

Extract from Hansard

[ASSEMBLY — Tuesday, 13 August 2013]

p3230a-3241a

Speaker; Mr Mark McGowan; Mr Bill Johnston; Mr Colin Barnett; Mr Troy Buswell; Mr Chris Tallentire; Mr Ben Wyatt; Dr Mike Nahan

SOLAR TARIFF FEED-IN SCHEME — STATE BUDGET 2013–14

Matter of Public Interest

THE SPEAKER (Mr M.W. Sutherland) informed the Assembly that he was in receipt within the prescribed time of a letter from the Leader of the Opposition seeking to debate a matter of public interest.

[In compliance with standing orders, at least five members rose in their places.]

Standing Order 145 — Statement by Speaker

THE SPEAKER (Mr M.W. Sutherland): Before I call the Leader of the Opposition, I wish to refer the house to standing order 145, which states that only one matter may be discussed in a particular matter of public interest. The notice should be short and the debate needs to be informed; in other words, the mover of the motion should restrict his or her notice to one matter, which enables the government to prepare adequately so that an informed debate can take place. Last week there was some controversy over the matter of public interest and again today, and I just wish to draw that to the attention of members.

Debate Resumed

MR M. MCGOWAN (Rockingham — Leader of the Opposition) [2.56 pm]: I move —

That this house condemns the Barnett government for its chaotic budget management and broken promises, and for hurting the people of Western Australia with its mismanagement of the solar rebate scheme, raising taxes and electricity prices, and increasing household charges.

We advised the people of Western Australia on Saturday that today we would be using this debate to raise the issues of the solar rebate scheme, to put the government on the mat and to ensure that Liberal and National Party members of Parliament were held to account for breaking promises and for ripping up contracts held by those people around Western Australia who signed up to the solar rebate scheme. We advised the people of Western Australia on Saturday that we would be putting Liberal members under pressure to see whether they would cross the floor. Guess what, Mr Speaker? On Monday—yesterday—the Premier changed his mind. He backflipped on ripping up the contracts with 75 000 ordinary Western Australians around the state. He only changed his mind because he was forced to. Any apologies were made only through pursed lips and gritted teeth because the Premier always wanted to take this course of action. He wanted to rip up those contracts with ordinary Western Australians. He wanted to take that money away from people who had signed up to a deal put together by his government in 2010. He wanted to take that money away from Western Australian families. He only apologised through gritted teeth because he was forced into it. He only caved in because he had to face this debate today. He only caved in because he knew that today he would have to account to this Parliament for what he had done. That is the only reason he did it.

What is even more shocking is the information that has just come forward from the Minister for Energy. The Minister for Energy basically admitted that when he made the decision to rip up those contracts with Western Australian families as part of the government's Economic and Expenditure Reform Committee and as part of cabinet, he was acting contrary to the only advice that he had—the advice that was provided to him based on legal advice of 9 February 2012 that said that any such course of action was really risky. That was the only advice that he had in his possession when he sat in cabinet as the Minister for Energy and Minister for Finance and agreed to rip up those 75 000 contracts across Western Australia. Then we find new advice suddenly appeared. When did it appear? It appeared on budget day last Thursday when the Treasurer handed down the budget. The only advice that the government had—the advice from 2012 and the advice from 19 July this year—was that taking that course of action was legally risky. I might also add that the advice said it would be unpopular with members of the Western Australian public. How irresponsible on the part of that minister and on the part of that Premier to, firstly, ignore the only advice they had and, secondly, to deliberately and wilfully destroy those contracts and throw into turmoil the lives of those people across this state by undoing that great principle of sanctity of contract, whereby if we sign a deal, we adhere to it. The Premier deliberately and wilfully did that to those 75 000 Western Australians, and the only reason he apologised was because he was caught out and he was forced into it. He never thought this would happen. He thought he would skate through. There is a federal election campaign on. When he signed off on the budget he thought the federal election would not be particularly close. He assumed he would get through this couple of days of unpleasantness and then he would be able to rip out that money from Western Australian households. But he was wrong. He was caught out; he was forced to account before the Parliament today, so he caved in. That is the truth of what has happened. He acted contrary to the only advice he had before him that said it was legally risky.

Mr T.R. Buswell: That statement isn't true.

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Mr M. McGOWAN: If that is not the case, table any other advice and prove it, because, yesterday, the Premier went out to the public of Western Australia and said he had acted in accordance with advice. If that is the case, the only advice he has —

Withdrawal of Remark

Mr C.J. BARNETT: I don't believe I ever said I acted according to any advice and I ask the Leader of the Opposition to either withdraw that or substantiate it.

Debate Resumed

Mr M. McGOWAN: The Premier is a little sensitive. He went out yesterday attacking families all over Western Australia. He gets a little bit sensitive. He went out and said that the government had followed the legal advice it was given.

Mr C.J. Barnett: When did I say that?

Mr M. McGOWAN: The Premier is losing his memory. He said it yesterday. He is getting a bit hazy.

Mr C.J. Barnett: No; I didn't.

Mr M. McGOWAN: The member for Cannington will deal with these issues.

Let us get into the other components of the budget. The Premier was forced into a grovelling apology yesterday on this issue. What he has not apologised for, but what he should apologise for, is all the other broken promises in his budget—all the other things he has done wrong in this budget; all the other things he has done contrary to what he said prior to the election in March this year. He needs to apologise for all those broken promises because never in the course of so little time has a Premier of Western Australia broken so many promises after an election. He thinks he will just get away with it because it is early in the term and people will not remember. I can see his political strategy from a mile away. That is what he thinks will happen. I will go into those promises in a moment but I will tell him what he has done: he has betrayed people the length and breadth of this state with the false promises he made before the state election and has failed to adhere to in this budget.

I will tell the house about the people to whom this Premier was dishonest and whom this Premier has betrayed. He betrayed people who believed his promises; people who park at train stations; people in small business who believed his promises of tax cuts; people who believed in entering into a contract with a government; tenants, landlords, small business people and first home buyers; future generations, who will have to pay off the 700 per cent increase in debt; motorists across Western Australia, who will receive additional charges; electricity consumers, who believed the Premier when he said power prices would go up only at or around the rate of inflation; patients at Royal Perth Hospital and people in the northern suburbs, who believed him when he said in two election campaigns that he would significantly upgrade that hospital; people who live in local government areas in the regions, who believed him when he said the country local government fund was there for keeps; public servants, who believed him when he said their jobs were secure; schoolchildren, who believed him when he said he would build a range of new schools which he will not build; and Ellenbrook residents—I do not need to explain that one, as we all know what that is about. In other words, the Premier betrayed everyone around Western Australia with his broken promises and his failure to deliver on what he said before the budget he would do.

Last term he came into this house and said publicly, "We're increasing debt; admittedly it was \$3.6 billion when Labor was in office, but it won't go above \$20 billion." That is a pretty significant increase on \$3.6 billion. He said it would not go above \$20 billion, but now in this budget and the forward estimates, it will increase to \$28 billion. That is around \$10 000 for every man, woman and child in this state, when a mere four and a half or five years ago, it was at historic lows—the lowest level on record per capita—and it had been driven down, combined with a record infrastructure program over the previous two terms. Indeed, Richard Court drove down debt when he was the Premier of Western Australia. I listened to the Premier's first speeches about government keeping down debt and the like and we are seeing him as part of a government that has increased the state's debt load in two terms of government by 700 per cent—to \$28 billion. Let us wait to see the debt levels contained in the budget next year and the year after.

On top of that, \$254 of additional ordinary fees and charges, which the Premier described as slight, will be imposed on Western Australian families. The forward estimates contain seven per cent per annum increases in electricity prices when this Premier said that they would be at or around the inflation rate. I know he said it because I was standing next to him in the leader's debate on ABC television when he looked—admittedly not into the camera!—and said that is what he would do if he was re-elected. His budget with its "approved increases" says seven per cent, seven per cent and seven per cent, while the budget says that the inflation rate in coming years is expected to be 2.5 per cent, 2.5 per cent and 2.5 per cent. It is only a slight broken promise—

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only of about 300 per cent! Then there are land tax increases, although his own policy documents that he took to the election said that he would lift the taxation burden on Western Australians. I actually thought that meant he would reduce the burden, but when he said he was going to lift the taxation burden he actually meant it. He was going to lift the taxation burden on Western Australians, so when he put in place new land tax measures and abandoned those small business stamp duty tax cuts that were already L-A-W, law, before the election, he broke a major promise to the people of Western Australia that he would reduce taxes on Western Australians across this state. The Premier pooh-poohed it in question time. On Thursday night on Channel Seven he said they were only slight increases. The Premier is out of touch if that is what he thinks about these things.

We then see that all the people in my constituency and constituencies all over the Perth metropolitan area and Mandurah will suddenly have to pay another \$460 a year just to go to work that they were never advised of in the lead-up to the state election. Then we will find all sorts of commitments all over the state that we will detail later for schools, hospitals and infrastructure, including roads, that were made before the state election but that are not contained in any shape or form in the budget.

Mr T.R. Buswell: Name one.

Mr M. McGOWAN: That is what we will outline in the budget estimates process next week.

I know what the Premier will say. He will say, “Oh, the forward estimates are off in the never–never; they don’t exist.”

Mr P. Papalia: It’s dynamic decision making!

Mr M. McGOWAN: As the Treasurer said, it is a dynamic decision-making process. If that is the case and they do not exist, why do we even have a budget? The Premier’s approach is that the budget is just a draft. The real document is at some future point in time, so all that trouble those Treasury officials go to and all the effort every agency goes to is all meaningless according to the Premier because the budget is just a draft. Has anyone ever heard anything so preposterous or ridiculous than his view of this new world—this new paradigm we live in—in which he treats the finances of this state in this way? That is how he regards Western Australians; otherwise, why would he have gone into cabinet and signed off on a deal to rip up contracts with ordinary Western Australian families and to take away benefits and expectations they believed they had signed up to with him? Anyone who deliberately and callously does that is not fit to be the Premier of this state.

Opposition members: Hear, hear!

MR W.J. JOHNSTON (Cannington) [3.10 pm]: I rise to make a few comments in support of this motion. I start by making the point that the chaos in the energy portfolio actually precedes the current minister; he may have taken it to a particular level, but we have to remember that Hon Peter Collier started the chaos here. Hon Peter Collier promised a \$33 million program to have a feed-in tariff for people in Western Australia at a rate of 60c per unit. That is what he promised, but not what he introduced. That \$33 million program became a \$450 million program. It was a complete and utter failure of management. We now know that in February 2012 the government was considering reducing the rate paid to people receiving the feed-in tariff. There is a “Bradley Manning” in the bureaucracy who has provided us, through *The West Australian* newspaper—this is off their website this morning—information that in February 2012 the State Solicitor’s Office was asked for advice about whether the government would be able to reduce the feed-in tariff rate from 40c to a lower figure for existing scheme participants. What was the advice provided on 9 February 2012? The only advice available to the public of Western Australia on this issue and the only advice available to the minister from his agency was that this was a risky decision. In the wonderful words of a lawyer, the advice said —

Whilst we do not consider that any action based upon negligent misrepresentation would certainly succeed, on the facts before us, such claims do not appear entirely without some merit.

That is about as tough a criticism as the State Solicitor would ever deliver to the government; that is damning in itself. I bet that that advice was considered by the government in not doing what they have done last week in the budget. On 9 February 2012, that advice was important to the government in deciding to cap the scheme at 150 megawatts and then to later close the scheme. Remember, shortly after that advice was delivered to the government, the government in April 2012 introduced the 150-megawatt cap on the scheme. The government clearly knew that it wanted to change the scheme and at that time it introduced the cap. Clearly, the government last year considered making the decision that it made this year. The government needs to be honest with us. That was the only advice available to the current minister when on 24 June he wandered into the Economic and Expenditure Reform Committee and supported the Treasurer’s proposal to reduce these payments from 40c to 20c. We know that the minister was sitting at the cabinet table on 8 July when the full cabinet, every single one of them, signed off on that decision.

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Mr T.R. Buswell: How do you know who was there?

Mr W.J. JOHNSTON: The minister can tell us who was not there. The minister can tell us who did not agree with it.

Mr T.R. Buswell: How do you know? How do you know?

Mr W.J. JOHNSTON: It is in the briefing paper. If I am wrong, get up and explain how I am wrong.

Mr T.R. Buswell: Let me do that.

Mr W.J. JOHNSTON: Go on, mate; do that!

I will also make a point about things said in the briefing note. Page 4 of the briefing note points out that the former minister and the Premier had signed correspondence to constituents about the payback period of this scheme. Somehow or other, the current minister said that he found out about letters from Synergy only on Friday—the day after the budget. Surely to God, the Premier knew about the letters to constituents on this issue that he had personally signed. Why in the heck was the Premier not aware of what he had done himself? It is beyond belief that somehow it took a media storm to get the government to consider the information that was in its own offices.

We get to question time today and the minister's extraordinary performance when he said that on budget day he received advice contrary to the advice that he had been operating on. Somehow he was able to go to the Economic and Expenditure Reform Committee on 24 June and cabinet on 8 July and make decisions on this matter, and sit in this chamber and go "Hear, hear!" when the Treasurer delivered his budget speech and applaud half-heartedly at the end of the Treasurer's presentation, but to only the next day think that it would be worthwhile to know more about these issues. That is either gross incompetence or not the truth. It has to be one of those. If the minister is grossly incompetent, he should resign. If he has not told the truth, now is the day for him to start.

The minister's behaviour and performance on radio this morning was a disgrace. There is not a minister of the Crown who should behave in that petulant manner in berating good people—the servants of the state. In 2011, the shambolic Minister Collier blamed the then Office of Energy for his failures to deal with the feed-in tariff scheme. What is the minister's behaviour today? The minister has the same excuse: "It wasn't my fault", the minister says, "It was the Public Utilities Office." There must be a direction in the government that nobody takes ministerial responsibility when they get things wrong—that they have to blame somebody else.

I challenge the minister. If there is some other advice around, other than this one that "Bradley Manning" has released to us, show it to us and to the people of Western Australia. As Paul Murray said on 6PR this morning, in the absence of additional information, there is only one conclusion to be drawn; that is, that the minister is not telling the truth. That is clearly the only view that we can take. The pathetic conversation the minister had with us at question time is embarrassing. The idea that the minister went to the Economic and Expenditure Reform Committee on 24 June, cabinet on 8 July and this chamber on 8 August without any proper advice reflects not on the Public Utilities Office and the Department of Finance but on the minister. If it was so bad that the minister needed advice about this matter, why did the minister allow the decision to be made? Why did the minister agree to the decision? Why did the minister back it 100 per cent when the budget was handed down? Why did the minister support the decision if he now says it was a bad decision based on faulty advice? The minister cannot have this both ways; he needs to be honest and tell the truth. There is an obligation on the minister in this chamber to tell the truth even when it is embarrassing. That is what the minister has failed to do. The minister failed to do that on the Muja scheme—the debacle that has cost the taxpayers of this state six and a half times more than this budget measure was to have saved—and the minister has not told the truth on the matter of the closure of the feed-in tariff. That condemns the minister.

MR C.J. BARNETT (Cottesloe — Premier) [3.17 pm]: I make a few comments, firstly, about the feed-in tariff scheme. As members know, the original scheme was introduced in July 2010, and then amended with the 40c feed-in tariff reduced to 20c. There was a run on the scheme at that time. I remember it very well. Many retailers and installers of solar panels had sold the panel sets to customers who had not signed up with Synergy. In response to the obvious anguish that many people felt, this government extended the period—we gave a period of grace—and, unfortunately, that was gamed and there was a large enrolment of people in that period. Our mistake is that we were too generous at the time.

Mr M. McGowan interjected.

Mr C.J. BARNETT: That is what happened.

Indeed, after the scheme had been closed, Synergy continued to enrol people.

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Mr M. McGowan interjected.

Mr C.J. BARNETT: It was promoted by retailers.

Several members interjected.

Mr C.J. BARNETT: Mr Speaker, this is pointless. The behaviour of members opposite is a farce. I listened to them in silence. I have been on my feet for only one minute.

The SPEAKER: Members! This is supposed to be a debate.

Mr C.J. BARNETT: There was a massive increase in enrolments, in the order of 25 000. The scheme is flawed. It is fundamentally flawed. Every version of this scheme is flawed. We need to accept responsibility for that. The schemes that were introduced in other states, in Europe and the United Kingdom, and in other parts of the world, have all been found to be flawed. They developed in a period during which people were clamouring for renewable energy and clamouring to encourage the solar industry. So, we made the decision, but the decision was flawed, and the scheme is flawed. There is no doubt about that. It is incredibly expensive. It is also unfair to other electricity consumers, because one group—a fortunate group —

Several members interjected.

Mr C.J. BARNETT: Mr Speaker, I cannot even hear myself.

The SPEAKER: Member for Armadale, I call you to order for the second time.

Mr C.J. BARNETT: I do not doubt that people went into this scheme in good faith, to reduce their electricity bills, to sell excess electricity into the system, and to reduce their environmental footprint. I do not doubt that at all. But the scheme was about encouraging solar energy—rooftop systems. It was not about promoting a money-making alternative. The reality is that people have made a great deal of money out of this scheme—not all, but some. That is another example of how this scheme is flawed. People have made thousands and thousands of dollars out of this scheme. The people who are paying for that are other electricity consumers. Other electricity consumers, generally people on lower incomes, and probably people who are consuming lesser amounts of electricity, are cross-subsidising people who, one way or another, have been able to purchase rooftop panels. It is an income redistribution that is going in the wrong direction. Therefore, for a lot of reasons, we sought to correct that, and we made the announcement as part of the budget, because this is a grossly inequitable scheme.

Mr D.J. Kelly interjected.

The SPEAKER: Member for Bassendean, I call you to order for the first time.

Mr C.J. BARNETT: We made the decision —

Ms M.M. Quirk interjected.

The SPEAKER: Member for Girrawheen, I call you to order for the second time.

Mr C.J. BARNETT: When the budget was presented last Thursday by the Treasurer, we announced the reduction in the feed-in tariff. That would be more equitable for electricity consumers and for taxpayers. There is no doubt about that. But there was an outcry, and I listened to that outcry—we all did —

Mr M. McGowan interjected.

The SPEAKER: Leader of the Opposition!

Mr C.J. BARNETT: There was a —

Mr M. McGowan interjected.

Mr C.J. BARNETT: Mr Speaker, the Leader of the Opposition is just absurd.

The SPEAKER: Leader of the Opposition, I call you to order for the first time. Can you please let the Premier make his contribution.

Mr C.J. BARNETT: There was an outcry from people who, in good faith, had purchased solar panel systems. They had purchased them several years ago when the price was well above what it is today. Many of those people—perhaps even the majority—were approaching retirement, or had retired, and had dipped into their savings or borrowed against their superannuation, or whatever. Clearly, a large number of people had acted properly and in good faith, and they would have been adversely affected by this decision. We all heard the talkback radio calls and the messages into our offices and into the Department of the Premier and Cabinet. Over the weekend, I thought very long and hard, as did other members of cabinet, and no doubt members of the

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government at large, about the issue. I did not discuss it with cabinet ministers. I discussed it with some staff members, and I was conscious that a lot of discussion was taking place.

Several members interjected.

The SPEAKER: Member for Warnbro, I call you to order for the second time.

Mr C.J. BARNETT: I could see that in many respects we had got it wrong, and that although the scheme was flawed and unfair, the government was being unfair to people who had legitimately and properly purchased these solar panels under this overly-generous scheme.

The other factor that weighed upon my mind and the minds of other ministers was that there was a contradiction in what had been said to the people who had signed up to this scheme. The agreement for the feed-in tariff that people had signed up to laid down some very clear conditions. I want to read to members what those conditions were. This is what all those 75 000 people had signed up to. The agreement states in part —

17. Net Feed In Tariff Terms And Conditions

...

- (d) ... The state government may change the *Subsidy scheme criteria, subsidy rate and Net feed in tariff terms and conditions* at any time and therefore the *contract* will be subject to change from time to time and any such change may, without limitation, have retrospective effect.

Every person who entered into this scheme signed an agreement that contained that condition.

Several members interjected.

Mr C.J. BARNETT: I am trying to get to the point, if members opposite would be quiet. Every person signed a contract that contained a condition that the government could change the terms and conditions, including the rate. Indeed, I wonder whether all the retailers pointed that out when they sold the equipment.

When the opposition talks about tearing up contracts, no contract was torn up, because the contracts contained a clear term that the contract could be varied.

Several members interjected.

The SPEAKER: Member for Kwinana, I call you to order for the first time. I am up and down here like a yoyo! There will be time for members of the opposition to make a contribution.

Mr C.J. BARNETT: It was clear from the agreement that the government could change the conditions of the scheme, including the rate.

I want to also remind people that when we announced in the budget the change to the feed-in tariff, we also extended the contract period from 10 years to 12 years. We actually spread it out over a longer period of time. That seems to have been ignored.

Mr M. McGowan interjected.

The SPEAKER: Leader of the Opposition!

Mr C.J. BARNETT: When the changes were made in 2011, unbeknown to me, and I would suspect to members of cabinet as well, Synergy wrote to people who had signed up to the scheme in the following terms. I will read the second paragraph of the letter that Synergy sent to thousands and thousands of people. It states —

As an existing Residential Net Feed-in Tariff customer, Synergy is pleased to advise that your subsidy rate of 40c/kWh will not change and you will continue to receive 40c/kWh for the net export of electricity for the full term of your 10 year contract.

The point I make is that the letter that Synergy sent out is inconsistent with the terms and conditions of the contracts that Synergy was supervising.

Several members interjected.

Mr C.J. BARNETT: It was. It actually contradicts Synergy's own terms and conditions.

Several members interjected.

The SPEAKER: Member for Bassendean, I call you to order for the second time.

Mr B.S. Wyatt interjected.

The SPEAKER: Member for Victoria Park, I call you to order for the third time. I am not going to give any extra warnings.

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Mr C.J. BARNETT: What weighed on my mind, and no doubt the minds of other ministers, over the weekend was the public reaction, because many people had gone into this scheme in good faith and had borrowed money or used up savings, and they would clearly be treated unfairly, through no fault of their own. That was the biggest issue. The second issue was the letter that Synergy had sent, which clearly gave people a level of comfort that was not in the contract they signed. Indeed, Synergy's letter is inconsistent with the terms and conditions of the contract. Nevertheless, a person who signed up for the scheme would have been reassured by the Synergy letter. I sympathise with them for that matter. Synergy is a state government entity and that letter therefore compromised the scheme and raised some legal doubts. No doubt about it. They were the two issues that I considered over the weekend.

Following the weekend—there has been some confusion about this; the opposition is making all sorts of claims by way of interjection —

Several members interjected.

The SPEAKER: Are you finished, member for Southern River?

Mr C.J. BARNETT: Yesterday—we are talking about only yesterday—I requested both the Minister for Energy and the Treasurer to come to my office at 9.30 am, half an hour before cabinet. We sat down and discussed the pros and cons, as I have canvassed now, about the issue and we —

Several members interjected.

Mr C.J. BARNETT: That is the truth. It was decided between the three principal ministers involved in this issue that we had got it wrong —

Mr M. McGowan: Before cabinet.

Mr C.J. BARNETT: Before cabinet, and we went to cabinet and —

Ms M.M. Quirk interjected.

The SPEAKER: Member for Girrawheen, I call you to order for the third time.

Mr C.J. BARNETT: The Minister for Energy, the Treasurer and I agreed that we had got it wrong, that we would go to cabinet and we —

Several members interjected.

Mr C.J. BARNETT: We would go to cabinet and put a proposition that the decision be reversed. Cabinet, to every man and woman, agreed with that and the cabinet decision was made at probably 10.30 yesterday morning. That is the —

Ms L.L. Baker interjected.

The SPEAKER: Member for Maylands, I call you to order for the first time.

Mr C.J. BARNETT: That was the first time that I spoke directly to either the Minister for Energy or the Treasurer on this issue. We did it exactly properly; we considered the issue and took it to our colleagues in cabinet, who agreed. That is the scenario; that is the sequence of events. As I said yesterday, while the scheme is flawed—we got it wrong in the budget; I have apologised publicly to the people of Western Australia—it does leave the anomaly. We still have an anomaly that people on generally lower incomes are subsidising people on higher incomes. We have a scheme designed to encourage solar power that has actually become a money-making venture for a number of people. That was never ever intended. It will be the taxpayers and electricity consumers —

Mr M. McGowan: It's your scheme.

Mr C.J. BARNETT: Have I said anything else?

Mr M. McGowan interjected.

The SPEAKER: Leader of the Opposition!

Mr C.J. BARNETT: That is the sequence of events from the delivery of the budget to the decision of cabinet yesterday to reverse the scheme. The accusations and the theory and the fantasy of the opposition are simply that.

Mr P. Papalia interjected.

Mr C.J. BARNETT: I have said a thousand times that we got it wrong and I have apologised to the people of Western Australia. I have said the scheme is flawed. It is a mistake. But the result that members opposite seem to

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be crowing about is not equitable for the taxpayers and electricity consumers of Western Australia; it is highly unfair on other taxpayers and electricity consumers and it is expensive.

An opposition member interjected.

Mr C.J. BARNETT: We sought to remedy it. We realised that we could not, or that we would not, and we changed our minds. We made a mistake. Criticise me for changing my mind and criticise my colleagues for changing their minds —

Several members interjected.

The SPEAKER: Member for Maylands!

Mr C.J. BARNETT: Criticise us for apologising if members want to, but that is the truth of the matter.

MR T.R. BUSWELL (Vasse — Treasurer) [3.33 pm]: I start by saying —

Mr M.P. Murray interjected.

The SPEAKER: Member for Collie–Preston, I call you to order for the first time.

Mr T.R. BUSWELL: At least I get the pleasure of going into cabinet; I am not sure whether that is an honour that the member for Collie–Preston will get to enjoy! But that is for future elections to determine. I have heard —

Mr P. Papalia: You got rolled and hung out!

Mr T.R. BUSWELL: Member for Warnbro, I look at it this way: I have a job to do. It is probably—I am not going to boast—one of the most difficult jobs in government. Part of that job is to protect the finances of the state; another part of that job is to implement the policy decisions of government. I did that job in this place last Thursday, I do that job in this place today and I will always do that. It is actually not a sin, members opposite, for governments to change their mind. In fact, in what was indeed a difficult weekend and a difficult day yesterday in terms of understanding the nature of public response, Treasury officials provided me with one glimmer of hope when they reflected on what happened when the former Labor government undid a decision it made in 2001 that proved to be very unpopular—namely, the premium property tax. I suppose the point to make is that these things happen. We are not the first government to have changed its mind on issues such as this and we will not be the last government to do so. The secret is to have the courage to admit when we get it wrong, deal with that and then get on with it. Notwithstanding the policy decisions that formed the basis of the decision to reduce the feed-in tariff from 40c to 20c, the public response clearly was negative. I do not mind sharing with the house that my little email inbox took a substantive hit over the weekend. It took a substantive hit!

Mr P.B. Watson interjected.

The SPEAKER: Member for Albany!

Mr T.R. BUSWELL: I found one email from someone who supported me. It was one email and that person, I just thought I would say —

Several members interjected.

Mr T.R. BUSWELL: That person referred me to an article that appeared in *The Weekend Australian* on Saturday that talked about the folly of a lot of renewable energy policy around the world. It went through that in chapter and verse. I will get a copy of it and send it to every MP to read.

Mr D.J. Kelly interjected.

Mr T.R. BUSWELL: I will get the member for Bassendean's copy blown up, so it is easier to read! I will take out the long words.

Several members interjected.

The SPEAKER: Members!

Mr T.R. BUSWELL: What that article clearly identified —

Several members interjected.

The SPEAKER: Member for Warnbro, I call you to order for the third time. I just say again that I am not going to give extra warnings.

Mr T.R. BUSWELL: I am merely reflecting on some advice I received from one member of the public—one lonely member of the public! The advice was that there are issues with this type of policy. There are a number of

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ramifications of these sorts of policies. One of the ramifications is what is happening with the feed-in tariff system in this state, which will not be changed. Another ramification is that the people who do not have solar panels effectively subsidise the people who do. Who does not have solar panels? I do not; most public housing tenants do not. Most people in rental properties do not —

Mr B.S. Wyatt: Has a direction been given?

Mr T.R. BUSWELL: A lot of people with lower incomes do not have solar panels. I am just reflecting on the fact that there are issues and challenges in this public policy space, which clearly include the politics and the response, and the Premier outlined the government's reasons for changing its response. It is not, in my view, an embarrassment to say sorry. It is not the wrong thing to do; it is more than appropriate.

Mr M. McGowan interjected.

Mr T.R. BUSWELL: In relation to this Perry Mason-esque pursuit of who got what advice when, Leader of the Opposition, I seek advice from Treasury. The advice I received from Treasury was that according to the State Solicitor's advice, we were capable of making the changes that we made. That was the consistent advice that I have been provided with in my discussions with Treasury around this issue. That is the advice upon which the government made this decision.

Ms R. Saffioti interjected.

The SPEAKER: Member for West Swan!

Mr T.R. BUSWELL: I made this decision well ahead of budget day; I made it at or near the time of the budget cut-off when we dealt with all those things. I am very comfortable that the advice I have indicates to me that the actions the government took were acceptable within the framework of the contract, although clearly it caused a lot of concern and consternation for those people on whom it impacted.

I want to touch on a couple of other points, although the debate has moved into a discussion around the feed-in tariff. I note that the member for Gosnells will rise to his feet, no doubt, and defend this and other more expansive policies around renewable energy that we should have. Again, I will send everyone a copy of that article, because it is very, very, very interesting —

Mr R.H. Cook: So renewable energy is bad?

Mr T.R. BUSWELL: I can tell the member for Kwinana to read this article and understand the challenges that renewable energy can present, and is presenting at the moment in Europe, in upwards income redistribution, which is a very interesting public policy.

Several members interjected.

Mr T.R. BUSWELL: I think I have an ally in the member for Collie-Preston. I digress. I wanted to discuss some other elements that the Leader of the Opposition touched on. There are a lot of new members in this place, although not so many on the opposition side, but quite a few on our side of the house. What new members will get to understand when they listen to the opposition respond to the budget is how easy it is to govern from the cheap seats. If new members listened to everything that was said in this place, they would hear members opposite argue against every measure in the budget that increases revenue.

Ms R. Saffioti: Is this all you've got?

The SPEAKER: Member for West Swan, I call you to order for the second time.

Mr T.R. BUSWELL: Members opposite will argue against every single measure that reduces government spending. They will say that the government is not spending enough money on infrastructure projects. If we wrote down all that they mentioned, there would be a big list! To top it all off, members opposite will stand and say that state debt is too high. They will oppose every single measure the government can take to reduce state debt and then they will stand and say that state debt is too high.

Mr P. Papalia interjected.

Mr T.R. BUSWELL: Member for Warnbro, that is what the government will enjoy hearing for the balance of this week! I will wager good money on that! Members opposite will say that our election commitments were not costed properly. However, during the election campaign, the opposition had the courage to have only one commitment costed, and it was wrong! That was Metronet. With hand on heart, Hon Kenny Travers said that Metronet would cost \$3.8 billion. He said, "You can back us on that!" But it came in at \$5.2 billion, with a list of concerns and qualifications a mile long.

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I will pick up on a couple of points the Leader of the Opposition made. The Leader of the Opposition is right: if all goes well with the implementation of the technology, from 1 July next year all people who park at a train station will pay \$2 a day. My personal view is that that is not a major imposition. We have about 20 000 car parking bays across the metropolitan rail network—the number might be a little higher—and around a quarter of those already have paid parking. This measure will simply roll out that charge to the balance of the parking bays, including the 5 000 additional bays that this government put in during its first term. I was asked the other day whether that was not just slugging taxpayers more money. It is not, because the public transport system in this state is subsidised by taxpayers to the tune of around \$740 million every year. Every single year the taxpayers of this state write a cheque for \$740 million to keep the wheels on the buses moving and the trains running. That is how much is needed to keep the public transport system moving. This measure will mean that the users of the system pay a little more and taxpayers pay a little less by way of subsidy. There will always be a subsidy for public transport. That is certainly not in question. This is a very modest adjustment. My suspicion is that the day after this is implemented on 1 July next year, if it is a working day, the car parking bays will be as full as they were the day before. If the government helps change some aspects of consumer behaviour and some of those people who drive less than a kilometre to get to a parking bay ride, walk or catch the bus, I do not think that is a bad outcome.

Mr P. Papalia: Are you saying that is why you did it?

Mr T.R. BUSWELL: My recollection is that the train stations that service the member for Warnbro's electorate have significantly more car parking bays as a result of the investment that this government has made. That money is not created; we do not sit out the back with a money-printing machine! They are the facts.

The last point I want to touch on is the opposition's assertion that the government went to the polls promising certain things in and around taxation, which it says we did not deliver.

Mr P. Papalia: You are dishonest!

Mr T.R. BUSWELL: Do you want to repeat that?

The SPEAKER: Leader of the Opposition, will you withdraw that? Was it you, member for Warnbro?

Suspension of Member

The SPEAKER: Right, I will read you standing order 48 —

A member whose conduct has made it necessary for the Speaker to formally call that member to order more than three times in the course of one sitting for a significant breach of the rules may, by order and at the discretion of the Speaker, be suspended from the service of the Assembly until the adjournment of that sitting.

Please leave the house.

[The member for Warnbro left the chamber.]

Debate Resumed

Several members interjected.

The SPEAKER: Member for Albany, I can hear a lot of things from the chair.

Mr T.R. BUSWELL: I will wrap up by making an observation. The government made what I consider to be a modest but important commitment to taxation during the election campaign to alter the threshold for payroll tax in this state from \$750 000 to \$800 000 on 1 July 2014 and from \$800 000 to \$850 000 on 1 July 2016. Even that modest change comes at a price. That represents \$121 million of forgone revenue across the forward estimates. The government made that change in the budget papers because it was a commitment it gave to the business community during the election.

I will close by again encouraging all members to listen to and observe the practice of the opposition when it criticises the budget. This is a significant budget; it delivers over \$100 billion of recurrent expenditure and around \$27 billion of infrastructure investment. It is the sort of infrastructure investment that our communities need today and future generations will need into the future.

MR C.J. TALLENTIRE (Gosnells) [3.46 pm]: The question in my mind is: if this scheme was so bad, as the government is claiming, why did it introduce it in the first place? Let us look at what it achieved. It brought about a dramatic decrease in the cost of photovoltaic systems. It contributed to the global demand of PV systems, and 75 000 households across Western Australia put in panels of photovoltaic cells. These householders based their budgeting on a 40c a kilowatt hour feed-in tariff. They included retired people—people who are on fixed incomes. They thought they could trust the Western Australian government. That is the real crime and shame

here. The government betrayed the trust of people and it has set a precedent. The government has now made people wonder whether they can trust the government. People are scared to sign up for contracts with the state government and they will not trust this government, which is a great shame. The facts are there; this is how the government treats people! This is unfair treatment of retired people—people like Dixie and Barry Mayfield in my electorate, who put their retirement savings into this on the basis that it would insulate them from electricity price rises into the future. They trusted this government and it has betrayed their trust. That is disgraceful.

My constituents have asked me why a government would sell its integrity in this way for savings of about \$50 million. What a crime! What a shame! This government cannot be trusted; it has demonstrated that. The people of Western Australia will not forget this.

MR B.S. WYATT (Victoria Park) [3.48 pm]: I rise to make some concluding remarks on behalf of the opposition. I want to bring this debate back to where it began. The Treasurer said in his contribution that he had received some contrary advice. When the Premier looked at the letter that had been sent to 75 000 households around Western Australia, he stated that it raised some legal issues and that there was no doubt about that. I want to bring this back to the Minister for Energy's rank incompetence in dealing with this matter.

On 24 June 2013, the Economic and Expenditure Reform Committee endorsed the Treasurer's proposal to reduce the feed-in tariff. The only legal advice the Minister for Energy had, as the minister responsible, was the advice that has been leaked—the advice that said there are legal risks. The Treasurer said, "I'm comfortable with the legality of what we've done." I am not disputing that. That is not the argument; that is the red herring. The issue is the legal risks, Minister for Energy. On 24 June 2013, when the EERC met and agreed to make that cut, the only legal advice around highlighted those risks. It highlighted the fact, interestingly enough, that went on to say, "However, any losses under a successful claim from one of those poor Western Australians are likely to be relatively small." The minister ran into the EERC. When cabinet—all of you—met on 8 July, the day before budget cut-off date, to agree to that cut, the only advice that the Minister for Energy, the minister responsible for this program, had said that, "There are legal risks but it's okay because the chances of you getting hit with a big claim are small; so stuff 'em!" That is the attitude taken by the Minister for Energy when he made this decision. Then he says, "Actually, then I sought advice on 23 July." One would assume that this was after the budget had gone to the printers. When I looked at this document, I looked for the watermark saying "draft" but I could not find it! After the budget cut-off date, the budget is at the printer and the Minister for Energy says, "I might get some other advice on this."

Last Thursday, when the Minister for Energy stood up to clap the Treasurer—"What a wonderful budget you have just delivered, Treasurer"—he walked out and no doubt a couple of Liberal backbenchers wandered up to him, because 75 000 people, including some of their constituents, had this letter. There is no doubt, regardless of what that contract the Premier referred to said, that this letter changed that contract. It altered that contract. If the minister had taken the trouble before he went into the EERC in cabinet and simply ticked off on this cut and said to the State Solicitor again, "Why don't you go and get me some more advice", they might have found this. I dare say that from this advice on 9 February 2012 that "identified legal risks associated with reducing the payment rate for existing scheme participants" they knew about the letter. The problem the minister had is that he did not care. He did not fulfil his duties as a minister. I do not care what the Treasurer thought; this is the Minister for Energy's responsibility. We now know, because the Premier just got up and said so, that this program is highly unfair on other taxpayers and electricity consumers, but the Premier has promoted the minister who delivered this "highly unfair program" to be the Leader of the House in the upper house and Minister for Education. God forbid; the person who delivered the highly unfair program has now been promoted out of harm's way—not!

On 8 August—the day all government members applauded the budget—the Minister for Energy finally seeks advice. The only advice that the Minister for Energy had—the Treasurer has not suggested there was any other advice—was the advice that said there were legal risks and the advice that said this happened in New South Wales and they walked away from it because of the public outcry! The minister ignored all of that because he worked on the assumption that any claim is likely to be small. He did not care about those taxpayers, those 75 000 houses, who put solar panels on their roofs in reliance on the letter that came around from the chief operating officer of Synergy. Regardless of the contract, the Premier says, "We could have done it and we should have done it, but we're not going to do it." Despite the fact the Premier says that, disregarding the fact that letter probably would have exposed the state to financial liability—absolutely—the reality is the minister did not do anything about it. The minister sought no advice. He walked into the EERC, he walked into cabinet, and all cabinet ministers endorsed that on 8 July. Budget cut-off date was 9 July. The applause came—and a day later, bang; the fiscal action plan is dead in the water. I have never seen a budget cut-off date that happens after the budget has been delivered in the chamber! It is the first time that has happened.

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Let me conclude with one other point. All Liberal members have applauded a breach of contract. That is what they have done. The Premier has acknowledged that. That is because their energy minister did not do his job!

DR M.D. NAHAN (Riverton — Minister for Energy) [3.55 pm]: We have heard a lot of conspiracy theories from members opposite with a great deal of vitriol. We came to this decision. We had to bring down a difficult budget. We had to not only make a number of changes to expenditure, but also meet a range of additional commitments in health, education, disability and a range of other areas. The Economic and Expenditure Reform Committee, led by the Treasurer, looked at a whole range of issues. They were difficult. One of the issues, as we know, that came up and we decided on was to change the feed-in tariff. That has a very chequered past. The feed-in tariff was created in a fog of wanting to do something about promoting solar cells originally in 2008 at a Council of Australian Governments meeting. That is when solar cells were very, very expensive. States around Australia committed to various types of feed-in tariffs. In the 2008 state election, both parties committed to a feed-in tariff. At that time, the feed-in tariff was supposed to be 60c per kilowatt hour. It would not have led to a very large response. By the time the scheme got off in 2010, prices of photovoltaics had collapsed, not because of our demand but because of world demand and China's production. They had collapsed. By the time we got into this system, the price we had committed to, a 40 per cent net, was already too high. By the time we got to the end of the scheme in 2011, it was grossly too high. However, some people who entered early put a lot of money into it and they would have got their money back but it would not have been a great return. For those who came in late, many of them are making a great deal of money.

In 2011, the government of the day sought legal advice and looked at terminating the scheme and truncating it for new customers from 40c to 20c. There were some legal issues in that. When people went into that scheme they would have gone out and bought the solar panels, signed up a contract with the retailer, and by the time they got around to signing up with Verve and Synergy, it would have been 20c. That was a legal risk. That is what the State Solicitor repeatedly stated. The Public Utilities Office got it confused.

In 2012, the government of the day, like it does on a whole range of issues, looked at the options. It sought legal advice on eight different options from the State Solicitor. It chose not to do anything. This time when we went in and looked at it, we had State Solicitor's advice that said we could go ahead and that there was practically no risk associated with what we were trying to do at that time; that is, when announcing the budget, to reduce the tariff from 40c to 20c for existing customers. Of course as soon as I heard about it as the minister, I asked for advice from the Public Utilities Office—this was early on. I cannot remember exactly; it was in June some time. The advice came to my office on 23 July. I cannot help it if they are slow. The fact of the matter is that the State Solicitor's Office advised the government of the day quite clearly on the option put forward in the budget that there was no risk. The people in the Public Utilities Office —

Several members interjected.

The SPEAKER: Order, Leader of the Opposition!

Ms M.M. Quirk: You're getting a note from the Premier; just wait!

The SPEAKER: Member for Girrawheen, you are on three calls.

Dr M.D. NAHAN: The truth of the matter is that the Public Utilities Office advice conflicted with the State Solicitor's Office's advice, so I turned around and got further advice. The State Solicitor's Office confirmed that the advice it gave the government held. I cannot help it if the PUO gets it wrong; they are not lawyers. It was paraphrasing SSO advice related to a previous issue; it was not related to the question at hand, but I cannot help that. Therefore, why did we do this? Why did we take this difficult position? As the Premier indicated, yes, some people went into the scheme early and put a lot of money down; we have heard that many of them were pensioners. We adjusted the scheme and looked at the data so that everyone, we hoped, would get some money back. We also know that people who came into the system at the tail end made a great deal of money. The evidence is that people who put five-kilowatt solar panels on their holiday homes would make a lot of money; the data shows that one of them had already made \$20 000 in three years and was looking to make at least \$45 000 over the term of their contract. Is that equitable? Who is paying for this? Electricity users and taxpayers—in other words, schools, hospitals and others. We hear from members opposite about high electricity prices, but the major funder of this is electricity consumers, particularly those who are not wealthy enough to get on to the solar cells. Labor is indicating in this debate that it prefers higher prices.

Division

Question put and a division taken with the following result —

Extract from *Hansard*
[ASSEMBLY — Tuesday, 13 August 2013]
p3230a-3241a

Speaker; Mr Mark McGowan; Mr Bill Johnston; Mr Colin Barnett; Mr Troy Buswell; Mr Chris Tallentire; Mr Ben Wyatt; Dr Mike Nahan

Ayes (18)

Ms L.L. Baker
Dr A.D. Buti
Mr R.H. Cook
Ms J. Farrer
Ms J.M. Freeman

Mr W.J. Johnston
Mr D.J. Kelly
Mr F.M. Logan
Mr M. McGowan
Mr M.P. Murray

Mr J.R. Quigley
Ms M.M. Quirk
Ms R. Saffioti
Mr C.J. Tallentire
Mr P.C. Tinley

Mr P.B. Watson
Mr B.S. Wyatt
Mr D.A. Templeman (*Teller*)

Noes (35)

Mr P. Abetz
Mr F.A. Alban
Mr C.J. Barnett
Mr I.C. Blayney
Mr I.M. Britza
Mr T.R. Buswell
Mr G.M. Castrilli
Mr V.A. Catania
Mr M.J. Cowper

Ms M.J. Davies
Mr J.H.D. Day
Ms W.M. Duncan
Mrs G.J. Godfrey
Mr B.J. Grylls
Dr K.D. Hames
Mrs L.M. Harvey
Mr C.D. Hatton
Mr A.P. Jacob

Dr G.G. Jacobs
Mr R.F. Johnson
Mr S.K. L'Estrange
Mr R.S. Love
Mr W.R. Marmion
Mr J.E. McGrath
Mr P.T. Miles
Ms A.R. Mitchell
Mr N.W. Morton

Dr M.D. Nahan
Mr D.C. Nalder
Mr J. Norberger
Mr D.T. Redman
Mr A.J. Simpson
Mr M.H. Taylor
Mr T.K. Waldron
Mr A. Krsticevic (*Teller*)

Pairs

Ms S.F. McGurk
Mrs M.H. Roberts

Ms E. Evangel
Mr J.M. Francis

Question thus negatived.