

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

Second Reading — Cognate Debate

Resumed from 19 May.

MR A.J. WADDELL (Forrestfield) [12.17 pm]: Today, I am told, I have one of those rare opportunities to freely address the house on a wide range of topics. The context of this debate is the budget brought down by the government last week, and I will dwell on that topic for a while, before I get to the telephone book and read out the names of everyone in my electorate.

I remind the house once again that my seat is located to the east of Perth. We often feel that we are almost a regional electorate, because we are left out of so many metropolitan initiatives. However, we are not a regional electorate. We are not eligible for royalties for regions, and I am sure that brings much relief to the Minister for Regional Development. At the same time, my electorate has not enjoyed many of the benefits of Perth's expanding rail network, we have no hospitals, and the Midland health campus has just been delayed again, and will only proceed thanks to the urgent intervention of the Rudd federal Labor government. However, there are some things in this budget for my electorate. We will see the expansion of the sports stadium at the Darling Range Sports College, which is very popular within the electorate. This is a result of the commitment of \$4 million that both parties made in the last election campaign. We will also be getting a new primary school at Wattle Grove, another mirrored promise from the last state election.

The member for Cannington addressed the disaster that is the planning for the Tonkin Highway, which is something that seriously needs to be addressed. There is significant growth in this area, and transport will be a significant issue for some time to come. It is not uncommon to face a traffic jam in the middle of the day in this area. In fact, on Monday I was stuck for about 30 minutes in a traffic jam, for no specific reason. It was just that an incredible number of cars were travelling in and out of the new areas where warehouses are being built. In the last state election campaign, the member for Armadale visited the seat of Forrestfield in her capacity as Minister for Planning and Infrastructure. We discussed the growth in the area and the development that was already underway. She showed me maps of the planned expansion out that way, particularly indicating how many businesses would grow within that region. We had a fairly lengthy discussion about the needs of the area as it grew, and we came to the conclusion that transport was one of the key issues facing the electorate. We particularly came to the conclusion that there was a lot of merit in the proposal to extend further along to the Maida Vale area the light rail line that was proposed to run to the airport, so that it could service the growing industrial area and the suburbs of High Wycombe, Maida Vale and Forrestfield. It is inevitable that a train line will run out there one day; it is a question of when it will happen. It is a tragedy that, given the state of the budget as it was presented last week, delays have been announced for the construction of the Ellenbrook rail line. It is unlikely that any vision for an additional rail line to my electorate will be realised for decades to come. Yet again I remind members that the eastern suburbs have once again missed out on vital infrastructure. I cannot stress enough to members the importance of resolving the problems in this area. We need more than just a bandaïd approach. This will haunt us for years to come, and there is a lot of business growth in that area. There is an awful lot of warehousing happening in that area. That road is experiencing bottlenecks, and we need to address that.

The main thing given to the people of Forrestfield in this budget was increased charges. It beggars belief that, at a time when the federal government is working flat-out to maintain and stimulate the economy, the state Liberal-National government has slammed average families with charges that many will be unable to meet, all in the pursuit of a budget surplus. There are many times when a budget surplus is an admirable goal, but the current economic climate calls for stimulus and intervention in a fragile economy. This is not the time to slug working families with additional fees and charges. The increases announced in the budget do not reveal the true extent of the death by a thousand fees that is being foisted upon our community. In fact, a greater cancer has grown within the government; it is so-called cost recovery. A policy is being pursued by most government departments to increase fees and charges to a level of so-called cost recovery for the actual cost of the service being provided. I will not enter into a debate about the merits of this policy; however, I call into question the way in which these cost recoveries are determined.

I am a member of the Joint Standing Committee on Delegated Legislation. I see regulation after regulation put forward by government departments to increase fees. They seek to justify these fees on the basis that they are cost recoveries. They then justify the size of the increase by indicating that the consumer price index has increased by such a percentage, and therefore the fees need to increase by the same amount. I am not an expert on the way in which the CPI is calculated, but it is based on the cost movements of goods and services—things such as food, alcohol and tobacco, clothing, footwear, housing, household furnishings, supply services, health,

Extract from Hansard

[ASSEMBLY - Wednesday, 20 May 2009]

p4285a-4301a

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

transportation, communication, recreation, education and other miscellaneous things. If one goes through that list, one has to ask oneself what the heck any of that has to do with government departments. Those items have nothing to do with government departments. It is difficult to see how these things relate to the activities of government departments. I appreciate that those things flow on from wage increases, and that the wage component is a large part of the government budget. However, that is a known quantity; we know by how much wages will increase in any given period; we do not need to rely on the CPI for that. How can we use the cost of alcohol and tobacco as a justification for putting up the price of a driver's licence? That is nonsense. Frankly, I think it is lazy, and it amounts to outright theft. An unjustified price increase that extends beyond the scope of true cost recovery is an illegal tax. The problem is that people are powerless to do anything about this. The only protection that they have is the Parliament and the delegated legislation committee. The committee works very hard to review a lot of these fees and charges on a nonpartisan basis, and it really tries to keep the system as honest as it possibly can, but it has limited resources, and it is constantly playing a balancing act of getting through the work that it needs to get through within a tight timetable, letting government agencies get on with what they need to do, and protecting the interests of the community. It has severe time and resource constraints.

I said that it was an easy justification for a fee rise to take last year's costs, and the CPI and—voila!—we have our fee rise. We are then that much closer to meeting our efficiency gains and that much further away from having to make a hard decision. When I worked for a government department, I was responsible for the preparation of the following year's budget and estimates for forward expenditure. I sat down and looked at our strategic plan; I worked out when expenditures would be taken, when they would be required, what additional new projects needed to be accommodated and how my replacement schedule for assets could be implemented. I stress that it was at this point that I came a bit of a cropper. When I sat down to work out when we would need to replace equipment, I found—surprise, surprise—that it varied all over the place. Different things wear out at different rates and different times. It would be unreasonable to expect to spend the same amount every year on asset replacements. I sat down, worked it out and came up with a somewhat—to use the phrase used by Treasury recently—lumpy schedule for expenditure. One might ask what the problem is with that. When these forward estimates were submitted to the Treasury, the Treasury had a problem. The estimates that I had submitted varied from those of my predecessor. My predecessor had simply said, "We need \$100 000 every year", boom-boom-boom. It fell within the CPI parameters and got through; no-one asked any difficult questions. The Department of Treasury and Finance was not at all interested in what I thought my expenditure would actually be; it was concerned with consistency. It did not want to have to explain—I presume it did not want to have to explain to Parliament—why the figures had suddenly changed. It certainly did not want me to insert different figures over successive years, because bodies such as the delegated legislation committee would ask difficult questions if it saw strange numbers all over the place. Instead of submitting varying figures, I was asked to average out the figures and put in \$125 000 each year. The system was not concerned with painting the correct picture; it was looking for the shortcut and the easy way to get the budget through. Basically, it was trying to avoid scrutiny by this place.

If one looks at the papers brought down by the Treasurer last week and compares them with the papers that were delivered last year by the former Treasurer, one will see that that circumstance still very much exists. The agencies are submitting the same amount of money every year. It runs completely against any commonsense that agencies could be spending exactly the same amount every year. I expect that, to some extent, it washes through the system eventually; we win in some years and lose in other years, but I think it reveals a bigger problem and begs the question: what exactly is our role in this system? How have we created a system in which the bureaucracy actively seeks to smooth things out to avoid difficult questions from the Parliament? I understand that the government has an extremely difficult job to do and sees Parliament as a process to be managed for the ongoing successful running of government. I also understand that the opposition's job is to hold the government to account. That is all good and proper, but we are all—both the government and the opposition—relying on information provided to us by the very departments we seek to oversee and check on. They control the information and we have limited resources to check facts. We hardly ever get to question the underlying assumptions. In fact, I am quite looking forward to the estimates process—a process I have not been through before—to get an opportunity to drill down a little further into these figures. When I was going through the budget, every time I got interested in a topic I hit the brick wall of an overview and could never get to the nitty-gritty of how the money was actually being spent.

I wonder why we are speaking on the budget this week, before we have actually been through that process. It seems a little odd to me that we all get up and make a speech about the budget before we have had an opportunity to go through the budget and drill down into it, because those details that we need to properly scrutinise the budget are simply not there in the papers. I cannot see how our government departments are spending the taxpayers' money to a level at which I can satisfy myself that it is being done efficiently and

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

properly. In fact, this is entirely an exercise in trust. I trust that everything is right, that the chief executive officers of the various departments are doing the right thing and that everything that needs to be spent is being spent in the right place and nowhere else. Unfortunately, I am of a sceptical mind and I doubt that that is the case.

Last night during a break, I was in the members' bar and I witnessed a conversation. Hon Kate Doust asked the Minister for Health how she might go about getting a constituent a wheelchair. His reply to her was to go and buy one herself. He explained how some sport paraphernalia that had been donated to him was sold and the proceeds used to purchase a wheelchair for one of his constituents. I was shocked and surprised. I was not shocked because it turned out that the Minister for Health is a nice guy; I was shocked that we are given the job of running this state, and yet that is how we get the person who runs one of the most important elements of our state, which is the health system, to spend his time—that is, raffling off a football guernsey so that he can get a wheelchair for one of his constituents. I give full credit to him for doing that and for helping a constituent. I am sure that that story is replicated in this place over and over again as many of us go to extreme lengths to try to help one of our constituents to get around the system that we are faced with. In fact, I said to myself, "Gee, he's the Minister for Health. Surely he can just lean on someone to get a wheelchair for a constituent." But then I asked myself, "What would I do if he did that?" I would be screaming. I would be saying, "How dare you use your influence to give your constituents something that my constituents can't have." I would be writing press releases; I would be complaining; I would be having rallies; I would be referring the matter to the Corruption and Crime Commission. I would be behaving like an idiot, because I would be saying that it was not fair that my constituents did not have the same advantage, and I would be both right and wrong.

The SPEAKER: I will provide the member with some information that he might find useful. I realise that this is a speech on the budget and that it is a very wide-ranging speech, but many people might not find it appropriate that the member is reflecting on a conversation that any member of this place might have had privately. I am not making any decision about the content of what he has reflected; I am simply saying to the member and to other members who may be about to make their speeches on the budget that if they are going to report a private conversation that a member has had outside this place, they should do so in a manner that will advance the cause of the budgetary process and reflect upon the budgetary process. I understand what the member is saying, and, as I said, I am not going to enter into the content of that conversation. However, it might be worth thinking about that process if the member wants to continue down that road.

Mr A.J. WADDELL: Thank you, Mr Speaker. I had pretty much reached the end of that point. I cannot stress this enough: I certainly thought that there was nothing wrong with the conversation. In fact, I was filled with admiration for the minister for behaving in that way, and I think he acted completely properly. So I certainly do not want any of my comments to be taken in a negative way.

However, I want to bring my comments back to the budgetary process, because it is in fact quite a key factor in what we do in this place, and that is scrutinise. Scrutiny requires a lot of energy, a lot of effort and a lot of time. The one thing that I think we could probably all agree on is that we are time-poor people. We have many demands placed upon us to deal with constituents, to deal with parliamentary business and to deal with a range of other things, let alone our own personal and family lives. The reason I reflected on that conversation is that it brought into sharp focus how we could create a situation in this place whereby we could entrust somebody with the role of managing the health system in this state and yet, at the same time, tie that person's hands to such an extent that in order for him to do what he felt was the proper thing for his constituents, he had to spend an enormous amount of time doing that rather than the very job that I think the people of Western Australia would expect him to be doing. Again, I cannot stress enough that I am not suggesting for a moment that the minister is not doing that job. It was more a point about how we allocate resources.

I do not believe that the enemy in this place sits across the chamber. Sometimes, I do not even think that the enemy sits beside us. I think the enemy is the system itself—a system that is self-supporting and does things because that is the way they have always been done. Its sole purpose appears to be its own long-term survival.

[Member's time extended.]

Mr A.J. WADDELL: The enemy is a system that actively seeks to stop parliamentarians from properly scrutinising its processes and expenditures. It is a system that happily plays off one side of politics against the other without subjecting itself to real scrutiny, and at the end of the day it is happier to see a minister sacrificed rather than see itself opened up to criticism. I believe we have seen that happen on all sides of politics. It is a system that I can say from personal experience is either incompetent or conspiratorial. I am told that, when given that choice, one should always tend to think that it is incompetent rather than conspiratorial—I am talking to the Department of the Premier and Cabinet; it knows what I am talking about. Members may ask themselves why it is that we, as parliamentarians, are given nowhere near the same resources as, say, a senior public sector

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

manager, and yet we are held to a much higher level of scrutiny. We are responsible for ensuring the proper expenditure of taxpayer funds. I am not speaking of resources to go into our own personal pockets; I am not speaking of our salaries or anything like that. I am talking about the basic tools we need to do our job. I am talking about access to modern technology, records management systems, adequate staff levels, mobile telephone systems and the other things that we need to adequately do our job. I address these comments as much to my own party as I do to the government. It is easy to sit in the seat of government and enjoy the spoils of ministerial staff and offices; but, remember, a time will come when those members do not have those resources; a time will come when it is their responsibility to hold the government to account.

I say to the former government that it made an error that we are now paying for. It had a belief that starving the opposition would in some way provide an advantage. It was wrong. A good government requires a good opposition to provide the scrutiny that the community expects. I call on the current government to not be so short-sighted, to think beyond the daily media cycle and to ask itself who the true enemy is. It is not those opposite it; it is those who conspire to cover up inefficiencies and incompetence, which, at the very least, undermines the authority of governments, such as our present government, that are charged with overseeing that huge machine that is government. Let us empower ourselves to deal with that problem and do the job that Western Australians elected us to do.

Finally, I will address a couple of comments that I have received by email lately. As many in this house would know, I was very active during the daylight saving referendum. I have received an awful lot of correspondence about the nature of referendums and the nature of listening to people. I promised people that I would take the first opportunity that I had to raise this issue, and I feel that this is probably the best opportunity I will get. There is a strong feeling in the community that when members of Parliament give up their power to make a decision by going to the people, we need to honour that decision. I do not suggest for a moment that we do not intend to do that following the referendum that was held last weekend. However, there is a feeling that that referendum was just one in a long series of referendums; that this question will be put to us again and again ad infinitum until one day the people decide that they will go the other way. Therefore, I think that we need to have a long, hard think about the way in which we draw up referendums. We should do it in such a way as to insert elements into our Constitution, so that when questions are put to the people, they are embedded within our Constitution, and the only alternative available to a future Parliament is to go back to the people and force them to review their own decision. We should not allow ourselves to simply override that decision of the people.

In so doing, I think we need to remind ourselves that referendums should not be called for flippant reasons. We should have very serious reasons for calling them. They should not be used as a distraction from other issues. It should not be a case of just throwing out a piece of bread to the people to give them the sense that they have some say in the decision-making process. Referendums should be called only for very real and very valid reasons. When we do call them, we should say that we are committed to that process from here on in, and that only by going to a referendum again can this issue be debated. Those are my final comments.

DR M.D. NAHAN (Riverton) [12.40 pm]: I would like to make a few comments on the budget, and also highlight some challenges that will arise from the budget. I will also compare the state budget with Mr Rudd's federal budget, which members opposite have raised as a benchmark.

In my view, this is one of the best Western Australian state budgets brought down in the last 20 years. We have to recognise that it was brought down in a difficult environment—that is, that of a new government that had had a period of difficult opposition for seven years or eight years. This year's budget was handed down after an election that was waged during the aura of endless boom, and it was framed during a period of global panic. Every government around the world is trying to figure out what to do about the financial crisis.

This budget had to deal with some practicalities, such as the largest collapse of state revenue in living memory. The second largest source of tax income—that is, transfer fees and conveyancing on homes—dropped by over 50 per cent—\$1 billion gone! Goods and services tax payments, the state's largest source of tax revenue, are down by 6.8 per cent this year, and are forecast to be down by 23 per cent over the next four years. That is a huge drop. Royalty income, which was growing at between 16 to 22 per cent a year over the last few years, is down 3.7 per cent next year, and remains low over the forward estimates. This is the biggest collapse of revenue that I have ever seen, and perhaps in living memory. The world economy will probably not recover quickly, as it did not after the recession in the 1930s.

This year's budget was framed in a fiscal position whereby previous years' expenditure had not been held under control. Underlying expenditure was growing at 7.7 per cent a year, and the new government inherited a massive capital works program of \$26 billion from the previous government. Of course, at the same time, private sector demand—though higher in this state than others—was down. State demand—that is, the activity excluding exports—is forecast to decline by 7.2 per cent over the next two years. In other words, according to the budget

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

forecast, we will enter a recession over the next two years. This state has not had a recession like that for a long time.

Mr M.P. Whitely: Since the last time you were in government!

Dr M.D. NAHAN: No; I will come to that.

Employment growth is forecast to decline; that is, after record growth of nearly four per cent a year for between three years and five years, employment growth will be down two per cent next year. Private investment, just like commodity prices, is down by five per cent after growing in double digits—indeed, two years ago it was growing at 22 per cent. We have never seen a drop like it. This is a worldwide phenomenon. Western Australia is better off than most, clearly, but it will be a major challenge.

What was the task faced by the government when handing down this budget? The Treasurer enunciated that, firstly, it was to support jobs. I think we all agree with that strategy. Secondly, the government had to prepare for the next wave of growth. In this state, at least, the next wave will come. Thirdly, the government chose to meet election promises. They could have been ditched, but that is done too often and undermines people's support for governments. Fourthly, and importantly—this is the hallmark of this budget compared with other budgets around the country—the government chose to safeguard the state's finances.

I will provide some data with which to compare this state budget and Kevin Rudd's federal budget. Last year, before the recession hit, Kevin Rudd's forecast for 2009-10 was a budget surplus of \$20 billion. In the last federal budget, handed down last week, he forecast a \$57 billion deficit—in other words, a \$77 billion turnaround in the forward estimates. What does the state budget forecast? A \$400 million surplus. The largest surplus of any government, and I guarantee it is one of the few budgets in surplus. When the previous Labor government handed down last year's budget, it also forecast a very sharp reduction in the budget surplus, taking it to \$1.6 billion. In short, Rudd has had a major turnaround; WA has had a decline but of nowhere near the same magnitude.

The key thing is debt. We hear from members opposite that debt is growing, and it is. We also hear that Rudd is doing a lot to stimulate the economy. Well, from last year to this year, Mr Rudd has manipulated a \$400 billion build-up of debt over the forward estimates—I repeat, a \$400 billion build-up of debt! It has gone from a \$100 million cash balance to a \$300 million forecast level of net debt for the government sector. What has the current state government done? Last year, the Carpenter government forecast that the state would have an \$11 billion debt at the end of the forward estimates. That was a large increase, but relatively small compared with other states and territories. What did we forecast this time? It was \$19 billion. In other words, the Rudd government has a turnaround of \$400 billion in debt; we have a \$7 billion growth, and all of it will be used for capital works.

An issue has also been raised about the use of Kevin Rudd's stimulus packages and what they are doing to help the economy. Was it well-targeted, well-spent capital? To date, most of Mr Rudd's spend of \$30 billion has been in the form of cash handouts. Members will have seen the headline in *The West Australian* that reported that people who earn over \$100 000 are getting these cash handouts. In a previous headline it was reported that backpackers are getting the cash handouts; people living in the United Kingdom are getting these cash handouts. I read in the press yesterday that one of the side effects of the cash handouts is that Harvey Norman outlets are running out of flat-screen televisions. That was not good policy.

What is the current state government trying to do with its budget? It is maintaining the AAA credit rating and the budget surplus, implementing a reduced tax effort and engaging in a record capital spend. That is how a budget should be framed. The importance is the quality of the infrastructure the capital is spent on. The state budget reorientates from an aura of ever-growing boom, which the previous budget was forecast on, to the realities of today. The capital spend has moved away from entertainment to essential services. Ditched are the glossy, overpriced museums, stadiums and foreshore dreams. They were never going to go ahead and they should not ever go ahead, even in the boom times.

Instead, the current government has focused on schools, with a capital spend of \$300 million. This will result in 32 new schools being built, or existing schools substantially upgraded, including Rossmoyne Senior High School, in my electorate, which will receive \$14 million, as well as schools in the Attorney General's electorate. Rossmoyne is a fine school that has been overlooked for decades.

The budget includes a major spend on roads. Finally the Roe Highway extension will be completed. We are overcoming decades of what can only be described as planning bastardry. This budget will allow the most vital and essential roadworks in the state to now be undertaken. The previous government kowtowed to a few nimbys in the former Labor-held seat of Fremantle and stopped that work going ahead for decades.

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

Funding has been made available for prisons in the state budget. During debate after debate in this house and elsewhere we have heard how we have to get tough on crime, but the prisons were never built. After people are arrested, where would they be put? We could stick them, as we heard yesterday, on the floor next to the toilet, but that is inhumane. Finally, we will follow up on getting tough on crime and actually build prison beds. Funding of \$655 million has been allocated in the budget to provide 1 657 beds.

Importantly, the last government's major failure was in the housing market. Not only did it get addicted to transfer fees, but also its planning mechanism and public works structure did not allow enough houses to be built. This budget will accelerate the building of 1 000 new dwellings; and, with the assistance of the commonwealth, will construct of 2 600 new public houses. Finally, trying to reduce the massive public housing waiting lists is one of the things that we must deal with now. When we came to government, the waiting list for public housing was 20 000 people. How a Labor government could have allowed that waiting list to grow to that number is beyond me. It will get larger. People are going to struggle to get housing in the private market when they lose their jobs, and the queue for public housing is going to get larger and larger. The Liberal-National government has shown that it is more sensitive to the plight of those people than members opposite, who more often represent them.

Seven new hospitals or upgrades are underway. That is massive. The capital works program has targeted priorities. It is affordable. It has been brought forward, bunched now, to fill the gap in the private sector. It supports future growth, and it is realistic.

One of the defining differences between Liberal and Labor governments is tax. Labor is big tax; the Liberals are low tax. This budget supports this. There are no tax increases in this budget; in fact, we cut taxes.

Several members interjected.

Dr M.D. NAHAN: Charges are different from taxes, and I will deal with that. There has been a series of tax cuts. One of the first things that the Treasurer did when we came into government was, in fact, to try to reduce land tax rates. This budget uses cuts in the payroll tax—and we could debate its effectiveness or otherwise.

Mr M.P. Whitely: What about the idea of proposing a cut of, say, up to \$1.6 million for everyone across the board?

Dr M.D. NAHAN: I will discuss that with the member for Bassendean at a later date, but not now. I think this one was just a one-off issue.

Mr A.P. O’Gorman interjected

Dr M.D. NAHAN: I will go through that. What the previous government did related to the underlying decision not to price electricity properly.

Mr A.P. O’Gorman: Why?

Dr M.D. NAHAN: There were a couple of reasons: one, the previous government was hoping that competition would overcome the upward pressure. It did not; competition did not work. Second, the cost of inputs increased. The price of oil went from \$112 a barrel to \$50 a barrel.

Mr A.P. O’Gorman interjected

Dr M.D. NAHAN: Then the previous government —

Mr A.P. O’Gorman interjected.

The SPEAKER: Member for Riverton, please continue.

Mr A.P. O’Gorman interjected.

The SPEAKER: Member for Joondalup, order!

Dr M.D. NAHAN: The previous government was forced to publicise this because as part of the reform agenda, it had to look at the sustainability of the reforms. It found a huge gap. Up until that time, rather than price energy properly, it had chosen to force the cost onto Verve Energy and the system. That undermined the viability of the providers of electricity—Verve and others—and capital expenditure, and it left huge losses. What the former government did when it realised this was to say, “We will fund that.” How was it going to fund it under the budget? How was it going to be paid for? It was through payroll tax. The former government thought that was its only option. It could not control the goods and services tax, royalties or transfer fees; therefore, payroll tax was its only available option. The Labor government was saying, “We will not charge people the proper price for electricity because we are considerate. We will put in a payroll tax.” For a Labor government, supposedly

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

concerned about jobs, that is odd. And the Treasury would have told them over and over that is what, in fact, was happening.

In other words, the Liberal-National government went out to the community and said, since the former government has systematically failed to price electricity, we will do the proper thing. We will price it properly, rather than fund it through payroll tax, and we will also assist those who are going to struggle to pay. We felt it was also necessary to price electricity properly because we wanted to encourage people to use energy more efficiently. We will move to smart metering, hopefully someday, and that will work only if we have properly priced energy. If we want to include alternative energy, we have to price it properly. It is only logical.

The previous government got caught with its pants down on this right before the last election, and it panicked. That is why we have had a change of government and we have rectified the situation. This is an excellent Liberal-National government born for the right times, set for a full term. If we fulfil our potential, it will set us up for a second term.

The budget has a number of threats within it. We have discussed this at length at times. The forward estimates indicate that in the two out-years, under current forecasts, there will be budget deficits. Unfortunately, the orthodoxy has become that governments use forward estimates to juggle the figures to get the outcomes they want. The Rudd government did this by saying, "The out-years look pretty bad, and we want to show that the budget is miraculously coming back into surplus so we will forecast a return to boom in two years time." No one believes that! That approach undermined the credibility of the Treasury, and this government has not done it. Rudd is forecasting growth in the out-years of 4.5 per cent this budget and 3.75 per cent for the next year. Prime Minister Rudd and the commonwealth government have no hope of even coming close to that if Western Australia does not grow at six to seven per cent, which it will not!

In order to make the outcomes nice, previous state governments have said that miraculously, without any effort, they will control their underlying expenses: "Yes, it has been growing at seven per cent and we have not done anything to change it, but let us pretend that it will go down two, three or four per cent." What this government has done in this budget is to ask Treasury for its forecasts, and then it has plugged them in there and indicated a budget deficit. It is transparent. The Premier and the Treasurer are saying that this government will include changes that in the future years will address it. It is not easy, but that is what they are going to do. They have announced a range of changes. When one looks at it, it is not all nudded out yet, but the economic outlook is transparent and it is in the budget.

Mr V.A. Catania interjected.

Dr M.D. NAHAN: The member for North West does not understand that as members in this house we are not about coming with a begging bowl; this is about growing the state. It is about preparing for the next boom. It is so strange that the member for North West wants to come here with a begging bowl! That is not the purpose of this place.

The forward estimates indicate that we have struggles in the out-years on budget outcomes. Reforms will be flowing through.

One of the issues that we have not talked about very much—no-one has—is the increasing commonwealth control over the budget. The Premier has mentioned this and also that Prime Minister Rudd has come through with matching funds for serious projects—important projects, projects that this government supports from housing to schools to industry development—and with some glee members opposite have mentioned that in some cases he provided more than was expected. The warning I have is that we have become more reliant on commonwealth expenditure than ever before. Funds from the commonwealth grant scheme now make up a larger share of our total revenue than ever before and GST payments under the existing system are going to shrink. Remarkably; there will be no growth in the out-years.

[Member's time extended.]

Dr M.D. NAHAN: Western Australia received 10 per cent of total GST a few years ago, and the forecast is that that will be reduced to 5.7 per cent. Importantly, tied grants—the grants that come with restrictions—this year account for 57 per cent of total money from the commonwealth, and in four years' time they will account for 67 per cent. The lesson is that what the commonwealth gives, it will take away. What the commonwealth gives, it will want to control. When the Rudd government tries to rectify its fiscal position, it will cut grants to the states. When we are tied to the chariot wheels of the commonwealth, it is an uncomfortable and dangerous position. If we do not rectify this—this is not a complaint against the previous government, but something the states have struggled with for years—in the end, someone will turn the lights off in this house.

Mr V.A. Catania: Do you agree with royalties for regions?

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

Dr M.D. NAHAN: The budget presents a huge delivery challenge for the government.

Mr V.A. Catania: You are not going to answer that question, are you?

Dr M.D. NAHAN: I ask that the member for North West allows me to continue and I will talk to him about it later.

The commonwealth infrastructure program is huge. Every primary school will get in the vicinity of \$2 million, and a lot of that is delivered through the Department of Education and Training. The capital works program is at a record high, and we need to have an efficiency drive. This is a challenge for the Liberal-National government going forward. However, I think that the government has shown a commitment to delivery over rhetoric, a willingness to ditch projects whose costs blow out, a willingness, importantly, to allow greater private participation in projects. Over the past seven years, there has been a tendency to say, “We are public; no private, please.” There has been a willingness to look at new ways to do it. When we start seeing ministers produce coffee table books about their successes and otherwise, that will be a sign to worry.

Finally, I turn to royalties for regions. The member for North West asked me about it before he assumed the chair. I was worried about royalties for regions. I thought the election came about in a period of opulence, when royalties were at record highs and expected to grow for a long time. Most of the money was earmarked in future budgets for expenditure, and royalties for regions implied a major redistribution. Also, the money was reoriented to different places, although I did share the view—even the member for North West emphasised this—that we did overlook the regions in certain cases, particularly in terms of infrastructure development. We should look at projects such as the Pilbara revitalisation scheme. Houses are finally being built in those areas. As I said before, only 46 new housing blocks were established in Port Hedland over a four-year period. No wonder the median house price went up to \$800 000. Money is finally being put into the Ord scheme. Not only is money being put in, but development is actually getting off the ground. If we look through most of the expenditures, we can see that they are appropriate. Yes, the Treasurer has had to cut some and choose others, but that is what is done in government.

Royalties for regions, particularly at this time, given the history of underspending in the area and the fact that it is targeted at helping to build the infrastructure that will enable us to catch the next wave of growth, is appropriate. It is a good program. It is costly. If we were going to do it, now is the time to do it. The private sector is down. One of the best programs under royalties for regions is the \$80 million put into searching for new mineral resources. South Australia has had a mini mining boom. A large part of that was driven by the Department of Mines some 10 years ago. Money from the state budget was used to encourage miners to grow during a shutdown in that state’s economy and a lack of drilling. That is what this project has done. Right at the time when drill rigs were being tied up, the South Australian government gave the miners money to encourage them to go out and do things. Drilling and looking for new minerals is the most essential research and development in this state.

Mr C.J. Tallentire: Isn’t that a subsidy?

Dr M.D. NAHAN: I am not against a subsidy if there is a social benefit for it. I am not against public schools, public hospitals or public transport. Of course it is a subsidy. What is the government giving the money for? It is giving it for greenfield sites because there is a potential public benefit. The information goes back to the state to collect and share with other people. It is a well thought out public benefit. It is also using private money to help public advantage.

Mr C.J. Tallentire: If a mineral is valuable, surely the companies could fund it themselves.

Dr M.D. NAHAN: The member does not understand this. There might be a great deal of uncertainty as to whether minerals are present. For example, geothermal is one of the major areas the government has focused on. Can it be found, is it going to be large enough, is it going to pay off and is it going to be at a location that can be used? To some extent, our problem was the regulatory arrangement with geothermal. That has been resolved. We want the private sector to pay as much as we can, but if we leave it up to the private sector, it will say that the expected returns are too low, so its expenditures are matched with government money. This is done with R&D all the time. Do members remember the 150 per cent R&D? We do it with environmental expenditures on farms and other things. Why do we not do it with this one? It is just logical to do so. Royalties for regions has worked out pretty well in relation to timing, the character of the expenditure and the location of the expenditure. I support royalties for regions. The opposition’s problem politically is that it puts it on a bit of heat.

In conclusion, I think this is the best budget in 20 years. It is the only one that will have the largest surplus and a very high capital works program. It will re-engage reform in the public sector, and its timing was about right. Congratulations to the Treasurer.

MS R. SAFFIOTI (West Swan) [1.04 pm]: My budget reply will focus on two key areas: the impact of the state budget in my electorate of West Swan and an analysis of the budget more generally, as has been a part of the speeches of many members in this place. I will speak firstly about West Swan. Families and pensioners in West Swan will be far worse off as a result of this budget. This government has taken a sledgehammer to the household budget. Families and pensioners already facing enormous economic uncertainty are faced with extraordinary increases in fees and charges and are losing a number of rebates and concessions. Page 285 of *Economic and Fiscal Outlook*, budget paper No 3, shows the increasing cost for a representative household. A representative household will be paying an extra \$334, or nine per cent, this year. The consumer price index for next year is expected to be only 2.5 per cent. That shows the enormous impost that this budget is levying on ordinary families. The model shown on page 285 is a very important tool because it tries to show the cumulative effect of increases in fees and charges on an average household. Labor uses this model each year to ensure that when it develops a budget, it keeps the fees and charges under the rate of inflation. Labor used this model as a decision-making tool. As I said, Labor did so because it wanted to ensure that in any particular year, families were not hit with significant increases in fees and charges. In its first budget, it seems that the government is already walking away from the household model. On page 283 of budget paper No 3 is the statement that the government has decided not to adopt the representative household model as a decision-making tool. This government has made and will be making decisions on fees and charges for normal families without caring about the total impact on normal families. That is why we have seen a nine per cent increase in the typical household budget this year.

I also want to talk about the table on page 285 of budget paper No 3, which shows that the annual impact of this budget on a household is \$334. This table is a bit misleading as it does not show the full cost of the state budget on electricity charges. For example, in his media statement earlier this year the Minister for Energy stated that the impact of electricity price increases on the family household would be \$246. The table on page 285 shows an impact of only \$224. When we take into account the full cost of electricity charges, the total impact goes up to \$356. Then there is the 300 per cent increase in the landfill levy. The budget papers say that the impact on a typical household will be another \$24. Therefore, the impact of this budget on a representative household will be up towards \$380, much more than what was presented in the budget papers. This represents an increase of over 10 per cent in one year for families across Western Australia.

Pensioners will also be worse off as a result of this budget, to the tune of over \$250. Surely no-one in this Parliament would agree with hitting pensioners and families to this degree at this time of economic uncertainty. It is basically a slug on families and it shows a lack of respect for what families are trying to achieve in the community. Together with this increase in fees and charges, the government has abolished a number of allowances and rebates aimed at making life easier for families. For example, the government has abolished the It Pays to Learn family allowance. This allowance was targeted to families with children in secondary school or in training. The allowance recognised the cost of education to families. Many members may not be aware that over 200 000 payments were made to families over the past four years. That is approximately 50 000 payments per annum. The government has in this budget simply abolished this payment to families. It has completely gone. Families with one child in secondary school will lose \$200 per annum and families with two children in secondary school will lose \$400 per annum. Under this budget families will not only pay an extra \$380 in household fees and charges, but also will lose the It Pays to Learn allowance. Families could be worse off by more than \$600 per annum.

In addition, other rebates to families will be cut. The Waterwise consumer rebate has been abolished. This rebate was targeted at families to help save water and money. Under this budget that rebate has gone. The liquefied petroleum gas subsidy scheme has also gone. It was the only scheme provided by the state government that was accessible to everybody to offset high petrol prices. The government, which claims to care about petrol prices, has basically abolished this subsidy and the result will be that families will no longer have access to these subsidies and allowances to try to reduce their annual household costs. There we see it: a massive increase in fees and charges—the abolition of the It Pays to Learn allowance, the abolition of the Waterwise consumer rebate and the abolition of the LPG subsidy scheme. All these cuts will impact on the costs of ordinary families and pensioners.

Families in my electorate of West Swan will be worse off because of this budget. It will result in higher fees and charges and the loss of a number of subsidies and allowances.

I turn now to the areas of law and order, health and education in the West Swan electorate. I refer, first, to the Midland health campus. The previous state government made a commitment to this campus by allocating significant funding for a new hospital for the entire Swan region. It was a key part of the Reid health reform. Building general hospitals and, of course, the Midland hospital and what will become the new Swan Midland health campus forms a key part of the Reid health reform. An allocation of \$180 million was included in the

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

2008-09 *Budget Statements*. In this budget \$72 million has been ripped out of the project and, basically, it has been put on the back-burner. Thank goodness for the federal government. Last Tuesday night the federal government injected \$180 million into building the new Midland health campus. The commonwealth funding will secure this project. The state government had no intention of proceeding with this hospital for two reasons. Firstly, in its budget, it ripped money out of the forward estimates. Secondly, the Treasurer, in a speech to this house made no mention of the Midland health campus. He added a comment about it to his speech while he was on his feet and that was after the commonwealth government had announced that it would inject funding into the Midland health campus. Members on this side of the house know from the Treasurer's written speech that he had no intention of allocating funds to building the Midland health campus, because there was no mention of it in that speech. There are no excuses now. The Midland health campus has to proceed within the next four years.

I refer now to education. It appears that no specific funding has been allocated in the budget to schools within the boundaries of my electorate. However there are projects in surrounding areas that will go ahead, and I support them because they impact on people living in the West Swan electorate. Money continues to be allocated to stage 2 of the Ellenbrook Secondary College. From looking at the figures, there appears to be some delay in the completion date. However, I still need the Treasurer to clarify whether there will be a delay in the completion date of that school. Funding for the rebuilding of Governor Stirling High School remains in the budget. However, it has yet again been delayed. Additional funding has been allocated to the completion of the Ashdale Secondary College, which I support and welcome. Apart from the funding in the federal budget, there appears to be no new money in this state government's budget for schools in my electorate.

In respect of law and order there is nothing new for my electorate in the budget. One could say that there will be a reduction in law and order presence. I have said previously that currently before government there is a proposal to close the Ballajura Police Station, despite an assurance from the Premier to a meeting in Swan Hills that it would remain open. This budget does not include any money for a new Ballajura Police Station. I am waiting to hear the final word from the minister and Premier about the future of the Ballajura Police Station.

Mr P. Papalia: Has he taken yours as well?

Ms R. SAFFIOTI: Yes, he has taken mine as well.

The forward estimates show a \$1.5 million cut in the crime prevention program and a \$1.6 million cut in the community engagement program. This government is, in this budget, walking away from and removing its effort on crime prevention strategy.

I now move to the issue of public transport. Public transport services in my electorate are woeful. There is a lack of evening, weekend and off-peak services and limited east-west routes. The lack of east-west routes servicing Lansdale means that it is very difficult for the people in that suburb to access neighbouring suburbs and the train line. During the election campaign Labor committed to building a new east-west bus route connecting Lansdale to the Greenwood Train Station. This budget does not deliver that new route. In fact it does not deliver any new or extended bus services for my electorate or the metropolitan area.

I have a number of seniors in Caversham who are not able to access free off-peak travel, which is available to them. It is because there are no off-peak bus services in the area. The initiative to provide free off-peak travel to seniors is something we support. It was an initiative that we put forward in the election campaign. However, the problem is that in a number of suburbs there is no service for seniors to access.

Mr W.J. Johnston: Maybe they can get the fuel card.

Ms R. SAFFIOTI: Maybe they can. I might write to the Minister for Regional Development to see whether that can happen.

Even worse than no new or expanded services, is the cancellation of the Ellenbrook rail line. The government has broken its election promise to build that railway line.

Several members interjected.

Ms R. SAFFIOTI: I am not sure whether the member for Swan Hills realises it, but his party won the election and it has to deliver.

Mr F.A. Alban: This is the promise.

Ms R. SAFFIOTI: We did not win the election. Does the member want the opposition to build that line? I will make a deal with the government: if it gives us a billion dollars, we will build it. Labor committed to begin construction of the rail line in 2012. The Liberal Party copied the Labor Party's commitment. They made that commitment in the paper, on television and, I understand, to the local constituents. All was going okay. In the midyear review, \$68 million was allocated to begin construction of the Ellenbrook rail line in 2011. In January the government put out a tender for the railway route definition study. It was on track and the Ellenbrook rail line

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

was coming. On 6 April the government cancelled the key study into finding the route for the Ellenbrook rail line. In this budget it took out the \$68 million —

Mr W.J. Johnston: Shame! Another broken promise.

Ms R. SAFFIOTI: One of its biggest broken promises. It took out the \$68 million that it had promised during the election campaign and provided in the midyear review. This government cancelled the railway route definition study. At that time the Premier and the member for Swan Hills said that the reason for the cancellation of that study was that it was now being done in-house. It is not because they were not going to deliver on the election commitment but because they were going to do the study in-house. On page 14 of the *Economic and Fiscal Outlook*—for the benefit of the member for Ocean Reef if he is trying to find the cancellation—\$68 million is pulled out of the forward estimates. In 2012-13, \$10 million is injected into it for planning, to show that the government is still thinking about it, but a key election commitment has been broken. I will confirm what I have said. The government promised it and it was in the midyear review. Money was provided to begin construction and the rail route definition study began. However, the government has cancelled the study, and pulled out the money. Members opposite are trying to tell us that that is not a broken election commitment. Of course it is. People realise that. The government should not take the electorate for granted.

It is good to see the projects that Labor had commenced are still in the budget and are underway. I refer specifically to the Reid Highway extension to Great Northern Highway, which includes a new bridge over the river. Another key project that affects my electorate and the electorates of the member for Nollamara and Morley is the Alexander Drive and Reid Highway overpass. This \$72 million project is a key project for the entire region. Labor had committed \$500 000 for it in 2008-09, \$35.9 million in 2009-10, and \$35.6 million in 2011-12. This budget retains the total funding package but defers some of the funding. Nearly \$26 million will be pulled out in 2009-10 and the project will be pushed back to 2011-12. I hope that that deferral will not last for long because the people who live in that area have been waiting for the overpass for a long time. The money is there and the government should get on with it.

[Member's time extended.]

Ms R. SAFFIOTI: There is no additional funding for Gngangara Highway or Reid Highway and there has been a significant cut to the roads program. Main Roads' budget has been discussed by the shadow Treasurer and the member for Cannington. There has been a \$291 million cut to roads. Included in this is a \$73 million cut to the minor roads program. That is very important because the program helps fund key projects around the state. It will affect every member in this chamber because the minor roads funding is allocated to the simple and much-needed road projects in all of our electorates. The government has cut \$70 million from that program. Members in the regions and the suburbs will not be able to get new roundabouts and intersections to make the roads safer and to make the transport system work more effectively in the area.

Mr P. Papalia: They will be okay in Merredin though.

Ms R. SAFFIOTI: I suspect so, although the roads program has been cut across the state and all members in the regions should be worried about the cut to road funding. As far as I can see, the royalties for regions funding has not compensated for that.

I refer now to the integrity of the budget and the impact it will have on future governments and generations. This government inherited the strongest set of finances in the state's history. It has blown an enormous inheritance. It inherited significant surpluses, net debt at record lows and zero net debt for the general government sector. What an inheritance. Let us see what the reckless government has done in a short time. Surpluses have become deficits, net debt is heading to record heights, the net-debt-to-revenue ratio has blown out to over 60 per cent and the government must borrow for operating expenses. The budget shows that the healthy surpluses left by the previous government have become deficits. There will be a deficit of \$513 million in 2011-12 and \$458 million in 2012-13. At the same time, the Premier claims that he will never plan for deficits. They are there and the government is planning for deficits.

Mr B.S. Wyatt: Like big icebergs.

Ms R. SAFFIOTI: I think that the Premier likened his government's management of the finances to the *Titanic*. This budget demonstrates that that analogy is on the mark.

Net debt is heading to record highs from \$3.6 billion in 2007-08 to \$19.1 billion in 2013. There will be a \$9.6 billion turnaround in general government net debt. Whereas once the general government sector was owed \$3.4 billion, it will now owe \$6.2 billion. That is a turnaround of the finances of *Titanic* proportions. We know that it is not just because of falls in revenue. The Leader of the Opposition and the shadow Treasurer have outlined that revenues are actually increasing. There is more money flowing in from the commonwealth

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

government. The government's mismanagement has created the worst set of budget books seen in decades. It means that future generations and future governments will have to pay for the record increase in debt.

I will now refer specifically to general government net debt. This is the debt carried by the general government sector, as opposed to trading enterprises or public sector companies that charge for their services. The net debt for the general government sector will increase by \$9.6 billion over five years. Over this time, the government will invest a total of \$13.5 billion in capital works. This means that 70 per cent of all general government capital works will be funded through debt. Our schools, hospitals, and roads will be funded by debt. The only way that that can be paid back is through taxes.

Ms J.M. Freeman: They are supposed to be a low-taxing government.

Ms R. SAFFIOTI: Supposedly.

Mr W.J. Johnston: More charges on families.

Ms R. SAFFIOTI: Yes. After four years, they will leave the budget in a mess, like they did last time. It is simply not a sustainable budget.

We on this side take very seriously the integrity and robustness of the budget. In government, we ensured that our four-year budgets showed a plan for the future. We did not show deficits or debt spiralling out of control. We had a sustainable financial plan. We believed in the forward estimates and in the out years. We ensured that the budget was strong enough to withstand shocks and other increases in expenditure that sometimes governments must deal with. This budget is not sustainable. We have gone back to the Liberal Party of old and the Liberal government's budgets of old: deficits, inadequate funding for core areas over the forward estimates and budget black holes.

I do not think I have ever seen a Treasurer deliver a budget that does not contain one cent for the government's key priority projects. Time and again we heard the Premier tell us what a big priority Oakajee was.

Mr B.S. Wyatt: For the nation.

Ms R. SAFFIOTI: The member is right; it was a nation-building project. The Premier said that public funding was essential and that if the commonwealth government would not come on board, we would do it ourselves. Why was not one dollar for this project included in the state budget? I cannot understand how the government can prepare a state budget and not recognise the Oakajee project. State budgets are meant to contain all decisions made by the government leading up to the budget cut-off date. Are we to assume that no decision was made about Oakajee before that date? That can be the only assumption. Talk about all media statement and no action.

I will talk about the Northbridge Link project again. I understood from an interchange yesterday that the Treasurer did not want to provide funding for the Northbridge Link project in this budget because he did not know the scope of the project. Yesterday we asked why the Northbridge Link was not included in the budget and were told that the government did not know the scope of the project. What did the government go to the commonwealth with? The Treasurer also said that the government would sell a lot of the real estate above the Northbridge Link and that the government would recover some revenue and it would all be good. However, that contradicts what the Premier said. The Premier has said that the Northbridge Link will have a big park on top of it. It will not have any of the buildings that the nasty former Minister for Planning and Infrastructure was talking about; it is to be a major park. I am not sure what real estate sales the Treasurer is talking about. The government did not commit funding in the state budget for either of these two nation-building projects. Over \$500 million in commitments is missing in this state budget.

I move on to the subject of the Midland health campus, for which \$70 million was sucked out of the budget. Thank goodness for the federal government injecting \$180 million into the project. As a result of taking money out of the budget, the state government has to put money back in because the federal budget handed down that \$180 million. I believe it means another budget hole of about \$100 million. The Treasurer told us yesterday that was not the case. I would like to find some explanation, because I cannot see how, if \$70 million is sucked out of the budget, it will not need to be reinjected. The Minister for Health, commenting in the *Midland Reporter* this week, claimed that the government had \$180 million in the budget for the project. It may be that in another process we can try to find where that money is.

Another impact on the integrity of this budget is that \$7 billion in corrective measures really represents cuts to programs and services. It is claimed that the \$7 billion was found because of the hard work of this new government, but much of that money results from basically cutting funds to households. Over \$500 million of that \$7 billion, for example, comes about because the government has reduced the subsidy for electricity charges to households. This government has never acknowledged that the previous government subsidised electricity

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

charges to the tune of \$780 million. I think I have heard government members saying that we lost \$780 million. How can it then be in the budget papers as a saving? Had we lost the money, it could not be part of the \$7 billion of corrective measures. This government has claimed that it is some sort of smart economic management as part of its corrective measures.

I will touch on the royalties for regions funding. This budget shows that the deal struck between the Liberal Party and the National Party was false. The deal was that royalties for regions would be above all regional projects in the budget, but regional projects have been cut out of the budget to help fund the royalties for regions program. That is an absurd and perverse outcome. They include the Carnarvon justice complex, the Caring for Country program, agricultural projects from which \$90 million was taken, transmission line projects for the mid-west, road projects and hospital projects. All the projects have been taken out of the budget or deferred significantly. Why is that? It is to help fund the royalties for regions program. The government is therefore funding the royalties for regions program by cutting projects to regions. People in regional Western Australia are more alert to the facts of this budget than government members would give them credit for.

I believe we have a Treasurer who is unable to provide a sustainable financial plan, a Premier who did nothing to ensure that his priorities were funded in the state government and a Minister for Regional Development who has cut projects in the regions to fund the royalties for regions program. This budget has no sustainable financial plan. It slugs families, rips money out of the regions and does not even fund the government's key projects. It is no wonder that the government released the budget two days before the daylight saving referendum. I think the government wanted a budget that could withstand maybe half a day of scrutiny, never to be seen again. That is all it could withstand. I agree with the Premier: this is a budget that can be compared with the *Titanic*.

MR F.A. ALBAN (Swan Hills) [1.35 pm]: I am pleased to highlight the benefits of the budget to the electorate of Swan Hills.

Mr P. Papalia: Where is the train?

Mr F.A. ALBAN: Was the member's government promising the second line to West Swan? What happened to the station at Herne Hill?

Mr P. Papalia: You are in government.

Mr F.A. ALBAN: Okay. By the way, I support royalties for regions for a particular reason. In my electorate there is no doom and gloom; it is about doing stuff, not continual promises of "gunna" for two terms of government. During my term things will happen. All my Christmases have come at once because, guess what, not only do I get everything that I wanted, but also the projects for adjoining electorates will help me as well.

Several members interjected.

Mr F.A. ALBAN: Thanks for the attention. It is nice to have a bit of company. I am Italian, so I love company.

Several members interjected.

The ACTING SPEAKER (Mr V.A. Catania): Order!

Mr F.A. ALBAN: I have 30 minutes, so I can stay here as long as members opposite like. The first thing I am particularly proud of is a new school for Bullsbrook.

Several members interjected.

The ACTING SPEAKER: Members to my left!

Mr F.A. ALBAN: For the benefit of country members, Bullsbrook is a country town.

Point of Order

Mr M.J. COWPER: I am sitting right next to the member and I am very keen to hear what he has to say, but, notwithstanding that I am sitting next to him, I am having difficulty because of the noise coming from the other side.

The ACTING SPEAKER: There is no point of order, but I remind members that the member for Swan Hills has the call.

Debate Resumed

Mr F.A. ALBAN: Bullsbrook has a country school that was built about 1950. I am therefore really pleased that there is a new school for Bullsbrook. This budget will enable the school to deliver an education program that is consistent with the latest teaching practices.

Several members interjected.

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

The ACTING SPEAKER: Member for Cannington!

Mr F.A. ALBAN: It will be a brand-new school. It will provide a learning environment that is safe and supportive and that allows for the physical, emotional and behavioural needs of students. I would particularly like to mention the principal of Bullsbrook District High School, Bernadette Jones, who has some great plans for the school. I would also like to mention the dedication of the teachers and the parents who have had to put up with challenging conditions. It is a state school, which I believe in the future will be able to compete with private schools in the vicinity that have taken away some of its students. In my past life I was a councillor of the City of Swan, so I find it encouraging. Bullsbrook is a growing area, so it is particularly important that the school be built before the people are there and the problems start. The benefit is not only to Bullsbrook, but also the catchment areas of Muchea, Bindoon and Merryville Downs. It will also benefit the member for Moore's electorate, which includes the Shire of Chittering. Education is big in my electorate, so I am really excited about it.

The Aveley Primary School is a new primary school costing \$16 million, which reflects the growing population of the Ellenbrook regional centre. People are streaming into Ellenbrook. It reflects the number of children already attending Ellenbrook Primary School, which is close to capacity. Further to that, there is an extension to Ellenbrook Secondary College, which draws students from Ellenbrook, the Vines, Aveley, Henley Brook, Upper Swan, Brigadoon, Millendon, Baskerville and the new suburbs of the Swan urban corridor. I know the member for West Swan is no longer in the chamber, but it will be great for her electorate as well. A lot of the projects in my electorate will be of benefit to hers, so it is not all bad news.

Mr P. Papalia: What about the train?

Mr F.A. ALBAN: We will get to the train in a minute; just be patient. This all sounds very rosy for Ellenbrook.

Mr P. Papalia: You have no runs on the board.

Mr F.A. ALBAN: I am coming to the member; he need not worry about that. However, a dark cloud is hanging over Ellenbrook. Members may want to listen.

Several members interjected.

The ACTING SPEAKER: Order! I am sure that all members would like to hear what the member for Swan Hills has to say about his electorate. Would members please give him the courtesy of listening to his speech.

Mr F.A. ALBAN: As I said, a dark cloud is hanging over Ellenbrook, despite all the schools and the progress of the Liberal-National government projects there. It is in the form of a restrictive covenant. That is why there are no jobs or shops there. The covenant restricts 61 different retail ventures. When all those kids pile into Ellenbrook, the schools are at capacity and all the secondary school kids are looking for a job, there will be none there. What are the benefits of the covenant for the people of Ellenbrook? There are absolutely none, other than a benefit to the Insurance Commission of WA. The covenant is holding the population to ransom. The question I ask members opposite is this: what did the former government do when the people of Ellenbrook asked for help? It did nothing. At least I am able to stand with the Premier by my side trying to solve the problem.

Mr M.P. Whitely: What is the problem?

Mr F.A. ALBAN: The problem is a restrictive covenant that stops anyone from opening a retail venture. People can buy commercial land in Ellenbrook, build a retail premises and go to the local government, which is the City of Swan, that will permit them to have a business, but the covenant will stop them having anything at all. That is all for the benefit of a utility that belongs to the state government. That utility is preventing people from setting up any retail business in Ellenbrook.

Mr M.P. Whitely: What is the covenant restricting people from doing?

Mr F.A. ALBAN: From setting up any retail business.

Mr M.P. Whitely: In Ellenbrook?

Mr F.A. ALBAN: I have covered that, thank you very much.

There are other positives in the budget for my electorate. Another positive is that \$3.2 million has been provided for the construction of a new fire station. That will benefit not only my electorate of Swan Hills, but also all the adjoining electorates. Ellenbrook is close to hills areas such as Brigadoon, in which there are great fire hazards. Funding has also been provided for the upgrade of firefighters' personal protective clothing. That will also benefit firefighters in my electorate. There are many good stories. The state government has committed to provide more police officers. Instead of whinging and moaning, I am looking forward to getting another three, four or five police officers to make Ellenbrook Police Station a real 24-hour police station.

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

Mr M.P. Whitely: Who is going to make sure there are another four or five people, and how are they going to get there? Are they going to catch the bus?

Mr F.A. ALBAN: I am counting on getting those extra police officers.

Mr P. Papalia: But there is no train!

The ACTING SPEAKER (Mr V.A. Catania): Order, members!

Mr F.A. ALBAN: Is that the only word in the member's vocabulary—train, train, train?

Mr P. Papalia: You made the promise!

Mr F.A. ALBAN: That seems to be the only thing in the member's head.

An amount of \$26.5 million has been provided in the budget for the reconstruction of Great Northern Highway. This is not in my electorate, but it runs through my electorate. The beauty of this highway is that it goes through the Swan Valley, and through Bullsbrook. Upper Swan Primary School fronts this highway. That creates a very dangerous situation for the children and the parents. Instead of moaning and carrying on, I was able to get the speed limit for the road trains and other traffic that use that section of that major national highway reduced from 80 kilometres an hour to 60 kilometres an hour. Instead of talking, member, I get things done. That is what I am all about—less talk; more action. I was told that that would never happen. The parents at the school had told me that they had been trying for the past six or eight years to get the speed limit reduced. I also managed to get warning lights installed that would flash during the peak entry and exit times to keep the children and parents safe. That is not the only good story. The member for Bassendean mentioned the rail line. An amount of \$10 million has been allocated for Ellenbrook station. I will be very pleased to be at the opening of that station as the member for Swan Hills. I have seen how long it has taken to build the Mandurah rail line. We cannot start everything this week and have it finished this week. I will be the member who will be there for the opening of that train station.

Mr M.P. Whitely: Will that be in 2012?

The ACTING SPEAKER: Order, member for Bassendean!

Mr F.A. ALBAN: As I have said, I am pleased to be the member for Swan Hills. I look forward to all these projects becoming a reality. This budget is also—members opposite can stick this in their pipe and smoke it—the fulfilment of all the election promises that have been made for the electorate of Swan Hills by the Liberal Party. I thank members.

MR C.J. TALLENTIRE (Gosnells) [1.44 pm]: I had hoped that in this first budget from this new government, a new vision would have been expressed. That vision would not necessarily be founded on the sorts of philosophies that members on this side of the house would like to see expressed, but, nonetheless, I had hoped that a vision would have been expressed that would help guide us forward and show how our wealth and good fortune can be used to provide a sustainable future for this state. Instead of that, this first Liberal-National budget represents a massive lost opportunity. This budget uses the global financial crisis as a constant excuse. In this speech I will talk about some of the missed opportunities in this budget. This budget fails to satisfy the concerns of the people in my electorate of Gosnells. It also fails to capture the imagination. It will send Western Australia backwards on many fronts. It will do nothing to move Western Australia towards a sustainable future. The budget actually implements some rather nasty cuts to important environmental regulatory functions.

I will begin with an example of how the WA state budget could have had some far-reaching and positive impacts that would not only move Western Australia forward on economic and environmental matters, but also improve our social wellbeing. That example is the use of personal transport in Western Australia. Given the way our planning system has worked, and given our history, personal transport—our use of the car—is very much entrenched in the lives of all of us. Although a steady conversion towards the use of public transport is taking place, we are still very much a car-dependent society. Just prior to the budget, the Premier announced that there would be a 10 per cent reduction in the size of the government car fleet. The Premier said that that would result in a saving of \$10 million a year. It is interesting that the Premier would seek to save money in this way. That will not only remove a bonus that public servants have had—that is, the option of a packaged car deal—but perhaps also provide a disincentive towards encouraging people to move into the higher levels of the public service. The announcement was reported in an article on WAtoday.com.au as follows —

WA Premier Colin Barnett told reporters in Perth on Sunday the target to reduce the state's 11,700 car fleet would save \$42 million over four years for the state budget.

Mr Barnett said the 10 per cent cutback was necessary because the previous Labor Government had been too generous.

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

“Cars will be less readily available for public servants, but we will not cut back on vehicles in essential areas such as police, emergency services, child protection, health delivery and so on,” Mr Barnett said.

That was the announcement that was made by the Premier of Western Australia. I compare that with an announcement that was made overnight by the President of the United States, who was, no doubt, inspired by the Governor of California and the Governors of other states who have a more progressive mind. The US President announced overnight that —

“For the first time in history we have set in motion a national policy aimed at both increasing gas mileage and decreasing greenhouse gas pollution for all new trucks and cars sold in the United States of America,” . . .

Why could Western Australia not adopt a similar vision—a cost-effective means of moving this state towards a more fuel-efficient future?

The United States President went on to say —

Under the new rules, American cars and trucks will have to get 15 kilometres per litre —

That is around 6.6 litres per 100 kilometres if we use that measure —

by 2016. At the moment they average 10 kilometres per litre.

The United States President went on to say that that will mean that —

“Consumers pay less for fuel, which means less money going overseas, and more money to save or spend here at home,” . . .

“The economy as a whole runs more efficiently by using less oil, and producing less pollution, and companies like those here today —

He was speaking to an assembly of United States automotive manufacturers —

have new incentives to create the technologies and the jobs that will provide smarter ways to power our vehicles.”

That is the sort of vision that we are seeing in the United States. Some might say that is beyond the scope of this state government. I will come back to that point and demonstrate why it is definitely not beyond the scope of this state government to put forward such a progressive idea.

We need to keep in mind also the issue of peak oil. That is the point at which the demand for oil outstrips the supply. At the moment, oil prices have come down significantly because of the slowdown in demand caused by the global financial crisis. We all hope that we will soon come out of the global financial crisis. However, I put to the house that we may be facing very significant fuel price increases when we do come out of the global financial crisis. That will be a matter of grave concern to the people in my electorate and I think in every electorate represented in this house. We need to contend with the fact that the Australian passenger vehicle fleet is not particularly fuel efficient. During my lifetime, the Australian passenger vehicle fleet has made very little progress in fuel efficiency. In 1963—the year of my birth—the average passenger vehicle required 11.4 litres of fuel to travel 100 kilometres. In 2006 it is exactly the same. Even though there has been a time lapse, it is still exactly the same—11.4 litres to travel 100 kilometres. We have not seen advances in fuel efficiency. People who manage substantial vehicle fleets, such as the Western Australian government, should put to automotive manufacturers that we must have vehicles that are fuel-efficient. Those figures were presented in the Garnaut report by Dr Paul Mees from one of the Melbourne academic institutions.

Several members interjected.

Mr C.J. TALLENTIRE: I will take members’ interjections later, if I have time.

We need to reduce fuel use and, at the same time, reduce greenhouse gas emissions. We should aim to have a government fleet and, indeed, a passenger vehicle fleet that emits less than 120 grams of CO₂ per kilometre driven. When I was being offered a vehicle by people in the Department of the Premier and Cabinet as part of my parliamentary entitlement, I specified that I would like a vehicle that emits less than 120 grams of CO₂ per kilometre. Unfortunately, I was told that was not possible—it was not within the budget range that a backbencher has. That was unfortunate.

Dr K.D. HAMES: You could pay the extra yourself, as an entitlement, to get a car.

Mr C.J. TALLENTIRE: I have the option of opting out and buying my own vehicle. As the lease is coming up, that is something I am contemplating.

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

Dr K.D. Hames: There is a third option—you can get the vehicle and, whatever the difference in price is, pay a small amount.

Mr C.J. TALLENTIRE: That is a good point, minister. By my sums, it works out to be more expensive to do it that way. If I chose a Calais or a Falcon, because the government fleet buys in bulk it can get a \$42 000 car with all the extras—“all the fruit”, as the car dealers like to say—with no problems at all. If we ask for a more fuel-efficient vehicle, which might be something that off the shelf from the car retailer costs about \$38 000, they cannot do it for us. They say it is too expensive. There is a problem there and it does need to be resolved. As a big user of vehicles, the WA government has the power to drive demand towards more fuel-efficient vehicles.

I recommend all members look at the Australian government’s “Green Vehicle Guide”. The web site is greenvehicleguide.gov.au. It sets out the vehicles that are fuel-efficient; the types of vehicles that should be dominating our government fleet. If we were to do that, we would be saving far more than the \$10 million annually that the Premier is hoping to save. There is an issue when it comes to small diesels. Unfortunately the “Green Vehicle Guide” does seem to mark down the very new fuel-efficient small diesel vehicles that have been put out by European manufacturers and some of the Korean manufacturers. It is something that needs to be checked—it relates to air quality. At the moment the “Green Vehicle Guide” states —

... particulate matter and nitrogen oxides emissions which can cause a range of adverse health effects
... are generally higher in diesel vehicles compared to petrol or gas vehicles.

The problem there may be that all diesel vehicles have been put in the one basket when some are much cleaner than others.

I will turn to the possibility of electric vehicles. Western Australia has an incredibly exciting opportunity in relation to electric vehicles. The University of Western Australia and a number of organisations around town—in fact, a group called the Australian Electric Vehicle Association, which I am a member of—are leading the way. Some people might call people from these organisations geeks. They are people who just love converting vehicles to electric vehicles. They manage to do it on shoestring budgets, using very simple, readily available components. One can of course go to the more expensive end of the market and have lithium batteries in cars that have the capacity to travel 300 kilometres. An American company, Tesla Motors, manufactures \$120 000 vehicles that can do that without any problem at all. Here in WA we have people who can convert smaller cars. An example is a Suzuki Sierra that was converted by the president of AEVA, Tuarn Brown. He managed to convert it to a fully electric plug-in vehicle for less than \$10 000. That is remarkable. The only limitation is the range on that car because he has not put a lot of battery space in it—it is limited to around a 48-kilometre range. It is an Australian-made vehicle, albeit backyard Australian. Why are we not supporting that kind of industry by helping people convert? We should encourage people to plug in, but to plug in to renewable energy—that is very easily done as well—and thereby save enormous amounts of money on our government fleet. It would also encourage the rest of the community to make savings by coming up with other such inspired ideas.

Before moving on from the issue of electric vehicles, I will highlight the sorts of national figures we are looking at. Mr Evan Thornley, a former member of the Victorian Government who is now working for a company called Better Place, states —

Australia currently spends about \$20 billion a year on petrol and if you replaced that with renewable, zero-emission electric vehicles that number reduces to five.

That’s \$15 billion free cashflow you’ve liberated and that pays for a lot of batteries and a lot of infrastructure.

A final and very exciting dimension to this was put forward by Professor Peter Newman from the Curtin University Sustainability Policy Institute. He says that if we can get 20 per cent of vehicles in a city as plug-in electrics, we can store enough electricity to enable that city to go 100 per cent renewable. A concern about renewable energy has always been the difficulty in storing it because of its intermittent supply. Where do we store it? If we have a car fleet, that is the storage point. Car batteries are sometimes powered up and used to drive people around; at other times they are sitting there plugged in—they are a storage unit. What an exciting possibility that is.

There are companies that are looking to find opportunities to promote their renewable energy electric vehicle options. Norwegian company Think—this is no fairytale but I concede that is an allusion to the Eurovision Song Contest!—wants to come here. It would love to meet a government like the Western Australian government and talk about converting Perth to some sort of renewable energy program for our car vehicle fleet.

I move on to the environment section of our budget. There is a serious concern here. I am not going to call it a conspiracy, but I will say it is a disgrace. Pages are missing from the CD version and from the downloadable

Extract from *Hansard*

[ASSEMBLY - Wednesday, 20 May 2009]

p4285a-4301a

Mr Andrew Waddell; Speaker; Dr Mike Nahan; Ms Rita Saffioti; Mr Frank Alban; Mr Murray Cowper; Acting Speaker; Mr Chris Tallentire

environment section of the budget. Not everyone has the opportunity, as we have, to receive hard copies of the budget. Many people rely on electronic versions. I draw the Treasurer's attention to Budget Paper No. 2, Volume 3, Parts 11-18, pages 888-900. Thirteen pages relating to the Department of Environment and Conservation are missing. It is a serious oversight. The fact that something like that could slip through the system and was not checked suggests a lack of scrutiny and a lack of attention by this government to environment matters. Surely the government checked these documents with a fine toothcomb before publicly releasing them. It probably did for many sections, but the environment was not one of them. Thirteen pages are missing.

There is another cause for concern when I go to the information contained in that volume. For example, a decision has been made to combine two divisions, the sustainability division and the strategic policy division, in the Department of Environment and Conservation to save \$250 000 a year. The merits of that have to be questioned. One of my biggest concerns relates to the reduction of environmental assessment full-time equivalents. In 2008-09, 131 environmental assessment full-time equivalents were budgeted for. These people are critical to the assessment of the many development projects put forward by proponents in our state. It is all very well to talk about how slow, cumbersome and unwieldy the environmental impact assessment process is, but it is being stripped of staff who can do the job, with the number dropping from 131 to 115.

Debate interrupted, pursuant to standing orders.

[Continued on page 4311.]