

APPROPRIATION (RECURRENT 2010–11 TO 2015–16) SUPPLEMENTARY BILL 2017
APPROPRIATION (CAPITAL 2010–11 TO 2015–16) SUPPLEMENTARY BILL 2017

Cognate Debate — Motion

Leave granted for the Appropriation (Recurrent 2010–11 to 2015–16) Supplementary Bill 2017 and the Appropriation (Capital 2010–11 to 2015–16) Supplementary Bill 2017 to be considered cognately, and for the Appropriation (Recurrent 2010–11 to 2015–16) Supplementary Bill 2017 to be the principal bill.

Second Reading — Cognate Debate

Resumed from 13 September.

DR M.D. NAHAN (Riverton — Leader of the Opposition) [5.53 pm]: I am not the lead speaker on the Appropriation (Recurrent 2010–11 to 2015–16) Supplementary Bill 2017 and the Appropriation (Capital 2010–11 to 2015–16) Supplementary Bill 2017. These are very interesting bills. They are to a large extent administrative in that they deal with the overs and unders—that is, additional expenditures and change from appropriations going back from 2010–11 to 2015–16. What is not in these bills is those from 2016–17—that is, the year just ended—because I understand these bills were put together in August and the audited accounts for that year were not finished. That is the technical stuff.

These are appropriation bills and they allow for a wideranging speech, which is what I plan to give. One of the themes we keep hearing from government, and it is a tactic that it has used and I think will continue to use, is the claim that the Liberal–National government, the previous government of the last two terms, destroyed the state budget and that it was through pure mismanagement that that happened.

I would like to start out with a review of the Standard and Poor's global rating for the state of Western Australia issued today. This was issued after the last budget and basically the rating of the state's debt is where it was before. The rating has not been changed or downgraded all, but kept at AA+/A-1+. There are some positives. The document states —

We continue to expect that the state's share of ... (GST) ... to rise sharply during the next few years ...

One of the things we heard repeatedly when we were in government from people opposite, who are now in government, was that the GST was not the problem; it was always predictable. I remember the then shadow Treasurer saying that there was never a time when the GST was reduced beyond the budget. That is actually not true. Over the last eight years it was reduced relative to budget more than half the time, but that was not huge. Because the GST is pretty stable it can be pretty well predicted year by year. Of course, the point that the former shadow Treasurer avoided was that when we came into government, the share was 99 cents in the dollar and fell to 29.9 cents in the dollar. Despite the collapse in the iron ore royalty, which Standard and Poor's says a lot about, that figure did not come back up again. When we went into government, it represented a very large part of our revenue, over 10 per cent. In fact in 2002 it was 25 per cent of our revenue, but now is it about seven per cent or eight per cent. This government is expecting a very rapid rise in the GST share. It is just the way it works. The Standard and Poor's document states —

Nevertheless, the outlook remains negative, —

That is for the government —

reflecting continued risks to the state achieving its cost savings and revenue targets. The collapse in iron ore prices a few years ago has had major revenue implications for the state, both directly and indirectly through more subdued economic conditions, leading to cash operating deficits and rising debt levels.

In other words, the rating agency says that the major problem for the state's finances, which this government and which we, the former government, had to manage, was a collapse in iron ore prices. I can remember it. I remember when I came in as Treasurer a month before the 2014–15 budget, the iron ore price was \$118 a tonne and 18 months later it was \$37.70. When I came in, the share of GST was about 30 cents in the dollar and 18 months later, despite the collapse in iron ore prices, it was still at 30 cents in the dollar. That is what was reported by Standard and Poor's. We had a complete collapse of our iron ore prices, which was a major source of income, and that affected our budget directly through revenue and suppressed income more generally. The document states further —

Should there be further revenue or spending slippage, the state's cash operating deficits could be more long lasting than we currently expect, and the state's tax-supported debt level could also increase and remain above 120% of operating revenues, absent mitigating actions. Meanwhile, we consider it could be challenging for the state to continue to constrain spending growth to the degree to aims to achieve.

I will say more on that later. The document then states —

A new, center-left, government was elected in March 2017. Its first budget, released in September, indicates that the new government will continue —

I emphasise “continue” —

to endeavor to constrain spending growth at a very low rate.

In other words the report is saying that this government inherited spending growth constrained to a very low level and it plans to continue to do so. The document continues —

This follows a number of years of concerted effort by the previous government to slow the rate of expense growth.

In other words, S&P looked at this and diagnosed the problem as declining iron ore royalty income and share of GST. It says it will be difficult to maintain or achieve surpluses despite increases in the GST share, because the government inherited a very tight fiscal position in terms of expenditure growth. I will go on that; that is the evidence. I will continue quoting from the Standard and Poor’s rating that the Treasurer says vindicates his position, but it does not. I quote —

These policies indicate the government’s willingness to improve budgetary performance during the next few years.

In other words, it indicates certain things the government is doing, including the wages policy, and that indicates that the government is now intent on continuing with the policies of wage restraint that it inherited. In other words, S&P says that contrary to the rhetoric of the people opposite, the government did not inherit a fiscal mess. It inherited a challenge that constrains its ability to spend big, but it inherited a budget under repair. This government’s challenge is to continue and that is what S&P says. The report continues —

We believe the spending targets —

That is, those put in the budget —

could be difficult to achieve, especially after a number of years of restraint in public sector wage growth and public sector efficiency drives, —

In other words, the report states that the government inherited a budget that was under reform and plans to continue that, which is good, and we hope it does so, but it will be hard to do because of the pace of reform that has been achieved and embedded in the budget to date —

as well as pressure to provide higher levels of public services.

S&P notes that the government was elected on spending more.

Sitting suspended from 6.00 to 7.00 pm

Dr M.D. NAHAN: Just to make a correction, I am the lead speaker for the opposition in this debate. Before I was so rudely disrupted by tea, I was going through a few issues and, in particular, I was reading from some reports and the latest Standard and Poor’s rating agency assessment of the first budget of the McGowan government. It makes some really good points. With these bills we are looking through a bit of history from 2010–11 through to 2015–16. What was not included was the outcome for 2016–17. I assume that will be an appropriation supplementary bill some time down the track. I want to set some records straight using various sources, including S&P’s latest report. S&P kept the outlook for the government as AA+, but on a negative watch. It has positive, negative and neutral ratings. S&P gave a couple of reasons for that and tried to explain what has happened in the past. It emphasised the decline in GST revenue, which we all know about, and then the collapse of iron ore prices a few years ago, which had major revenue implications for the state, both directly and indirectly—indirectly through subdued economic conditions leading to and resulting in cash operating deficits and rising debt. That is demonstrably true. The major problem the government faced, and me as Treasurer, was that our major source of revenue dropped by two-thirds. With a drop like that, government cannot cut expenditure to match. The iron ore miners could, but we could not—we provide different services—and that led to operating deficits. S&P warns that if there should be further revenue or spending slippage, the state’s cash operating deficit will get larger and last longer. S&P is more pessimistic about iron ore prices than is the government’s budget, but I will leave that up to the Treasurer to estimate, just as an aside. The report states —

Meanwhile, we consider it could be challenging for the state —

That is, the government —

to continue to constrain spending growth to the degree to aims to achieve.

I reiterate its point —

Dr Mike Nahan; Mr Terry Healy; Mr Chris Tallentire; Mr Terry Redman; Mr Kyran O'Donnell

A new, center-left, government was elected in March 2017. Its first budget, released in September, indicates that the new government will continue to endeavor to constrain spending growth at a very low rate.

The operative word, for my argument, is “continue”. In other words, the McGowan government inherited not a fiscal mess as it claims, but actually substantially constrained expenditure growth. The report continues —

This follows a number of years of concerted effort by the previous government to slow the rate of expense growth.

If we listen to members opposite, we did the opposite. S&P puts the record straight. It goes on to state —

The current government plans to reduce spending on public sector wages ...

And on other things, which is accurate. It continues —

These policies indicate the government’s willingness to improve budgetary performance during the next few years.

That is true, but there are some problems with that, which I will go through. I continue to quote S&P —

We believe the spending targets could be difficult to achieve, especially after a number of years of restraint in public sector wage growth and public sector efficiency drives —

In other words, the efficiency drives embedded in this budget are built on those that had been underway for a number of years. It continues —

as well as pressure to provide higher levels of public services.

S&P recognises that the government was committed to a higher level of provision of essential services. This is important —

We note though that the state has been successful in constraining spending growth in line with its targets in recent years.

The Treasurer goes on and on in an increasingly aggressive manner accusing me, as the former Treasurer, and the former government of fiscal wrecking. That is the term he uses. S&P says quite the opposite. In fact, the McGowan government inherited a series of reforms that had constrained growth in expenditure. It is trying to build on those, and that is a real challenge for it. That is what the S&P report is about. There are a number of reasons this is an accurate assessment of what happened. I would like to go to the “2016–17 Annual Report on State Finances”, which was tabled and which is basically the audited results for 2016–17. I want to compare those results with the budgeted figures for 2017–18. I admit that one is an outcome and the other is a projection. Let us see who has the more difficult stance. Expenditure growth in 2016–17, under the last budget of the Liberal-National government, was 3.1 per cent—that was the outcome. The projection for the Ben Wyatt budget is 3.7 per cent. Revenue growth in 2016–17 was 1.6 per cent; revenue growth in 2017–18 is projected to be 6.7 per cent. Under my period as Treasurer over three budgets, revenue grew by less than 6.7 per cent in total; indeed, it was negative. Salary growth in 2016–17 was two per cent, but is forecast to be 6.6 per cent in 2017–18. There is a fiddle in the 2017–18 budget—\$300 million in dividends that was due in 2016–17 was moved to 2017–18 to fiddle the deficit. If we take that fiddle away and accrue it where it was meant to be, the deficit for 2016–17 was \$2.17 billion and the deficit forecast for 2017–18 is \$2.64 billion, which, if achieved, will be the largest ever deficit in Western Australian history. The largest deficit forecast was actually in the 2016–17 budget; it was initially forecast to be \$3.9 billion.

As I indicated, the result was much less, but still high, at \$2.17 billion. In 2016–17, total public sector net debt grew by \$4.9 billion; it is forecast to grow by \$5.8 billion in 2017–18. If we take the major indicators—expenditure growth, revenue growth, salary growth, deficit and debt—the 2017–18 budget is worse than the previous year. Who are the budget wreckers? This is a document put out by the Treasurer —

Mr D.J. Kelly: You are!

Dr M.D. NAHAN: Yes—you are.

Mr D.J. Kelly: That is right.

Dr M.D. NAHAN: That is right.

The government has very stringent expenditure growth in the out years 2018–19, 2019–20 and 2020–21. As we have discussed before in this house, virtually every essential service has no growth to declining growth. In fact, in the last three years of the forward estimates, health expenditure declines by 10 per cent—not no growth; that is negative growth by 10 per cent. That is what Standard and Poor’s is referring to. The government has built on a trajectory of expenditure growth. It inherited very low expenditure growth. At two per cent, wages growth is the lowest in 30 years. At 3.1 per cent, expenditure growth is the lowest in 20 years. It is projected in certain cases—

not this year, 2017–18, but in the out years—that there will be even further declines in expenditure growth in essential services, indeed in every area: education, mental health, health, child protection, police, and education. There is either no growth or negative growth. Quite substantial growth is forecast in 2017–18, but no growth afterwards. S&P says the government will struggle to meet that. I will be more blunt: there is no way in hell it will meet those expenditure forecasts, especially on health and hospitals. The lowest growth in hospital expenditure in 15 to 20 years was last year, at 4.8 per cent. That is despite demand growing by over six per cent. Demand is still growing, maybe not by six per cent, but the government is actually forecasting that expenditure growth in the hospital system will decline by 3.3 per cent a year for three years. Good luck! S&P identifies that as the greatest risk to the budget. My guess is that the government is hoping for a GST windfall to fill the gap. That is a hope. If it comes in compensation payments, as Shorten has proposed, it will come as capital, not recurrent. Tightness in expenditure is not on the capital side of the budget; it is on the recurrent side. If Shorten gives this government the \$1.7 billion he promised, it is tied, as I understand it, to capital payments; it cannot be used for education, health and other purposes. So that does not work. If the government receives other additional revenue sources or a GST payment —

Mr D.J. Kelly: Or increased gold royalties!

Dr M.D. NAHAN: The real issue in the budget is that the government has a giant hole with grossly understated expenditure in the forward estimates. It will come back significantly to haunt the government.

I would like to go back through our period of government, and before. We have done this many times before, but let us do it again. That is why we are here. That is why the government brought forward the appropriations bill. Some members—the new ones—have never been through this, so it is interesting. During the boom, revenue largely came in in the form of land transactions. The years 2005 and 2006 were the largest period of revenue growth. In one year, overall revenue grew by 16.3 per cent. That is a very large increase. There was no significant increase in tax effort; it just rolled in through stamp duty from housing transactions and land tax. That was a massive increase. The year before, it was 11.5 per cent. The next year, it was 8.3 per cent. During the term of the previous Labor government, year on year revenue growth averaged 12 per cent per annum. Of course, that came in not only at 12 per cent per annum, but it also came in at a surprising rate. Overall, revenue growth pushed 50 per cent. A major reason that government was able to reduce deficit and pay off debt was that it had a monstrous windfall in revenue. That was not duplicated under us; it will never be duplicated again, at least not in our lifetime.

Between June 2001 and 2008, the number of public sector full-time equivalent employees increased by 21 per cent, or 16 800. That was a massive increase in FTEs. Under our watch, the number of FTEs increased by 11 per cent, or 10 500. In other words, when the Labor Party was last in government, it had a massive increase in revenue. That allowed it to produce surpluses and pay down debt. A large amount of that went into a significant increase in the size of the public sector. Contrast with now, the Labor Party is not going to get that revenue windfall. If it reads its own rhetoric, it plans to reduce the public sector full-time equivalent workforce, not grow it, by three per cent a year. It is a completely different set of scenarios than it had before, and, I might add, than we experienced. Back then, the Labor government received 99 per cent of the GST, mineral royalties were not as high and overall revenue per capita was much higher than it is today.

At the time the Liberal Party came in, large revenue growth was expected. There was also a substantial backlog of capital expenditure. In fact, the 2008 state election was all about “Carps the Builder”. Alan Carpenter, the Premier at the time, went to that election promising to spend, if my memory is correct, on the stadium, Elizabeth Quay and Fiona Stanley Hospital, and on a whole range of other infrastructure. The argument at the time was that we had received the money for the build. We saved it in the form of lowering debt and the population wanted us to spend that on infrastructure for a growing economy and a growing population. Both the opposition of the day and the government of the day promised a large capital spend. The Liberal Party’s was less, at least on paper, than the Labor Party’s. Much of the major expenditure subsequently committed to by the Liberal government, largely in the second term—a stadium, a hospital and EQ—were committed to under the Carpenter government. Different dimensions; different costs.

Another issue that we faced was a significant backlog in expenditure in Western Power. Western Power, as a standalone regulated monopoly, had only been set up in 2006. For a number of years preceding that there had been inquiries into the effectiveness and standards of its poles—its distribution system. There were at least three major inquiries into it. Significant deficiencies were found in the maintenance of those poles. That led finally to an energy safety audit that required the government of the day—it turned out to be a Liberal–National government—to undertake a substantial increase in the distribution network to the extent of replacing 107 000 poles to the tune of \$1.7 billion. That was a large backlog of infrastructure. Then, of course, we had population growth. During our period, 490 000 people came to Perth. That increased the demand for services and, without doubt, we increased expenditure on those services and the capital to accommodate them. Health spending increased by 4.9 per cent and 4.86 per cent; education by 34.1 per cent; disability services by 84 per cent; police by 38 per cent; and mental health by 56 per cent. Child protection, which is probably the most difficult of all—I do not think anybody would

argue that governments spend what they have to spend on that—increased by 67 per cent over the eight years of the Liberal–National government. There was a substantial increase in expenditure. Indeed, one could argue that the windfall revenue from iron ore, whether or not it was sustainable—it was proved that it was not—went towards an expansion of essential services through not only the amount of spending and the personnel involved, but also the quality of delivery during that period. Of course, we also had to spend a lot of money on capital assets, and we have been criticised very extensively for it. The higher profile ones are Elizabeth Quay and Perth Stadium, which the new Minister for Sport and Recreation enjoys quite a bit. It is a beautiful stadium. We spent money on all sorts of other things. We spent \$7.5 billion on modernising WA's healthcare system. Sixty-one hospitals and health facilities were built or upgraded, including Fiona Stanley Hospital and Perth Children's Hospital; Midland, Albany, Busselton and Hedland Health Campuses; and major redevelopments at Joondalup and Kalgoorlie Health Campuses and elsewhere.

We revitalised the city. We spent \$440 million on EQ, although that has largely been paid for by land sales. A large amount of the \$1 billion spent on the Perth City Link came from the Rudd government during the stimulus days. We upgraded the Perth Cultural Centre to the tune of \$490 million. We spent \$250 million on Chinatown, about \$1.4 billion on Perth Stadium and \$4.28 billion on the new Museum. Of course, we had a range of other expenditure, particularly in tourism and other areas. In fact, we increased tourism expenditure to the tune of \$656 million over our period in government. The Gateway WA project is another way that we have revitalised the city. Anybody who used to drive around the airport will know that that project has transformed not only access to the airport, but also transport links from the airport and from the east and west of that area. We extended the Mitchell Freeway to Hester Avenue, we extended the rail line to Butler and we commenced the Forrestfield–Airport Link, which was our single largest capital spend, at least initially, at \$1.9 billion.

Mr T.J. Healy: Did you finish it?

Dr M.D. NAHAN: It is underway. The Labor government has inherited it. If it wants to stop it, please do.

Mr T.J. Healy: Didn't you promise it in 2013?

Dr M.D. NAHAN: That thing is being built on time and below budget.

Mr T.J. Healy: It took four years—and nothing.

Dr M.D. NAHAN: The member for Southern River decries as a failure what I thought the transport minister stated is the first link of Metronet. That is what he has said. We designed it, we constructed it and we funded it. The largest single source of the debt that the Labor government has inherited and that the member decries is the Forrestfield–Airport Link. About \$490 million was funded by the commonwealth through a GST top-up grant, but most of that was committed to by us. If the member wants to decry it, please stand up and say that it was a waste of money and that it is not worthwhile.

Mr T.J. Healy: It is a great project.

Dr M.D. NAHAN: Good. That is right; give us credit where credit is due. That is what I ask.

Of course, \$7.1 billion was put into royalties for regions. We built 56 new schools and 524 schools are now part of the independent public school system. We also transformed the education system, student-centred funding and the Western Australian Certificate of Education, and we moved year 7 students to high school. My memory is that that cost about \$200 million in additional classrooms at select schools. There were an additional 1 050 police under our watch.

Mr B. Urban interjected.

Dr M.D. NAHAN: That is the increase in police numbers under our watch, according to the Public Sector Commission report. I know members opposite do not like this and want to disagree with it, but that is the case.

We invested heavily in mental health services. There was an 85 per cent, or \$870 million, increase in mental health services. At the time of the 2008 election, there was a general consensus not only in Western Australia but also around Australia that there had been underspending on mental health and that mental health had to receive a major focus outside the general health system, so we delivered it. The baton has now been handed over to the Labor government and it has to run with it or otherwise.

As I indicated earlier, there was an 84 per cent increase in child protection and family support expenditure. During our first term, the number of children in various types of state care grew by over 10 per cent a year. That was phenomenally and tragically rapid growth. It has levelled off somewhat. During that period, the fastest growth was amongst Aboriginal children, and they now represent over 50 per cent of the kids in care. That is a real tragedy for the state and we must address it.

In 2008 or thereabouts, the National Disability Insurance Scheme had not been invented. I think it started under the Gillard government sometime in 2010 or 2011. It was mooted, but it has taken some time and is rolling out

now. During our watch, to address the issues that the NDIS was meant to address, we increased expenditure on disability services by \$966 million, or 123 per cent.

We also delivered 20 000 new affordable homes. The target was to be achieved by 2020, but we achieved it by mid-2015, so we expanded the target to 30 000. We are well on our way to achieving that, but the baton is in the government's hands now.

Sport and recreation is another area in which we spent greatly. We spent \$26 million on the new State Netball Centre and \$34 million on the Western Australian Institute of Sport High Performance Service Centre. We also built facilities for basketball and rugby. We redeveloped HBF Arena for \$24 million and refurbished nib Stadium for \$95 million. We initiated KidSport in 2011, which helped 62 000 kids join over 2 600 sporting clubs. We also invested more than \$156 million in 980 community sport and recreation facilities. Again, the continuation of that is over to the government. That is a big task for it.

The first budget of the McGowan government is based on a couple of themes, one of which is an absolute collapse in its revenue stream. There are some reductions, but let me tell members a story about reductions in revenue. In the 2013–14 budget, which was the last Troy Buswell budget, there was a revenue writedown of \$1.9 billion—this was before any tax increases—over the forward estimates. In the 2014–15 budget, there was a revenue writedown of \$5 billion and in the midyear review there was a writedown of an additional \$1.6 billion. The 2015–16 budget was a tough one. I was the Treasurer at the time and we wrote down the revenue growth by an unprecedented \$10.2 billion. That builds on all of that. In the midyear review, there was also a further decline in iron ore prices and we wrote down the revenue estimates by another \$6.9 billion, bringing the writedown in a single year to \$17 billion. In this budget, the writedown is \$5 billion and that builds on writedowns in every successive year, so the government's revenue is getting pretty low; there is no doubt about that. The Treasurer decries a writedown of \$5 billion, but I had to write down three times that amount in a single year. I might add that we increased land tax that year and the previous year, and it offset that by a bit, but not much. In the 2016–17 budget, we had to write it down by another \$2.5 billion. Over our last term in government, we had total writedowns in the forward estimates of \$26.5 billion. On average, we wrote down \$6 billion each and every year—year after year. That is tough. Therefore, when the government complains about a writedown of \$5 billion, that would have been a good year for us.

As Standard and Poor's has indicated, the writedowns were driven by three major factors—the collapse in iron ore royalties; the impact on the economy of the decline in the price of oil, gas, iron ore and other commodities; and the failure of the GST to respond to the decline in our revenue sources. We often talk about the fact that the deficiency in the GST is that there is a built-in lag. This state's GST share today is the same as it was in 2013. That is despite the \$26.5 billion collapse in revenue over the past four years. Something is fundamentally wrong about that. To put this in context, since the Great Depression of the 1930s, this state has never suffered a drop in revenue. Yes, revenue has dropped against the forward estimates. That happens quite regularly as part of the business cycle. In the 1990s, this state had three successive years of a 9.9 per cent decline in revenue. During those years, our revenue was nearly 10 per cent lower than it had been in the previous four years. Indeed, in 2016–17, our revenue was lower than it was four years ago.

That is a tough budget. Unfortunately, the government has inherited those trends, and those trends are continuing. Yes, the government can politically blame our government, as it is doing, and to some extent it has been able to get away with that. However, the reality is that the government is not doing anything more than what we had to do. The real challenge for the government is that it has limited capacity to drive efficiencies in health, mental health, child protection, police and education and maintain the same level of service delivery. It is good that the government is trying to limit wage increases for public servants at \$1 000 a year. However, that will take a long time to percolate through the system. I can guarantee that after our government's four years of very tight fiscal management in those areas, it will be very tough for this government to continue to do that for another four years. The government's forward estimates beyond 2017–18 are tougher in terms of expenditure restraint than I was ever able to forecast or put in place. That is particularly the case for health, in which there is negative 3.3 per cent growth year on year on year.

Let us go back to where we started. The mantra from members opposite both during and after the election campaign is that the Liberal Party wrecked the finances of the state. It is true that state debt and deficit are large. People wonder how we came through the biggest boom in history and have a debt of \$32 billion. We had an absolute collapse in revenue from iron ore royalties, the GST and all sorts of things. Our government also restrained growth significantly over the last three or four years. That is putting additional pressure on households. The government is proposing to continue to do that into the future. The reality is that under the government's watch, debt and deficit will increase to record highs. The Labor Party went into the election promising a big capital spend on Metronet and other infrastructure projects. The government is committed to achieving those expenditures. The government is now learning that it is very difficult to manage large capital spends in the current environment in Western Australia. There is not the natural growth in revenue to enable the capital spend that was promised by the Labor Party in 2008, 2013 and 2017. As a result, the government will have to substantially increase debt and deficit

beyond the forecast in the *Pre-election Financial Projections Statement*. In 2017–18, the *Pre-election Financial Projections Statement* forecast debt at \$37.4 billion. The government is now forecasting debt at \$37.8 billion, or \$419 million higher. For 2018–19, the government was forecasting debt at just shy of \$40 billion. It is now forecasting debt at \$41.4 billion. For 2019–20, debt was forecast at \$41.1 billion. It is now forecast at \$44 billion. If my assessment is right, and I have no doubt that it is, debt will increase substantially above the forecast to in excess of \$45 billion, going towards \$50 billion.

Right now, the government can blame our government for all its challenges—the same challenges that the Labor Party worked hard and was successful at procuring. That is just the way it is. The redeeming factor, which we have heard about quite often, is whether this state will get a fair share of the GST. That has been the main game for some time. The now government was ruthless when in opposition in its critique of our request for a fair share of the GST. It never said that our GST share was fair. It said that our GST share was predictable, and the problem was revenue, not the GST. That is true. Our revenue collapsed. The then shadow Treasurer said that our problem in government was expenditure. Standard and Poor's does not share that view. The fact is that the 2017–18 budget will make that problem worse. If the now Treasurer thinks that he can make large gains in expenditure reduction without attacking frontline services, he is dreaming. The government has about 20 or 30 reviews underway. I am not criticising that. Any new government that is facing these types of fiscal problems should have reviews underway. I hope those reviews are productive, particularly the service priority review. However, the government has one hell of a challenge ahead of it in those areas. The real problem is the collapse in GST revenue.

Five years ago our revenue per capita was amongst the highest of the states. It has now declined to become one of the lower figures and GST is a major issue. Our problem has not been just expenditure. Over the last three years, we have driven down expenditure in most areas, but not all. The major areas in which we now spend above the average spent in the other states are, firstly, schools—particularly secondary schools. Our high schools, per student, are 35 per cent more expensive than the national average. As somebody who represents two of our better schools, I do not want any reductions in that expenditure, to be honest. I think the schools do a magnificent job and all members have such schools. Hospitals are the second area that we spend a hell of a lot more money on than any other state, except maybe South Australia. I think the Minister for Health will see that driving efficiencies while producing throughput and quality in our health system is, as some would say, an impossible effort, but it is one that we have to pursue. Per separation from a hospital system, we are 18 to 20 per cent more expensive than the national average. That is a challenge. Those are our two biggest areas of expenditure.

Prisons are another big area. We are not too bad on a per prison day basis. We just have a hell of a lot of prisoners and that is the problem. Unless we stop putting people in prisons, the prison population will grow. The two other areas in which we spend significantly more than the other states are disability services—which might change with the National Disability Insurance Scheme, so I cannot say that—and child protection services. Our expenditure on child protection is substantially above the expenditure of any other state. Members opposite have probably had interaction with the child protection people; they do a magnificent job. It is one of the most trying services I have ever come across. I wish them well. I would never want to unnecessarily scrimp on child protection services. They deal with our most vulnerable. Members opposite have the big challenge of meeting their expenditure commitments, as the budget indicates. That is because they inherited pretty efficient services, except in some areas for which the high expenditure is not in efficiencies, but higher quality; there is a trade-off. The Treasurer has flagged very tight expenditure growth going forward. I think the government will struggle.

My own view of the GST is that the forward estimates are doctored, within reason. A lot of things can be done in forward estimates. I think the Treasurer has taken the member for Cottesloe's scepticism about forward estimates to a new height. He took it to heart. I think the Treasurer plans to have some windfall gains in GST. I hope we get them. I would not bet on them too much, but I hope we get them. As I indicated, if it is just \$1.7 billion from Mr Shorten, it will not help, because it will be a capital transfer. The Productivity Commission's report, with the leadership of Mr Turnbull, is the first concrete positive piece of reform on the GST redistribution system that I have seen in 20 years. Many reports on it have come to nothing. There have been many attempts. With Joe Hockey, I got within a breath of exempting the North West Shelf from the GST. That would have benefited us to the tune of between \$800 million and \$1 billion a year, but we failed. I think people in the Parliaments of Tasmania and New South Wales heard about it and killed it, so we had to make a more concerted effort. The Productivity Commission has come up with a mechanism that allows it to keep the horizontal fiscal equalisation. It does not change the rules of the general parameters, but tweaks them somewhat, which will substantially improve the GST distribution to the state of Western Australia. It will change the distribution from within the rules so that no other state has to agree to change the rules. In his comments on a previous bill, the Premier said that he thinks a commonwealth Treasurer could unilaterally alter the rules of GST or our distribution system. Theoretically, they could but they never do. We have to work within the system and the Productivity Commission has found a way to alter the benchmark somewhat, which will substantially improve the share of GST to the state. I think that will come through, as long as the Turnbull government puts it in. The problem for members opposite is that the Shorten opposition—which is now leading by far in the polls—has committed to no change in the system. It committed to

giving the state government \$1.7 billion but it has not committed to changing the GST distribution system, so our guys better hope that Turnbull acts.

The real challenge for GST reform is, of course, how it transitions. When does it come? The Chamber of Commerce and Industry of Western Australia is doing some work on that issue, which is very good. If we try to change it very quickly, the other states will revolt and it will probably come to nix. If we do it by a gradual process so that we move towards a bigger share of GST that would naturally come to Western Australia and we put in let us say a moving floor, or something of that nature, no state would be worse off as Western Australia's share naturally goes up as the effect of the iron ore royalties go through. No other state would be worse off along that path. We would just lock in the changes at that stage. Eventually, that would substantially improve Western Australia's revenue stream and allow us to move away from a substantial structural deficit, while maintaining adequate delivery of services. But it will take—I do not know—four or five years to get there and it will not help the budget of members opposite too much; in fact, it will not help their budget at all. That is the real challenge for us.

To summarise, Standard and Poor's, as we would expect from a rating agency that looks at debt programs in every major government around the world and has intricate knowledge of us—our travails and positions over the years and now—basically indicated that the current government inherited a structural deficit caused by a collapse in the iron ore royalties and a failure of the GST to adjust in a very slow economy. The government also inherited a process of reform that substantially reduced expenditure growth to the lowest rate in 30 years. Continuing on that trajectory, as forecast in the budget, is problematic and is the government's greatest risk. If we look at the forward estimates in the budget, we can see absolutely no growth in essential services. That has a lot of implications for members opposite because they are going to have to go around for four years and repeatedly tell members, schools, hospitals and child protection workers that there is no money. In fact, there will be repeated cuts in all those areas year after year. Even though members opposite have negative growth in their expenditure going forward, their deficit and debt continue to grow. Under this budget, the debt levels go up by over 35 per cent. What members opposite missed, of course, was a debt reduction strategy. They had a couple of goes at fake ones but they went nowhere and they were never meant to go anywhere. Members opposite decided not to have a debt reduction program at the last election and, as a result, they inherited a level of debt and a trajectory of debt that they not only have been unable to deal with, but also are augmenting significantly. That is a real challenge. We will sit here over the next three years or so and watch members opposite struggle with the budget, just as we did. We will be as critical of their moves as they were of ours. Most importantly over the next four years, we will also watch them struggle to maintain delivery of the excellent quality essential services that they inherited.

It will be one hell of a challenge unless something changes. I do not think we will ever go back to the boom of 10 years ago. That was an investment boom and it ended. GST will be hard to reform; it will be reformed only if Turnbull does it. Shorten will not do it; he has made that quite clear. He will promise to flick money to the government, but he will not reform the GST. Liberals are the only ones who will reform the GST, and, actually, only a Turnbull government will do it. It has been a long time coming, but it will be, necessarily, phased in over four years. I believe that what is lacking in the low expenditure in the budget in the forward estimates is basically there, with the government hoping and planning to have windfalls from the GST, and it will not eventuate.

This government has inherited a structural deficit—yes. It has inherited debt that was too high at \$32.5 billion—no doubt about that. It has inherited public expenditure that had been cut to the lowest level in 20 or 30 years—that makes it all the more difficult. The government has also inherited a renewed public sector and large number of public works, from a stadium to everything else that it will be opening up in the next three years. What the government did not inherit, but it has done this, is the capacity for a large, new capital spend for Metronet—\$5 billion. The budget cannot wear it, but the government has decided to do it anyway. As a result, the government has forced the deficit and debt to get worse. What it has not budgeted for, because it is too early now, is the operating cost of Metronet. For the fourth year in a row patronage on trains has declined. Cost recovery was targeted, I think, officially at 40 per cent; the last time I looked at it, it was 27.5 per cent and going south. The operating expenses are not billed in the budget, nor are a range of other expenses billed in the budget. I think the government is going to have one hell of a ride, because it made a fundamental error—it did not have a debt reduction program. It committed to a large level of capital spending that it does not have the money for, even if the Turnbull government funds most of it, which is what the government is hoping for. The government has also grossly undercooked expenditure on essential services in the last three years of the forward estimates, and if it adheres to that, it will definitely be a one-term government, without doubt. But the government is not going to be able to adhere to that, because the public will not allow it to. This government's problems are not of our making, but of its own. That is its challenge going forward. The government can blame us for a while longer, but eventually people will catch up to it.

I come back to one issue of today—electricity prices. I have three more minutes. To clarify, when we came into government the forward estimates had electricity prices going up by 10 per cent a year, each year. We raised it by that much over that period. We did not go above the forward estimates; we kept to them. During my period as

Minister for Energy, prices never went up more than by 4.5 per cent. I seriously considered looking at a fixed charge, but I would never have increased the fixed charge by the degree that this energy minister has, because I knew, as he knew, as we found out today, that the impact on people on low incomes, with low electricity, was just too much. The distribution impact was too much. I looked at it. This government needed to do that gradually over years—maybe eight years—not in one. It is astonishing to me that a Labor government would do that to pensioners—astonishing. I honestly believe that with a 30 per cent increase in electricity prices in today's situation, especially with self-managed funds having no income growth, will mean that retirees will be struggling. There has been a 30 per cent increase in electricity charges and a six per cent increase in water charges. Electricity charges are increasing in such a manner that people cannot avoid putting in solar cells and wrapping themselves in blankets. It is just unconscionable. By the way, it had nothing do with the gold royalty increase. That was decided in June this year, before an increase in the gold royalty was announced. It was a revenue measure that was very desperate.

I might add that the biggest lifter for the budget is me. Yes! The government is pulling \$800 million out of the electricity industry. Where did that pile of cash come from?

MR T.J. HEALY (Southern River) [7.55 pm]: I rise to speak to the cognate debate on the Appropriation (Recurrent 2010–11 to 2015–16) Supplementary Bill 2017 and the Appropriation (Capital 2010–11 to 2015–16) Supplementary Bill 2017. How can I not stand to contribute to this debate and pass comment on the economic dark ages of the previous Barnett–L'Estrange Liberal government?

Mr I.C. Blayney: L'Estrange?

Mr T.J. HEALY: I have said previously that it is my belief that the member for Churchlands is planning his plot, so we had better start linking him to the dark ages of the former government.

Mr I.C. Blayney: What?

Mr T.J. HEALY: I will move on. These bills deal largely with the machinery of government and reflect expenditure excesses created during the period from 2010–11 to 2015–16 as a result of policy decisions. What a statement! I repeat: these bills deal with and reflect expenditure excesses created during the peak period of the Barnett Liberal government as a result of policy decisions. The period of 2010 to 2016 was the golden age of the dark ages of the Barnett–L'Estrange government. I will speak to a number of projects that are dealt with in this bill—an era of what I guess you could call a government. I, of course, must speak of the bad, disastrous financial management. A question I have is—feel free to contribute, members of the opposition: was this really a Liberal government? My understanding is that Liberals are —

Mr D.T. Redman: It was Liberal–National.

Mr T.J. HEALY: Are not the Liberals or the Nationals normally the good economic managers? Are they not normally the parties that talk about stability in the economy? Are they not normally the parties that say, "We'll balance the books; we'll look after things"? What happened? I believe the Barnett years will be known as the vacuum of 2008 to 2017, as evidenced by the fact that its base deserted it at the March election. The Liberal Party membership cringed for eight and a half years. The WA Liberal campaign summary for the March election and the previous government actually says that those eight and a half years were missed opportunities—wasted opportunities. That obviously cost the Liberal Party the 2017 election. There was no "it's time" factor. People were just sick and tired. Current—that is you guys—and former MLAs and MLCs of this Parliament distanced themselves from the Barnett government. They do not like to refer to that era. It is a pity and a difficulty because the current member for Cottesloe remains here. I know it is hard to move on from those parts.

Mr W.R. Marmion: Which hospitals did you build?

Mr T.J. HEALY: Member for Nedlands, it is important to remember that the worst election result, not just in the last 10 years, but in Western Australian history, took place a few months ago, in March. Is anyone on the opposition benches proud of the former Barnett government?

Opposition members: I am.

Mr T.J. HEALY: They are. That is fantastic! What opposition members just said is that they are proud of the \$42 billion net debt. They are proud of the \$3 billion budget deficit.

Several members interjected.

The ACTING SPEAKER: Member for Southern River, could you return to discussion on the bill instead of goading members opposite.

Mr T.J. HEALY: Absolutely.

The member for Riverton spoke just a moment ago and said that this is our fault, not the fault of the former government. The worst set of books in a generation is dealt with in the Appropriation (Capital 2010–11 to 2015–16)

Supplementary Bill 2017 and the Appropriation (Recurrent 2010–11 to 2015–16) Supplementary Bill 2017. The bills look at those items. What were the excesses? What was the financial management of the former government? It was bad. The former government turned the best set of books into the worst set of books. That is generally now agreed on by, I think, all parties; maybe not the members of the Liberal Party who are in this chamber, but most of the Liberal Party accepts that. The Liberal Party wrecked the government and it is trying to continue to wreck the economy. The Liberal Party is addicted to stopping good budget measures; its financial incompetence is astounding. As we review these bills, it is important that the remaining members of the Liberal Party in this place, who were in a variety of roles, including ministers, parliamentary secretaries and backbenchers, go through each of the financial years—I will refer to the litany of Treasurers and their budget speeches in my contribution today—to see the complete wasted opportunities.

I refer to the multiple Treasurers—seven Treasurers in eight years. For the record, we had, of course, Troy Buswell who began in the early days. He took a break and Colin Barnett became Treasurer. After Colin Barnett, it was Christian Porter, then Colin Barnett again, Troy Buswell again, Colin Barnett again and then Hon Mike Nahan. An interesting point when we look at the financial stability of Western Australian governments is that the Gallop–Carpenter governments had one Treasurer, Eric Ripper, who was consistent and stable. The Court government had one Treasurer during its entire time in government. I believe even the Lawrence government had only one Treasurer. We can look at these bills to see why the books are so bad and why things are such a mess. The fact of the matter is that there were literally Treasurers drunk at the wheel. There were seven Treasurers in eight and a half years and that is evidence that there was no stability and no plan. We are looking for excesses due to policy decisions. It is not too hard to see why this has taken place. The bills address the fact that the 2011–12 budget was the turning point. I refer to an article in *The West Australian* on Tuesday, 10 October 2017, which is headed “Productivity Commission review says state of WA Budget down to Barnett government spending”. I will read part of the article into *Hansard* because it is exciting. The article states —

After years of complaints of our GST share, there might be some light at the end of the tunnel.

The Productivity Commission has sheeted some of the blame for the state of the WA Budget to the Barnett government and its spending decisions.

The commission said the 2011–12 Budget handed down by then treasurer Christian Porter was a turning point for the problems plaguing WA.

...

The state Treasury believed WA’s GST share would fall from 72¢ in the dollar to 33¢ by 2014–15.

...

According to the commission, spending decisions in WA were effectively locked in on expectations of a change in the GST system that never eventuated.

Thankfully, the member for Victoria Park is now the Treasurer. I will quote his contribution to this article —

“Our real problem was the financial incompetence of the Liberal–National government.”

I certainly endorse those words. While I am commenting on our wonderful Treasurer, I was very proudly a booth captain in Bentley at the 2005 by-election when the member for Victoria Park joined Parliament. I put on record my thanks to the people of Victoria Park for delivering the Treasurer to this Parliament. He was here when it was time to take charge of the recklessness. I also thank the Premier and the Treasurer for commissioning the Langoulant inquiry. I welcome the Langoulant inquiry into government programs and projects. The inquiry—going back to the bill—relates to the excesses of policy decisions by the previous government. I refer to the terms of reference of the inquiry —

The Inquiry is to examine and report individually on the programs and projects listed in the appendix, including analysis of contracts as necessary, entered into by the State Government between 2008 and 11 March 2017 and focusing on the governance arrangements and decision-making processes ...

The inquiry will look at programs and projects and consider their financial consequences, decision-making processes, procurement processes—that is when we send all our jobs offshore and buy everything offshore—and value for money. The inquiry will also look at the justification of nondisclosure to the public of contract information. Was nondisclosure in the public interest? The final report will provide a clear and concise explanation to the community of the key drivers or failures in the decision-making processes that led to the state’s operating deficits and unsustainable debt position. It will provide a report on —

Any measures that should be introduced by the State Government to ensure greater rigour and transparency —

They are fantastic things that have not been seen in a state budget for some time —

in decision making and procurement processes ...

I will not mention all the 26 projects that will be looked at. What were the processes that went into the Elizabeth Quay project? What was the process that said it was something that we needed? What was the evidence base that said, "I am not just worried about Richard Court's belltower; I want to build something bigger"? What was the evidence that said, "I think this is a project that will bring awesome things to Western Australia"? The inquiry will look at Perth Stadium. The original budget of \$700 million has blown out to \$1.2 billion. The Swan River pedestrian bridge went from \$54 million, offshore, to \$70 million and is now costing \$83 million.

Mr W.R. Marmion: You're building another one.

Mr T.J. HEALY: We are building it. Member for Nedlands, we are now building it here so that your constituents and my constituents get work out of it. It is important that our community gets jobs out of it. It was unfair that it was sent offshore. I refer to a speech I made the other week in which I asked who was in charge of making sure that it was constructed. Again, it is a trap. When former Liberal ministers say that they had no idea that it would be built offshore, no idea that it would be built in Malaysia, is that stupidity or ignorance? How did that happen?

Mr D.C. Nalder: You're now responsible for the Perth Children's Hospital.

Mr T.J. HEALY: Certainly, and I will get to Perth Children's Hospital in just a minute. Member for Bateman, who was in charge of that bridge?

Mr D.C. Nalder: Call a royal commission.

Mr T.J. HEALY: The Langoulant inquiry is progressing and will report soon.

Several members interjected.

The ACTING SPEAKER (Ms J.M. Freeman): Member for Bateman, you went back to your chair to do that. You were over here.

Mr D.C. Nalder: Do you want me to go back there?

The ACTING SPEAKER: Yes. While I am on my feet I want you to go back to where you were!

Mr T.J. HEALY: I am very happy to take his interjections. The member for Bateman is my good friend.

An opposition member: What about the Office of Shared Services?

Mr T.J. HEALY: There are so many projects.

Several members interjected.

Point of Order

Mr D.A. TEMPLEMAN: I am having difficulty trying to work out who has the call to speak. There are several conversations going on across the chamber.

Mr T.J. HEALY: I am happy to take the lead, Madam Acting Speaker.

The ACTING SPEAKER (Ms J.M. Freeman): Member for Southern River.

Debate Resumed

Mr T.J. HEALY: The member for Bateman mentioned projects that are not on the list. I refer to the Kununurra Courthouse project. My sister taught in Kununurra for many years. A lot of money was spent on the courthouse but no local people were involved in the project. There were no local architects, engineers or even local security people. It is very interesting to ask whether local people had the necessary skills. I acknowledge I was not there and making those decisions at the time, but would it not be fantastic if as part of the development of these sorts of builds we said, "Which jobs can we train local people for?" At what point can we engage local people to do apprenticeships on projects like Kununurra Courthouse and that sort of important work? My sister told me that the irony is that that courthouse will result in the locking up of so many young people who could have been employed on that project. I will not tell the Langoulant inquiry what it can and cannot do, but this is not included in it. The "Premier's Palace"—the office just across from Parliament—is not on the list; neither is Roe 8. I acknowledge the member for Cottesloe's campaign to build Roe 8. The money that was put towards that project is not on here.

Several members interjected.

Mr T.J. HEALY: Those projects are not on the list. The member for Bateman mentioned Perth Children's Hospital; again, it will be interesting to see what comes back. I have not read the report, but I look forward to reading it, as do all members of this Parliament. When we do, it will be interesting to read whether if the items that contain asbestos had been procured in Western Australia, they would have contained asbestos. A number of

things will come through such as the outsourcing of non-clinical services at hospitals, the Muja power station, the growth from \$150 million to \$310 million and all these interesting golden statues. It is a pity that, again, that money was not spent in my electorate. I look forward to the outcome of the inquiry. So far, we all seem to agree that money was overspent, the economy was mismanaged, jobs were sent offshore and money was spent on these ego projects and not on what was needed.

I refer now to the speeches of multiple Treasurers.

Mr D.T. Redman interjected.

Mr T.J. HEALY: The member for Warren–Blackwood asked what the ego projects were.

Mr D.T. Redman: Yes.

Mr T.J. HEALY: I will say that Elizabeth Quay is a beautiful thing, but was it essential? When my wife and I go shopping and we want to buy extravagant, crazy things, we often discuss whether we need it. I would not have cared if it had been called “Colin Barnett Primary School”; at least one school would have been built in my electorate rather than Elizabeth Quay. It is what was important as opposed to what was needed.

Mr W.R. Marmion: So you wouldn't have built Elizabeth Quay?

Mr T.J. HEALY: Is it nice? Yes, it is nice.

Several members interjected.

Mr T.J. HEALY: I think there were plenty of projects there that —

Several members interjected.

Mr T.J. HEALY: I am always up for a bit of quality family time.

Mr W.R. Marmion: I'll see you there then.

Mr T.J. HEALY: Would I take my child to play in the dirty water park there? No, I would not. That is what I would not do.

Mr W.R. Marmion: Have you been to Elizabeth Quay?

Mr T.J. HEALY: Technically, I have. We have had two river cruises. When the school has a river cruise, they dock at the harbour just next to it. So, yes, technically I have been there.

Mr W.R. Marmion: And it's close to Perth now, otherwise —

Mr T.J. HEALY: It is very close to Perth.

Mr W.R. Marmion: What a great opportunity for people!

Mr T.J. HEALY: Look, it is there. We will not dig it up, but it is one of those items.

Mr W.R. Marmion: Good.

Mr T.J. HEALY: I have digressed, but I will come back to the bill.

The 2010–11 budget speech was delivered by the member for Cottesloe on 20 May 2010. He stated —

In spite of the uncertain economic times ... I am very proud of these results because they signal our confidence going forward, reduce our reliance on debt, and mean we can maintain the State's triple-A credit rating.

From this point to where we are now, there have been excesses from policy decisions. I return to the quote. It reads —

This Government has worked diligently and innovatively to stabilise the State's financial position so that we have a strong foundation for future growth.

I turn to the 2011–12 Treasury speech. We have now swapped around a few times, and Christian Porter is now the Treasurer. I also note that in October 2017, the Productivity Commission noted in the article I mentioned earlier that the Barnett government made decisions based on the fact that it thought the goods and services tax share would increase. *The West Australian* reported —

According to the commission, spending decisions in WA were effectively locked in on expectations of a change in the GST system that never eventuated.

Christian Porter's budget speech states —

In preparing the 2011–12 State Budget, the Western Australian Government faced one immense structural challenge, and, in the face of that challenge, had to make a central and pivotal decision about the best approach now — ...

So the government knew about the GST situation then. The speech continues —

The pivotal decision has been whether, in the face of a collapse in GST revenue over coming years, do we as a State Government wind-back our infrastructure investment program, ...

The speech continues —

What we reasonably anticipate is that in 2013–14 the CGC will have brought in a new GST system.

[Member's time extended.]

Mr T.J. HEALY: The speech continues —

We expect it will produce a floor of about 75 per cent of our population share of the GST.

That certainly did not happen.

I turn to the 2012–13 budget speech, delivered by Troy Buswell in this revolving door of Treasurers. The speech states —

We will continue to fight for fiscal sustainability.

I jump forward to 2015–16 and the budget speech of the former Treasurer and member for Riverton. He delivered the following statement about the trajectory of the budgets of the Liberal–National government —

Net debt will unavoidably increase over the next few years due to a need to fund the deficit, ...

Amongst the failures of the previous government was the loss of our AAA credit rating. I refer to an article from *The Guardian* headed “Western Australia’s credit rating juggling act: what price triple-A?” The article reads —

The downgrade reflected Standard & Poor’s view that the Western Australian government was not as committed to paying off debt as the WA premier, Colin Barnett, would have everyone believe.

Why did no-one in the former Liberal government stand up to the former Premier, the member for Cottesloe? The member for Bateman tried to. He tried to say it was something that could be changed. He called for a spill but it did not take place. I should say that I mean nothing personally against the member for Cottesloe, but talking professionally and looking at the economic state of this wonderful place, Western Australia, we will be paying off this debt and deficit for years. Why did no-one in the former government say, “Premier, stop”? The emperor had no clothes. He could not even pay for those clothes. During the budget debate of 12 September 2017, the leader —

Several members interjected.

The ACTING SPEAKER: Members!

Mr W.R. Marmion: Can the member address members by their electorate —

Mr T.J. HEALY: I will take the direction to move on. I think that is what you said.

During the budget debate of 12 September 2017, the leader of the remaining members of the National Party, the member for Central Wheatbelt, said they had all drunk the Kool Aid. I think the remaining group of Liberal members all spent eight and a half years drinking the dirty water at the Elizabeth Quay water park, and eight and a half years drinking the dodgy water at Perth Children’s Hospital, because it just seems —

Mr C.J. Barnett interjected.

Mr T.J. HEALY: The member for Cottesloe made comments earlier today. I am not sure whether it was relevant to Halloween or not, but he mentioned that our greatest resources are the minerals in the ground. I certainly agree with that. But the member for Cottesloe also said we can always get more people—more workers. I might correct *Hansard* if that was slightly different. He said it was largely peripheral and workers can be sourced from anywhere around the world. When I look at some of our projects and the fact that our young missed out on our apprenticeships, training fees went up and we sourced all our government projects offshore, there were these great opportunities that we missed out on.

I commend this bill to the house. We will now move on from an era of a lack of any fiscal discipline or foresight. On 11 March the people of Western Australia passed judgement and put an end to the Barnett Liberal government. I speak to the people of Southern River. I am sorry that we all had to endure what we did, and I will fight every day to stop the Liberals trying to again rob our community and wreck our community. I am proud to be part of the responsible McGowan Labor government. I am proud that we finally have a Treasurer with a sustainable and responsible approach. I urge members of this place to support this bill and let that dark chapter of Western Australia’s economy close.

MR C.J. TALLENTIRE (Thornlie — Parliamentary Secretary) [8.19 pm]: I rise to address the Appropriation (Recurrent 2010–11 to 2015–16) Supplementary Bill 2017 and the Appropriation (Capital 2010–11 to 2015–16) Supplementary Bill 2017.

Mr C.J. Barnett interjected.

The ACTING SPEAKER: Member for Thornlie, take a seat. Member for Cottesloe!

Mr C.J. Barnett interjected.

The ACTING SPEAKER: Member for Cottesloe, I am on my feet.

Mr C.J. Barnett interjected.

The ACTING SPEAKER: I am on my feet, member for Cottesloe. I call you for the first time.

Mr C.J. TALLENTIRE: In my response to this debate, I want to highlight what might be one of the new industries for Western Australia. It is an area in which we have some credibility and one that I think would be a great avenue in which to develop our economy. This is something I have been able to learn about thanks to my role as Parliamentary Secretary to the Minister for Science. Before I get to the detail of the area of space and science, I want to recap some of the objectives that our government has set. These objectives come through in the note to the financial statements; that is, the aim of growing and diversifying the economy, creating jobs and supporting skills development. I refer to some of the areas to which we have committed. In the area of tourism, \$425 million has been allocated over the next five years for events and destination marketing. There is \$39 million for the Local Projects, Local Jobs election commitments right across our electorates. This covers a multitude of quite small projects, but each one in itself is a great job generator and is something that local communities can quickly identify with and see as a sign of the new government's investment in areas that had perhaps been neglected in the past. Another example of the economic development opportunities that we are prepared to invest in is the Aboriginal ranger program, with \$20 million over five years for that program. There is \$19.5 million for the Albany wave energy research centre, with capacity to generate or create a full-scale wave energy prototype. There is \$17 million for the new industries fund, a \$12 million plan targeted at primary schools for science labs and \$2 million for the upskilling of teachers so that they can integrate software for coding in schools—a whole range of activities that are about diversifying the economy, which is so important.

This issue of diversifying the economy is not unique to Western Australia. We had the incredible fortune of a resources boom. Incredible wealth was generated throughout that boom period, but there is a big question mark over how well we used the funds that were generated. This issue of diversifying an economy is one that many economies around the world have had to face, and perhaps most challengingly in places that were previously called rust-belt economies. We are now seeing a transition from a rust belt to a brain belt. How are economies going about that? I had the fortune to read a very interesting book called *The Smartest Places on Earth: Why Rustbelts are the Emerging Hotspots of Global Innovation* by Antoine van Agtmael and Fred Bakker. Antoine van Agtmael, who is a finance expert, coined the term “emerging markets”, and Fred Bakker is a journalist. They did a very comprehensive piece of research for this book. I do not, by any means, want to suggest that Western Australia is some form of rust belt—that is clearly not the case—but some of the approaches taken by various rust-belt economies are ones that we could very well apply here and some of the learnings from that are of particular relevance to us. It is really interesting to look at some of the case studies they came up with in this book. Akron, Ohio was once a centre for the manufacturing of tyres. It was also famous in the 1980s for the group Devo and its hit song *Whip It*. Amongst other things, Akron, Ohio has diversified and used some of that intellectual and workforce capability to transition from tyre manufacturing to being a hub for polymer manufacturing. There is a whole industry there in high-tech products known as polymers. Another example they looked at was Albany in upstate New York. That city was once known for its sprawl, but it is now a centre for nanotechnology and chip manufacturing. They looked at Eindhoven in the Netherlands. Throughout the 1990s, Eindhoven, the home of Phillips the electrical appliance manufacturer, was an area of high unemployment as people were constantly being laid off. There were real social problems that went with that. Eindhoven had to go through this transition, again into the IT sector. Malmö in Sweden had huge problems. This city once had a strong shipbuilding and construction tradition. A number of things came together. The need to diversify the economy was helped along by a connection with Denmark—a bridge was constructed, which broadened the capacity of the city and opened up all sorts of potential for new industries, making Malmö a biotech and IT hub that was well integrated with the Danish economy and gave it certain economies of scale. Dresden is another city that they looked at. Dresden faced all sorts of problems following the demise of the former regime there, but it is now a hub for the semiconductor industry. AMD Saxony, Zentrum Mikroelektronik Dresden AG and many others are based there. A major part of Airbus is also in Dresden.

One of the things that has been identified—I think this is where it is particularly relevant to Western Australia—is that in this desire to modernise and transform an economy, it is very important to make sure that the industry people are placed alongside one's leading research centres. This is what I think is so applicable to Western Australia when we come to our potential as a hub for space research and work in the space area. In Western Australia, we have great capacity in our universities. We have the Square Kilometre Array.

Western Australia put in a bid for that through a competitive tendering process. We initially hoped to win it in our own right, but we share it with South Africa. It is essential that it is based in the Southern Hemisphere for various technical reasons. The Square Kilometre Array is going to be a means for us to look into the universe and learn more and more about it and the evolutionary history of the universe. Amazing research can be done. One of the things about the Square Kilometre Array is that it is radio astronomy. That, in itself, generates an amazing amount of data. One peers into the universe and pulls down all this data, and then it has to be analysed. That is where we have another strength. The Pawsey Supercomputing Centre has the capacity to hold all that information. Then data analytics are needed. Again, we are developing that capacity to be a leader in terms of data analytics. As members would be very aware, because we just had a briefing on it over the dinner break, there is also the issue of cybersecurity. There is no point in downloading lots of information only to find that a foreign regime, organised crime syndicate or some other body—perhaps even some student garage hackers—could get in there and disrupt something worth billions of dollars. A very good initiative out of Edith Cowan University is the generation of its own cybersecurity skill base. I believe that we are in the race to host the cyber Cooperative Research Centre. A number of factors are involved, including the capacity to hold data, to do the analytics and to provide cybersecurity. Those are the essential ingredients to future space endeavours and research.

Perhaps when members hear the term “space”, they think of the launching of rockets and what have you. But I think for Western Australia the reality is that we will be, or could be, very much involved in the servicing of satellites, which are already such an important part of our day-to-day lives. We have the capacity to ensure that the satellites are, when necessary, geostationary and that they provide information through, for example, remote sensing for all sorts of applications. I will get into these in a bit more detail later in my speech, but there is a need for work on the global navigation satellite system. There is a lot of work and we could find ourselves very much a part of it. However, at this stage I want to highlight that the essential ingredient in this new innovation economy seems to be the placement of academic centres and innovation hubs alongside industry people. That is where there is some really exciting potential. We have the capacity for that in Perth and in WA, and our universities are excited about this possibility.

I recently had the opportunity to travel to Canberra and work with colleagues from various parties, especially from the Liberal Party. Senator Linda Reynolds, Chief Scientist Professor Peter Klinken and I did the rounds in Parliament House in Canberra. We talked to various federal members about the potential for some, if not all, of the \$200 million space agency to be located in Western Australia. It is a very exciting prospect. We had a really great team of people including, as I mentioned, the Chief Scientist Professor Peter Klinken and Brett Biddington, who was representing Edith Cowan University and who talked about the cybersecurity aspect. Brett was in the Royal Australian Air Force for many years as a Group Captain and has a great knowledge of all things space. Professor Steven Tingay from Curtin University was also in the team and he was very keen to highlight to me the potential for the remote sensing capability of the satellites that we could be servicing. That is very interesting work. Professor Phil Bland, also from Curtin University, was also in the team. Professor Bland has an amazing system known as the Desert Fireball Network, which tracks meteorites. It has about 49 cameras located across northern Australia. Based on the images that are taken by those cameras, the researchers can develop a very accurate trajectory of the flight of a meteorite, such that they can track an 80-kilogram meteorite travelling at 50 000 kilometres an hour. It is quite worrying to think where that might end up. It burns up as it comes through the atmosphere and they can detect where it will end up buried—for example, in a salt lake. In 2016, they were able to detect an 80-kilogram meteorite that burnt up into a 1.6-kilogram piece of rock and became embedded in a claypan. They were able to find it based on the trajectory path that was determined by the cameras pointed at the sky. Professor Bland heads up the project called Desert Fireball Network. A very useful application of this system relates to space junk.

We have all heard a bit about the fact that in space there is already an unfortunate amount of detritus. An unfortunate aspect of humanity is that we seem to generate junk and leave it in places, and we are already doing that in space. It is worrying to think that if a piece of space junk the size of a sugar cube—there are bits of space junk that size—hits a billion dollar satellite, the satellite can be destroyed just like that. The tracking of space junk is very important and again in WA, at Curtin University and elsewhere, we are developing the capacity to do that. To track every bit of space junk is very important work. That is a great contribution we can make to the world and obviously a great business opportunity for us. If we can provide that service to anyone, any nation, or any private business that has a satellite, it would be beneficial. I will come to why there will be more and more satellites above us. There is a need to track accurately anything that could be a threat to those satellites and that is a very clear opportunity for us.

Professor Peter Quinn from UWA was also on a board along with Professor Bruce Gardiner from Murdoch University and Tom Goerke from the Cisco Innovation Centre. The business sector was represented and he was able to highlight some of the business opportunities as he sees them. Dr Douglas Bock from CSIRO was also on the team. It was a really great team to present the case. I think we were well heard by various ministers

and assistant ministers and I commend the bipartisanship that Senator Reynolds took to this. I think we worked well as a team.

Minister Pyne, being a South Australian, was interested in South Australia hosting the centre. No doubt that is where we perhaps face our greatest threat with the \$200 million space agency. The South Australians believe that they have a legacy and an ongoing strong capability for space technology—likewise with Minister Birmingham. I was very impressed by the hearing we got from Assistant Minister Andrews, who saw all the training opportunities and how people could be given really exciting career opportunities at all levels. We are talking not only about people who go through university and do high-powered physics courses. We are talking about people being involved in the more technical and hands-on side of manufacturing components that are then provided to the people who eventually put satellites into space. I think in Western Australia only one company comes close to being possibly described as a manufacturer of components that eventually get into space, but that is a really exciting opportunity for us to develop.

[Member's time extended.]

Several members interjected.

Mr C.J. TALLENTIRE: Sorry, members. I am amazed that there is a lack of interest. I highlighted a potential area of bipartisanship where we could win something for Western Australia.

Mr Z.R.F. Kirkup: Our plan for the space agency was mocked and ridiculed by those opposite.

Mr C.J. TALLENTIRE: I do not think so, member. The chance is for Western Australia to have a new industry, to diversify, to work on that. It could be an exciting opportunity for people from all backgrounds in all kinds of ways.

I have not yet got to how these satellites could be applied. One of the great things is the capacity for driverless cars in the future. A very complex network of satellites will be required to ensure that the accuracy of driverless vehicles is down to a matter of centimetres. The accuracy of the GPS network is quite amazing. We tend to talk about GPS as though it is some sort of generic term, but, as I said earlier, it is the global navigational satellite system. There are a few of these systems. The Russians have one, the Indians have one, the Europeans have the Galileo system, the Japanese have the Quasi-Zenith satellite system and the Chinese have the Beidou system. When these systems are combined and triangulated, a very high level of accuracy can be achieved. That accuracy is in not only the horizontal plane, but also the vertical plane, so it becomes very interesting for the aviation industry. Of course, we do not want to land planes using any of this information unless we are absolutely sure of its accuracy and integrity and that it is not being disrupted in any way. That is why we need a system known as the satellite-based augmentation system, which improves the accuracy and guarantees the reliability of the information. At the moment, there is global coverage with the SBA system that makes various global positioning systems accurate. However, Australia is in a bit of a shadow at the moment; we are not getting coverage. Yes, I acknowledge that the federal government has looked at this in some small way. What is interesting for Western Australians is that in the future, it will be essential that we have the capacity to be connected with satellites that cover this part of the Australian continent and also the Indian Ocean area. That is essential for the coverage of the whole of the nation. It is very important that we are involved in this. That is perhaps one of the strongest arguments for locating a space agency, or part thereof, in Western Australia. The application of this type of technology is amazing. Driverless vehicles are just one example of the sorts of things that it could be applied to in the future.

Earlier I touched on remote sensing systems and the ability to examine the growth rates of pastures, which is already being applied in some agricultural settings, and to see the regeneration of, say, forest areas, which touches on another part of my role as Parliamentary Secretary to the Minister for Forestry. We are keen to know more about the regrowth rates of our Western Australian forests so that we not only look at estimates, but also use remote sensing techniques and the various broad-spectrum filtering capabilities to work out the timber volumes. That is another very important area. In urban planning, it is important to look down on things to work out soil types, where the drainage lines are, where the acid sulfate soils are and where the risks to urban development might be. There are all sorts of applications. The future for Western Australia in this area is very exciting. All sorts of job opportunities exist in this area.

I come back to the presentation on cybersecurity that was given to members over the dinner break. Any of this information is potentially hackable and therefore has to be protected. That is another great skill area that we are developing. We need only think of the problems caused by the WannaCry ransomware a few months ago and the chaos that such events can cause to our economy and to the business affairs of all sorts of enterprises in the state and around the world. It shows that we have to develop capability in that area as well.

I will conclude on this point: it is important to our future to bring together the scientific community and us as government decision-makers and to physically locate the various innovators and creators, the providers of capital and the businesses that have the technical know-how with the universities and the TAFE system. This is something that we as a state can look towards as one of the great diversification opportunities of the future. We will be able

to see all sorts of careers and feel that we can move from being a state that has relied heavily on the resources sector to a state that is a brain belt. This gets back to the book that I quoted earlier. It was one of the points of the authors. It is about being smarter; it is not just about producing things more cheaply. That is something they found with those transitioned economies in places like Dresden, Malmö and Akron. They were not losing out to companies in countries that could produce products more cheaply because they were no longer in that competition. They were in a new domain that was all about producing smarter equipment and smarter products. That is the race for Western Australia to be in—to produce smarter products, not things that will be cheaper. That race is a race to nowhere. We will lose that race, and our citizens will lose out if we aim to produce the cheapest products possible. We will never be in that race and we should not be in it. It is not good. The race to produce the smartest product is a really exciting race to be in. That is a race that provides fulfilling careers and well-paid job opportunities. It ensures that we can make a great contribution on the global stage.

MR D.T. REDMAN (Warren–Blackwood) [8.47 pm]: I want to make a contribution to the Appropriation (Recurrent 2010–11 to 2015–16) Supplementary Bill 2017 and the Appropriation (Capital 2010–11 to 2015–16) Supplementary Bill 2017. Like other speakers, I will use this opportunity to raise a number of issues. It clearly gives members some breadth of discussion. Although we have already debated some appropriation bills this year, we have raised a number of specific issues, notably about our electorates or our portfolio responsibilities. I want to talk a little more broadly about what I see as a challenge for this government in its regional development agenda. Over the last eight years until March this year, our government took a very proactive stance on regional development in Western Australia. A number of very significant projects, a number of smaller initiatives and a number of issues and projects in a whole range of regional communities fundamentally changed how those communities thought and that provided confidence to those communities both for private investment and as places to live and raise children. We believe it has shifted the dialogue from where regional Western Australia has been in the past. I do not see that this government has a proactive regional development agenda. A government has to have a proactive stance on the regions. I will talk in a little while about some of the comments we hear on a range of issues, including the matter of public interest today, that give us some feedback on the culture of the thinking of the current government as it applies to the regions.

I have made this point in this place before so I do not want to labour it, but when we left office in March, there was a process in the regions whereby all the regions had a regional development blueprint. That blueprint was owned by the regions. All nine development commissions worked with the stakeholders in their areas to work out the drivers of their economies, the social development challenges and the employment and workforce challenges and then put all that together into a document that gave guidance on where the investment should be made to unlock the potential of regional Western Australia. We all know the regions have fantastic potential. The regions are the driver of our state economy and I would argue even of our national economy. That is where we finished up. We had a fund to support the regions in the royalties for regions program. It gave the opportunity to regional boards on the development commissions to play a very strong participatory role in the decision-making processes of where resources would be spent, which included local ownership, local support and co-opting collaboration with the private sector to be able to land significant investment decisions. To me, it meant an opportunity to grab those decisions and take them forward. That would have been the starting point of a strong, proactive regional development agenda and we have to be proactive. I have said that a couple of times because, in many cases in the regions, the numbers do not add up. Putting a straight economic rationalist ruler over investments in the regions often does not work, but a lot of things do not work. That is why we have governments that make investments in regional areas where there are market failures, challenges and social service needs and even though the commerciality of projects sometimes does not stack up. I think there was an opportunity for this government to grab that but I do not believe it has. It has washed out the funding source in the royalties for regions program. From what we have seen, the government has also gutted the development commissions. People out there are asking what is the point of having the boards and the commissions, because they have no role to play. If the boards will simply play a role in providing some sort of advice to the minister, that is hollow and will not support any rationalist economic drivers or social agenda. Then we will not get investment decisions that will make a difference, and the decisions will certainly not have ownership. People are asking what role the boards and commissions will play. I think we are going to see a very hollowed out regional development commission network in the next three or four years, particularly given that in the forward estimates, and from what we have been told in budget estimates, the royalties for regions program has been fully allocated.

Another criticism that we heard from the Treasurer, and I think even the Premier, was that the Liberal–National government ran two budgets. They said we ran the consolidated fund and the royalties for regions program. Absolutely, we ran two budgets. They locked in together, but we had a dedicated resource for regional Western Australia so investments could be made against the headwinds of sometimes the commercial challenge of making investments work in regional Western Australia. The Liberal–National government gave a measure of priority to regional Western Australia in a fund—a dedicated section in the budget—that showed, “This is where the investment is going.” We could see it. It was accountable. Over 40 per cent of that fund has now been washed

away in cuts. Straightaway, the fund was gutted, and all the decision-making processes have been thrown out the window. I fear that when a single pool of resources is created and competed over, the regions will lose. The regions will always lose because if two business cases are whipped up and one supports an investment in metropolitan Perth where there is a pretty significant population per square kilometre and it is compared with another in the fairly sparsely populated regions of Western Australia, the business case always stacks up as being much more efficient in metropolitan Perth. That is the challenge; the efficiency of being able to deliver funds, services and programs in metropolitan Perth will always work much better than they do in regional Western Australia. The minute we throw the regions into competition, they will lose. I think that is what we are seeing now. If, as the Treasurer says, he does not like having two budgets and he is working back towards having one, that will only deliver one consequence for regional Western Australia.

I was pleased to see that the Treasurer had section 7 in the *Economic and Fiscal Outlook*, which is budget paper No 3. It gave a chance for the regions to be able to hold the government accountable for its investments. We do not necessarily like what was written there, but at least there is some visibility and I hope the Treasurer keeps section 7 so that we can see where this government lays out its priorities over the forward estimates. Royalties for regions is in name only. That is what the member for Cannington often talks about. We have royalties for regions; it is \$4 billion over four years. Yes, it is there in name, but it is not there in numbers because anyone who takes a clear look will see that the resources are gone, despite the Labor Party having committed to it going into the election.

What signals are we getting from the government about its concern or disdain for regional Western Australia? One signal was in the matter of public interest today. The Minister for Community Services is in the house. I will not be able to recall exactly what she said, but she talked about childcare facilities in the regions being challenging. Absolutely, they are. They are challenging because of the number of people in the community who support them and getting the necessary scale to make commerciality work. It is challenging because of the infrastructure investment needed to make the threshold levels of infrastructure standards required to meet the licensing conditions to be able to have a childcare facility. We made investments. The member for Moore asked a question today; it was not about the ongoing recurrent costs, but about the capital commitments that were made through the infrastructure fund in the royalties for regions program being cut in half.

Ms S.F. McGurk: Member, then you do not understand the program that the question asked about. The program was a facilitated program, not a service program. It was designed to develop a strategy.

Mr D.T. REDMAN: Yes, the program, as I recall, was designed to give some grant money support to regional childcare centres to be able to make investments in infrastructure and upgrades to meet the standards necessary to be able to sign off on their licensing requirements. That funding has been cut in half. The government talks about the challenges of providing childcare facilities in the regions and yes, it is challenging, but in the same sentence, government members say they are halving the resources available to be able to achieve some outcomes. Of course, it naturally flows on from that that fewer people are able to access childcare facilities. If they cannot access those services, they have to move somewhere else. There is then a centralisation of the population and so we get the trend of people moving from regional Western Australia because of access to what we would normally take for granted in metropolitan Perth.

Community resource centres are another area of concern. There has been a bit of public commentary around community resource centres. We strongly support them. I think there are just over 100 centres right across regional Western Australia. They provide a whole variety of community services. They have moved on massively from the days when they were telecentres. They have followed technology. They provide a range of services that go beyond their early remit of providing access to the internet and things that people did not have in their homes, to providing banking services or becoming shopfronts for government services such as Centrelink. They provide a whole variety of services that, particularly in smaller to medium-sized regional communities, are not found anywhere else in those communities. They are able to do that relatively cheaply at about \$100 000 each a year. We took the resourcing from I think \$20 000 a year, to \$100 000 a year for each centre. In the forward estimates, we are now seeing that the centres will take a cliff-face cut of 40 per cent in 18 months. There will be a 40 per cent cut in the community resource centre funding. When both the Minister for Regional Development and the Premier were hit up about it on radio, the commentary we heard from them was that they kept using the word “telecentres” and harping back to provision of internet access and some of the things that were in days old of telecentres. Their commentary does not match what goes on out there. I pay my dues to community resource centres. They are going to stand up and be counted on this and make sure that they make the case to the government to ensure that their services are maintained. They certainly do not want to take a 40 per cent cut because that will have a massive impact on the services that they provide in those communities.

The RAC rescue helicopter, based in Bunbury, is another issue. The helicopter was obviously a capital purchase. We supported it with royalties for regions funding. It has recurrent funding out for 18 months, to June 2018, but no funding past that time. We have heard that the royalties for regions program is fully allocated. We have read

the budget papers that indicate there is no recurrent funding for the RAC helicopter going beyond June 2018. Sadly, the member for Bunbury is not here, which is a shame, but he made a bit of public commentary about it. Yes, he is fighting for it, which is great to see. I hope he keeps fighting but he also said that if it were not for the National and Liberal Parties knocking the gold royalty increase on the head, all these things would be easier. Government members are linking a gold royalty to maintaining the services of the RAC rescue helicopter. Those two things are being linked together—getting people out of a really sticky situation in a car crash in quite a remote part of the south west and the gold royalty increase. The royalties for regions program went in in four-year blocks. That is how it happened, and it would have been budgeted for. The government has gone and filled up the out years —

Mr F.M. Logan interjected.

Mr D.T. REDMAN: It is your budget. You have not made a commitment to it.

This might sound like a side argument, but I have an apartment on Mounts Bay Road, where I stay, and every now and again, at night, I hear the massive noise of helicopters going over. I also have an app on my phone that I check to find out what helicopter it is. On a really regular basis, it is the RAC rescue helicopter. On the app I can track where the helicopter is coming from and I see that it is coming from down south. I see it circling the city so it can land at Royal Perth Hospital, taking people with heart conditions there. I know firsthand, because I sit right underneath the flight path as it comes up here, the number of times that service is being used and the importance of it to the southern community based out of Bunbury. I hope that does not change.

The member for Southern River was talking a little while ago about the excesses of the previous government in terms of its funding decisions and was referring to the Langoulant inquiry. It is going to be interesting to see how that goes. Although I have respect for Mr Langoulant—I know he is a past Under Treasurer—I had many a fight with Treasury about a range of programs as they applied to the regions. The simplicity of it is that often projects in regional Western Australia are challenging and people will say that they are not worth pursuing. It is going to be interesting to see how that goes. I remind the member for Southern River that the Labor Party actually committed to the royalties for regions program. If any criticism is to be made about that program, it is that the Labor Party said that it would make it better. The only thing it has made better, as far as they are concerned, is cutting it by over 40 per cent, which will go to fund its massive election commitment for Metronet here. A whole heap of things are not adding up for regional Western Australia, and that is just another one. I am sure the comment was lighthearted—not lighthearted; it was targeted—but I know that some would argue that investing in regional Western Australia can be excessive. The commentary on the talking toilets at Bunbury and the plastic cows in Margaret River were classic examples, but I could run through exactly why those were good investments.

The comments of the member for Southern River helped me to fill up my sheet with notes. The member for Southern River also talked about Elizabeth Quay. I responded to a comment about the member for Cottesloe's view. He said, "Well, what about Elizabeth Quay?" There are two areas of investment that are challenging but really, really important. One is investing in amenity. Different people have different views about the value of Elizabeth Quay. The amenity investments that I am familiar with include the development of the Esperance foreshore, which is a fantastic investment connecting the town centre to the ocean and the bay. It is a fantastic user-friendly part of the community where people walk, exercise and whatever else, but it gives people pride at their front door. The Busselton foreshore is another good example, member for Vasse. The investment in that has done exactly the same thing. The Bunbury foreshore development, member for Bunbury, is also an investment in amenity, which if we cast a real economic rationalist argument over things would probably not stack up, because there are always better things to invest in. But investment in these things is important to people living in those areas.

I had hoped that the Minister for Culture and the Arts would be here, because another area I wanted to comment on is investment in culture and the arts. There he is! The member for Southern River argued that we should not be investing in something like Elizabeth Quay because we could be building another school. The same thing would apply to every single investment in culture and the arts. If we were to put the two together and ask whether we were to build a museum or a school to educate kids, the school would always win. But we have to, as I say, proactively invest in regional Western Australia. We also have to proactively invest in culture and the arts, because the culture and the arts community will come back to us and say, "When programs get cut, we always lose." The minister would be very aware of that, because we face the same issues. If we do not proactively take a stance on that, we will finish up with weak little wedges of our community that do not get supported, and that means we cannot actually have a community. Again, I was pleased to see support in the regions for things like the Regional Film Fund, which I thought might have been an easy target. Minister, I am looking forward to *Breath* coming out.

Mr D.A. Templeman: I have seen it.

Mr D.T. REDMAN: Have you seen it?

Mr D.A. Templeman: Yes.

Mr D.T. REDMAN: Is it good? Are you coming to Denmark?

Mr D.A. Templeman: Absolutely.

Mr D.T. REDMAN: I am looking forward to seeing it.

Mr D.A. Templeman: It premiered at the Toronto film festival.

Mr D.T. REDMAN: It did. I just read a bit about it and it comes out here in May or sometime next year. I am looking forward to that.

Mr D.A. Templeman: It captures your part of the world beautifully.

Mr D.T. REDMAN: That is fantastic. Investment in culture and the arts has flow-on impacts for the economy and promotional aspects for the state, and I am sure that the Minister for Tourism will capitalise on the value of that.

Another concern for this government is work camps. In the course of this week we will be talking about state agreements. Next week, I think another state agreement bill will be coming up.

[Member's time extended.]

Mr D.T. REDMAN: The National Party has been very strong about ensuring that we make sure that government policy positions in and around work camps are contemporary to where communities are in regional Western Australia. It was absolutely right to have construction work camps operating 20 or 30 years ago when we did not have fully developed, modern communities. But we now have developed modern communities in regional Western Australia and our work camp policy settings should match that. I note that the member for Pilbara is in the chamber. He will have to deal with the challenge that the City of Karratha supports getting rid of the Woodside Bay Village work camp on the edge of that community. I hope that the member for Pilbara stands up for that community and supports it not being there, because if he does not, it will be detrimental to businesses in his community; that is, if indeed he supports those small businesses. Having a broader work camp policy is also smart. I tried to drive that idea in government. I did not have much success. I tried to drive it with the Chamber of Minerals and Energy of Western Australia, but did not have much success. I think there is an operating arena there and we need to modernise it and make it contemporary for regional Western Australia.

One matter that has arisen but has not been raised in any questions or commentary in here is whether the government is thinking of selling Landgate's database. I was Minister for Lands for nearly three years and did a couple of things with Landgate during my time, including setting up a couple of commercial platforms to swing off Landgate. One was PEXA—Property Exchange Australia—which is an online property exchange platform for the sale of land rather than a paper-based system. A number of things are happening around that now because there is commentary from players who have certain interests in PEXA. The other is Advara, a commercial platform that utilises the Landgate database to provide a range of services or access to utilisation of that data that can then be on-sold to different organisations for a profit—a commercial enterprise that people could invest in. I think that both PEXA and Advara could be privatised. In fact, I think an article appeared in either *The Australian Financial Review* or *The West Australian* suggesting that PEXA might be put up as an initial public offering. I think both those will result in some return for government because the people of Western Australia are shareholders. However, the notion of selling Landgate's database concerns me. I looked at that when we were considering a range of asset sales to help with our net debt position. Other states have done it, but I was concerned about it because Landgate holds our title deeds. Our title deeds are the cornerstone of our economy. If we were to break that down, we could fundamentally undermine the cornerstone of our economy—that is, land tenure and the process to secure land tenure with confidence. We have seen what can happen when that goes wrong—when houses are sold without the owners knowing their houses are being sold. That can totally undermine confidence. The one or two times it has occurred has been a tragedy, and processes have been put in place to fix that. Here the government is considering the privatisation of Landgate. I supported the part sale of Western Power, and I still support the part sale of Western Power. But if I were to rank the two, I would support the part sale of Western Power before I went anywhere near selling Landgate. I find it interesting that although the government is opposed to the sale of Western Power, it is prepared to consider the sale of Landgate, which holds our title deeds and holds processes that fundamentally underpin our economy. I think the government will have a lot of questions to answer if it is going to consider that pathway. There is big money in it, but it is my suspicion that one of the reasons that the government is looking at it is that it went through in the other states with relatively little public comment or criticism. I think it has gone under the radar. If we have a closer look, a number of issues will emerge and make it really problematic. There is this soft sell out there—"Yes, we are considering it"—but by jeez there will be a lot of questions to answer.

In summary, I do not think the government has a strong regional agenda, certainly not anything that is proactive as far as regional development is concerned. A number of the signals that I have talked about that are coming from government reinforce that. There are budgetary challenges, but one of the losers is always the regions and that is

showing through in the budget. Having listened to the matter of public interest today and some of the discussions that the Leader of the Opposition had, at some point this government will have to consider more aggressive revenue sources for the state and more aggressive asset sales. I do not think it has got any choice but to look at that. I do not know how it can track with the level of net debt going to where it will have it go —

Ms A. Sanderson: But leave the gold sector alone.

Mr D.T. REDMAN: Member, the challenge for us was that we simply made a commitment to not support that policy. The Labor Party also made a commitment to not support that policy. Holding the government to account on its commitments is probably not a bad step for the opposition.

Some of those options need serious consideration. We had a position that included BHP and Rio Tinto. It is well and truly time to have discussions about that. In fact, the iron ore miners have been picked to the tune of about \$177 million over four years in the budget, which is something like just under \$50 million each year—that is all the iron ore companies put together—and that is basically a rounding error for their revenues. The losers will be the mums and dads, which played out in today's MPI, or regional Western Australia because of the cost efficiency challenges that it faces when the government tries to apply a commercial approach to any sort of business case to make that work.

This was another chance to highlight that this government is short-sighted as far as applying its principles to regional Western Australia. There is a long time to play out in this term of government. There are a number of losers here. The pressure is not on yet because it is still euphoric after its big election win. But that will wear off very fast and as the pain emerges in government members' electorates, including the members sitting behind me, so too will there be pressure on the government to look at other choices and options to make it work.

MR K.M. O'DONNELL (Kalgoorlie) [9.12 pm]: The Liberal government of WA had many major achievements during the term of government from 2013 to 2017. In 2014, it allocated \$24.4 million over four years for 14 Aboriginal community patrols across the state, which provide street-level intervention to assist Aboriginal people at risk of self-harm. Kalgoorlie–Boulder had the Wunnagutu patrol. It was originally run by police with community members driving and working on a bus. I was in charge of that patrol bus in its early years and it was a great acquisition. At first police were not keen about it. They did not think that a bus that drove the mob around town was a good idea, but police across the state love patrol buses. They immensely help not only the police but also the mob.

Between 2014 and 2017, nearly \$13 million was allocated to the Clontarf Foundation Academy in 24 host public schools. The Clontarf Academy supports the education, training and employment of Aboriginal students. Gerard Neesham went to Kalgoorlie–Boulder just over 15 years ago to start a Clontarf academy in the goldfields. Shortly after, Andrew McGovern went to Kalgoorlie to run the academy. His wife, Michelle, and two sons, Jeremy and Mitchell, went as well. I have no doubt that many members will have heard of the McGoverns. I was coaching the local football team when I was approached to take on one more boy. I was not told who it was. I said that I did not have room because I already had 25 boys and could not take on anymore. I was asked to take on a young boy called Jeremy McGovern. At the time I had no idea who he was. He joined our team and became a great acquisition and even in the early days of his first training session, he had more talent than I could even comprehend.

The Child Protection and Family Support budget grew from \$340.9 million in 2008–09 to \$643.2 million in 2015–16, an increase of 88.6 per cent. The former Liberal government built a homeless shelter for men in central Perth and introduced a grandcarer support scheme of up to \$400 for the first child under 16 and \$250 for others. In 2014, the former Liberal government established the Youth Justice Board to steer young people away from crime with alcohol and drug diversion programs and alternatives to custody. Do members remember *The Giants* coming to Perth in 2015? The government committed to \$2.1 million to bring them to Perth as the centrepiece of the Perth International Arts Festival. In 2012–13, the former Liberal government budgeted \$428 million to build a new Museum in the Perth Cultural Centre that would span 7 000 square metres of galleries. It will hopefully open in 2020. In 2013–14, \$6.2 million was committed over three years to assist with an upgrade and additional funding of the Goldfields Arts Centre. In December 2013, people with disability and mobility restrictions were given free disability parking ACROD permits with 76 000 people with mobility restrictions benefitting from the \$3.5 million investment. The former Liberal government opened the state's first purpose-built Disability Justice Centre in August 2015. It provides tailored specialist support for up to 10 residents with disability who had been held in custody after being found unfit to plead as the result of intellectual or cognitive disability. Between 2009 and 2016, the state government opened 32 new primary schools, nine new secondary schools and 15 replacement schools. The \$45 million spent on the Kalgoorlie–Boulder Community High School was nothing short of outstanding. I have been there. It has been a long time since I went to school, but it is very well set up. Classrooms see into other classrooms and kids can see into the teachers' room. I like the innovation.

In January 2016, the former Liberal government purchased a \$29 million emergency rescue helicopter for the south west based at Bunbury. It built a \$7.5 million fire station in Butler and a \$76 million 18-megawatt power station in Carnarvon, which can operate in extreme weather conditions with the capacity for regional growth. It terminated the Mitchell Plateau alumina state agreement in 2015 allowing more than 1.75 million hectares of land to be included in the new Kimberley national park. It installed rock fishing safety measures, with anchor points installed at several locations along the WA coast. Free personal flotation devices are available to borrow in Esperance, Albany, Augusta and Margaret River. In 2015–16, the former Liberal government opened 30 additional mental health beds at Fiona Stanley Hospital and funded 20 mental health beds at Perth Children's Hospital—once it opens. It built the \$8.1 million Mount Magnet Police Station, funded the new \$1.5 million police air wing facility, committed \$162 million in 2015–16 to the Goldfields–Esperance revitalisation fund over four years and committed \$38 million for the upgrade and construction of passing lanes along Great Eastern Highway. More than \$1 billion was invested in Perth Stadium and the sports precinct. In 2013–14, the former Liberal government allocated \$14.9 million over four years for a multisport expansion of HBF Arena and surrounding facilities in Joondalup; it built the new \$26 million State Netball Centre in Wembley, which has a 1 000-seat capacity; and it built the \$33.7 million Western Australian Institute of Sport high performance centre to prepare our athletes for international competition. Between 2013 and 2017, \$24 million was allocated to promote Western Australia internationally, particularly in Asian countries.

An amount of \$4.6 million was allocated over four years for the establishment of the Aboriginal tourism development program to provide product development expertise and marketing assistance to Western Australia's Aboriginal tourism operators. Aboriginal tourism will be a big winner, with the continual advancement of the sealing of the Outback Highway that will go from Laverton, through Warburton to the Northern Territory, and on to Winton, Queensland. We commenced the \$2 billion Forrestfield–Airport Link, and completed \$79 million of construction on Reid Highway. An amount of \$66.4 million was allocated to the widening of the Kwinana Freeway. An amount of \$52 million was allocated for a replacement bridge at Mandurah. More than \$100 million was allocated to the East Rockingham wastewater treatment plant. We launched “Being Board Ready: A Guide for Women”, which is an online resource to support women to obtain positions on boards and other senior roles.

An amount of \$6 million was allocated to the Ray Finlayson Sporting Complex in Kalgoorlie–Boulder. This complex has an outstanding grandstand, change rooms and social areas. There are cricket pitches, soccer ovals, rugby ovals, squash courts and an equestrian dressage centre. There was \$2.7 million towards Goldfields Rehabilitation Services for those with substance abuse issues. An amount of \$9.8 million was allocated for Killarney retirement living for the elderly. An amount of \$8 million was allocated to the Kalgoorlie central Hannan Street revitalisation precinct. These were just some of the projects and the monies allocated between 2013 and 2016.

A project I would like to see relates to decentralisation. I would like to see the Pearce Royal Australian Air Force base relocated to the City of Kalgoorlie–Boulder. If either of the federal or state governments are serious about decentralisation now and into the future, moving the air force base into a regional area would clearly show a commitment.

Mr D.A. Templeman: You want to create the Kalgoorlie–Boulder line?

Mr K.M. O'DONNELL: Yes! Yes! Anything for Kalgoorlie–Boulder, minister.

We need to ensure that regional areas survive, prosper and grow, especially the regional cities. I am sure the City of Kalgoorlie–Boulder would welcome working with the air force to make this happen. Kalgoorlie–Boulder is predominantly a mining community, but we need to keep a lookout to diversify.

Finally, I have listened to government speakers since March. I am aware of the financial situation in this state —

Mr J.N. Carey: You wouldn't know it from your spending!

Mr K.M. O'DONNELL: I only did some of them, member for Perth—only some.

Mr J.N. Carey: Keep going through the debt.

Mr K.M. O'DONNELL: Yes—no, no, no. No. I will come to what I am leading to and the government continues to remind us of.

During the election campaign I said to the former member for Kalgoorlie, Wendy Duncan, that if I was to be elected and we won government, I would ensure she would be invited to the opening of every project she commenced or was involved in, and would be acknowledged. I have no doubt that since the March election, various projects instigated by the previous Liberal–National government have been opened or are still to be opened. It appears to be an accepted practice by some in various political parties that they do not say anything positive or compliment another political party. In my opinion, this is wrong. I will say, and I have said before —

Mr D.A. Templeman: Could you say it again?

Mr K.M. O'DONNELL: In my opinion, it is wrong. When appropriate, I will say thank you to the government, but I will be calling it out if warranted.

When we are returned to government, I, for one, will acknowledge the previous minister or Premier for their involvement. Why can that not be done now? Let me start the ball rolling. I wish to thank the Deputy Premier; the Minister for Health. A breast screening trailer is in Kalgoorlie–Boulder for three months, with six weeks to go. It is a great initiative for women in the goldfields. At the moment its operating times are Monday to Friday between 7.00 am and 4.15 pm. We are a mining community, and many women work 12-hour shifts Monday to Friday and are unable to be screened. This was brought to my attention. I immediately contacted the office of the Minister for Health, who had previously said that if I had any issues relating to health, his door was open. He was true to his word. Within days, the minister verbally told me that staff will be adjusting their hours and open on Saturdays to be available to meet the community's needs. To the Deputy Premier, I say thank you. The women of the goldfields say thank you, as do the husbands, fathers, sons, uncles and brothers of the women screened.

Debate adjourned, on motion by **Mr D.A. Templeman (Leader of the House)**.

House adjourned at 9.25 pm
