

DUTIES LEGISLATION AMENDMENT BILL 2013

Second Reading

Resumed from 11 June.

MR M. McGOWAN (Rockingham — Leader of the Opposition) [12.32 pm]: I rise to make my contribution to the debate on the Duties Legislation Amendment Bill 2013, which has, I think, rightfully been described by my colleagues as a tax slug, a tax increase, on small business across Western Australia. It comes in the context of an earlier tax slug in relation to this issue put in place in 2010 by this government. Although the Premier claims that this is a new government, some things in a new government remain the same; that is, prior to the election, under the old government, with the same Premier, there was an increase in tax for businesses that would be subject to this stamp duty. We find that in the new government post March this year there is also a continuing increase in tax for small business as a consequence of legislation passed by the government.

To put this in context, so that members understand the history of this, as part of the GST deal in 1999, it was agreed, under an intergovernmental agreement across the country, that a range of taxes would be removed by the states. Over the ensuing decade or so, many more minor taxes that were distortionary and many that did not raise sufficient revenue to justify their continuing existence or whose costs of compliance were high compared with the amount of revenue they raised were abolished. In 2007, when Eric Ripper was the Treasurer, legislation was passed to ensure that this stamp duty that was applied to certain components of non-real transactions would be abolished as of 1 July 2010. In other words, it was legislated; it was law; it would come into effect at a future time. It was legislation passed by the former government that would have ensured that for the period from 2010 until 1 July this year, there would have been a \$325 million tax benefit to businesses in Western Australia. It applies to those acquiring a business and, I think it could be argued—I will go into this shortly—those selling a business. There was to be a \$325 million benefit to those businesses in Western Australia.

The advice I have from the briefing that we received was that the overarching purpose, I suppose one could say, was to provide a tax benefit to businesspeople, but, on top of that, it was removing distortionary impacts that this tax had on people in business. The way it was explained to me was that there is often a distortionary impact when people have to pay stamp duty on certain aspects when they are converting a business from one structure to another in the interests of their business. Let us imagine that a dentist is operating by way of a partnership and they want to convert it to operate under some other structure. They would pay stamp duty on certain components of that transfer—in fact, on all of it. The way it was explained to me was that a person might come up with a structure that better suited the way they wanted to operate their business. It might be a company, if that is possible for dental surgeries; I am not sure. But if it were better to operate by way of a corporate structure, they would be able to convert their business into that form of operation without having to pay stamp duty. Therefore, the existing system of paying stamp duty on that inhibited people or businesses from converting their operations into a more sensible arrangement to suit their business. People were not undertaking those internal structural activities because of the distortionary impact of this stamp duty. Therefore, in 2007–08, the government, under Eric Ripper as Treasurer, passed laws to ensure that that distortionary taxation arrangement would be removed. Let us say there is a suburban dentist in Kalamunda. They can convert —

Mr B.S. Wyatt: For example.

Mr M. McGOWAN: I might add that those suburban dentists in Kalamunda are very exciting people.

Mr J.H.D. Day: I have never practised as a dentist in Kalamunda, but Glen Forrest, yes.

Mr M. McGOWAN: The minister has never practised as a member of Parliament out there either, as I understand.

Mr J.H.D. Day: The results of six elections or five elections demonstrate that —

Mr M. McGOWAN: One came very close, as I recall. We nearly got him in one. As I recall, the Democratic Labor Party nearly got him on one occasion as well.

Mr J.H.D. Day: The National Civic Council.

Mr M. McGOWAN: Yes, the National Civic Council nearly got him on one occasion as well. The Minister for Planning was saved.

Mr J.H.D. Day: By the wiser judgement of the higher levels of the Liberal Party!

Mr M. McGOWAN: In the minister's case, the factional powerbrokers saved him. The senior factional powerbrokers overruled the local members. The faceless men—the Mathias Cormanns and so forth—overruled the local democratic process out there in Kalamunda and saved the suburban dentist from —

Mrs M.H. Roberts: He said there was nothing very democratic about it!

Mr M. McGOWAN: In any event, the minister is still here. But should the minister go back to being an exciting suburban dentist out there in Glen Forrest and wish to restructure his business arrangements, had Labor remained in office, he would not have to pay stamp duty on those restructurings, whereas under this government, he will have to pay stamp duty on those restructurings. Surely, the minister can see how that might inhibit the approaches to his business that he might want to take. We tried to remove this tax and we had it legislated. It was in the budgetary process, so all the budget estimates were constructed on the basis that this would be put in place. Lo and behold, Premier Barnett came to office and in 2010 cancelled that tax cut for three years on the basis that it would come into operation on 1 July this year. Consequent to that cancellation, that legislation to abandon the tax cut, all sorts of documents—I quoted them recently—were put out by the public sector to people, all sorts of statements were made by ministers and all sorts of promises were made to the business community that that tax cut will come into effect on 1 July 2013. What is more, the government’s budget was constructed on that basis. Therefore, we went to the last election on the basis that there was a commitment by the government to reinstate the tax cut that Labor had legislated.

What did we find post the election? We found that the government reneged on that commitment. The Premier, with his extraordinary acrobatics when it comes to the English language, argues that it is not a broken promise because it was not mentioned during the election campaign. Does that mean I have to raise every single policy commitment ever made in the previous four years to get it recommitted to in the 30 days of the election campaign, otherwise the government can break them with impunity after the election campaign and they are not broken promises? Of course not. It is a broken promise. It is a major broken promise in relation to tax; the first major piece of legislation that this iteration of the Barnett government brought in is to increase taxes on businesses across Western Australia. That is this government’s first major piece of legislation that it will vote on. We will vote against this legislation because it is a broken promise and we will hold the government to account for its broken promises. The reason it is clearly a broken promise is that the government did not tell the people of Western Australia prior to the election that it was going to do this. In fact, all the Liberal Party’s policy documents had written on them—I will bring the stamp in later—“fully funded, fully costed”. If the policies are fully funded and fully costed, how does the government now claim that it cannot afford to do these sorts of things? In other words, what the government said before the election was untrue. It was untrue because the Liberal Party put that stamp on its promises knowing that it was going to break these promises.

I want to put it in the context of other broken promises. Other members mentioned the electricity price increases, the Swan Valley bypass and the Metro Area Express light rail, and there are others that we will bring up over coming weeks. They were three pretty significant promises made by the government: the electricity promise made by the Premier during the debate that he and I had, the electricity promise reiterated by none other than the Minister for Energy in this house, and the others I will just mention—MAX light rail and the Swan Valley bypass. I will put it into context. I note that the shadow Treasurer mentioned this yesterday, but I want to put it in the context of the tax cut promises made in the lead-up to the 2008 Western Australian election. I heard with some amusement the shadow Treasurer talking about quotes from new members of Parliament made in their inaugural speeches about tax cuts being one of the things that they fundamentally believe in in this place. It is a fundamental of Liberal philosophy. I note the shadow Treasurer’s extraordinary research in finding all those gems within those speeches.

I want to let government members know about their promises in the lead-up to the 2008 election. “Securing the economic future of Western Australia” is a Liberal Party document about how it will secure the economic future of Western Australia. I want to let members opposite know what their tax promises were for the future. One paragraph of this document states —

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

That was the Liberal Party’s promise in 2008 in the lead-up to the 2008 election. In a speech on 17 May 2012, the then Treasurer Christian Porter identified what the savings were. He stated —

- an Economic Audit resulting in savings of \$979million over 2009–10 to 2012–13, including reductions in procurement spending of \$239million over that period.

The government saved \$979 million through the economic audit, which it gave an unqualified commitment in its 2008 election promises would be returned to taxpayers. Do members know how many dollars of that \$979 million were returned to taxpayers—a stand-alone commitment? None. That is a virtually \$1 billion broken promise of tax cuts committed to by the Liberal Party during its last term of office. On top of that, in its “Securing the economic future of Western Australia” document, the main economic commitment of the opposition in the lead-up to the election that installed it in office, the Liberal Party stated about tax reform —

Windfall state budget surplus revenues will also be directed to tax cuts, unless needed to meet unexpected contingencies such as natural disasters.

I will repeat that word for word —

Windfall state budget ... revenues will also be directed to tax cuts, unless needed to meet unexpected contingencies such as natural disasters.

The state budget surplus over the period from 2008–09—of which members opposite were in government for perhaps 10 months—including 2009–10, 2010–11 and 2011–12, until this financial year, was a total of \$2.2 billion. There were \$2.2 billion in surpluses over that period. According to the Liberal Party's commitment in the lead-up to the 2008 election, the government indicated that it would deliver those revenues as tax cuts to the people of Western Australia with the one proviso that they might be needed to meet unexpected contingencies such as natural disasters. Natural disasters and issues of that magnitude, I can understand. The Liberal Party qualified it as an issue of the magnitude of a natural disaster. We had some floods, that is true. We periodically have cyclones, that is also true. Did they require an inordinate amount of revenue or spending from the state government? No, not in Western Australia's case. In the case of Queensland, yes, with its floods, but in the case of Western Australia, no, they did not require a significant amount of state expenditure. Was there anything else in the ballpark of a natural disaster? Were there any unexpected contingencies in the ballpark of a natural disaster? No, not in the period from the September 2008 election to March of this year. Therefore, \$2.2 billion worth of promised tax cuts are undelivered on top of the economic audit's \$1 billion tax cuts promised but undelivered. On top of that, is the loss of the tax cut from 2010 until 1 July this year in relation to the stamp duty decreases that were scheduled. That totalled \$325 million.

Members may recall that another tax increase was scheduled, one related to land tax—another \$100 million or thereabouts. If we add all these up—the \$527 million over the coming four years, the \$325 million in stamp duty decreases which were scheduled and committed to but were not delivered and which it was never outlined would not be delivered by this government, the \$979 million in Economic Audit Committee savings that were promised as tax cuts that were not delivered, and the windfall surpluses of \$2.2 billion undelivered by this government—we are in the realm of \$4 billion worth of tax cuts that were promised in the lead-up to the 2008 election and not delivered. When it comes to tax issues, it is hardly surprising that the government broke its promise on stamp duty on non-real transactions. Is it surprising at all, when we add them all up, that we have \$4 billion of undelivered tax cuts that were promised by this government over the past four years and the coming four years? As a parliamentarian who has watched the performance of the Liberal Party for 16 and a half years, it is probably not surprising to me. Whilst its rhetoric is one thing, its delivery is another. I have heard the rhetoric at length over many years but the delivery is completely the opposite.

[Member's time extended.]

Mr M. McGOWAN: We live in a parallel universe from this Premier and this Treasurer whereby they say one thing but the outcome is quite different. I listened to the speeches of the new members of the Liberal Party. No doubt they come in with the ideals burned into them, having read Margaret Thatcher's books, having grown up in Liberal Party families or having listened to some of the rhetoric around the place, that the government is going to crack down on that unnecessary government expenditure and ensure that people are given back the fruits of their labours. I have seen it my whole life. I saw it as a university student. One of the young men I studied with at university told me once that tax was stealing from people. That is the philosophy that the government extols. That is the philosophy that people such as the Minister for Finance extol before they deal with the reality of coming into this Parliament and dealing with the Premier. The Premier does not believe in any of that. He will say it but he does not actually believe it. It is hard to fathom what he believes in. One part of it is making sure that the government spends as much as it possibly can so that people remember it in the future. That is what this Premier wants—to spend as much as he can so that at some point people will remember that he was there and he made his mark. That is how he sees his legacy in his place—to spend as much as he can because someone else will pay it off at some point in the future and it will not be his problem. Therefore, we have \$4 billion worth of tax cuts that could have gone to families or small businesses or towards ensuring that suburban dentists can restructure their activities without undue imposition from stamp duty. Those tax cuts could have gone towards all those things, as was committed to and promised by the Liberal Party in the lead-up to the 2008 election and the most recent election, yet we find that it is not being delivered. That will be the record of this term of government.

We will continue to remind people in small business in Western Australia that the rhetoric is very different from the reality. When they go to restructure or dispose of their business, there will be a significant additional impost on them of more than half a billion dollars over the next four years because this government did not deliver on the promise that it made to the people when it passed the laws to ensure that this would happen back in 2010. That is a significant broken promise that we will ensure business in Western Australia is reminded of continually over the next four years.

MR C.J. TALLENTIRE (Gosnells) [12.55 pm]: I rise to oppose the Duties Legislation Amendment Bill 2013 on the grounds that it reflects an inconsistency in the government's presentation of its commitments to the Western Australian people. The government set out its financing regime during the election. There was no indication that this tax abolition would be delayed. It is reasonable to say that the government has been dishonest to the people of Western Australia. A duty will be retained on intellectual property and non-real assets such as goodwill and statutory licences. These are the sorts of assets that a business might have that are developed through the hard work and creativity of the people of Western Australia, not through the exploitation of the natural resources that we have in the state. I think it is unfair to tax people who build up goodwill that takes many years of careful servicing of requirements. These people work hard to maintain a strong, positive reputation and to be seen in their sector as leading providers of a service and capable of delivering that service in quick time. It strikes me as unfair to see those sorts of things being taxed. To put a duty on the goodwill that a business might build up seems unfair, and likewise with intellectual property. If a business has created intellectual property and is able to exploit that and at some stage eventually sell that intellectual property to another business owner, it seems reasonable that the person not be taxed on their creativity. That is the real future of Australia. We obviously have a massive resources boom at the moment. That is helping our economy enormously. We will have to be a smart country in the future. A smart country is one in which intellectual property is encouraged and fostered; it is not immediately taxed when someone seeks to pass on that intellectual property through a business transaction.

I think there is some real unfairness in the application of this tax. We know that with income taxes, how much people pay is reflected by their capacity to pay that tax. I understand that people are paying a tax at a rate that does not reflect their capacity to pay. That strikes me as unfair. We should ensure that there is equity. A very wealthy business owner's level of taxation should be different from that of someone who is not as wealthy. Under this bill, they would be paying a similar amount. That seems incredibly unfair.

The history of taxation is interesting. I have always been fascinated by things such as the window tax that operated in Europe. When we contemplate a window tax, we realise that there will always be people who seek to avoid paying that tax. There will be distortions and perverse outcomes through that tax. I think the European window tax was introduced around 1696.

The DEPUTY SPEAKER: Order, members! Can we have phones on silent please. Somebody's phone is vibrating. If they could turn it to silent, that would be good.

Mr C.J. TALLENTIRE: Apologies, Madam Deputy Speaker. The phone was vibrating against the timber on my desk.

The window tax is an interesting example of a tax distortion. In the seventeenth century, people bricked up their windows so they could pay less tax. I fear that if we leave this duty in place, we could get similar distortions and people will seek to avoid declaring the amount of goodwill that their business has built up. They might actually run down their goodwill and avoid revealing the amount of intellectual property their business has built up. That type of thing could happen. The distortion of any tax is a real concern and is something that we should be guarding against because of the negative consequences. The 1696 window tax provides a good example of that.

Other historical taxation events are perhaps more amusing to members than the distortionary impact of the window tax. I remind members of Lady Godiva, who in the eleventh century rode naked on a horse through Coventry in protest at her husband imposing an unfair tax on the tenants of his property. Taxation has always been a controversial issue.

Dr M.D. Nahan: What was the point of that protest? Why was she naked?

Mr C.J. TALLENTIRE: It was her way of pleading with her husband for a remission of that particular tax. It is a historical curiosity. The accuracy of it is questionable but the story of her ride through Coventry is now legend.

We have always had to guard against the perverse outcomes of taxation. People have always had a negative view of taxation yet we all know that we need better services. Other members have touched on this. My colleague the member for Southern River talked about the need for the extension of the Thornlie train line to the Mandurah line. He vented his frustration that the latest time line is that it will commence by 2030. That is the official word from the Minister for Transport and Treasurer about when the train line will eventually be constructed. That is far too long for the people of my electorate of Gosnells to wait. The member for Southern River also touched on some services that were delivered recently. After lobbying by the member for Southern River and me, a major roundabout in my electorate was upgraded. That roundabout is used in the main by people from the Gosnells and Southern River electorates, but also other electorates. People desperately needed that roundabout to be upgraded. I understand that so far the upgrade has cost about \$3 million. I listened to the member for Southern River's speech for clarification on whether a further stage of the upgrade works was about to take place. Not only the creation of slip-roads, but also the installation of traffic flow control lights on the roundabout has long been

talked about. I believe that those lights are definitely needed. We wanted to get the slip-roads in place first to see whether they would ameliorate the situation, but I think the traffic flow control lights are necessary. That is the next stage of the project that should be proceeded with.

I mention that because it highlights the need for infrastructure and services, yet there is a negative view towards various duties and taxes. One way around that, which is used in some countries more than others, is the hypothecation, or ring-fencing, of taxes. If people know where their tax is going and what its purpose is, they are more willing to pay the tax. That is not the case with this duty. As I understand it, it just goes into consolidated revenue. The government is saying that preserving this duty will shore up the budget by about \$100 million or \$120 million a year so that the budget will be that much healthier by not cancelling this tax, which the government had committed to abolish. A way around this type of problem when a government needs stronger revenues is to be up-front with the people and indicate what the tax will be for. We have seen that occur with the National Disability Insurance Scheme. There is great support for that scheme because people can see that the amount they will pay towards it will go to that very valid and much-needed insurance scheme. People are prepared to support it on those grounds. A lot of studies have been done about the effectiveness of hypothecated or ring-fence taxes. There are some good examples of hypothecated taxes in the United Kingdom. The money paid for a television licence goes towards the provision of television services by companies such as the BBC. Hypothecated taxes are a very interesting way of ensuring community support for a particular tax. There are other advantages of the hypothecation approach to taxation in addition to public support. There is also a high degree of transparency. If a particular tax raises \$100 million a year, people can look to see whether there is \$100 million worth of services or infrastructure. A very good benefit that comes from hypothecation is added accountability and trust.

I oppose the Duties Legislation Amendment Bill 2013 because, more than anything else, it is a betrayal of the commitments that were made to the Western Australian people. The government committed to abolish this duty. There was much talk about the government's strong economic management credentials and it said that it knew how to have projects fully costed and funded. That sort of talk has been revealed to be untrue. It is not fair on the one hand to tell people that the government has the state's finances in order and then on the other to announce that the government will no longer abolish a particular duty that it said it would abolish. That is just playing clever with words.

Following a State Administrative Tribunal decision last year, it was revealed that the Chamber of Commerce and Industry of Western Australia is managing to avoid certain taxes because it is claiming charitable status. This matter is more worthy of action by the government. The Treasurer said that the state government intends to legislate to exclude certain business and professional and industry organisations from accessing state tax exemptions as charities. He went on to point out that the Chamber of Commerce and Industry is currently a common law charity and therefore is exempt from payroll tax. I do not believe that the Chamber of Commerce and Industry should be seen as a charity. If improvements can be made to state revenue in that area, they would be worthy of support, but it seems to me to be grossly unfair to maintain the duty that the government promised to abolish on intellectual property, goodwill and statutory licences. People in my electorate who look to small business as their preferred employment opportunity find that franchising is an option so they buy into a franchise. Any extra taxes are incredibly burdensome and just not fair when people in my electorate are probably struggling to pay these taxes more than people in other areas. Earlier I touched on this issue about inconsistency. We need taxation regimes that look at the ability of people to pay.

A further issue that is raised with me by people who are not constituents but who nevertheless live in my electorate—people who are often New Zealanders or who are on permanent residency visas in this country and have no representation because they do not have Australian citizenship—is that they pay tax. A historical expression from the American Revolution states that there should be no taxation without representation. Clearly, we have left that idea well behind, but I know that it still upsets people who work hard and find that they do not have an avenue for voicing their concerns through the democratic process. Clearly, some people who live in my electorate will be touched by having to pay this duty regime, but they will not have the opportunity to voice their concern. I know the short answer is to become an Australian citizen, but sometimes that is not practical in the foreseeable future. Some people have to wait many years and there are many reasons why they cannot get Australian citizenship and become voters and voice their concerns about things like this duty. Those people suffer, and they are in no-man's-land waiting for the right to voice their concerns, and clearly they feel aggrieved when issues like duties concern them. It is unfair and we need to take account of people who are small business owners and who have to pay a duty on a non-real property tax.

I do not support this Duties Legislation Amendment Bill 2013. It is a betrayal of commitments made to the Western Australian people.

MR J. NORBERGER (Joondalup) [1.12 pm]: I rise to speak to the Duties Legislation Amendment Bill 2013. Before I commence, given that I have not had a chance to speak to the house a great deal since being elected, I will provide a little context with regard to why I am speaking to this bill.

I have worked extensively in the business sector, especially within the small business sector. Although I have worked for large national companies such as Toll Transport, for which I was a commercial manager, I have also managed many family-owned businesses both abroad and more recently closer to home. It gave me great delight that the member for Victoria Park read my maiden speech, because when I delivered it there was not a single opposition member in the house, and I was a little upset by that.

Mr D.A. Templeman: That is not true; I was here.

Mr J. NORBERGER: I stand corrected. At least two people have read my maiden speech, which gives me great heart. For the last five and a half years I have managed a business in Joondalup that I took over from very small beginnings. I had nine staff when I started managing that business in 2007, and over the five and a half years leading to my decision to run for election I was able to grow that business quite significantly. At one point we employed about 120 people. We employed a lot of local people; we expanded. We did what businesses do. We took risks, and some of them worked out and some of them did not, but we operated in a free market and we grew and expanded. Ultimately, we did what businesses do and we got on with our day-to-day operations. I say this simply because I believe I have some credibility to speak on behalf of business in this chamber. I know other members have also spoken and equally have some business background.

As an advocate for small business, let me from the outset state that I agree it is unfortunate that the transfer duty being discussed cannot be abolished at this time. We cannot abolish the transfer duty on non-real assets due to the state's financial requirements. However, as it was made clear by the minister, this is about making tough decisions, not popular decisions. Very briefly, because it has already been covered extensively in the debate by both sides of the house, why do we find ourselves in this situation? Certainly, there has been a significant impact upon our finances as a result of the diminishing goods and services tax. We have a very volatile revenue base from our resources and, as we know, we have an unparalleled population growth that is putting significant demand on our services. The key to this is what I will discuss today, and I hope to bring a little clarity to the debate. I have listened quite intently to the members who have shared their views on this bill, and there is just a tad of perhaps misinformation and myth around the levy or tax in question. It was mentioned that the levy is preventing growth, and that as a result of us not lifting this levy small business will need some kind of immediate relief. There was an acknowledgment, and rightly so, that small businesses are doing it tough, but I do not see the correlation between this levy and that, and I will expand on that in a minute. There has been a lot of subculture talk about how this levy hurts the day-to-day operations of a business insofar as the most recent speaker mentioned that this levy would somehow encourage business owners to run down the value of their non-real assets in their business.

Mr C.J. Tallentire: They will be discouraged from disclosing the full amount.

Mr J. NORBERGER: Sure, sure.

Mr P.B. Watson: Stand up for small business.

Mr J. NORBERGER: That is what I am doing. I do not believe that that makes much sense. If I wanted to sell my house, knowing that whoever buys my house will have to pay stamp duty, why would I deliberately run down the carpet and the value of that house and therefore get less for the house so that the person buying the house pays less stamp duty? I honestly believe that the opposition's argument is flawed. The whole argument that this tax is an operational tax that hurts business in a day-to-day context is resolutely wrong. Members should not get me wrong; a tax is a tax is a tax, but this is a financing cost, not an operational cost. This is a cost that is borne only if a business owner decides to sell. When the owner of a business decides to sell, the purchaser of that business, as part of their financing costs for that purchase, pays this levy. The person who has sold the business does not pay it, and in my experience, coming from a network of many small business operators with whom I have had the opportunity to speak and a number of whom have sold their businesses in the last three to five years, not one of them felt that the selling price they got for their business was in any way hampered by this levy.

I have already expressed that in an ideal world it would be fantastic to lift this levy, and we have already indicated that in future, where and when possible, this levy will be lifted. I stand by my absolute respect for and admiration of every business owner in this state and I reaffirm my belief in the critical importance of our small business sector, but the bottom line is that this tax does not impact on day-to-day business operations. It is purely based on the sale of the business; it is a financing cost. As a manager of a number of businesses in this state over the last decade at least, my concern was about things that would impact my growth, my viability and my risk today, tomorrow and next week, and not necessarily what cost a buyer may incur if, and only if, I one day decide to sell the business. To this day I work closely with businesspeople in my electorate and I can tell members that

those people want a stable government that can and will make decisions—tough ones if that is what is needed—and they want a small government that does not unnecessarily compete with private enterprise. I truly believe we have all of this in the Liberal–National government, of which I am a proud member. This is in stark contrast to what we have with the federal Labor government. What is going on federally at the moment does a huge disservice to consumer sentiment.

Dr A.D. Buti interjected.

The ACTING SPEAKER (Ms J.M. Freeman): Order! Member for Armadale, please.

Mr J. NORBERGER: Is the member finished?

The ACTING SPEAKER: The member for Armadale was not asked to interject.

Several members interjected.

The ACTING SPEAKER: It is all right.

Member for Armadale, you were not asked to interject, so please hold your comments and let the member proceed.

Mr J. NORBERGER: What impacts businesspeople and businesses day to day right now is consumer confidence —

Mr P.B. Watson interjected.

The ACTING SPEAKER: Member of Albany, he is not asking for interjections.

Mr J. NORBERGER: What impacts businesspeople and businesses day to day right now is consumer and investor confidence. I know firsthand from running a business, which was very closely linked to consumer sentiment at the time, that when there is instability around the place and negativity in the media, and if there is uncertainty about the political processes, and consumer and investor confidence is affected by those things, it impacts business right now, day to day and week to week, and not perhaps five years down the track when the business owners perhaps decide to sell the business. Federal Labor is in a mess and this does consumer confidence no favours at all. Closer to home, at a state level, the Labor opposition delights in running down the state, seemingly rejoicing at any hint of any kind of setback.

Several members interjected.

The ACTING SPEAKER: Member for Joondalup, can I suggest that if you do not want to invite interjections, you may want to stay on the topic and talk about that, and not the other side's policies and politics. That might not invite the interjections that seem to be occurring.

Mr J. NORBERGER: Thank you, Madam Acting Speaker; I appreciate the advice.

Let us be honest, the funds raised by this bill are being invested in this state's future.

Mr P.B. Watson interjected.

The ACTING SPEAKER: Member for Albany!

Mr J. NORBERGER: They are not being squandered. As we already know, we are investing these funds into hospitals, including Joondalup, where we have just opened the latest expansion of the Joondalup Health Campus. The money is going into transport, an example of which is the expansion and widening of the Mitchell Freeway—again, something that benefits the people of Joondalup. We are getting more police officers and, in fact, I had the benefit of seeing firsthand the new high-technology police cars purchased by this government. The money is also going to new sports facilities. Ultimately, let us be clear; this is about sound and prudent financial management and not necessarily popular decision making.

MR D.A. TEMPLEMAN (Mandurah) [1.23 pm]: I have now been incited to stand in this place. With all due respect, I hope the member for Joondalup has not set himself up. I have a sense that he has set himself up. He may like to escape the chamber!

Mr P.B. Watson: He's just run out of the chamber; he's scared of you!

Mr D.A. TEMPLEMAN: He scurried out of the chamber as quickly as he possibly could! I was almost going to call a quorum for him to have more members on his side listen to his contribution. I can almost imagine the Minister for Finance and the Treasurer discussing how they would handle the introduction of this Duties Legislation Amendment Bill 2013. They would have said, "We have to get a couple of our ducks up. We need a couple of ducks who are going to defend this, because they're going to be shot at. There's going to be open duck season on this one because this is one you can't sell. This is a dead duck to sell!" This duties bill, as we know, is the first substantial bill introduced by the new government and it is a dead duck. It is an absolute dead piece of poultry. The Treasurer and the Minister for Finance would have said, "What do we have to do? We have to find

a couple of young, inexperienced ducks on our side who do not quite know the flight path and gee them up to defend this bill.” I reckon just at that moment in flew the duck from Joondalup. There he was; he flew in. He is a lovely bloke; he is a lovely man, but he flew in —

Point of Order

Mr J.M. FRANCIS: I have seen time and again members on the other side take offence and ask members on my side to withdraw comments relating another member of Parliament to the likeness of an animal. I would say that to suggest the member for Joondalup is a duck is a continuation of that sentiment and I ask that Madam Acting Speaker ask the member for Mandurah to withdraw that analogy.

The ACTING SPEAKER (Ms J.M. Freeman): Thank you for the point of order, member for Jandakot. I was actually going to caution the member for Mandurah that members in this house should be called by their seat and not be impugned by character. I think there is quite a bit of latitude, but I ask that the member for Mandurah respect that standing order.

Debate Resumed

Mr D.A. TEMPLEMAN: Of course I will, Madam Acting Speaker.

Mr P.B. Watson interjected.

The ACTING SPEAKER: Member for Albany.

Mr D.A. TEMPLEMAN: The fact is that the Minister for Finance and the Treasurer said that they needed a couple of ducks who would be able to try to sell this “poultry” piece of legislation. That is what they wanted. Unfortunately, and I mean this sincerely, this is something that new government members should be very careful of: they should not set themselves up. They should not allow a minister to convince them there is a great opportunity for them to speak by getting them to defend the abolition of a tax cut that was promised, deferred and now abolished. They should not set themselves up. That just happened to the member for Joondalup. He is a nice bloke; he is a nice man. He is here very punctually every morning. He is here before the cleaners are here in the morning. I have seen his car out there in the car park at 5.30 in the morning.

Mr P.B. Watson: No, you haven’t!

Mr D.A. TEMPLEMAN: Well, 6.30 in the morning!

Mr P. Abetz: He goes to the gym.

Mr D.A. TEMPLEMAN: I know; he is a very fit man and I would not like to take him on in the back streets. He would be a pretty formidable opponent. New government members should not set themselves up, which is what the member for Joondalup did. The Minister for Finance and the Treasurer would have said that they needed a few speakers on their side because they had to defend this very important decision, this first piece of substantial legislation introduced by the government after the election, which is their taxing bill.

Dr A.D. Buti: An urgent bill.

Mr D.A. TEMPLEMAN: Yes, and they said that they would make it urgent as well, because the government does not have anything else in the cupboard at the moment!

Dr A.D. Buti: And we go home early!

Mr D.A. TEMPLEMAN: That is right; we went home early last night. I caught the train back to Mandurah early because we had no more opportunities to debate this bill. Let us be very frank. I would not even like to say that the duck from Rockingham just bowled into the place, because I am not allowed to say that!

The ACTING SPEAKER: Member!

Mr D.A. TEMPLEMAN: I know I am not allowed to say it. I will not say it; I am sorry!

This bill is set to scrap a tax cut that was legislated. I hope members on the other side, particularly new members, understand the context of that. The member for Balcatta passionately interjected late yesterday afternoon during parts of the debate and got very stirred up about it, because I think he felt hurt. He felt the need to defend this abolition of a tax cut, which is what it is; the member was very passionate. But, remember, this piece of legislation was actually legislated by the former Treasurer of the Carpenter government, Eric Ripper. The tax was legislated to be scrapped on 1 July 2010, but then this government, blaming the global financial crisis and a whole range of other economic indicators that were not looking crash hot, deferred the abolition of the tax. Then today, because this week the bill was declared urgent, the government seeks to scrap the abolition of this tax, and the member for Joondalup got up to defend it.

We should take the debate of this bill through to next week to give the opportunity to, particularly, every new member of Parliament on the Liberal–National side to explain to this Parliament and their constituencies why

they will vote to abolish this tax cut that was legislated. That is what government members will be doing when this bill comes to the vote at the end of the second reading stage. The opposition will oppose this bill. Opposition members will come to this side and say, “No, we do not approve of or support this bill.” Government members will also have their opportunity, because, as some of them said in their inaugural speeches, as well highlighted by the member for Victoria Park yesterday, they are here on free will, they are here to choose what is right for their constituencies, for the people who put them here—some of them were put here resoundingly—and they will exercise that right. I know what will happen. Like ducks, they will all line up and waddle behind the biggest ones of all, of course, the Premier and his Minister for Finance, and they will support this abolition of a tax cut. I hope government members understand that is what the bill is. Do not make any excuses or apologies, because we have already heard the most significant apology speech of any member so far in this debate. We have heard all the reasons this bill should not be supported, yet the member for Joondalup will be supporting it, and he is very sorry about that. That was the tone, the flavour, of the member for Joondalup’s speech. Then when he finished speaking, he rushed out of the chamber! As soon as I rose to speak he was gone. He almost pole-vaulted over the Bar, like his very good friend who sits in front of him, the member for Southern River, who is now famous for his scissor-kicking over the golden Bar when he almost got caught voting for something he did not want to vote for, so he zipped over, did the scissor-kick over the Bar —

Mr P. Abetz: That’s a slight exaggeration.

Mr D.A. TEMPLEMAN: The member for Southern River did. He has long legs. I had never before seen such long legs fly up into the air. He almost did a frisbee flop over that Bar. It was a very articulate piece of physical ingenuity.

Mr P. Abetz: The story gets better every time you tell it.

Mr D.A. TEMPLEMAN: It was wonderful and it is a highlight. When I make my valedictory speech in this place, hopefully in 20-plus years, after I have been anointed the father of the house, I will include that as one of the highlights of a long and distinguished parliamentary career.

But let me remind members who vote on this bill possibly later today or tomorrow morning, when we conclude the second reading stage of this bill, what they will be voting for. They will be voting to abolish a tax cut that was legislated for in 2007–08.

Dr A.D. Buti: “L-A-W” law.

Mr D.A. TEMPLEMAN: Absolutely, it was “L-A-W”. It was promised to small businesses. It is significant. The tax is worth \$527 million over the next four years. That is half a billion dollars. We are not talking about a small amount, which the member for Joondalup alleged earlier. It is significant. If members do not know that many small businesses are doing it tough in our communities now, they are not getting out enough. Certainly in the area I live in and represent, the Mandurah–Peel area, it is absolutely true that the last thing small businesses need is any additional impost. It would have given an additional relief and it would have delivered on a promise made back in 2007–08 to scrap a tax that should have been scrapped by 1 July 2010, but, of course, if this bill passes—it looks as though all the ducks are going to line up—small businesses in Western Australia will see the date of the abolition of the tax be not only deferred but also scrapped totally. Why is this occurring? Something the member for Joondalup did not include in his reasons for the financial circumstances, the fiscal outlook, of the state of Western Australia was his government’s handling of the economy over the past four and a half years. Let us look at the Liberal–National alliance as it was and is now. I would say that this new government is made up of rocky bedfellows, in a rocky relationship. If the Liberal and National Parties were in a marriage, they would severely need intensive relationship counselling.

Ms L.L. Baker: Intervention.

Mr D.A. TEMPLEMAN: That is very true. It would possibly need intervention. Let us look at it. As has already been canvassed, the National Party, during the election campaign, made huge promises for royalties for regions funding. Then in the last week of the last parliamentary sitting we found out, through a question to the Premier, that when it came to the cabinet, all promises made by the National Party were up for grabs. None of the National Party members is in the chamber, possibly because they are still scouring through all the promises they made and saying, “That one’s going to go. That one’s going to go. That one’s gone. That’s in trouble. Oh, dear, oh goodness me, did I promise that! Oh, no! I can’t believe I promised it, and now it is in danger.” That is what happened. I would love to be one of those 1970s-style set of three ducks on the wall in the cabinet room or particularly in the Economic and Expenditure Reform Committee when the Premier, the Treasurer and the ministers get together and start saying, “Gee, this budget is looking tough. Oh! Thank goodness we’ve delayed it to August.” I expect that it may even be delayed until December, because I reckon it is looking pretty hairy. So I would love to be a duck on the wall listening to that, because I think there is a range of real questions to be answered. I reckon the Minister for Finance has already had delivered to his office an extra cache of red pens and

rulers, and that he has already had the red pen and ruler out. I reckon the first ones he will start off on are some of the promises made by the National Party. I reckon they are in real strife. They will have a big battle.

Dr M.D. Nahan: We are looking at Mandurah.

Mr D.A. TEMPLEMAN: What is the government going to do?

Dr M.D. Nahan: We are already looking at Mandurah.

Mr D.A. TEMPLEMAN: I have heard that even the promise of \$40 million for the Old Mandurah Bridge replacement is not necessarily rock solid. I have heard that it is a commitment, but, as we know, commitments do not always end up being delivered. As we know in this place, much more learned people than I—I am no fiscal finance whiz-kid —

Mr A. Krsticevic: Now you are getting close to the truth.

Mr D.A. TEMPLEMAN: I am always happy to be honest. People who have far more experience than I have highlighted the major debt issues we have now and will have into the future. There are major problems with promises that we now know will be delayed or not delivered, and those words by learned members in this place in speeches a few weeks back are absolutely true.

It is interesting because I think as time gets closer to the budget and, indeed, when the budget is brought down, we will find that some of the words from the learned people in this place will not only come to fruition but also be shown to be true. That is very, very sad. It is very sad that, on the Duties Legislation Amendment Bill 2013, members on the other side, particularly new members, will follow like lambs to the slaughter—lambs! I am on to the lambs theme now; I am again probably straying on to an inappropriate theme there too. They will follow like lambs to the slaughter to support their minister, their Premier and their Treasurer in scrapping another important promise that now will not be delivered. I say to those new members: do not be a sucker. Do not get suckered in by one of their ministers when he says, “We need you to talk on this. You’ve got a bit of small business experience.” That is what would have happened: “Who’s had a bit of small business experience? Ah! The member for Joondalup! He is a great bloke! He is a very successful fellow.” I congratulate him, but he got suckered in!

Ms L.L. Baker: He did!

Mr D.A. TEMPLEMAN: “We will find someone who has a bit of small business experience and we’ll use them to prop up the argument. We’ll use them to come forward because they’ll be eager.” We can see it in his eyes—his pupils have not dilated yet; they are still there! He is still salivating a bit. He is a bit like the member for Jandakot who, as we know, when he first came into this place was almost rabid in his eagerness to get up and “aargh!” He was almost like some of his pets, I think. “Aargh! I want to go!” I think the member for Joondalup is like that. But I say again: do not be suckered in. That is what has happened here this afternoon; he has been suckered in.

I invite any of the other new members to stand. I note the member for Balcatta was very, very passionate yesterday during exchanges. I hope he is up next because I am happy to sit down now if he is going to be up next. I am willing the member to stand! I wonder whether he has been spoken to by the Minister for Finance. I wonder whether he was part of the conversation. I hope he was because I will sit down in a minute. I say again: do not be suckered in; do not be a patsy; stand on your own two feet. This is not defensible. Government members should not be defending it. I say to the member for Joondalup that he should not be defending it. Certainly, on behalf of the many, many people who are small business men, women and employees in his electorate, he should not be defending this rubbish. The member should stay on this side of the house when the vote comes—he is already seated here. Some of the other government members should come across—we would love to have them! They should come across, join the opposition and not vote for this piece of duck excrement.

MR W.J. JOHNSTON (Cannington) [1.43 pm]: I would like to make a contribution to the Duties Legislation Amendment Bill 2013. I will start by pointing out a fact that the Liberal Party members boast that they are free to make their own decisions on legislation before this house—that is their boast. Each member of the Liberal Party will have a choice to make when we vote on this legislation. If members support the Liberal Party’s tax-and-spend agenda, they will stay on the government side of the chamber. If members are interested in supporting innovation and hard work by small business, they will come to the “no” side of the chamber. If members want to support innovation and hard work by small business, they will join the Labor Party’s position and oppose this bad piece of legislation.

It is interesting to note in the Minister for Finance’s second reading speech that he states that there will be volatility in the state’s revenue base. There has been change in the revenue base of the state since the government changed in 2008. In the 2010 budget, we can see that the actual revenue in 2008–09 was \$19 435 million for the state. We can see from the 2012 budget that the budget estimate was \$25 477 billion—

over \$6 billion more revenue for the state. I am not quite sure why the minister says that there is volatility in the state's revenue base, when in fact every single year that this government has been in power, it has had more revenue than the year before. It would be interesting to know what the minister is referring to because clearly the only thing that has happened in the revenue base in the state of Western Australia is that our income has gone up—that is the fact. This is a tax grab by the government to increase the amount of tax paid by small businesses.

I also want to make a further point. I was very interested in the member for Churchlands' contribution last night. Of course, we do not yet have the *Hansard*, but I want to quote from my own notes. He said, "We're not adding another tax." I say to him, "Well, actually you are!" If the government is not adding another tax, do not vote in favour of the legislation. There is no need to have legislation if the government is not creating additional tax. If there is no new tax, why is there a new piece of legislation? It is also interesting again—I cannot quote from *Hansard*, but quote from my own notes—that I recorded the member as saying, "The government is unwinding the scheduled abolition of transfer duty." It is wonderful that he does not want to use the term "tax" in relation to this decision. Again, quoting from my notes, the member for Churchlands also stated that he looked forward to the time when the bill to have transfer duty removed is put on the table. Actually, member for Churchlands and other Liberal members of Parliament, that was done in 2007. What we are dealing with here is the reversal of the decision by the Labor government and the Labor Party to remove this tax.

Yesterday, a number of my colleagues criticised the Minister for Finance by saying that he had abandoned his principles. Actually, I would make the point that that is not true. What I reckon is happening is that the rubbish the minister used to talk when he was at the Institute of Public Affairs is now being exposed as the rubbish it was! Now that he actually has to confront the realities of government, the nonsense that he used to write in *The West Australian* newspaper and the *IPA Review* is shown to be complete and utter nonsense that he himself ignores. The reason he ignores it is that it was rubbish then and it is rubbish now. Therefore, the first time that the minister gets the levers, he does what governments do—what Liberal governments in particular do—and increases taxes. That is what the Liberal government did in the last term of government; that is what the Liberal government did when Richard Court was the Premier of the state of Western Australia. It is not a surprise that the minister does that now and ignores the rubbish that he used to write when he had no responsibilities to the people of the country. I am glad that the minister has turned his back on the nonsense he used to talk because he never actually understood the problems of government in Western Australia and the nation. His behaviour as a minister demonstrates that that is correct; that is, he now ignores in the chamber all the nonsense that he used to write when he had no capacity to do anything. Good on him for ignoring the rubbish that he used to write. So, as I said, I do not agree with the member for Armadale, the member for Victoria Park and the member for West Swan.

Dr M.D. Nahan: Did you read it?

Mr W.J. JOHNSTON: Of course I did. I used to read it all the time. I was the state secretary of the Labor Party. I had to read the criticisms about different governments to assess whether they had any validity. The point I am making is that the rubbish the minister used to write has always been nonsense; it had no validity then and it has no validity now. This is the point that the member for Churchlands also does not understand. It is not that we are converted to Milton Friedman. All we are doing is holding up the mirror and saying that the disciples of Milton Friedman are stamping all over his legacy. Not a single member of the Western Australian Liberal Party would be allowed to go into a meeting of the Tea Party in America. Not a single Republican would be seen in the same photograph as a member of the Western Australian Liberal Party, because this is a party that is addicted to taxation and wants to have higher and higher levels of taxation. That is what happened in the last term of government and that is what will happen in this term of government. I give an example. Payroll tax in 2008–09 was \$2 246 million. I am quoting from the 2010 budget paper No 3. The 2012 budget paper No 3 estimate for the 2012–13 period is \$3 368 million, which is an almost 50 per cent increase in payroll tax over the life of the Liberal government. Transfer duty was \$1 102 million in 2008–09. Again, that is from the 2010 budget paper No 3. In the 2012 budget paper No 3 the budget estimate is \$1 450 million, which is a 25-odd per cent increase in transfer duties. Total tax revenue in 2008–09 was \$5 706 million. Now in 2012–13, it is \$7 739 million. That is over \$2 billion additional taxation revenue. They are the facts. This is the highest taxing government in the history of the state of Western Australia, and Liberal members on the other side of the chamber have delivered that to the people of Western Australia.

It might be a good thing that the government has delivered that level of taxation because governments have to tax. We must have a reasonable level of income to provide services to the community. The problem is that government members cannot come into this place talking nonsense about being the big tax cutters and the fighters against taxes, as the Minister for Finance used to do before he had any authority in Western Australia, and then come in here and do something different. The government has to be consistent. That is what the Labor Party is; we are consistent on these issues. We say that taxation revenue is important and it is good to raise an adequate amount of taxation revenue. However, we also say that where we can, we should give tax relief—and

that is what we did. For the second time the Liberal government has lied about taxation issues during an election campaign and dishonestly come to this chamber and introduced a bill to increase taxes. It promised tax cuts before the election and delivered higher taxes after the election. That is called dishonesty. That is why we are railing against this. If the Liberal Party had gone to the people and said, "We are going to increase taxes in our next term of government", the government would have had what is called a mandate for this legislation. It would have been able to increase the taxes because it would have had the authority of the community to do that. What the government cannot do, and what is dishonest, is lie to the community in advance of an election and then do something completely different afterwards. That is what this bill is.

To give this tax relief is affordable. We know it is affordable because the budget papers were prepared on the basis that this tax would not exist. We know the government is capable of balancing its budget without this taxation revenue. This is the point that I was trying to make with the member for Southern River last night. Of course there are unlimited wants in the community. That is the basic economic question that I was taught at high school: The world is full of unlimited wants, but only limited means. Therefore, all governments make decisions about whether they will do one thing or another thing. For example, the member for Southern River says that he wants to see a rail line built between the Thornlie spur and the freeway. I would also like to see that. At the time of the state election this year, the Labor Party made a commitment to begin construction of that line. The Liberal Party, of course, was not in that position. It did not make that commitment. It does not matter how many times the member for Southern River stands and says that he wants it; the Liberal Party is not delivering that for him, so why is he wasting the community's time? It will not be delivered. The point I was making to the member last night is that of course we need to raise the revenue we want to spend on the activity of government. That is what the former Labor government did. That is why the member for West Swan was able to point out that the best financial circumstance in the state's history was the circumstance inherited by this Liberal government in 2008 when the Labor government was defeated. The member for Southern River interjected and said, "Have you looked back far enough in history? What was it like in 1810?"

Mr P. Abetz: I said 1890.

Mr W.J. JOHNSTON: No, he said 1810. The point I make is that Western Australia was not settled in 1810. If we read the history of the early period of settlement in Western Australia, we know that Western Australia was not financially viable, which is why the original settlement was taken over as a colony from the original private investors and the state rebuilt. It was not until the finding of gold in the goldfields some 60 years later that the economy of Western Australia started to expand. If we look at the history, we can see why that period was not one of strength for the state of Western Australia. The strongest time in Western Australia was during the period of the Gallop and Carpenter Labor governments when tax relief, in the form of the elimination of this pernicious tax, took place.

This is a very pernicious tax because it taxes intellectual property. That is a very important point. Of course, Western Australia has an economy based on the resource sector, both mining and oil and gas. But our real future for the benefit of ordinary citizens in this state is to use the great intellectual capacity of Western Australians to create unique capacities and unique abilities that can then be marketed to the world. An example of that, of course, is our very strong mining services sector. The decision of the Labor government all those years ago was to remove the stamp duty on that intellectual property. That is of fundamental importance to the future economy of Western Australia. This is taxing that very, very important piece of our economic activity. That is why it is so bad.

On a number of occasions during the last Parliament the member for Southern River has talked in this chamber about the issue of franchising. Indeed, in the former Economics and Industry Standing Committee's inquiry into the Franchising Bill, there was quite a bit of discussion, in both the main report and the dissenting report that I wrote, about what happens with the goodwill of the franchise. This is about taxing that goodwill. The member for Southern River was quite vocal in his contribution to the Parliament about allowing the franchisee a greater access to that goodwill that is sometimes seized by the franchisor. That is good; I agree with the member for Southern River on that issue. That is why I wrote that dissenting report and why I voted in favour of the legislation. I make the point that with this legislation we will be taxing that goodwill. We will be taxing the very thing the member for Southern River was so keen to protect on behalf of small business. What is his solution to that? He wants to tax it. I do not understand why he is doing that. Mr Speaker, maybe I could seek an extension and then you can tell me it is two o'clock and I will sit down!

[Member's time extended.]

Debate interrupted until a later stage of the day's sitting.

[Continued on page 1377.] —