

**APPROPRIATION (CONSOLIDATED ACCOUNT) RECURRENT 2009-10 BILL 2009**

*Third Reading*

Resumed from an earlier stage of the sitting.

**MR E.S. RIPPER (Belmont — Leader of the Opposition)** [2.59 pm]: Despite Labor's criticisms of this terrible and dishonest budget, the worst in living memory in the history of the state, Labor will not oppose the passage of the budget.

I want to make some observations about the role of the Treasurer.

**The ACTING SPEAKER:** Order! There are about four or five conversations going on in the chamber; if they can be held outside this place, I would prefer that that is where they be held. If it is absolutely necessary to hold them in this place, members will please keep the volume right down. Thank you, members.

**Mr E.S. RIPPER:** The role of the Treasurer is to find the money for the government's agenda. The Treasurer also has a role to keep the government's agenda affordable and consistent with the financial management targets. To be a good Treasurer, it is not a requirement that someone have business experience. It is not a requirement that someone be an economist. It is not a requirement that someone be an accountant. What is required is that the person be a good politician. It is not required that he be necessarily an excellent politician externally in the Parliament or in public. What is required is that that person be a good politician within the internal politics of the government. That person must have authority and clout and persuasiveness to shape the government's agenda so that it is affordable, so that it is consistent with the government's financial management targets and so that the money is found for the government's agenda. In undertaking those roles, the Treasurer has to have regard to his legislative responsibilities. His legislative responsibilities are outlined in the Government Financial Responsibility Act 2000. Section 3(1) of that act states —

The main purposes of this Act are —

...

(b) to facilitate public scrutiny of government financial policy and performance.

This budget does not meet that particular requirement of the Government Financial Responsibility Act. It has left out so much, is so dishonest, that it does not facilitate public scrutiny of the government's financial policy and performance.

Another requirement of that act is for budgets to be in accord with financial management principles. Section 6(a) of the act states —

funding for current services is to be provided by the current generation;

It is not in accordance with the Government Financial Responsibility Act to budget for deficits in the realm of half a billion dollars in any year of the forward estimates. It is not in accordance with the act for that to happen, because if there is a deficit on the operating account, the current generation will not provide the funding for current services as required by the Government Financial Responsibility Act. Section 6(b) states —

spending and taxing policies are to be formulated and applied so as to give rise to a reasonable degree of stability and predictability;

Once again, the budget fails to meet that requirement. So much has been left out of the budget, so many risks have been taken in the development of the budget, and so poor are the budget books as a reflection of what is actually occurring that we do not have "a reasonable degree of stability and predictability" about what will actually happen with the government's financial management.

Further on in part 2, the act requires Government Financial Strategy Statements. Section 11(2) states —

A Government Financial Strategy Statement is to —

(a) set out the Government's medium-term targets in relation to the financial element or elements relevant to each target;

Further on, section 11(3) provides that —

If the Government makes a significant change in its financial strategy, the Treasurer is to release a new Government Financial Strategy Statement, ...

It is clear from the analysis that has occurred in the estimates process that the government is really going to struggle to meet its financial management targets. If that is the case, the government has a legislative obligation to release a new Government Financial Strategy Statement dealing with the issue of new targets or new measures

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to facilitate reaching the old targets. The government's budget fails the test with those sections of the Government Financial Responsibility Act 2000 alone.

It is not the government's first failure. The government's first opportunity to meet the test of the Government Financial Responsibility Act was when its midyear review was released in December last year. It is natural for there to be, with a new government, new priorities, but those new priorities have to be incorporated into a significantly new financial framework if there is a wholesale change with a new government or an adoption of new priorities. What we had was a change in government, a wholesale change in priorities, a "bride price" for the National Party to enter the new government, and, in addition, a global financial crisis. It is pretty understandable why there would be significant changes in the midyear review; such significant changes that there was no chance of the financial management targets in the 2008-09 budget—which I brought down—being met.

In those circumstances, the government had a legal obligation to release a new set of financial management targets and a new financial strategy at the time of the midyear review in December last year. The government should have had a mini-budget at that time; instead, it came out with the midyear review document. It was an appalling document for what it showed about the state of the finances. It was a document that revealed that the budget horse had bolted in the early months of the new government. Early this calendar year we saw expense growth reach 13 per cent—the highest rate of expense growth on record. That established a huge expenditure base on which the government then had to plan for its budget and forward estimates. That was when the rot set in. That was when the government got itself into an unsustainable financial position, and this budget does not get the government out of that position. The budget is the government's second failure to meet the requirements of the Government Financial Responsibility Act.

There is so much left out of this budget. There is so much risk. It is not an honest account to the public of Western Australia of the true circumstances of the state's finances. The exchange rate assumption is rapidly going out the door backwards. The value of the Australian dollar has been sustained at a rate of about 10c ahead of the budget assumption almost since the budget close-off date. If the value of the Australian dollar remains at that level throughout the financial year, there will be a very significant impact and a very significant budget hole for the government to deal with. Exchange rate variations are something that can happen to any government; they are not under the control of the government. The key point that I make is that the government needs to have a prudent enough budget, a flexible enough financial management strategy, to manage that risk should it occur. This is not a budget with any room for manoeuvre. This is not a budget that allows the government to manage that exchange rate risk.

There are also issues with the timing of the budget. The budget date was chosen in a way that meant that the actual changes in iron ore prices could not be factored into the budget calculations; neither could federal decisions to support WA projects be factored in. That meant two things. That meant that the revenue from the federal government could not be factored into the budget and it also meant that the concomitant state obligations to put up state money were not factored into the budget. The government might try to argue that it is a victim of circumstances—it is a victim of the global financial crisis and it is a victim of timing issues beyond its control. Given the extreme challenges facing financial management, the government should have changed the budget date. There was no requirement for the government to sandwich the state budget between the federal budget and the daylight saving referendum. The only reason the budget was scheduled on that date was to minimise the political attention and scrutiny that would be focused on the budget. The government has a failed financial strategy and a failed political strategy. This budget has been subject to intense scrutiny by the opposition, and week after week since its delivery, we see more and more negative stories about this budget. The government's attempt at spin and political management with the timing of the budget and its attempt to avoid scrutiny has not worked.

The budget is a dishonest document. It is not the real plan. It cannot be the real plan because the parameters have substantially changed. It cannot be the real plan because the government's intentions are different from those in the budget. There are two universes in this government: the Treasurer's universe and the universe of all the other ministers in the government, in particular the Premier. The Premier is going out into the community and giving people his word that certain matters will be funded and addressed. Meanwhile, back in the Treasurer's universe no provision is made in the budget or in the forward estimates to deal with those matters.

Let me give a few examples. The Premier has made the Oakajee port development the centrepiece of his economic policy. Despite all the Premier's rhetoric and nation-building flourishes in this house, he has not put any money in the budget for the Oakajee port project. Despite all the Premier's grandstanding on the Northbridge Link project following the excellent work done by the former minister, my colleague the member for Armadale, he has not put a single dollar in the budget or the forward estimates for that. Despite all the

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Premier's self-righteous pomposity on nickel and lead exports through the Esperance port, he has not put any money in the budget for the upgrade of the nickel circuit at the Esperance port; and he has not put any money in the budget for the Midland hospital. These projects alone require \$855 million in additional state expenditure, which was not included in the budget.

There is an even more worrying concern. The previous government had done the deal with BHP Billiton and with Rio Tinto for the ending of concessional iron ore royalties on new projects and their product. That deal was done by my colleague the member for Willagee, the then Premier. He did that deal on behalf of the people of Western Australia to remedy a longstanding unfair rate of return to the people of Western Australia for the exploitation of the resources that the people of Western Australia own. It is appallingly irresponsible that the Premier has dropped that deal and has not followed through with BHP Billiton and Rio Tinto. He has left \$500 million sitting on the table and has not picked it up for the people of Western Australia. We see media statement after media statement, and grandstanding on BHP Billiton and Rio Tinto and the Premier fulminating and fuming, but it is not consistent with having let these companies off the hook.

According to Treasury figures, the Premier has left \$539 million on the table. That is a gross act of irresponsibility, which hopefully the people of Western Australia might see remedied out of the negotiations that will now occur with the proposed joint venture between BHP Billiton and Rio Tinto. However, Western Australia had \$500 million and still could have had those negotiations. Now we have to start those negotiations \$500 million behind where we would have been.

There are new spending proposals and new savings measures. Is the government going to deal with these one by one? Is the government coming forward with a plan? There is no flexibility in the budget to deal with the risks. The state's AAA credit rating is at risk because the government says one thing and does another. When the government states what it is planning to do, its messages are unclear and mixed, and its processes are obviously poor. As a former Treasurer, I can tell members that the ratings agencies do not look only at the budget figures; they also look at whether the government does what it says it is going to do. They also look at how clear the messages of the government are and they also look at the rigour and order of the processes in government. When they look at these things, they will not see the result needed for the retention of the AAA credit rating. We need a mini-budget! This government should go away during the winter break, do the work it should have done, and come back to this place on the first day of sitting in August with a new budget, one that at last—at the third attempt—will meet the requirements of the Government Financial Responsibility Act 2000.

**MR W.J. JOHNSTON (Cannington)** [3.15 pm]: I begin my comments by quoting from a press release issued today by the Attorney General, in which he explains that the government has reached a native title agreement covering over 31 843 square kilometres of the Pilbara. The Attorney General made a gratuitous comment in his media release stating —

After 10 years, and in the absence of a resolution under the former Labor government, Attorney General Christian Porter will announce the agreement at Eighty Mile Beach today.

I would just like to congratulate the government on following up on the Labor Party's previous negotiation of that agreement, but I also note that if the Liberal Party had had its way, there would not be any native title in Western Australia. This Parliament passed an act under the Court government abolishing native title in Western Australia. It was only because of the High Court decision of 7-0 against that resolution —

**The ACTING SPEAKER (Mrs L.M. Harvey)**: The member for Cannington needs to confine his comments to the budget, please.

**Mr W.J. JOHNSTON**: Yes, I understand that, and the budget includes matters related to native title. It is a matter that has been extensively covered in discussions on the detail of the budget. I make the point very quickly—I have almost finished this topic—that this is an issue that has arisen only because the Liberal Party's position was rejected 7-0 by the High Court.

It is also interesting that information provided subsequent to the estimates committee process states that there are 68 files at the Cannington branch of the Department for Child Protection referred to as "unallocated" or "monitored" cases. That means that the department has had 68 files referred to it about children on which it is taking no action. That is clearly unacceptable. We have found that out only now, at the end of the process, rather than at the start, so we have not been able to get any proper information about what the government is going to do to resolve the terrible situation of 68 children being potentially at risk in the Cannington region. That matter has arisen as a result of the estimates process, and it directly affects the community that I represent. It is not good enough that that should be the situation.

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I turn now to the issue of education assistants. If members read budget paper No 2, they will see that the government is claiming a significant saving for the Department of Education and Training. During the estimates hearings, we were told that that relates to a reduction of 450 education assistants. I mentioned this morning that the government does not know whether it will save any money; it just has an intention to do it. That is, again, a clear weakness, and another black hole in the budget.

During the estimates process the member for Midland asked the Minister for Education to provide a list of the schools that have superfluous education assistants. By way of a supplementary answer, the government stated that 267 schools have education assistants at least one full-time equivalent above their formula-derived establishment; in other words, 267 schools will have education assistants taken away from them. I also asked whether any of the principals of those schools had said they did not need these assistants, and not one has said that they did not. I point out that, just in my own electorate, at best, one extra full-time equivalent will be removed from the Bannister Creek Primary School and one from Cannington Community College. Parkwood Primary School, which falls in the electorate of Riverton but services the Integrated Services Centre and the Intensive English Centre, which services people who live in the Cannington district, will lose at least one assistant, as will the Queens Park Primary School, which has a very high level of migrant and Indigenous children. We can see that this budget is taking away from the district of Cannington and is clearly not something that we should support.

A list of tax revenues is set out in the budget papers. Expected tax revenues are listed on page 58 of budget paper No 3. It lists stamp duties and duties on transfers. There has been a lot of media comment lately about stamp duty and the Premier's position on the transaction between Rio Tinto and BHP Billiton. *The West Australian* of Thursday, 11 June carries the headline "Barnett warns iron ore giants of court action". With respect, I suggest to the Premier that he should not warn anyone; he should take some action. The question of how much tax is paid by an individual taxpayer is not, quite frankly, the Premier's business. There is an independent process for assessing tax obligations. Of course, that is the case. Imagine if we were to allow politicians to decide how much tax businesses or individuals should pay. Imagine if we sat down and said, "You can pay this much, but you can pay less".

With respect to the Rio-BHP transaction, the Premier has only one job to do; that is, negotiate the rate of royalties. He cannot wimp out and take no action. He cannot walk away from the \$500 million that was being discussed with the former Treasurer, now Leader of the Opposition. However, he should not be pretending that somehow his chest thumping will deliver one dollar for this state. Either that transaction will result in a debt to the state and an issue of an invoice by the Commissioner of State Revenue or it will not. Either decision will have absolutely nothing to do with the Premier. In fact, when the Premier says he will meet Marius Kloppers of BHP Billiton next week, what will they talk about? If they are going to sit down and talk about how much stamp duty is to be paid on this transaction, that is a matter for the Corruption and Crime Commission. That would be an outrage. The idea that the Premier thinks he can sit down and negotiate how much tax is owed by an individual taxpayer is outrageous. He should not even pretend it is somehow to do with him. Under the headline "Rio-BHP dispute could end up in High Court: Barnett" the ABC news website of 10 June states —

Mr Barnett is standing by his comments that the Government would be owed more than \$1 billion in stamp duty if BHP and Rio Tinto successfully merge their Pilbara iron ore assets.

Mr Barnett says the Government is considering its legal position.

With respect, there is an independent office to deal with these matters. The reason we have an independent office is so that politicians cannot get behind closed doors and determine how much tax is due. If we allow that to happen, we will be opening the door to corruption. I took a transcript of an interview on radio 720 on 8 June from the Premier's website. He ranted about his impotence in this matter, and Geoff Hutchison asks —

Okay. So if you do get that seat at the table as everyone ...

COLIN BARNETT

I've got the seat at the table, Geoff.

With respect, if the Premier has a seat at the table, why is he banging on about it? He should get the Commissioner of State Revenue to issue an invoice. If taxes are owed, they should be paid. The Premier should not waste everyone's time pretending that somehow or other he has some involvement with the captains of industry in London and Melbourne. He does not. He is the Premier of this state and he should act on behalf of the people of this state. He should not pretend that he has powers over individual taxation transactions that he does not have. It might make the Premier feel better, but it does not do anything for this state.

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I will not talk for much longer, but I will mention the fact that there is a \$970 million underestimation of goods and services tax revenue in the budget papers. That is a good thing for the state. If we are \$970 million better off, which is what the commonwealth is saying, that will be good.

I will finish on the topic of the broken promise of tax cuts. The Liberal Party has reneged on its promise to cut taxes by \$250 million. It has abandoned that promise: \$150 million has been reversed out of these budget papers and the government makes it clear that it is no longer going to adhere to that commitment. If the government comes back to the house next year or the year after, the only way it will be able to adhere to that commitment—the current broken promise—is to borrow money. The government will have to borrow money to make tax cuts because at the moment it has a very substantial out-year deficit, so the only way the government can afford those tax cuts is to borrow money.

**MR A.J. CARPENTER (Willagee)** [3.25 pm]: I enter this debate through a fairly narrow window, which is a small line item in budget paper No 2 that is 19 lines from the bottom of page 356. That line item is \$300 000 for schools in Cottesloe. I have never seen, and members will not see, a line item like that anywhere else in the budget. I have never seen it in any budget paper before. It is a pure corruption of the budget process. It is budget by whiteboard. It is absolutely astounding to me that the Premier and the Minister for Education should have the audacity, firstly, to not only do it, but, secondly, to actually write it in the budget papers. It is not Cottesloe Primary School or a particular school in Cottesloe; it is generically, as the minister said in the estimates hearing, schools in the electorate of Cottesloe. It would never have occurred, I believe, to any other Premier that we have had in Western Australia to be so audacious as to simply say, “Put aside \$300 000 for schools in my electorate.” What about the electorate of Rockingham? What about the electorate of Hillarys?

**Mr J.R. Quigley:** Mindarie!

**Mr A.J. CARPENTER:** Mindarie! Not one other entry in the budget papers is like that. It is astounding; it is a corruption of the budget process. It should never have happened and no-one can tell me that that sort of recommendation came from the people in the education department who oversee the maintenance of buildings or the construction of new ones. It was a political decision taken by the Premier and endorsed by his friend the Independent Liberal education minister. The Premier of Western Australia today has no idea of propriety. The Premier has no idea of conflict of interest; he betrayed that with his response in question time to the questions about Chris Ellison. Yes, Chris Ellison does have a great record as a senator. Yes, he is a good person but that does not matter; what matters is whether there is a conflict of interest and whether the Premier recognises that conflict of interest. It is not good enough for the Premier to say that Chris Ellison is a friend of his; therefore, he can do what the Premier says he can do. That is not good enough; it betrays a complete absence of understanding of the requirements of his role. That one little line item 19 lines from the bottom of page 356 in budget paper No 2 should be enough to hang him. It almost went without comment. The Minister for Education shrugged her shoulders and said, “So what?” The Premier today says, “So what?” So what!

**Mr C.J. Barnett:** It was an election commitment.

**Mr A.J. CARPENTER:** So what? Imagine if any other Premier had done it. Imagine if the member for Jandakot had a line item in the budget for \$300 000 for schools in Jandakot? Who will decide how it will be spent? It is budget by whiteboard! This is not some Mickey Mouse document—I said this last night. This is not some Mickey Mouse document that the government plays with in Liberal Party groups. This is the budget for the state of Western Australia; it is not the government’s personal little pile of money.

I wanted to enter the debate through that little narrow window into the budget process and now that we are inside the budget process, let us have a look around at what we see. We see a complete shambles. This is being exposed, as little bits of the edifice are being knocked open and people can look inside at what is actually going on in the budget. It is a shambles without any concept whatsoever of propriety and accountability. Let us take the very good person that he is, the Leader of the National Party, and his response today in question time to a question about the money that is being allocated to local governments through the royalties for regions policy. It is not good enough to refuse to provide the Parliament of Western Australia with the documentation to substantiate the process by which that money is being allocated. It is not a National Party slush fund. It was never conceived, and should never have been conceived, as a National Party slush fund that is not the business of anybody else. That is how it is being handled; as if it were a National Party slush fund and nobody else’s business. Yes, the National Party had a policy of royalties for regions. Yes, the National Party promoted it widely. No, it should never have been conceived as a National Party slush fund with no sense of propriety and accountability to go with it. That was certainly never part of the discussion that went on between the Leader of the National Party and me after the election. The Leader of the National Party will be in massive trouble—I fear he is already in trouble—because he does not understand the process that should attend the formulation of the budget and the expenditure of public money. It is not his money; it is not National Party money; it is not

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wheatbelt money; it is the money of the state of Western Australia, which should be above all else handled with propriety. When it is not, the relative minister—Premier, Treasurer or whoever it should be—needs to be called to account.

Just by way of diversion, I do not know how many hundreds of millions of dollars we spent in the regions. The National Party leader said it to me himself. He said that we spent huge amounts of money in the regions but that the National Party countered it with royalties for regions, because it was a little catchphrase that hung in people's minds. It is true that it did and that it worked, but, my God, we spent the money on schools, police stations and hospitals. What have we got here? On a daily basis we seem to get a list and catalogue of ablution blocks, as if there is some scatological fascination in rural Western Australia and everyone wants an ablution block on their street corner. It is ridiculous.

**Mr J.M. Francis:** How about we name one after you?

**Mr A.J. CARPENTER:** Go ahead, I do not mind. There are probably hundreds of them. The money is being frittered away on stupid little projects as if it were the domain of the National Party alone. It is not, and it is not the way to manage the budget of Western Australia. Anybody who is familiar with the history of the thinking of the people who are involved in this can understand how this has happened. From the day he walked into the Parliament, the Premier has shown no respect for the budget process. That is reflected in not only his approach as the budget is formulated, written and presented to the public, but also his response to questions about the budget thereafter. It is a shocking budget. It is a shame that after eight years of what I think was pretty rigorous budgeting—so much so that we were criticised because we were so tight-fisted, apparently—we now have a government that does not seem to care about the way it handles the state's finances. It is a terrible budget, and the government needs to be held to account for that.

**MR J.R. QUIGLEY (Mindarie)** [3.34 pm]: I take this opportunity to speak, especially as the Premier is in the chamber, because I have a couple of areas of concern. There is nothing I can do about it now, but unless I take this opportunity to highlight them, I do not think that anything will happen in this term of government. The electoral district of Mindarie is one of the fastest, if not the fastest, growing residential areas in Western Australia. I know that the Premier recently had a bird's eye view of the area when touring in a helicopter over the area. I am very grateful that one of the corporations took him over the area so that he could see from the air how quickly the area is being laid out. It is an electoral district that stretches from Mindarie all the way to Two Rocks. The Premier would have observed the number of blocks coming on stream. This is all happening around and engulfing two old districts. One is Quinns Rocks, which was a holiday village in our youth, and the other is the more distant holiday area of Yanchep-Two Rocks. The old Quinns Rocks Primary School is now nearly 30 years old and in a very sad state of repair, and there is no money in the budget for its upgrade. I agree that the present government has not been elected to fulfil Labor's election promises, but a promise was made by Labor to repair and upgrade some of the dilapidated classrooms, in which the floors are not even level. The Premier chimed in and said that there are so many flash new schools out that way, and that is true. One of the best schools, Mindarie Senior College, was built in the time of the previous government. However, lost in the middle of all this huge residential explosion is the old Quinns Rocks Primary School.

**Mr C.J. Barnett:** I visited that school in the late 1990s and I agree that it is very run down.

**Mr J.R. QUIGLEY:** It is very run down. Also, with the explosion of residential areas to the north, and the infill sewerage program, the only way that the sewerage works to these new residential areas have been able to cope is by isolating Quinns Rocks and leaving it on septic tanks. That one area on the coast is an isolated pocket of old septic tanks, and that includes the old school. When the septic tanks fill up at the school, we have had to bring in transportable toilets for the children. Vandals have pushed over the transportable toilets. I went there one day and found the schoolyard awash with effluent. This is in the Perth metropolitan area in the twenty-first century. It was sad and distressing to see. It is a well-revered school because of the teaching staff and the community, and it needs attention.

The other school that has been overrun by the population explosion is Yanchep District High School, which caters for years 1 to 10. It is in as bad shape as the Quinns Rocks Primary School, and it needs urgent attention. As the Premier flew over the area, he would have seen the terraced blocks all around Yanchep ready to go onto the market. As the Premier said to me the other day, where else in the world could someone buy a block of land like that so close to the ocean with such good living for \$195 000? It is fantastic value and has fantastic amenity. Marmion Avenue has just opened. Unless we do something about that school now, a whole generation of children moving into the area will miss out on a decent education. That is a further plea that I make to the Premier.

I will not take long with this speech. I am speaking out because I know that the Premier is in the chamber, and I want to make these earnest pleas. My final plea while I am on my feet is about cleaning up the infill sewerage

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program in Quinns Rocks. That small pocket has been left behind as residential areas have exploded to the north and south, and is in dire need of the infill sewerage program. We should never overlook the good things that have happened. I appreciate that the Minister for Training, Hon Peter Collier, and the government have recommitted to Labor's promise to deliver a trade training facility at Clarkson Community High School. With all that population explosion, we must have post-secondary education opportunities for the children in the area, and that is one area on which I congratulate the government.

**Mr C.J. Barnett:** You are happy about the railway, aren't you? What else can we do?

**Mr J.R. QUIGLEY:** I am happy about the railway line, but I make this plea to the Premier on behalf of the children in those two schools, and ask that they not be allowed to slip off the radar.

**MR C.J. TALLENTIRE (Gosnells)** [3.39 pm]: I want to take a moment to highlight the fact that this budget is an anti-environment budget. I have already mentioned the fact that it will make the Department of Environment and Conservation reliant upon waste going to landfill for \$39 million a year. It is an absolute disgrace. I have also highlighted the fact that this budget fails to provide new staff to police the illegal dumping of refuse that is likely to occur. The budget has not allowed for new environmental assessment staff. We knew that we needed 131 staff, but this budget will lock the number at 115 staff. It also fails to provide for environmental enforcement. There are 790 approved projects on the books and only 10 officers to deal with them. There has also been a \$500 000 cut to the budget for tackling climate change, which is terrible, especially at a time when we should be making sure that we have money available to represent the state's interests when defining the carbon pollution reduction scheme.

There has also been a \$3.7 million cut in the budget to nature conservation. This comes with the tabling yesterday of a report by the Auditor General titled "Rich and Rare: Conservation of Threatened Species", which highlighted the fact that nature conservation in this state is heading for disaster. We are losing species and an ever-increasing number of species are being added to the threatened species list. The Auditor General said that some 601 species are listed as threatened with extinction, and the number is increasing.

There have also been cuts to the research budget of the Department of Environment and Conservation. This comes at a time when the Premier wants to push ahead with mine approvals in the mid-west region. The previous Labor government had a very good strategy in place following the "Strategic Review of the Conservation and Resource Values of the Banded Iron Formation of the Yilgarn Craton". This review managed to do the very hard but necessary work of making sure that resource material was identified and made available to industry while protecting the biodiversity assets of the region. The review found that narrow and challenging but necessary path of protecting the environment while maintaining access to resources for economic development. That is what the previous government managed to do. This government is not providing any money to conduct that level of ongoing research; instead it wants to live in blissful ignorance and allow developments to go ahead when ecological studies have not yet been properly conducted and we do not even know what species are in the area, so we do not know what we will lose. That is the state of blissful ignorance of nature conservation that this government wishes to continue in this state. This budget fails to protect the environment and it is a failure on many other fronts also.

**MR T.R. BUSWELL (Vasse — Treasurer)** [3.43 pm] — in reply: I will make a couple of very quick comments in closing. I once made the comment in this house that a dangerous place to be is between the former member for Peel and a buffet. I have also learnt that another dangerous place to be is between the Leader of the House and the knock-off bell! I will keep my remarks brief.

It is some time since the budget was brought down; we seem to have been debating it for an extended period, and I managed to pick up the flu for almost the entire period. I noticed that the opposition today called for a mini-budget to be handed down at the very first opportunity when Parliament resumes after the winter recess. I hate to disappoint the shadow Treasurer; I know he has a mini-budget fixation, but the government will not be handing down a mini-budget in August. Yes, there is work to do dealing with the volatilities that impact on the state's finances, and the outcome of that work will be detailed as required in the midyear review when it is handed down in December. Interestingly, the government's midyear review will not be handed down on Boxing Day or the day after Boxing Day, as was historically the case under the previous government.

I will very quickly touch on a couple of points in closing this year's budget debate. Firstly, there has been a lot of talk about black holes in the budget. I will touch on a couple of the suggestions that have been made. I have articulated to the house on many occasions why the government did not include the money for the Oakajee and Northbridge Link projects. I accept that the opposition has an alternative point of view on those matters. I will not discuss those two projects, suffice to say that the commonwealth government has made a \$339 million commitment to Oakajee and a \$236 million contribution to the Northbridge Link project, which could cost

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\$467 million. The issues involving Northbridge Link will become clearer as the project is fully scoped, and the net cost will become clearer as the capacity for land sales above the train station when it is sunk becomes more lucid.

A range of interesting points were made about the Midland health campus. The opposition claims that \$180 million is missing for the development of the Midland health campus. The fact is that the campus is costed at \$180 million. There is an allocation of \$40 million over the forward estimates.

**Ms R. Saffioti:** Are you sure?

**Mr T.R. BUSWELL:** It is in the budget document. I have checked it about four times. The campus is costed at \$180 million. The cash flow is \$40 million spent over the next four years —

**Ms R. Saffioti:** That is the budget allocation, but that is not what the Minister for Health said.

**Mr T.R. BUSWELL:** I am telling the member what is in the budget. I have not finished yet. That money is there. We have allocated \$180 million over six years for the Midland health campus and the commonwealth will also provide \$180 million over six years. That is \$360 million over six years for a project that is costed at \$180 million in our budget. I do not consider that to be a black hole; it is a potential windfall gain, yet opposition members have claimed that there is no money for the Midland health campus. It is all there.

Another issue raised is the fines adjustment in the royalties' rates. The member for Cannington talked about a \$500 million depletion. That is what people have been saying. Treasury's most recent costings on the impact of the fines adjustment across the forward estimates is around \$197 million. It is not \$500 million anymore because the price of iron ore has changed, among other factors. The \$500 million was included last year in the *Pre-election Financial Projections Statement*. Notwithstanding that, I have heard the Premier say that he will negotiate with the companies to deliver at least that amount to the state. Having had conversations with him, I believe that he is resolved to do that. The member for Cannington rightly pointed out that the Premier has a role to play in discussions about royalties when he talks with the heads of BHP Billiton Ltd and Rio Tinto. The member said that that was the only thing the Premier should be doing. Of course, he should also discuss the access to railway line arrangements and the social partnerships that can be renegotiated with those companies, as well as how those companies will deal with the state's concerns about what could almost be called the "monopoly control" of a large proportion of the state's iron ore reserves. There is a massive agenda for the government.

**Mr M. McGowan:** I agree with you that there is a massive agenda, and we have raised some of those issues. However, you just said that the revenue in the projections is estimated to be \$197 million for the fines adjustment, but hasn't \$530 million already been budgeted for?

**Mr T.R. BUSWELL:** The member is right. The figure in last year's *Pre-election Financial Projections Statement* was about \$500 million. However, Treasury's latest estimate of the value of the impact of that fines adjustment is \$197 million.

**Mr M. McGowan:** Does that not mean there is now a \$339 million hole in the budget?

**Mr T.R. BUSWELL:** The estimate was \$500 million but it is now estimated to be \$197 million.

**Mr M. McGowan:** That's what I am telling you.

**Mr T.R. BUSWELL:** That is in the budget.

**Mr M. McGowan:** Are you saying that the budget has the estimate of \$197 million and not \$539 million?

**Mr T.R. BUSWELL:** That is right. We had to deal with that loss, just as we had to deal with the decline in other revenue streams. The point has been made that there is a lot of variation in some of the assumptions that underline the budget, especially for the exchange rate and iron ore prices. I accept that. They are factors that the government must deal with in this environment. I made the point to the member for Victoria Park yesterday that I am happy to sit with him and see whether we can come up with a less volatile way to present the exchange rates in the budget. That might not be something that people who observe states finances are prepared to respond to. We will need to do a lot of work, depending on where the exchange rate moves, to manage that within the broader financial parameters. That is all right. We are working on that now. There is a lot of volatility in and around exchange rates.

I also want to touch on tax cuts. I have to say to the member for Cannington that our tax cuts, around payroll tax in particular, have been well received. Wherever I have gone, small businesses have told me that they find those tax cuts incredibly beneficial.

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**Mr W.J. Johnston** interjected.

**Mr T.R. BUSWELL:** I have a commitment to the Leader of the House, and as much as I would like to be the member for Cannington's friend in this house, I am not going to be.

I want to touch on one final matter, and that is financial targets. The Leader of the Opposition said that we are not going to meet our financial targets. I have looked at some of the former government's financial targets. The former government had five principal financial targets, and consistently at least two, and in many cases more, of those targets were not met. Sometimes, financial targets are hard to achieve. Financial targets for taxation competitiveness and real per capita own-purpose expenses were major challenges for the former government. That is why we set targets. We have to stretch ourselves to achieve those targets.

I do not have much else to say. I was of course, as I always am, very interested to hear the comments of the former Premier. The former Premier likes to come into this place and parade his credentials. We went through that process yesterday with his Napoleonic comparisons. I do not need to go back over old ground. I like to move on. The former Premier continually derides toilet blocks. That is despite the fact that he alone was responsible for a significant increase in the use of toilet blocks by a number of people I know, such was the impact that he had on them and those around him. I have to say that in some way that encapsulates his problem. I say that because when toilet blocks and other small projects are being constructed in small country towns, people are employed to do that work. Therefore, in attacking projects because they are small, he is ignorant of the fact that those small projects help to keep people employed. He is also ignorant of the fact that that inevitably has a social and economic dividend. That is particularly the case in small communities.

**Mr J.E. McGrath:** We need those small toilet blocks.

**Mr T.R. BUSWELL:** That is right—especially when the former Premier is around. The former Premier can continue to attack ablution blocks and small projects, but they actually employ people. I find it quite ironic that we are being lectured on financial responsibility from a person who, when he was Premier, allowed nearly everyone in his office to sign onto a term-of-government agreement.

**Mr W.J. Johnston** interjected.

**Mr T.R. BUSWELL:** I do not know the details, but I reckon that if the member looked at which ministers had staff on TOGs —

**Mr M. McGowan:** What about the member for Nedlands?

**Mr T.R. BUSWELL:** I will tell the member —

**Mr W.J. Johnston:** You cannot do anything without making a personal attack!

**Mr T.R. BUSWELL:** I am not talking about anyone.

**Mr M. McGowan:** Turn around to your left and ask the member for Nedlands what he got!

**Mr T.R. BUSWELL:** The member has not let me finish. I reckon that if we looked at all the former government ministers, there would only be one who did not allow anyone to go onto a TOG, and that was the former Treasurer—and good on him, I say. I do not know. Perhaps that list is around. I know about that because a number of the staff who worked in the former Treasurer's office are now in my office, and I have asked them. I am intrigued to know how these things can happen. I suspect that if we looked, we would find that there were dozens and dozens of them.

**Mr M. McGowan** interjected.

**Mr T.R. BUSWELL:** I am not talking about individuals. I am talking about a person who lectures us on financial responsibility —

**Mr M. McGowan:** You love to attack women!

**Mr T.R. BUSWELL:** I am attacking the member for Willagee, which I like to do—and he likes it!

**Ms R. Saffioti:** How much did you get, member for Nedlands?

**Mr W.R. Marmion:** A lot less than you!

**Mr M. McGowan:** How much?

**Mr T.R. BUSWELL:** I did not mention anyone. However, if members opposite want to start going down that path, we will. I reckon there is a great, big, long list. I reckon that if I looked down that great, big, long list, it would be full of people who are failed former Labor candidates and failed former unionists. I reckon there would be heaps of them! The former Premier's office was full to the roof with those people! I am not going to go

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through the names, but I might do that if the Premier will let me. He said today that he might let me do that. Maybe I will do that one day. However, I do not want to do that today. I am on a promise to the Leader of the House, so I will not do that. But let me just say that it is ironic in the extreme that we are lectured by the former Premier on fiscal responsibility.

I want to conclude the Legislative Assembly's dealing with the budget bills this year by thanking every member of the house for the contributions that they have made. I said the other week that of course we will have points of difference. Members on both sides are disappointed about projects that will not happen in their electorates. I said in the budget speech a few weeks ago that this budget is a budget for today. It is a budget that protects the jobs of Western Australians, and we showed that today. I am very happy with the way that it is playing out. The investment next year will, by Treasury estimates, protect at least 20 000 additional Western Australian jobs. That is a fantastic outcome.

This is a budget that will see us invest in essential economic infrastructure that this state will need to grow into the twenty-first century. It is a budget that provides better services to families and it is a budget that protects the underlying strengths of the state's finances. I look forward to its passage through the upper house. I have enjoyed the debates that I have sat in around the passage of the budget this year.

Question put and passed.

Bill read a third time and transmitted to the Council.