate Doust, the parliamentary secretary representing the Treasurer, stated -

Debt-free funding of Fiona Stanley Hospital follows last year's decision to use the 2005-06 surplus to pay off all debt for the New MetroRail project.

In the past week I saw an article in the press in which it was reported that an estimated further \$50 million was needed for that railway line. At the time it seemed great, and I think I said in this house that more than \$1 billion was to be set aside to make the construction debt free, and that it would save - in my recollection - some \$35 million in interest alone. We are still putting in money, and nobody knows for how much longer this will continue. Is that the way to go? I think I said at the time that I would also extend that asset over a longer period, and have the funding amortised out.

I touched on the issue of nursing staff. Other issues include police stations and law and order. The state government is closing police stations. It is interesting that only in the past week, a police station was closed at Gascoyne Junction. Schools are opening in the region, and there is Indigenous housing and a hotel. That is a recipe for another Fitzroy Crossing, yet the government has closed the police station. I have been told that it is because the infrastructure of that police station is not good enough. I find that quite amazing. I would maybe spend some of the funding in this quarantined account on that police station.

Another example is the delay of the proposed Ord stage 2. That project needs government funding for infrastructure in the order of \$100 million. Maybe that could have gone ahead; maybe we could have actually

had some productivity for our investment, and built up a sustainable agricultural industry at the same time, while still having enough income from resources to pay for the Fiona Stanley Hospital on a year-by-year basis. Hon George Cash asked whether it was necessary to have a bill for the railway line; apparently it was not. Was it necessary to have a bill for the desalination plant? Apparently not. Why is this bill so necessary? I have to say that this bill appears to be an exercise in which the government has set funding aside and has then put it up in lights. The government is actually saying, "We are going to build a hospital; we have locked up this funding to build this hospital." There is no mention made of the demise of other health services on which part of this funding could have been spent to ease the pressures we read about every day in the paper - the waiting lists etc. I find that a little abhorrent. The only reason I can think of for the government's putting everything away into a savings account such as this is that it does not trust itself to be able to work out its accountability in putting a certain amount of money aside and having funds to pay out money each year. It does not trust itself to be able to do that; therefore it just takes the surplus. Alternatively, is it just that it wants to say, "We haven't got any funding to spend on other health issues, because we've locked it up for one asset," in the same way that it did with the railway line?

The opposition's lead speaker has already said that we will support this bill, but I find it very interesting that this large amount of funding will be locked up for one specific purpose. I also find it interesting - I guess these are questions the opposition will ask - that according to clause 4(3)(b), the interest on this account will be determined by the Treasurer. I will obviously ask this question later, but does the Treasurer determine the actual interest rate? Is it in the Treasurer's interest to keep that interest rate low so that there is not too much extra money being built up in that account? I find that quite interesting. As I said before, I made notes when I was reading this bill some weeks ago. It seems that it is meant to lock up the interest and to lock up the account. It appears to me that it is a "lock up" rather than a bill.

Hon George Cash raised an interesting point regarding the establishment of the hospital, including the installation of fittings and equipment. He asked whether it included the land. I am interested to hear about what land has been set aside. What is the cost of the land? The other interesting point is where it is going to be built and when construction will start and finish. They are all questions that need to be answered, but not in debate on this bill. I realise that this is just an account bill to freeze the money for one specific purpose. I find it very unusual that that much money would be frozen when there is such a need for a social dividend elsewhere in the state.

I will finish by saying that I find it a little disappointing that this bill is even necessary. I thought that the government would be better organised to handle its finances in a manner that allowed other assets to be built that would benefit all of the state, particularly in areas where much of the surplus was generated. Hon Murray Criddle finished his speech by saying that the government should not forget about the bush. The government should not forget about the area where so much of this funding is created. Only the other day I was on Barrow Island looking at the Gorgon and Pluto projects. Yes, it will be a while before they come on stream, but because of all those projects - including iron ore - the government of the day will be assured of huge royalties to come.

Hon Kim Chance: The federal government.

Hon KEN BASTON: I mentioned gas and iron ore and then I corrected myself.

Hon Kim Chance: And 90 per cent of the iron ore royalties also. Don't forget that.

Hon KEN BASTON: There is still a huge cash flow coming into this state.

Hon Ljiljana Ravlich: It is nowhere near the same; we get a small fraction of what the commonwealth gets, and you know it. You should know it.

An opposition member: What does the government do with the money it gets now?

Hon KEN BASTON: It locks it up. The cash flow is continuing. That is the point I am trying to get to. Therefore, the government cannot lock up the entire \$1 billion. It will continue to invest that money and it will then have more income.

HON NIGEL HALLETT (South West) [8.52 pm]: I will make a few brief comments on the Fiona Stanley Hospital Construction Account Bill in line with previous speakers. Although having been in this place only a short time, I find it an unusual piece of legislation. Looking back through history, I have not seen where this type of legislation has been presented before. However, I stand to be corrected if it has been, but I have found no evidence for it. Some members of Parliament treat the bill as an insult to the people of Western Australia. From the opposition's point of view, it is a waste of parliamentary time. The view that can be taken of the bill is that it is probably a sign that the government does not trust itself with the amount of money it has in its coffers today.

Hon Simon O'Brien: I don't trust the government with it.

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Hon NIGEL HALLETT: A lot of people do not trust the government. It is interesting to see that the Treasurer does not trust himself. Unlike for previous projects, why have the funds not gone into consolidated revenue? Normally for capital projects the money is drawn on over time. I agree with Hon Ken Baston that there are many projects around the state that we should get going now with the \$1 billion-odd that will be sitting in an account, because there are predictions of a strong economy over the next five to 10 years. As a result, the state would be earning far more money. Instead of saying to the federal government that the state wants more money back, the state would be growing in an unprecedented manner.

Members of the other house said that the bill was a stunt or a nonsense or a farce. Those comments were levelled against this Fiona Stanley Hospital Construction Account Bill. One phrase that I would use is that it is potentially a very deceitful piece of legislation. What is this bill trying to achieve? It will create a special purpose account. Clause 4(1) states that it is -

. . . for the purposes of the construction and establishment of a hospital.

There is no definition of the type and size of the hospital. I will return to that point in a moment. Clause 4(4) states that the hospital will be the Fiona Stanley Hospital. As mentioned by Hon George Cash, the bill does not state where the hospital will be built. That leaves a lot of room for concern.

When the Treasurer is satisfied that the construction and establishment of the Fiona Stanley Hospital has been completed, he will then credit the consolidated account with any surplus money. I can tell members that there will not be any surplus money. History will show that. We did not have a bill for the Peel deviation. The cost of that project has gone from roughly \$150 million to \$650 million. We did not have a bill for the southern railway line. The minister cannot give us a pretty close estimation of where the cost of that is going. It has gone out by in excess of half a billion dollars. I can go on and on. This government has the slogan of "on time and on budget", but I do not know where it is going to go with the Fiona Stanley Hospital. We may finish up with a two-bedroom hospital in Eucla - that will be on time and on budget! As such, the government would not be breaching the act; it would be doing what the act says.

The use of land has been touched on. How much land is available and what will it cost? In some of the material I have read, land for a hospital was identified back in the 1970s. The project was to be called the Lakes hospital. This is not the first time that the Parliament has had a look at using St John of God land.

I do not think there are any qualms among any part of the population that the hospital is needed. The government's promise of 1 000-plus beds is fantastic, but stage 1 will finish with 640 beds or thereabouts. With the closure of Royal Perth Hospital, one wonders what the net gain in beds will be.

The creation of the special account is not specific enough concerning time, costs and overruns. The homework has not been done. As I have touched on, there are plenty of examples to show that. I believe that the funds are inadequate and that the number of beds will ultimately be far fewer than what the government is promising. If the government is committed to this project, as was its election promise, why not include a clause that the funds will be added - not may be added - to the account until the completion of the hospital?

This bill is a waste of time, and is open to manipulation. It is in no way tied to its said purpose. The Treasurer is not so badly informed as to not know that this bill is meaningless. It is a stunt. I can only speculate that it will still be sitting here in another 12 months and that there will still be no definite figures and nothing will have started. This money has come from over-taxing. I accept that the money has been paid through taxes, but why is this state not getting other projects going, as I touched on earlier? Is this money just being tucked away in what some people are calling the Eric Ripper Christmas fund? We did that as kids. We all had to put money aside in our Christmas fund, because we could not be responsible with money. That is exactly what people are saying about this government. This government cannot be trusted. The Treasurer has lost confidence in himself and in his colleagues. This bill is just another example of government spin. My colleagues in the lower house have described the smug way in which the government announced this bill. The government used its spin. However, it is now well past its sell-by date. I have no question whatsoever that the electorate will see through this bill.

With those few words, I will go along with my colleagues in supporting the bill. However, as I have said, I do not see any need for this bill. There will be cost overruns. There will be reduced bed numbers. If the government was dinkum about this bill, it would have set in stone everything to which it has committed.

HON RAY HALLIGAN (North Metropolitan) [9.00 pm]: The Fiona Stanley Hospital Construction Account Bill is a very small bill. I will not take up too much of the time of the house on this small bill, because a great number of members have already spoken on this bill. The purpose of this bill is create a bank account to hold the interest payments on the moneys that have been set aside for the construction and establishment of Fiona Stanley Hospital. A number of members have raised concerns about the construction timetable, and the draw down on funds and the like. I am a little unsure of what to expect within a bill of this type. One matter that

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comes to mind is the policy of the bill. That is borne out by the wording in the second reading speech. This bill goes beyond being just a practical bill to tell the people of this state that certain moneys have been set aside for a specific purpose; that is, the construction and establishment of Fiona Stanley Hospital. The government is lauding itself on the fact that, to quote from the second reading speech -

Together these decisions mean that the two largest public sector capital works projects ever undertaken in Western Australia will be delivered without the need for borrowings, and with no debt servicing costs into the future - a lasting legacy of our state's current prosperity.

There is no doubt that this bill will be good for the government politically. The government will be able to tell the people periodically about how much has been deposited into the account. That does not necessarily detract from the purpose of the bill. However, there is no doubt that, as others before me have said, the taxpayers of Western Australia are being over-taxed. A large part of the moneys raised from those taxes will now be set aside in this account and locked away for a specific purpose. That means that those surplus funds that might have been available to Treasury will no longer be available to hospitals, schools and other organisations in this state that are crying out for increased funding. It is all very well and good for the government to talk about these two major projects - one being a railway line, and the other being a hospital. However, which of these projects is likely to generate the most income? There is no need for either of these projects to generate sufficient income to pay for their construction, because the government has already taxed the people to pay for the construction of these projects. However, will these two projects ever generate sufficient income to pay for their operating costs? Will these projects ever be viable, or will they need to be subsidised? Will there ever come a time when these two projects will pay for themselves? The minister may be able to answer these questions. I will ask a question. I think the answer will be well known to most members in this place. What local government authority is willing to put up its hand and say it will have a swimming pool if the government will pay for its construction? The answer is not one. That is because all local governments know that a swimming pool will never be viable and they will be caught with the costs for each and every year of its operation. It is all right for the government to beat itself on the chest and say, "Aren't we good!" However, it is not telling the people what the additional operating costs are likely to be. The government is building two very large public sector capital works projects. However, often the larger a project is, the more it costs to run. I hope the government has taken that into consideration and is prepared to advise the people of this state how much they are likely to be taxed into the future to pay for the operation of these two large capital works projects. That is a very important, and not unreasonable, question for the government to answer.

I do not have a great deal more to say on this bill. The members who have spoken before me have said all that can possibly be said about this bill. I have some concerns about the timetable. I would dearly love the government to provide us with some information about the timetable for the design and construction, and the like. As I have said, the taxpayers of Western Australia are providing these funds to the government. The government should use these funds in the best possible manner to benefit the people of this state, and their children and grandchildren. As other members have said, people's views about the way in which these moneys should be used are often extremely subjective. Members with an interest in railway lines will no doubt stand and argue until they are blue in the face why so much money should be put into building that railway line to service, so the government tells us, some 13 000 passengers. I am not aware of any railway line that pays for itself; therefore, I cannot foresee the Mandurah railway line being viable for probably 100 years, which means that taxpayers will have to subsidise it. Again, I believe it is important that the government provide information on what that subsidy might be.

It is particularly important, I believe, that we be given a schedule of construction. Only in that way can we on this side of the house look at the budgetary process to see the amount of money the government has put aside to undertake the tasks that will lead to the completion and utilisation of Fiona Stanley Hospital. If the government wants to keep all that information to itself, it will not be open and accountable and will not provide the opportunity for the normal scrutiny of such legislation. It is all very well and good for the government to say that this is not a slush fund that politicians can play games with in the future. That I accept, but there is more to it than just saying, "There is the bank account, there are the dollars and cents and this is where it is going to be expended." It is a far bigger picture than that. It is a far more important bill than the few pages that we have been presented with. The bill has far more ramifications and, as I say, it is important that the government shows its openness and accountability by providing some figures that it has used to justify and convince people that this is the way forward. It is not just a matter of the government saying that we need another hospital; it goes well beyond that.

Hon Simon O'Brien said that quite a number of other hospitals will be incorporated in Fiona Stanley Hospital. No doubt that means that all the land on which those hospitals currently reside will be sold off.

Hon Simon O'Brien: The primary one at the moment, of course, is Royal Perth.

Hon RAY HALLIGAN: Exactly.

Hon Simon O'Brien: A colossal asset; and heaven only knows what they're going to do with Fremantle.

Hon RAY HALLIGAN: It does make one wonder. Again, I believe it is important that people be aware of it. We spoke earlier in the day about consultation. Here is an opportunity for the government to consult by providing some information about how it will operate Fiona Stanley Hospital at a particular time and how people will be moved from point A to point B. All of it must be managed. It should be planned. It is not just a matter of saying, "Let's build it because I can say I did it; there is my thumbprint on it; I will leave it to the bureaucrats to decide how it all might work, so then I will have no responsibility if something goes wrong." Something of this magnitude requires enormous scrutiny. We are talking about two figures each in excess of \$1 000 million. As far as I am concerned, it is incumbent upon the government to ensure that as much scrutiny as possible is provided. The government, through accountability and openness, needs to show members on this side of the chamber how that will take place. I am talking about a probity auditor of the type that was used for the Perth Entertainment Centre; someone who can sign off on certain aspects of this project so that at any time in the future questions can be asked and answers can be provided - that is the important part. Any number of people can come up with questions. The difficulty has always been, particularly with this government, unfortunately, in receiving answers. Those answers need to be timely. It is not a matter of putting questions on notice. There should be people out there keeping up-to-date on a daily basis so that when questions are asked, answers can be provided. I am asking the government to ensure this does in fact take place. It might not be a bad idea to contemplate a further amendment to the bill that insists on that happening. There are many other guarantees in the bill about the funds being available only for the construction and establishment of the hospital and there are provisions that when the construction and establishment of the hospital is completed, the Treasurer must direct any money standing to the credit of the account to be credited to the consolidated account. Those are good aspects and that is the way it should be. Why are a few more guarantees not in the bill to make sure that the information that should be made available is in fact made available? It is not a matter of trust me I am a politician, or trust me I am part of the government. I want none of this emperor's new clothes stuff that of course it must be all right, because the account will be established under the Financial Management Act. I cast no aspersions on the chamber nor, I hope, on the Parliament, but there are certain areas that I would have liked to explore a little further.

Hon Ljiljana Ravlich: Such as?

Hon RAY HALLIGAN: I will not go into that now.

Hon Ljiljana Ravlich: Give me one.

Hon RAY HALLIGAN: I will not go into that now; it might well reflect on the Parliament.

It is important, when we are talking about figures of this magnitude, that the government be forthright in its openness and accountability and try to ensure that the provisions of the bill create the comfort that the taxpayers of Western Australia deserve.

Hon Simon O'Brien: What are you concerned about? Do you think there might be some sort of sharp practice behind this bill?

Hon RAY HALLIGAN: No, nothing of that nature. Hon Simon O'Brien is suggesting something that I would not even contemplate. However, there are certain ways and means of transferring funds for a variety of reasons - not into one's private bank account, nothing of that nature - and there are ways and means of doing things a little differently from what was originally intended. Members should not forget that this is now 2007 and the second reading speech referred to the hospital's scheduled completion in 2012-13. A lot can happen in that time. For that reason I believe it is particularly important that the people of Western Australia through a nominated representative, a probity auditor, can have access to that information as and when they believe they require it, rather than waiting until the end of the day and hoping to see a set of accounts at the project's completion. It would be far too late then. It is like the Mandurah railway project, which has suffered from never contemplated cost escalations, but I am not sure of the amounts, as I have not seen all the figures. This is part of the problem. We never see a complete breakdown of what is intended and what the anticipated expenditure is likely to be. I would like to see a provision for contingencies, which is a normal practice with something of this nature. It was talked about in the second reading speech, which states -

The bill also provides that the account will earn interest on the investment of its balance, thereby providing capacity to offset potential cost escalation on the project between now and its scheduled completion in 2012-13.

That is good; I have no problem with that. The difficulty, though, is exactly how much that cost escalation is likely to be. Will other funds be provided for those contingencies? Saying that we will earn interest and will use

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the interest to pay for any cost escalation is a nice general statement. However, if the figures have not been done, and a certain contingency amount is allowed for, the escalation may not equate to the amount of interest; therefore, there would be a shortfall, and, again, ministers would need to go back to Treasury and say, "Sorry about this, but we need another \$100 million." That is not good financial management. If the government continually keeps all these things under wraps and keeps its cards, as people say, very close to its chest, it will continue to have people on this side of the chamber who are as cynical as they are. Be a little more open and we may be a little more understanding. At this time, as far as I can see, this government has not been prepared to provide any of that information. When information is asked for, we are more often than not told to put a question on notice; if we are lucky, we might see something six months later couched in terms that are totally meaningless to the original question.

I will not take up any more of the house's time on this matter, other than to say, as other members have said, that there is nothing in the bill that we oppose. However, it is likely that some amendments will be moved to try to improve the outcome of the bill in the interests of the people of Western Australia.

HON HELEN MORTON (East Metropolitan) [9.23 pm]: I add my voice to the chorus of people who are saying that this Fiona Stanley Hospital Construction Account Bill 2007 is a total waste of time, is an unnecessary bill and is an unnecessary use of the Parliament. To explain why I think that, perhaps members should have a brief look at the budget papers for the health portfolio. It is not necessary for this amount of \$1.1 billion to be set aside in a separate fund because in the time it will take to build Fiona Stanley Hospital, the health budget will overrun the hospital's budget by that amount of money. If sufficient discipline were displayed within the health portfolio to stay within its budget, \$1.1 billion would be saved over five years anyway. If members want an example, in the year just gone the total appropriation provided to deliver services was \$3.187 billion. That was the budget at the beginning of the financial year. I refer to just recurrent services, not capital. In the Standing Committee on Estimates and Financial Operations budget hearings in the past couple of weeks, we have heard that the final expenditure amount for health was \$3.42 billion. Therefore, in the space of a year, the health budget ran up extra expenditure to the tune of \$232 million. That information came from the health people themselves. When I said to the director general at the end of the hearings that it must be a record as I have never known health to go that far over budget, his comment was along the lines of, "It had to go somewhere, so it might as well come to us." In the space of a year, \$232 million in extra money was drawn down to health so that it could continue to do what it was doing. If the health portfolio had stayed within its budget at the beginning of the year, and if it were to save that \$232 million a year over the following five years - it will take longer than five years to build Fiona Stanley Hospital - the government would save the \$1.1 billion needed to build the hospital.

My second point is that the actual capital budget for the health portfolio this year was underspent. It did not even spend the money available in its capital budget. The health capital budget underspent by \$17.2 million. The total capital allocation to the health portfolio this year was \$94.3 million, of which it spent only \$77.1 million. Therefore, its slippage was already quite substantial. Lo and behold, next year's capital, which the health portfolio will never spend in a fit, is more than double that spent this year - namely, \$168.7 million. The slippage will be quite substantial. There is no way in the world that the health portfolio will spend that amount of money. I go back to asking myself: why; and what is the motivation for putting together this account and this special bill? I can only assume that it is because the Minister for Health is incredibly embarrassed by how successful he is at controlling such a large share of the consolidated account already, and that the only way to get yet another big slice of the funding is to somehow dress it up and stick it into some kind of special purpose fund and call it something equivalent to a future fund. The minister has already got more than 25 per cent of the state's recurrent budget under his control, and he is overspending, as I have said, more than \$200 million a year over and above his allocation. Nevertheless, this bill gives the minister another opportunity to grab all the funds and another piece of action. I call it the action of a megalomaniac who needs to dominate and to control the state's budget, basically, and this is just an additional way of doing so.

Hon Ken Baston: Yes, it is. He takes the money for them.

Hon HELEN MORTON: Absolutely. It is putting it under his control. As other people have indicated, I think about all the different things that could be put in place with some of the funds allocated to this project. I know, for example, that a Broome mental health facility is desperately needed. A business case was put forward for this facility more than 12 months ago now. The mental health forensic unit has had a business case put forward for more than 12 months, and nothing is being provided in that regard. Those are just a couple of the mental health issues that I am aware of that could be addressed.

I am familiar with what is likely to take place when Fiona Stanley Hospital is finally built. It has been suggested that in the first stage Fiona Stanley Hospital should be a 600-bed facility. I do not disagree with that. However, it is important that it never be expanded to a 1 000-bed facility. As a 600-bed facility, it will be able to serve as a tertiary-level facility in the southern metropolitan area. However, the minute it is expanded from 600 to 1 000

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beds, a number of the services provided at places such as Armadale Health Service and Rockingham-Kwinana District Hospital will become unviable. Staff and specialists will be drawn away from those secondary-level hospitals. It is important that those secondary-level hospitals remain viable and capable in their own right. An example of that is the 14-bed high-dependency unit that was built at Armadale-Kelmscott Memorial Hospital; it has never become operational. If the Armadale high-dependency unit had been made operational, the flow of patients to Fremantle Hospital's high-dependency unit would not have continued, which would have made it difficult for Fremantle Hospital to justify expanding its high-dependency unit, which is what it was after. The high-dependency unit at Armadale-Kelmscott Memorial Hospital has never been made operational. We are still waiting for it to become operational. The facility has been in that state for over five years despite the demand for high-dependency beds around the metropolitan area. If Fiona Stanley Hospital drags services away from the secondary-level hospitals, those hospitals will not be able to function in their own right. We should not push to make Fiona Stanley Hospital more than a 600-bed tertiary facility.

I have heard it said that the establishment and development of Fiona Stanley Hospital is akin to a future fund for Western Australia. When I heard that, I cringed with embarrassment. I cannot believe that somebody could equate putting funds into an account for Fiona Stanley Hospital with the measures that might be achieved through a future fund.

Hon Ljiljana Ravlich: That is because the feds established a fund not dissimilar to this for their future fund. That is where the comparison is drawn. If you knew anything about anything, you would know that.

Hon HELEN MORTON: It is not a future fund. A future fund involves putting something in place that will grow and develop and produce additional revenue and resources for the state. Hospitals do not do that. I am not saying that the hospital is not necessary; however, it will not do that. We are leaving far too much in the hands of the people who will be controlling the account. Paul Murray wrote an article in today's *The West Australian*. The article is headed "We're timid by Dubai, Barcelona standards" and states-

In common with Barcelona, Dubai has made itself into a major regional hub and an economic powerhouse through creative development policies.

The establishment of Fiona Stanley Hospital and the fund is not in any way a creative development policy; rather, it is a passive and non-creative measure. It is not a development policy. The government is establishing this fund because it does not know what else to do. The government's lack of creative development policies has caused it to go down this track.

Hon Ljiljana Ravlich: You are so negative about everything.

Hon HELEN MORTON: Not at all; I am very positive about lots of things. Unfortunately, I am not positive about this. Paul Murray's article continues -

... we don't appear to have the political structures, the economic processes, the driving motivation or the creativity to replicate the successes of either city.

The establishment of this account proves that the government does not have the political structures, economic processes, driving motivation or creativity - I think it is the lack of creativity more than anything - to replicate the successes of either city. The article continues -

We certainly lack the leadership in both the political and business arenas that have been crucial to the other cities.

The lack of leadership is a big issue. The article continues -

We should examine Barcelona's Zona Franca Consortium, established in 1916, which involves the city council, but has a special charter to drive economic development in that city.

If I were establishing a future fund, I would want an economic powerhouse with creativity to be driving it.

The government is putting \$1.1 billion into an account to build a hospital. That money does not need to go into that account, because the hospital could be built through savings in the current budget or through the normal process of using a certain amount of money from the capital works program each year to build the hospital over however many years it take. The government has chosen to lock \$1.1 billion away and is not even trying to create a major regional hub or an economic powerhouse. How did the government come up with this initiative? Who is driving the government at the moment? Essentially, this government is being driven by one person - a socialist reformer. Unfortunately, he does not know how to grasp the opportunities offered during prosperous times to transform the state into a modern marvel. The government is putting \$1.1 billion into an account to build a hospital that could be built through a variety of other processes. Perhaps the government does not have the conviction that the good times will last. I do not think that the resources boom will go on forever. That is why I have suggested that the government should be doing something far more interesting by creating a totally

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new industry in Western Australia that will carry on well after the resources boom. Now is the time to establish a major new industry that will continue beyond the resources boom. However, the government has decided to lock the funds into a single account to build a hospital. This bill represents a faint-hearted approach by the government to store \$1.1 billion until some time down the track. That is not very exciting for the state of Western Australia.

HON GIZ WATSON (North Metropolitan) [9.39 pm]: The Greens (WA) support the Fiona Stanley Hospital Construction Account Bill 2007. I do not really have a lot to say about it, because many other members have already spoken. We question the necessity for a bill such as this. It is unusual to create a specific account in this way to provide the money to construct a hospital. Other members have expressed views about the politics of the bill, and perhaps it is mainly about gaining political mileage. Having said that, we cannot see anything that is particularly offensive about the bill, so we will support it.

I will be interested in the response from the minister to some of the questions posed by Hon George Cash, who has addressed some of the detail of the bill. Questions that I have also relate to the issue of the acquisition of additional land, and whether that is envisaged as necessary. My understanding is that some questions have been raised about the size of the existing site, and whether the new hospital could be appropriately housed on the site as it is at the moment. If it is intended to make a fair amount of the structure high rise or multilevel, there is the possibility that the flexibility to modify the services that the hospital can provide at a future date will be reduced. If there is an issue with the size of the site, which therefore restricts the design to being multistorey, the options for a more flexible approach will be reduced. I would be interested to know whether the minister has any additional information about the government's current position on the planning. Obviously, that relates to this bill, because this bill is about the money that will fund that. The Greens are happy to support the bill.

HON LJILJANNA RAVLICH (East Metropolitan - Minister for Local Government) [9.42 pm]: I thank members for their contributions to the debate on this very important bill, the Fiona Stanley Hospital Construction Account Bill 2007. In particular, I thank Hon George Cash, because it was quite clear to me from the comments he made on the bill that he has really put some work into it, and of course everybody else piggybacked on the comments he made. I will begin by providing some responses to the issues raised by the honourable member.

First of all, this bill provides a funding mechanism for the construction and establishment of Fiona Stanley Hospital. That funding mechanism will be established through an account set up by this bill. Parliament has already approved the appropriation of \$1.09 billion to the account, as the budget statements make clear. That amount of money is for stage 1 of the hospital, which will deliver 643 beds in total. There was some debate about what will go into stage 1 and what will go into stage 2. The remainder of the total of 1 000 beds will make up stage 2. This bill seeks to establish the construction account so that the appropriation already approved by Parliament can be paid into the account and then be accessed by the Department of Health. It is true that the account could have been established administratively under section 10(a) of the Financial Management Act 2006. However, the government considers it preferable to establish the account by legislation, and section 10(e) of the Financial Management Act specifically envisages that.

The government has made a decision to deal with this matter via legislation for a couple of key reasons. Firstly, establishing the account through legislation provides for better controls and transparency, which are important given the size of this project and its time frame. There have been some comments about the government wanting to hide things etc. The fact is that this could have been done administratively and the information would not have needed to come into this place, but the government has chosen not to go down that path. To argue that the government is being secretive in some way, and is not being open and accountable, is totally incorrect, because it could well have taken that administrative path. As Hon George Cash has noted, establishing the account by legislation allows the interest earnings to be credited to the account, thereby providing a source of funding for any cost escalation on the project. Such an approach was not used for the New MetroRail project - this is one of the points raised by the honourable member - because when the rail project first commenced, the government was not generating cash surpluses of the magnitude currently being experienced, thanks to the booming Western Australian economy. That project was initially funded primarily by new borrowings, but the government has now repaid all those borrowings using the 2005-06 cash surplus.

Hon George Cash also asked about the government's commitment to the number of beds. The \$1.09 billion is for stage 1 of the hospital, which will provide 643 beds. This amount is shown as item 138 in volume 1 of the *Budget Statements*. During debate on this bill in the other place, both the Treasurer and the Minister for Health indicated the government's support for stage 2 of the hospital, which would provide for approximately 1 000 beds in total.

Hon George Cash also talked about the alternative options of using the cash surplus to repay debt or to fund new infrastructure. In fact, this point was raised by a number of members who spoke on this bill. Why could the money not have been put to an alternative use? Obviously there is an opportunity cost in forgoing other projects

Hon George Cash; Hon Simon O'Brien; Deputy President; Hon Ken Baston; Hon Nigel Hallett; Hon Ray Halligan; Hon Helen Morton; Hon Giz Watson; Hon Ljiljana Ravlich

because of the government's decision to put the money into Fiona Stanley Hospital. It is worth noting that, over the past three years, the government has done both. In other words, it has repaid debt and has also used money to fund new infrastructure. For example, the government has retired \$774 million in consolidated account debt, resulting in the consolidated account now being debt free for the first time ever, which is a very significant achievement. We have also retired \$322 million in debt left over from the privatisation of Westrail freight. We have also fully funded the New MetroRail project without any ongoing debt burden on future generations of Western Australian taxpayers, and now we propose to use the 2006-07 cash surplus to fund the debt-free construction of Fiona Stanley Hospital. All up, in the past three years, the government has used its budget surpluses to retire existing debt and avoid taking out new debt to the tune of \$3.5 billion, saving taxpayers around \$222 million per annum in debt interest payments. The criticism has been levelled at the government that it could have put the money to better use and retired debt. We have certainly done both, as demonstrated there.

A number of members raised the issue of construction dates. The commencement will be in 2008, the date for completion is 2012-13, and the facility will be built debt free. Hon George Cash suggested that it is possible for the government to fund the debt-free construction of Fiona Stanley Hospital from the 2006-07 cash surplus only because the government has over-taxed the people of Western Australia. The financial circumstances we are experiencing are very much the result of the state's booming economy. For example, in 2006-07, the state's domestic economy as measured by state final demand grew by a very strong 8.8 per cent. However, I always remember the figure - it sticks in my mind - for the September quarter last year, when we had a growth rate of something like 13.8 per cent, compared with China's growth rate for the same period of about 10.5 per cent. Quite clearly, when this state's level of economic growth is outperforming the economic growth of a nation such as China to that extent, it indicates that the flow of revenues would be fairly strong. Consequently, the benefits to Western Australian people would also be fairly strong. Western Australia has the strongest growth of any state or territory. It is almost double the national growth of 4.5 per cent.

I think the honourable member was making the point that all this money is coming as a result of the government over-taxing Western Australians. If that was not the case, it is certainly the way I interpreted it. It may well have not been intended to come across like that. However, in this regard, it needs to be realised that taxation revenue accounts for only about 31 per cent of total general government revenue. The remaining 69 per cent comes from commonwealth grants, mining and petroleum royalties, agency sales of goods and services, dividends and tax equivalent payments from public corporations, and other minor revenue sources. Therefore, I do not know that that argument really holds true from the point of view that -

Hon George Cash: Is your argument that because the revenues flow from areas other than taxation, that in itself is the reason that you can't reduce rates of taxation? I would have thought that the fact that they flow from royalties and all those other places that you mentioned would suggest that you can reduce rates of taxation.

Hon LJILJANNA RAVLICH: Of course, but the decisions about how much to reduce, where to reduce and whether to reduce, as opposed to, for example, building a hospital, are matters of policy and matters on which the executive makes decisions.

Hon George Cash: But the government has monthly accounts that show it exactly what revenues are coming in. They didn't all come in in the two weeks before 30 June. The \$2.2 billion surplus didn't occur in a matter of two weeks; it occurred throughout the year.

Hon LJILJANNA RAVLICH: Yes, that is true, but the point I make is that that is a decision that the Treasurer makes together with the cabinet. That is a government decision, and we will have varying views about how the government will spend -

Hon George Cash: That is why it is called over-taxation. The view of the Treasurer is that he should not reduce rates. The consequence of doing that is over-taxation.

Hon LJILJANNA RAVLICH: I do not necessarily agree with that point.

Hon George Cash: What would you call it?

Hon LJILJANNA RAVLICH: I would say that the government has chosen to put its money into infrastructure. We have already made significant reductions in some areas of taxation.

Hon George Cash: But there is a distinction between taxation and what you do with a surplus. You have decided to apply the surplus.

Hon LJILJANNA RAVLICH: That is exactly right, in the way that we have.

Hon George Cash: Exactly. That does not excuse the over-taxation. That is what I am getting to.

Hon Kim Chance: Assuming it occurs.

Hon George Cash: There's no assumption; it's a fact.

Hon LJILJANNA RAVLICH: The honourable member has based his argument on the assumption that it has occurred. We would argue that it has not occurred.

The DEPUTY PRESIDENT (Hon Ken Travers): Order, members! The minister should address her comments to the Chair. Although I understand the relevance of the comments, I think the amount of time we are spending on them probably is not warranted.

Hon LJILJANNA RAVLICH: I think it is an interesting point of difference. Quite clearly, Hon George Cash would argue that there has been over-taxation, and I would argue that that is not the case. He bases the rest of his argument on the premise that there has been, and I would argue that there has not been. Therefore, we could go around in circles for a long time, but I do not think it really gets us anywhere, quite frankly.

Hon George Cash: What it does is send the community broke in due course, but that's another matter.

Hon LJILJANNA RAVLICH: Okay. Hon George Cash also asked question without notice 770 in the Parliament about section 38(7) of the Financial Management Act 2006 regarding the prohibition of payments of interest on public money held in a special purpose account and whether another written law provides otherwise. This is a continuation of a previous arrangement; that is, there is no provision. This is a part of a previous arrangement under the old Financial Administration and Audit Act. The rationale for the prohibition in section 38(7) of the Financial Management Act is that if agencies were able to generate and retain interest on special purpose accounts, that would provide agencies with a source of funding that was not subject to the scrutiny of the budget process, and it would be very difficult to actually work out how much funding of this type different agencies had under their control. Therefore, to ensure proper scrutiny, interest is typically credited to the consolidated account and then appropriated to agencies in accordance with the appropriation act.

As Hon George Cash noted, the prohibition on interest in section 38(7) of the Financial Management Act is one of the major reasons that we need this bill. In fact, that is exactly what the response to part (3) of the question highlights. There is some conjecture about whether such examples, although the Department of Treasury and Finance is not aware of them, do exist. Anyway, I take the view that if the department is not aware of them, it would be highly unlikely that they exist; and, in the event that they did, certainly they would not exist in any number, because otherwise they would be more obvious.

I want to touch on some issues raised by Hon Ray Halligan. He asked whether the Fiona Stanley Hospital and the New MetroRail projects would ever be able to pay for their operating costs. Quite clearly, the operating costs of the hospital will, like those of any other public hospital, be funded by appropriation from the consolidated account; that is, the operating costs of the hospital will be funded by the taxpayer. The only real alternative is to charge public hospital patients a cost-recovery fee. I do not know whether Hon Ray Halligan was suggesting that this is what government should do or, indeed, whether he would suggest that if he were in government.

Hon Ray Halligan: Not at all. All I asked was: how much is it going to cost the taxpayer?

Hon LJILJANNA RAVLICH: We have not contemplated doing that, so I do not know that any sums have ever been done in respect of that. I am advised that they have not. However, if Hon Ray Halligan is contemplating having this policy, whereby his party will fully cost recover the provision of hospital services -

Hon Ray Halligan: Did I say that?

Hon LJILJANNA RAVLICH: No, but it was implied in the question.

Hon Ray Halligan: Are you misquoting me by any chance?

Hon LJILJANNA RAVLICH: No, I would not dare. The operating costs of the New MetroRail project will also be subsidised by the consolidated account to the tune of probably about 80 per cent. Therefore, to remove this subsidy would require once again significant cost increases based on a cost-recovery model. That would simply hike up the cost of fares, and that would be passed on to the consumer. Obviously, we hold the view that that would not be in the public interest. Therefore, we would not support such a policy.

The issue of how much has been spent on the Fiona Stanley Hospital project was raised by a number of members. To date, it is understood that the Department of Health has expended some \$3.8 million on the planning of the hospital. This amount was appropriated to the Department of Health out of the consolidated account as part of the 2006-07 budget. It is in the budget papers. The Department of Health can access the remaining funding for the project only from the account established by this bill, hence the urgency of this legislation getting through. I am also advised that this is the last budget-related bill that has not been dealt with. From that point of view, we are naturally keen that this legislation is passed through this place because until such

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time as that is the case, the money cannot be drawn down for the purposes of making payments to any manner of things.

Debate interrupted, pursuant to standing orders.