

**APPROPRIATION (RECURRENT 2018–19) BILL 2018**  
**APPROPRIATION (CAPITAL 2018–19) BILL 2018**

*Second Reading — Cognate Debate*

Resumed from an earlier stage of the sitting.

**MS S.E. WINTON (Wanneroo)** [2.58 pm]: Thank you, Mr Speaker. How are you going there? Do you feel a bit like you are in a classroom? I enjoyed that last bit of question time very much. It brought back some fond memories —

**The SPEAKER:** Can you get back to your speech, member.

**Ms S.E. WINTON:** — of children who are well behaved in comparison with what I sometimes see in this chamber, I have to confess.

As I was saying prior to question time, this government and I, as the local member for Wanneroo, are about solving problems and cleaning up the mess left by the previous government. I can give members plenty of examples of that in the seat of Wanneroo. We are not only addressing the congestion issues in the northern corridor in the seat of Wanneroo, but also fixing long-lasting agricultural problems over the past eight years that the previous government could not address. More specifically, I have examples in the budget of making much-needed upgrades to Wanneroo Secondary College, which has been neglected over a long time. The school is receiving a \$5 million upgrade, which I am very proud of as it is my local school. It is not lost on me that today the Minister for Planning tabled the east Wanneroo metropolitan region scheme amendment—something that the previous government could not get its head around and solve. Here we have the Minister for Planning, with little over 12 months in office, dealing with and resolving very complex issues and getting on with the job at hand. I notice they have all gone very quiet.

I want to go back briefly to the congestion-busting road projects that I have been able to deliver into my electorate worth \$146 million and creating 805 jobs, in particular the Joondalup overpass.

Several members interjected.

**The ACTING SPEAKER:** Members!

**Mr A. Krsticevic** interjected.

**The ACTING SPEAKER:** Member for Carine!

**Mr A. Krsticevic:** Point of clarification, Mr Acting Speaker.

**The ACTING SPEAKER:** You will get your turn.

**Ms S.E. WINTON:** I want to go into a little more detail on the Joondalup overpass, worth \$50 million and creating 280 jobs.

**The ACTING SPEAKER:** Members, I am having trouble hearing the member talk.

**Mr A. Krsticevic** interjected.

**The ACTING SPEAKER:** Member for Carine, I will call you next time you interject.

**Ms S.E. WINTON:** Thank you, Mr Acting Speaker. I appreciate your protection, given that I am a newbie in this place. Thank you very much.

I acknowledge that this project has been the subject of community concern, but there is a misconception out there, and it was wrongly reaffirmed by the member for Scarborough in her grievance last week. I quote from that grievance when she said —

The community has the impression that this project is a government priority ...

Yes, the community should have that impression, because it is a government priority. I stood out there wobbleboarding for 92 days straight, letting the community know that that was a priority for this government. It is not a misconception by the community; it is a fact.

Several members interjected.

*Point of Order*

**Ms A. SANDERSON:** Mr Acting Speaker, I am having great trouble hearing the member on her feet. She has been afforded very little courtesy and there are a lot of conversations around the chamber.

**The ACTING SPEAKER (Mr S.J. Price):** Member, there is no point of order, but can members please stop the interjections. The member has indicated that she is not going to take them. If she changes her mind, she will let you know, but until then silence would be appreciated.

*Debate Resumed*

**Ms S.E. WINTON:** Thank you. I would like to highlight some of the legitimate concerns that my community has raised on this project because they are important concerns that need to be addressed. When we build projects such as this, we need to make sure that we work hard behind the scenes to address those concerns and make sure that this project is delivered in a way that minimises the impact both during and after construction to make sure our local networks are enhanced rather than diminished. It requires a really holistic approach. Previously, I mentioned that it is important that we have local, state and federal governments working together. A lot of concerns have been raised with me. I want to highlight a couple. The Drovers Market Place precinct and access to it is highlighted as an area that is going to be difficult because of this overpass. Again, I want to highlight the fact that the Drovers site has been a dog's breakfast in planning and access to that site over many, many years. This overpass does not create new problems; it provides us with an opportunity to revisit those access issues and come up with some solutions. Similarly, access into Carramar has been highlighted to me as an issue that needs to be addressed as a result of this overpass going ahead—absolutely it does. Cheriton Drive has been a longstanding issue for the community of Carramar. It is not a new issue for the residents of Carramar to get in and out of that location. This overpass creates an opportunity for us to provide long-term solutions, something that has not been achieved previously. We need the City of Wanneroo and the state government to work together. I noticed in the grievance a suggestion that somehow the City of Wanneroo does not want this project. I refer members to this matter being brought up at the ordinary council meeting of 6 February when this overpass was discussed. The two areas that the City of Wanneroo has ongoing concerns about are the same concerns that I have raised with Main Roads and the minister over a long period. Specifically, they are access around Drovers, the Clarkson Avenue traffic lights and also Cheriton Drive. These are not new issues. I am working with the City of Wanneroo so that we can get a resolution that ensures we have a holistic solution to that site.

I also acknowledge and repeat that as the member for Wanneroo, I am absolutely proud that we are receiving this significant infrastructure spend in Wanneroo. I am the proud member for Wanneroo and I am going to hold onto this infrastructure investment in my patch fiercely. I represent the residents of Ashby, Carramar, Tapping, Hocking, Pearsall, Sinagra, Wanneroo, Carabooda, Nowergup and Pinjar. They deserve infrastructure for the future and they too deserve infrastructure that reduces congestion and enables people to spend less time on the road and provides significant boosts to local jobs. I will continue to work my guts out, as the minister described, and I will continue to bark at the heels of Main Roads and the City of Wanneroo to make sure that we deliver a project that prepares us for the continuing growth of Wanneroo and the northern suburbs. I would like to let the chamber know that I am meeting with the mayor again this afternoon, as I regularly do, and as I will with senior officers of the City of Wanneroo, because we work in a collaborative way to find solutions rather than this scaremongering that seems to be entertained by people like Paul Miles, who wants to be mayor and also wants to be a federal politician. He wanted to be a minister. He cannot quite work it out and is exploiting the legitimate concerns of residents to scaremonger rather than work to find solutions. Our Minister for Transport has achieved more in 12 months than the conga line of revolving transport ministers in the previous government. I am absolutely delighted that we are getting this infrastructure in Wanneroo. I will continue to support this government's transformational program of Metronet and road infrastructure projects that are transforming Perth before our eyes.

**MRS L.M. HARVEY (Scarborough — Deputy Leader of the Opposition)** [3.06 pm]: I rise to speak on the Appropriation (Recurrent 2018–19) Bill 2018 and the Appropriation (Capital 2018–19) Bill 2018 after that extraordinary contribution from the member for Wanneroo. It is pretty unusual to hear local members in here criticising constituents who have raised concerns with them. I will make sure those constituents get a copy of her response. I will also make sure that Paul Miles, who was formerly a minister in the Barnett Liberal government, gets a copy of her criticism of him.

Several members interjected.

**The ACTING SPEAKER:** Members!

**Mrs L.M. HARVEY:** I rise to make a few comments on the transport portfolio and this budget. My learned colleague the member for Bateman has already raised a number of significant issues in this place. Time will tell and indeed the government will come unstuck as the Metronet projects that are currently not appropriately funded by the state need to be funded in future budgets and in the out years. The Treasurer's claims that he is managing to bring the deficit under control and bringing net debt down will be found to be not true in the future. There are a number of issues with the Metronet programs in the budget. The most notable is that the Under Treasurer, in his briefing to members of Parliament yesterday, declared that there were no business cases for the projects in Byford, Yanchep or Ellenbrook. He said that the federal government funding had come in based on preliminary estimates for those projects and that the total cost of those projects is not yet known. The commonwealth funding had come in and was in the budget, but there was no requirement, the Under Treasurer said, for the state government to make a contribution, which is completely contrary to what our federal colleagues have said. We are not getting straight answers out of either the Premier or the Treasurer about those projects. A very interesting double standard is being

applied here. I recall the Minister for Transport saying earlier that the \$1.2 billion for Roe 8 and Roe 9 in the commonwealth budget is provisional funding. It is not actual money; it is just a provisional allocation. Apparently, when it is a provisional allocation in the commonwealth budget, it is not real money, but a provisional allocation in the state budget is actually real money. The fact remains that the commonwealth funding allocated to these rail projects will remain provisional until the state government makes its contribution. That puts this budget at significant risk. In fact, there is a black hole of about \$2.2 billion in rail projects as the state government component is absent and the total cost of the project has not been revealed. We will be watching with interest when the minister gets around to creating a business case for these rail projects. As the Under Treasurer commented yesterday and as Infrastructure Australia has said on a number of occasions, there are no business cases for these Metronet projects. The only Metronet projects that exist in real time are the rebadged projects that sat within the transport plan that the member for Bateman published during the Barnett Liberal government years—that is, the Forrestfield–Airport Link project, which is now a Metronet project, and the Thornlie–Cockburn rail link, which is part of the transport plan and is also now a Metronet project.

I want to highlight some of the problems that the government and the community will have once the ramifications of this budget are felt in the community. I noticed in the budget that the users of taxis and on-demand transport services such as Uber are looking at coughing up \$29.5 million a year through the introduction of a new tax, which highlights another McGowan government broken promise. The taxi industry was not told that its consumers would be funding the buyback of taxi plates. Indeed, there are considerable issues relating to that buyback scheme. The minister is calling it a voluntary buyback scheme but in reality it is pretty clear that unless all the plates are surrendered, we will still have a dog's breakfast of a taxi registration system. It will not resolve the problems that exist within that industry. We do not yet know whether regional taxi operators will be contributing to the scheme. The minister has been very unclear about regional bus drivers. If bus drivers take people from, say, Bunbury to Optus Stadium to watch a footy game, and they alight in the Perth metropolitan area, they will be subject to a 10 per cent surcharge. That is an additional 10 per cent on every individual fare that people coming from Bunbury or any regional centre to Perth to watch the footy will have to pay.

**Mr J.E. McGrath:** Even by bus.

**Mrs L.M. HARVEY:** Yes, even by bus.

This scheme will capture all those individuals who hop on board a bus service that takes them from a regional area into the city for any recreational activities. Children travelling by bus from regional centres for school excursions, to visit Parliament, to attend school camps or whatever it may be will be subject to a 10 per cent surcharge because the advice we have had is that all those fares will be included in the remit of the legislation. We have not yet seen the legislation so it is difficult to tell exactly what it will look like and who will be included. The \$29.5 million a year being ripped out of consumers of taxis, Uber, Shofer or whatever people use for on-demand transport is a glaringly obvious broken promise. This government said anything to get elected. One of its promises was not to introduce any new tax increases or increase any fees and charges. That promise has been broken big time. Most consumers in Western Australia are looking at a minimum \$700 increase in government fees and charges just two years into this government, as a result of this budget and the budget that was delivered at the end of last year. This increase is occurring in an environment in which we are seeing flat wages growth, inflationary pressures on households and other factors, including mortgage stress. Some households are struggling to pay the bills after being slugged an additional minimum \$700 over the last two years as a result of the broken promises of Mark McGowan and this government. We will remind them of that.

There has been a significant cut to the Main Roads budget and spending on roads. Members need to be aware that this budget includes a \$300 million cut to road expenditure and road maintenance. That is a significant amount of money, which has been sacrificed for the sake of other priorities of this government. There is no funding in the last year of the forward estimates for major works on local government roads. Local government is not funded in the out years of 2021–22 in this budget, and that is a cut. It is usually around \$78 million. There is no funding in that out year to local government for major works. The investment in infrastructure for state development decreases from \$714 million in the 2017–18 budget to just \$94 million in 2020–21. It is just \$21.9 million in the last year of the forward estimates. This will be a significant problem for local governments and Main Roads when they try to maintain a very significant road network across the state of Western Australia. The budget notes that the funding is for the expansion of the road network in accordance with government transport and land use strategies to facilitate the economic and regional development of the state. Too bad. That is \$94 million that will no longer be purposed for the function of economic and regional development of this state. So \$94 million is gone. Priorities exist elsewhere. It appears that those priorities include Metronet, although I will get to that shortly.

The funding of roads has clearly been deprioritised. The total expenditure for the Commissioner of Main Roads will be cut by nearly \$1 billion annually over the forward estimates—from \$1.977 billion in 2018–19 to \$871 million in 2021–22. That is going to hobble the Commissioner for Main Roads. It will be interesting to see

how he maintains a safe main road network in such a fashion that our commuters and the taxpayers of Western Australia can navigate them safely after such a significant cut to the funding. Funding for road efficiency improvements—these are the congestion-busting projects that we are hearing many members crow about—has been cut from \$542 million in 2018–19 to just \$115 million in 2021–22. I do not know whether this government thinks it will solve every congestion issue in the network by 2021–22, but a \$421 million cut to funding of efficiency improvements will see chaos on our roads. Perhaps that is the government’s objective—make the roads chaotic and try to improve patronage on public transport. Patronage on public transport is dropping off a cliff. If it were not for Optus Stadium and all those people in Western Australia and visitors from the east coast taking the opportunity to catch public transport to and from Optus Stadium for functions, events and the footy, public transport figures would be in negative growth. We will get those figures and prove that that is the case. It will be interesting to see what the government is going to do to try to get people onto these public transport networks that it wants to spend money on.

Funding for road safety has been cut from \$211 million in 2018–19 to just \$124 million in 2021–22. It has nearly halved. That will cause a significant problem. The federal government has committed to a range of road projects. However, similar to the rail projects, the budget does not include the full cost of these projects and in most cases there is no allocated expenditure. Some of these projects include stages 2 and 3 of the Bunbury outer ring road, completing the remaining stages from South Western Highway to Bussell Highway, and Forrest Highway near Boyanup–Picton Road. There is an indicative estimated cost of \$700 million, with \$560 million coming from the federal government. There is \$106 million in the budget for other improvements, with commonwealth funding of up to 80 per cent. The indicative estimate of the cost of Tonkin Highway stage 3 is \$505 million, with \$253 million of federal funding. However, only \$106 million is allocated in the state budget. That is a significant shortfall of a couple of hundred million dollars. When we start to look at a couple of hundred million dollars here and a couple of hundred million dollars there, we quickly get to in excess of billions of dollars of unfunded commitments. That is how this government has made this budget look different from the true figures. If federal government money is put in, and the state component is not put in to match it, the bottom line figures look \$2.2 billion better than they really are. If federal government money flows are put into the budget, and there are no similar cash flows going out, guess what? It hides a bigger deficit; the deficit is made to look less, and that is exactly what this government has done.

Some of the other road projects that I think are at risk include the Mitchell Freeway extension from Hester Avenue to Romeo Road. This is a really important project for the northern suburbs. It has an indicative estimated cost of \$215 million, and \$108 million has been secured in federal funding. Hon Christian Porter, the federal member for Pearce, has fought very hard to get that funding in his electorate. That project is now at risk because if the state government does not cough up and put its share of the funding for that project into the budget process, the feds will not fund that project, or it will be funding half the project that was intended. That is not the way governments generally do business. We should not rely on federal government money to fund the first few stages of a project, and then plug it up at the end if we manage to flog something off, like Landgate, for example. The government needs to put the whole cost of the project in there. How on earth can the government deliver gold-standard transparency if there are projects in this budget that do not have business cases, we do not know the total cost of them, and the state contribution is not apparent? How on earth can this government be held to account for delivering that project on time and on budget? It cannot be, and that is clearly a strategy of this government to ensure that it cannot be held to account for this sort of expenditure.

The estimated cost of the Welshpool Road interchange at Leach Highway is \$93 million. The federal funding for that is \$47 million, but there is no state component. The Roe Highway–Great Eastern Highway bypass interchange has an indicative estimated cost of \$180 million, and it has \$144 million in federal funding, but no state government component in the budget. The indicative estimated cost of the Great Northern Highway Bindoon bypass is \$275 million, with \$220 million in federal funding but no corresponding funding commitment from the state government for that project. These are significant sums of capital expenditure that do not exist in the books, and the books that the government has actually presented to the Parliament and the people of Western Australia are a falsehood.

[Member’s time extended.]

**Mrs L.M. HARVEY:** Another very good project, the Eastlink WA Orange Route, has been allocated \$10 million in federal funding, but there is no state government funding allocation to that project. In fact, the only new road project in this budget is the \$15 million for the widening of the northbound section of Mitchell Freeway from Hutton Street to Cedric Street. I know that patch very well. It is a very sad patch of road for our family. There is a memorial to one of my family members on that section of road. I welcome the funding commitment for the widening of Mitchell Freeway between Hutton and Cedric Streets. However, I have tried to demonstrate that there is a big, fat, gaping funding hole in this budget, and at some point the government will need to be held to account for that. It is not going to be able to hide behind these figures into the out years.

When we have a look at the Public Transport Authority, it gets quite interesting. Obviously, one of the concerns of the opposition is the ongoing subsidisation cost of public transport in this state, and it is significant. Taxpayers generally fund a significant proportion of every single public transport patron, and that has been the case for a long time. In last year's budget, in the out years for the Forrestfield–Airport Link, there was about \$41 million a year in operational subsidies for that particular patch of the rail network. This year, the cost blowouts of that operational subsidy are apparent in this budget, and the operational cost of the Forrestfield–Airport Link patch of the network has blown out by 10 per cent. The government has put in another \$4 million for the operational costs of the Forrestfield–Airport Link—a 10 per cent blowout—and not one railcar has even been driven along that rail network. There has not been one patron on that line yet, and already the costs have blown out by 10 per cent.

The other issue I have with this budget is the half-truths around the government's priority for local jobs—Western Australian jobs, manufacturing railcars in Western Australia. A media release of 22 April reveals a \$508 million allocation in the state budget for Metronet railcars, and a prequalification tender for the \$1.6 billion project, which will include a local content target of 50 per cent for the manufacture of new railcars, honouring a key election commitment as part of WA Labor's plan for jobs. Naturally, I went looking for that funding commitment in the budget. Members might be surprised to know that I actually could not find it. There is no expenditure for this important job-creating project in the current budget. I went back and had a look at the 2017–18 budget, and I was quite surprised to find that this \$508 million commitment to build these railcars was due to commence with a \$48 million allocation in 2018–19, a \$107.7 million allocation in 2019–20, and a \$165.7 million allocation in 2020–21. The budget papers for this year show that that expenditure, and the start of that very important and much-lauded job creation project have been pushed out, and the expenditure on that project into the future has been cut considerably. In actual fact, for this job-creating priority of the government, the figure for 2018–19 is \$29.5 million; for 2019–20, \$30.4 million; and for 2020–21, \$71.4 million. That project has been pushed into the out years, and not one new job is going to be created for that project until well into the future. It is pretty curious, and I do not think I have ever seen a pre-budget media release about a job-creating infrastructure project when the funding for the project is not actually in the budget. It is quite extraordinary, and I do not know whether this Parliament has ever seen this before.

I will mention some other items in this budget with which I take issue. Funding that was in last year's budget has been re-announced in this year's budget as though it is new funding. The government has received commonwealth funding for projects but has not made a commitment to put forward state funding for those projects. We have heard all the good news stories from the Treasurer about how this is a boring budget, but boring is good. We in the opposition do not find this to be a boring budget. We find this to be an incredibly interesting budget. It is clear that a lot of things are absent from this budget.

A good example is the railcar replacement program. The Minister for Transport said in April that the government would invest \$1.6 billion in new railcars. The minister said the government would bundle together 10 years' worth of railcar purchases in order to get the economies of scale and critical mass to make local manufacturing of those railcars viable. I thought that \$1.6 billion worth of funding would start imminently. We know that the unemployment rate in Western Australia is higher than it has been for many years. We know that people are suffering from mortgage stress. We know that over 70 000 Western Australians have negative equity in their home. That means that even if they were to sell their home tomorrow, they would still be saddled with the debt. When I looked for that \$1.6 billion for the railcar acquisition program, what did I find? I found that the \$508 million worth of funding from last year has been pushed into the out years. The remainder of the funding will not commence as a spend from government until 2021–22, when \$151 million is pushed into the last year of this budget. If the government continues with this approach, I suspect that when next year's budget comes in, that \$151 million will be pushed out to 2022–23. At the same time as this funding is being pushed out, the government is pretending that it is doing a good job in managing the state's finances. The government is pretending that it is reducing the deficit, and keeping net debt to a minimum and driving it down, when in fact it is just not putting these figures into the budget.

I had a similar issue with one of my local sporting clubs. We were presented with a set of figures at the annual general meeting that made it look as though the club was doing incredibly well and was climbing out of what had been a bit of a budgetary black hole. In fact, the chief executive officer of the club had deleted a couple of months' worth of expenditure items so that the books would look a hell of a lot better than they actually were. He does not work for that club anymore, not surprisingly. That is exactly what this government is doing. This government is behaving like an incompetent CEO of a local sporting club. It has decided that in order to make the books look better, it will not put that expenditure in the budget. The government has decided not to put the ongoing subsidisation of the Metronet project into the budget, because it can then pretend that the deficit is reducing and it is bringing the budget back into surplus. It is not a real surplus if it does not include all the expenses. At some point in time, the taxpayers of Western Australia will have to pay for all these projects. It is time the government was transparent and put into the budget the true value of these projects and the true cost of Metronet.

The government also does not want to be transparent about the cuts to education. We know the government has made cuts to education. The Premier stood in this place today and defended his hapless Minister for Education and Training in the other place. The minister is a member of the Expenditure Review Committee. However, when the minister was asked a question about her own education budget, she said, “I can’t answer a question about my own budget, or about potential cuts to education, if I don’t have my notes in front of me.” For goodness sake! Who put the minister’s budget together? That is the question that needs to be asked. Ministers need to be responsible for their budgets, and, if there are budget cuts and efficiency dividends, they need to know where they will come from. We fear that the government will pull the same stunt with transport as it did last year when it made cuts to education. The government announced that Schools of the Air would be cut, the gifted and talented program would be cut, and Moora Residential College would be cut. When did the government put out the garbage? It put out the garbage a week before Christmas and thought it could avoid scrutiny for those cuts. We will continue to keep pressure on the government for its education spending. When the government was elected, it promised that it would not cut education. However, that is exactly what it has done. We know that Moora Residential College can be restored for \$500 000 to enable those students to achieve an education close to home. The Premier went on a \$250 000 junket to China. The cost of that junket is half the cost of refurbishing Moora Residential College, which could help restore the community’s faith in the government. Instead, half the value of protecting the education interests of those children has been spent on a junket to China. Every man and his dog went with the Premier to China, including the media to make him look good while he was there. That is ridiculous. We will keep the pressure on. We will uncover where the cuts are. We will make sure this government is transparent, as it promised it would be.

**MR D.T. REDMAN (Warren–Blackwood)** [3.36 pm]: I also want to contribute to the debate on the Appropriation (Recurrent 2018–19) Bill 2018 and the Appropriation (Capital 2018–19) Bill 2018. I want to highlight a number of things about the budget on a global level; comment on some of my shadow portfolio responsibilities as one of the Nationals WA members in this place; and comment on some specific areas in the budget as it drills down to my electorate. Budgets are often about timing. It is interesting to follow on from the comments of the member for Scarborough and Deputy Leader of the Liberal Party. The member made the point that a lot of things are missing from this budget. If we are to hold the government to account, we need to know the full cost of the initiatives to which the government has committed. If those commitments are pushed into the out years of the forward estimates, there is no visibility and we do not know what thresholds are emerging. However, as new budgets come on, some of that stuff will start to emerge.

I would throw one caution to the Treasurer. The Treasurer needs to be very careful about taking credit for the things this government has done. The Treasurer leapt to his feet and talked about what he has done as Treasurer and what the government has done to deliver a budget that looks reasonable. He made the point that one of the big drivers has been that expense growth has slowed. I would concur with that. To set a target for the current 2018–19 financial year of 0.9 per cent expense growth is probably unprecedented. That is a very tight number. However, this year will be the true test of this government. The 2017–18 estimated actuals show 2.8 per cent expense growth. If that is adjusted for the machinery-of-government changes and the voluntary targeted separation scheme, which are embedded in that figure, the underlying figure for 2017–18 is about 1.6 per cent. Although that is a good number, I would put a caveat on that. When a government first comes into office, there is a natural halt in expenditure. Therefore, that number is not necessarily a good measure of what the Treasurer would describe as the work of a fiscally responsible government. The true test will be what happens in 2018–19. The government has laid out an agenda of 0.9 per cent expense growth. If the Treasurer was able to achieve that, that would be the time to stand in this place and crow about it. Again, everything is about timing, because some commonwealth grants were embedded in the 2017–18 numbers in last year’s budget. Something like \$702 million of commonwealth grants were made when the federal government was in a pre-election year. It loaded up the states with some resources to support the re-election of the Turnbull government. Of course, the timing was beautiful for the current government because that means it loads up the state government and the state budget looks better than what it might have done had we been in government.

**Mr M.P. Murray:** Why are you proving that you did nothing to do it for yourselves when you were in government?

**Mr D.T. REDMAN:** You are a grub, minister.

I make the point that a lot of this is about timing. The Treasurer can crow about some changes here, but I think we need to put a few riders on that.

Another thing that has changed is mining revenue. The numbers produced by Treasury show that since the 2017–18 budget there has been a \$1.8 billion improvement in mining revenue into the state. That is down to parameter changes, such as the exchange rate, the volumes of iron ore going out and the price of iron ore in US dollars. All that stuff changes on almost a daily basis. That real windfall was not predicted; it was not in the 2017–18 budget. However, yes, iron ore revenue has improved by \$1.8 billion over the forward estimates. That is a timing issue once again. It is interesting to see.

It is worth members having a good read of page 57 of the *Economic and Fiscal Outlook*. The “Statement of Risks” refers to all the things that Treasury described as risks in the budget. They include a sensitivity analysis of what it means to have \$1 a tonne change in the iron ore price or a 1c increase or decrease in the US exchange rate and the impact of those on the variability of the state budget. A \$1 a tonne change in iron ore prices has a \$76 plus or minus impact on the state budget. That is pretty substantial. We know that iron ore prices have ranged from \$70 to \$80-odd a tonne. I think it might have been a bit less than that and in the range of \$60 to \$80. The price can vary a fair bit. A 1c change in the exchange rate also highlights that variability. The Treasurer has the benefit of the timing of a windfall from mining revenues popping into the budget.

The other parameter that is changing, which we all fight for and on which we in this place have a unified view, is the slow return of the GST revenue into our budget following iron ore prices coming down in recent years. We are now up to a relativity of 47.3c in the dollar. In total, I think \$3.3 billion of GST goes back to the state. That is a substantial improvement from the reality of what we were facing with 34c in the dollar. I saw the Premier on Tuesday responding to a question—or it might have been last week—when he was complaining about the GST, as he rightly should. We are all unified on that issue. He was talking about rebasing the numbers on population as though it was a discovery he had made. It is not a discovery. We had that issue over the last three years. The commonwealth rebased population estimates on relative growth between the states, so that flowed through with a small increase in GST revenue to Western Australia, but we all need to continue that fight. The other revenue sources are relatively flat. Payroll tax and all those transactional taxes and duties are relatively flat. The budget papers predict that our domestic economy is coming back and some investment in the mining sector will, hopefully, help some of those other taxes return in the budget. Again, that is a timing issue. The Treasurer talks about his budget aggregates, but a few caveats need to be put on those numbers.

One interesting fact in this budget is the 2016–17 actual. The net debt when we finished in government was \$32.964 billion. This notion that net debt was \$40 billion is fundamentally wrong. If someone says that it was \$40 billion, it is a lie. It is simply a lie, yet the Treasurer and the Premier seem to want to continue to prosecute the argument that we left them with a net debt of \$40 billion. A number of things have happened that have affected the Treasurer’s budget and are, effectively, windfalls. In my view, we are yet to see what the Treasurer would describe as a strong fiscal focus on the outcomes of the state budget going forward.

The state has some other government policy challenges. The government is looking at the TAB and Landgate as saleable items. The government has already broken its promises of not privatising government assets by selling off some renewable energy assets. The Albany wind farm and other assets around the state have been sold off to overseas institutional investors. Again, Landgate and the TAB are on the table. The National Party does not support the sale of Landgate. I would sell a lot of other things before I got to Landgate. It is the basis of our title deeds system and the cornerstone of our economy, and I think that there are a range of risks in that space. However, I would seek to have an initial public offering on Advara and Property Exchange Australia, which are two commercial arms swung out of Landgate. The government has a shareholding in those commercial platforms and I would support putting out an IPO and generating resources from that. That makes sense to me. In fact, I was involved in both those bodies and I support that move.

Other revenue sources will be a challenge for the government. We promoted the special lease rental as a target. It would be a breach of the government’s position if it were to look at that. We think that there is scope for the state to work with the federal government to exempt particular revenue sources, if the government chose to pursue it, from the flow-on impacts of the GST returns. The Treasurer rightly points out that we get a turnaround on GST if we pursue some of these revenue sources, but that does not take it away from a deal that we might want to secure with the federal government. There does not seem to be any appetite to pursue that.

As has been pointed out by a number of members, people are feeling the increases in fees and charges. It is particularly tough out there, boosting the need for hardship utility grant scheme support for the basic payment of utility bills, yet this is on the back of what we are seeing from the Minister for Water now. He has hit new records with the Water Corporation being a cash cow. The net accrual to government figure for the Water Corporation was \$510 million. So that people understand what that means, page 246 of the *Economic and Fiscal Outlook* has a really good table that refers to what the corporations deliver back to government in net terms. It takes into account any community obligation payments or subsidies from government, dividend payments and rate equivalents and the like and what those corporations return to government in net terms. The Water Corporation is returning \$510.6 million. That is over half a billion dollars.

The Minister for Water has gone to the people of Western Australia and said that he will put up water prices by 5.5 per cent in average terms, but on the other side he will pull out half a billion dollars from Water Corp. That is reaching massive new heights for Water Corporation being a cash cow. That is why I commented in passing by interjection that we can now see the Minister for Water’s face because he is sitting on this massive cash cow! We have never seen anything like that in Western Australia. It used to be to the tune of \$150 million or \$250 million,

but now it is \$500 million. All the electricity utilities net at \$199 million. That is an amazing figure. It is pretty hard for consumers to stomach that in a state government budget when they have to put up with a 5.5 per cent water increase and a seven per cent increase in electricity charges. The Minister for Water is responsible for that. He banged on about it when he was in opposition and now he has to wear the decisions of this government as we go forward.

A challenge is emerging now and we as members of Parliament are seeing it on the streets. I will be very surprised if it has not been seen by members behind me and to my left. The maintenance of government services is becoming a critical issue. We go into schools and other services, health areas, and we see real pressure points in holding those government services. We had a rally recently in Bunbury on the back of the issues with the cutting of funding towards camp schools. It was very, very well attended and supported. One of the union members rang me and asked to speak at the rally. I cannot remember the name of the union. It might have been the Community and Public Sector Union—Civil Service Association of WA, from memory. She spoke at the rally and she said that if government services are hit any harder, it is incumbent on government to look at a new revenue source and look at the revenue side of the budget, rather than implement further cuts to public officers. I know what we did in government and that was stressful enough as it was, let alone what is happening now with constraints on the budget and the impact on broader government services.

We are also seeing in the budget, of course, a number of underdone commitments, as mentioned by some Liberal Party members in their responses. We cannot see operational funding for Metronet in the out years; it does not come into the four-year forward estimates. Where are the matching funds for what the federal government has seemingly committed to? They are underdone commitments. As they emerge, we know there will be threshold issues that will have a material impact on the budget and on the numbers prosecuted by the Treasurer.

I refer also to the transition in the National Disability Insurance Scheme arrangements with both disability services and home and community care services. We are getting feedback about some people falling through, or potentially falling through, the cracks in the provision of services. Maintaining those services will be important. If the government cannot commit to that, it has done a dud deal with the NDIS arrangements it has put on the table. These are uncertainties that may well emerge as budget pressures arise that, in my view, the government needs to respond to, yet we have not seen provisions. We have heard only about the risks, which are highlighted in the budget papers. The various redress schemes also are highlighted as risks. The member for Roe has been prosecuting this issue very strongly on behalf of his constituents. It is very important, but again there is uncertainty as it flows through to the state budget, but, of course, it is one that we will strongly support.

There are some positives. I think it is important for opposition members to throw in some positive comments. I refer to regional economic development grants. We saw the regional grants scheme go and the community chest fund money go. It was not in last year's budget but there are now some regional economic development grants out there and there is some scope for community groups to access them. I am sure there will be a strong agenda sitting next to it. I hope it is not something that has the filter of pork-barrelling put through it, so there might be some small lollies for people in my electorate.

I am pleased to see support for natural resource management continuation. My strong advice would be to ensure that it gets to the grass-roots organisations. They are the ones who put in a massive number of volunteer hours to support natural resource management. Support for them and for their capacity will be critically important.

We had a briefing yesterday from the rural fire services with the minister and Murray Carter, the executive director, I think, responsible for that new unit, and, of course, the Commissioner for Fire and Emergency Services. Generally, there has been positive feedback on that. The jury is out from my perspective. The structure is one thing, but how it operates is the other. The operational matters are what we need to see fly, but I am encouraged by the appointments made so far, Murray Carter's in particular. Another person whom I have a lot of respect for is John Tillman, who operates and lives in my electorate. They are two quality people who I am sure will make every effort to make that work. That is a positive, I think.

A lot of things are happening in the energy portfolio space. The member for Nedlands talked about lithium coming onto the agenda through not only mining, but also the potential for value-adding and a value chain response for Western Australia. There is already investment in value-adding in Kwinana and, hopefully, in Kemerton. It says that, particularly with this resource, the economics are driving that investment without government subsidy, which is encouraging, and there are big opportunities for Western Australia to position itself to get the best bang for buck out of that initiative.

[Member's time extended.]

**Mr D.T. REDMAN:** A very good parliamentary inquiry, which includes you, Mr Acting Speaker, is happening right now, and I am sure it will provide some very good recommendations to government to support the settings that we might put in place, including potential legislative changes, to help unlock energy opportunities in

Western Australia and how we can better position our utilities. The first is to respond to that; second, to deliver services; and, third, to bring some innovation to the table from our perspective as National Party members, particularly in those areas that are often hard to service on the fringe of the grid and sometimes in areas where it is very costly to take some of the more traditional approaches to energy generation and distribution. However, one thing that will not rise to the surface, in my view, is wave energy, yet we are seeing a \$16 million investment in a wave farm to finish up with a very expensive power cord going out to the ocean, and a substation for people to connect to as long as they have some trials out there. The maximum capacity of that substation is about one megawatt, which is a fraction of Albany's needs and capacity. To me, it is a dud deal and it will finish up being a stranded asset. It is a damn shame because of all the other opportunities that that resource could have been put into, the wave energy project is the one that flowed through. I think it will be a massive disappointment. The Minister for Regional Development will need to, and should, take responsibility for that.

I will also cover off on remote communities and Aboriginal affairs in my portfolio responsibilities. I am certainly pleased to see the maintenance of some investments in the state budget around the Kimberley schools initiative and the town-based reserves initiative. Obviously, some of the upgrades of essential services in key communities were started by our government and are being followed on by the current government. The remote community essential services recurrent fund is ongoing to support generators and the like. We are disappointed with that because we do not think it is essentially a royalties for regions agenda item; nevertheless, it is there. There is also a pretty strong investment in housing through royalties for regions. We had about a \$175 million housing package between royalties for regions and the Department of Housing, with the assets that it had on the table. I have not navigated the budget closely enough yet, but I will navigate it next week to see how many differences there are between what we had on the table and what is there now. Certainly, that investment is important. Just as important to those investments is the strategic plan that sits around that and where those investments go to get the social outcomes that we are chasing, including opportunities for kids who are born into those communities. I think there are some positives there.

Can I say that, more generally, Aboriginal corporations are finding it very challenging out there now on the back of what has happened in the resources sector. Some of their incomes are coming off and they have had to make adjustments for that. Some issues are sitting behind the scenes, which are not necessarily of their own making but which will necessarily finish up on the table of government decision-making.

I refer to a couple more local issues—firstly, the Busselton–Margaret River Airport. The member for Vasse highlighted the huge disappointment we felt with the minister putting that on hold and not making the investments needed in that terminal to get it to a standard to attract an airline. That was extremely disappointing. That is one initiative very strongly supported by the south west. To its credit, the City of Busselton has driven it hard. We supported it. It is an issue that needs government support and it is not there. With the potential for tourism and jobs, it has all the elements for a new focus for interstate airlines in Western Australia, and, again, it is not supported. It is very, very disappointing.

Sharks are another challenge. The Minister for Fisheries is not doing enough in this space. He is certainly not satisfying the community. We had a march on Parliament recently. I regularly hear commentary in my electorate about responses that the government could take. The government has taken a range of initiatives, but they do not go far enough. Yes, we are talking about SMART—Shark-Management-Alert-in-Real-Time—drum lines. One of the bits of feedback I am getting—this is my assessment of my electorate's view—is that the elephant in the room on this is that the government is not taking a proactive stance to look at reducing dangerous shark numbers. I do not support a bunch of cowboys killing, hooking and shooting sharks. I support a discussion, and certainly advice from fisheries about lifting the protected status of great whites, for example, to allow existing fishermen who are catching them in their nets—they catch them and release about 80 per cent of them because most of them are big enough to keep themselves alive—to destroy them in the water for no commercial return. That would have an impact on shark numbers. Every other fishery in our state uses the catch and what the fishermen get as a measure of the sustainability of the fishery. There is no reason that could not apply to this issue. I think that is a step we could consider.

**Mr J.R. Quigley:** That would be up to the federal minister, would it not?

**Mr D.T. REDMAN:** Absolutely. Josh Frydenberg could put himself up in lights and say, "I'm prepared to step up." That would be a good test. The only fishery where we do not fish for sharks now is in the metropolitan area. Right now, fishermen who fish in the south west are catching big sharks, which, by law, they have to let go. If they do not let them go, they lose their fishing licence. That is one step whereby a size could be set and that catch—the ones that should be destroyed—could be used as a measure of what is happening, and thereby support research and development for science. That should absolutely be the case. I support putting effort into research and development, but we cannot wait for another decade of numbers to be responsive on this issue.

**Extract from *Hansard***

[ASSEMBLY — Wednesday, 16 May 2018]

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Ms Sabine Winton; Amber-Jade Sanderson; Mrs Liza Harvey; Mr Terry Redman

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The minister could take steps to get and consider advice. My view is that the sentiment, particularly of those in coastal communities, is starting to move in that direction. It is not just the users. As the member for Vasse pointed out, the tourism fraternity, after the cancellation of the World Surf League Margaret River Pro, has been affected for the first time, so another cohort of people is coming into the mix. The government needs to take further steps to get advice on options and move forward on that issue. It is getting strong buy-in from the tourism community and the government needs to respond.

Debate interrupted, pursuant to standing orders.

[Continued on page 2921.]