

Hon Rick Mazza; Hon Aaron Stonehouse; Hon Pierre Yang; Hon Laurie Graham; Hon Darren West; Hon Tjorn Sibma; Acting President; Hon Stephen Dawson

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## **ESTIMATES OF REVENUE AND EXPENDITURE**

### *Consideration of Tabled Papers*

Resumed from an earlier stage of the sitting.

**HON RICK MAZZA (Agricultural)** [5.08 pm]: In my opening remarks I alluded to the fact that utility prices et cetera continue to rise and put a lot of pressure on households. Last year's state budget saw power bills rise on average by \$169 a year and water, sewerage and drainage fees increased by six per cent—an average of \$97 a year. These price increases come as figures reveal a home or business had its power cut for non-payment of bills on average every half an hour. The story by Dylan Caporn in *The West Australian* on 10 May 2018 told how more than 19 000 businesses and residential customers were disconnected from their power supply when they did not pay their bills—that is almost double the 10 000 customers in 2016. At the time the article was written, power had already been cut to about 3 500 people this year, so the increase in fees for utilities could not have come at a worse time for people in Western Australia. Western Australia needs a complete restructure of its power delivery system. I do not profess to be an expert in the very complex issues of the supply and generation of power in any way, but I know that in Western Australia, we have a monopoly for residential and small business customers in power generation and a monopoly in the delivery of power to retailers. Western Australia is not on the national energy grid, so we have flexibility as a standalone state. At the moment, there is a lot of debate at the federal level about the national energy guarantee in which a certain amount of energy provided must be below the level of CO<sub>2</sub>. I am not quite sure what those numbers are, but it is basically a mix of renewable energy and baseload power through coal and gas.

It is no longer a war between renewable energy, gas, or clean coal, which has been bandied around in New South Wales and nationally. It is all about providing affordable power to the state without subsidy. Every time power prices go up, it reduces the subsidy. I do not have a problem with reducing the subsidy. I do not think that we should have subsidies for power. It should be standalone and there should be competition in the energy generation market and in delivering energy to households. We have seen that in the gas sector, in which there are multiple players including AGL Energy and others. The price of gas has come down and deals have been offered. My understanding is that in Western Australia industries can shop around for their power provision. Power is provided by Western Power and a couple of private providers, so industries can shop around to get a decent price for their power. However, residential power users or small businesses cannot do that. It is a straight-out monopoly and we know that monopolies do not tend to be terribly efficient. I do not know quite how we can do it or the costs involved but we need to turn our minds to it. There should be competition within the energy generation market, particularly because it is no good having retail competitors if they are all stuck with the same generation costs.

**Hon Darren West:** It's more expensive in the east.

**Hon RICK MAZZA:** It may be more expensive in the east and bear in mind, Hon Darren West, that there is the national energy grid. South Australia is part of the national energy grid and it has put in windmills, solar panels and all those sorts of things that have caused some grief. There has to be a mix. I am not against renewable energy; renewables are fine, but we should not be subsidising power. There needs to be a mix of power because at the end of the day, as Hon Tim Clifford pointed out, pensioners are not turning on their air conditioning and families in lower socioeconomic households do not turn on their air conditioning or their heaters during winter. I think that is a very sad thing for a state such as Western Australia. I do not know how long it might take, but I think government members need to turn their minds towards being able to develop a really good, affordable energy market. There is no doubt that industry, if it has cheaper power, will be able to compete in the world market. Bear in mind that some businesses have power bills in the hundreds of thousands of dollars per month so being able to access cheaper power will provide them with a more competitive base for their overheads.

There has also been a lot of commentary about a fair share of GST. The federal government is proposing to put in a floor or give us a top-up so we get more GST. The proposal is for Western Australia to receive \$3.3 billion by 2026 with a top-up of a \$1.4 billion increase in 2020. A floor of 70 cents per dollar of GST would be introduced to all states by 2022–23 and two years later it would rise to 75c. This would ensure that Western Australia's share would not slide again. It is a pity that we do not have back pay for that because it has been below 40c for quite a long time. I know you have a different view of that, Mr Acting President (Hon Dr Steve Thomas), but in any case, I think Western Australia should receive a greater share of GST. It is particularly galling when we hear states such as Tasmania that are currently heavily reliant on GST boasting about their economic success. Tasmanian Treasurer Peter Gutwein recently said that the state was on the cusp of a golden age with a surplus of \$161 million and a cumulative surplus of \$620 million over the forward estimates. I also read somewhere that, from memory, the Tasmanian government was offering incentives in the form of tax cuts for businesses to come to Tasmania. It is quite galling for this to be the case in a state such as Tasmania, which is the recipient of a large share of the GST, yet a development state such as Western Australia is cap in hand trying to meet its budget requirements.

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I agree with Treasurer Ben Wyatt when he says that an increase in GST revenue would not be a windfall for this state; Western Australia deserves it.

I would be disappointed if the government sold Landgate's automated titling service that runs property searches and is responsible for automated property transfers. When the land registry was sold in New South Wales, it led to soaring prices for home owners and businesses. Costs increased to search for basic information, including title and ownership searches that are needed when people buy properties. Attempts by the New South Wales government to cap prices were manoeuvred by the new owners who created new fee categories and by forcing homeowners and businesses to use separate data brokers to conduct searches. I generally support the privatisation of certain services within the state, but some government services should not be privatised. We should not privatise our police force or Landgate in this case. Due to the sensitivity of the information, I think it should remain in government hands. It is of interest that Landgate has been promoting that with e-conveyancing conveyancers should realise more efficiencies and their costs should come down, which would cover the additional fees that are charged by Property Exchange Australia. However, the lodgement and searching fees for Landgate have not come down. I would be interested to know whether the Public Sector Commissioner is going to do an audit on those fees to determine whether the new automated system will provide more efficiencies and whether some of the fees should come down or will remain high in an effort to get a good price for the sale of Landgate.

The Western Australian grains industry will receive \$24 million in new funding for grains research and development. Of that, \$14 million will be invested over 2018–19 and \$10 million will be invested over three consecutive years. This is good news, minister; when things are done well, the minister will always get encouragement from me. However, the grains industry needs to be protected at all costs, especially in light of the live sheep export trade debacle, which has the potential to damage other trade commodities. Markets in the Middle East want live sheep. Due to their religious and cultural beliefs, chilled meat will not always be what they need. If there is a temporary shutdown or a permanent ban on exports to Middle Eastern markets, consumer faith will be broken and our trade partners will look elsewhere. On 22 May 2018 in *The West Australian*, Al Mawashi's chief executive Osama Boodai said that Australia's biggest live sheep customer was already looking to find other sources of livestock. The company also warned of wider ramifications for Australian agricultural commodities such as meat and grain imports. So although the \$24 million of funding for grains research is welcome, we need to ensure that we still have a market to sell it to.

**Hon Alannah MacTiernan:** Member, are you aware that New Zealand has a massive share of the Middle Eastern chilled meat market?

**Hon RICK MAZZA:** Yes, I am aware of that, minister. The raid on 18 June by the Department of Primary Industries and Regional Development on the West Perth offices of Emanuel Exports was to my mind a provocative act of intimidation.

**Hon Alannah MacTiernan** interjected.

**Hon RICK MAZZA:** I am not taking any more interjections, minister; thank you.

It was rightly condemned by both the president of the Pastoralists and Graziers Association WA, Tony Seabrook, and the president of WAFarmers livestock section, David Slade.

If we really care about animal welfare, we should spare a thought for the sheep and cattle who are at the mercy of wild dogs because the state barrier fence Esperance extension is stalling. Wild dog attacks are known to leave sheep with their intestines hanging out, which causes them to die a slow and painful death.

The state government plans to contribute \$6.9 million to the fence. However, it is dependent on federal funding. As Minister MacTiernan told the *Countryman* on 14 June, no work to extend the fence from Ravensthorpe to Cape Arid National Park will take place until the federal government commits funds to the project—and so it goes around.

**Hon Alannah MacTiernan** interjected.

**Hon RICK MAZZA:** Minister, I am not taking any more interjections from you.

I refer to an article in *The Sunday Times* of 12 August about a grandmother who is a dogger and is trying to reduce the number of wild dogs. The article is quite a good read. It runs over a few pages of the paper. What wild dogs do to the agricultural industry is absolutely appalling. The quicker we can get some exclusion fencing, the better. The delay has enraged Esperance farmer Scott Pickering, who sits on the National Wild Dog Action Plan Committee and has been pushing for the upgrade of the fence for 14 years. He is quoted as saying —

“The minister ... was very critical of the previous government for the lack of action on this important issue,” —

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**Hon Alannah MacTiernan** interjected.

**Hon RICK MAZZA:** Mr Acting President, I seek your protection from interjections from the minister.

**The ACTING PRESIDENT (Hon Dr Steve Thomas):** Order, members! We will have silence in the chamber. Hon Rick Mazza has the call.

**Hon RICK MAZZA:** Thank you, Mr Acting President.

**Hon Alannah MacTiernan** interjected.

**The ACTING PRESIDENT:** Order, members!

**Hon RICK MAZZA:** The article continues —

“She has made it clear she is keen to suspend the live export trade at certain times of the year ... she has again diverted key priorities and promises for the agriculture industry, in preference to playing political games.”

That is a quotation from Mr Pickering.

**Hon Alannah MacTiernan:** Tony Seabrook.

**Hon RICK MAZZA:** No, Scott Pickering.

The budget item that interests me is the investment of \$80.3 million to establish a dedicated rural fire division. This includes \$34.6 million for bushfire mitigation, \$18.1 million to establish a bushfire centre of excellence, and \$15 million for a bushfire risk management planning program. Further funding includes \$19.5 million to 38 volunteer and marine rescue service groups, \$8.7 million for crew protection features, \$8 million to replace ageing volunteer fire stations across Western Australia, and \$8 million to replace Kensington career fire and rescue station. This will be funded by an increase in the emergency services levy.

The increase in the emergency services levy has been touted as adding only \$28 for metropolitan households and between \$8 and \$17 for country households. However, what has not been highlighted is the fact that the increase for commercial and industrial property owners could be an extra \$20 000 a year. That is a significant amount of money. The regulations that were gazetted on 29 May show that for commercial and industrial properties in category 1, the yearly cap will be increased from \$225 000 to \$245 000, or a \$20 000 increase. The current cost of \$168 000 a year for vacant land in category 2 will increase to \$183 000, an increase of \$15 000. Commercial and industrial landlords are already under stress because of the high number of vacancies around the place.

The Association of Volunteer Bush Fire Brigades, the peak body that supports Western Australia's 26 000 bush fire brigade volunteers, recently sent an open letter to members about the rural fire division and the proposed increase in the emergency services levy. It holds grave fears that what the government has announced could result in significantly worse outcomes for bush fire service volunteers and further erode relationships with the Department of Fire and Emergency Services. It labelled the government's response as neither adequate nor appropriate. I share some of those concerns, members, and I expressed those concerns in the motion that I moved in May on the rural fire service.

The 2018–19 state budget does not contain anything particularly exciting for the agricultural region. It contains closures and cuts, and a disappointing imitation of the rural fire service. Cost-of-living pressures also continue to be an issue for the people of Western Australia, and the budget will raise fees even higher. I am aware of the government's duty to maintain the finances of this state. However, I think some of its priorities are a bit skewed. The federal government's \$3.2 billion spend on Western Australia certainly assisted the state budget this year. However, we still need to make sure that this state gets a better deal and a higher share of GST revenue.

I like some things about the budget, such as the Myalup primary industries reserve project. However, can we really put a price on education in the bush, which has been affected by government funding cuts? There is a lot of anger in country Western Australia about those cuts. The government's spending priorities could be improved. I welcome the fact that the government has given consideration to restoring funding to community resource centres in the bush. I also welcome the fact that the government will be trialling SMART drum lines. That will be an improvement. I will not call it a backflip. If the government has come to the conclusion that it should put that in place, I congratulate it for that.

**HON AARON STONEHOUSE (South Metropolitan) [5.25 pm]:** Members before me have spoken in great detail to the minutiae of the 2018–19 budget. In my response, I will speak more broadly to the budget. Being a humble crossbench member of Parliament, I do not have the resources to prepare an alternative budget in response. Therefore, I will speak about the ideas and themes that I believe should inform a budget when it is being drafted.

Last year in my response to the budget, I spoke about the material benefits of a free market in which government is limited to maintaining justice and protecting life, liberty and property. I spoke about the downfalls of a centrally

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planned economy, in which government is a key player in the marketplace rather than an impartial umpire. No other system has lifted more people out of poverty or created more wealth for the average man than free markets. In fact, famous layabout Karl Marx recognised in his *Communist Manifesto* that capitalism is a great “engine of growth”. However, the case for free markets and capitalism is more than one of utility. Anyone familiar with the history of the twentieth century, or with a basic grasp of economics, would know that in material terms, capitalism is the most effective tool by which to grow an economy. Therefore, in my budget response this year, I would like to explore a different angle—one that is perhaps a more difficult argument to make, and one that is well outside my comfort zone—and that is the moral case for capitalism. In doing so, I will be using many of the arguments and sources used by the late economist Mr Donald Billings, who wrote about this in his 1983 essay.

Before I explore this idea, let me clarify what I mean by “capitalism”. Capitalism has become a dirty word recently. It is often conflated with consumerism, greed and selfishness. Capitalism in its simplest sense is a system by which the means of production are privately owned. It is a system based upon private property and voluntary exchange. Adam Smith, in his work *The Wealth of Nations*, described this as a system of natural liberty, in which government restraints on the market are lifted and people are free to live their own lives and manage their property according to their own desires. Capitalism is a system in which individuals are free to choose what products they buy, how they invest, and who they contract with.

I would posit that morality is impossible unless we are free to choose between alternatives without coercion. Because capitalism is based on freedom of choice, it provides the best environment for moral responsibility. There can be no morality without responsibility, and there can be no responsibility without self-determination. A moral system is one that affords individuals freedom of choice, and in which they have responsibility and are the causal agents behind their own actions. If individuals are not free to choose, there is arguably no moral responsibility. As Immanuel Kant said, if our will is itself determined by antecedent causes, we are no more accountable for our actions than any other mechanical object whose movements are internally conditioned. A capitalist system in which exchange is voluntary and mutually beneficial is a necessary condition for a moral order in which the integrity of the individual conscience is respected. Friedrich Hayek says —

Only were we ourselves are responsible for our own interests ... has our decision moral value ...

...

Freedom to order our own conduct in the sphere where material circumstances force [a choice] upon us, and responsibility for the arrangement of our own life according to our own conscience, is the air in which alone moral sense grows and in which moral values are daily re-created in the free decision of the individual. Responsibility, not to a superior, but to one’s conscience, the awareness of a duty not exacted by compulsion ... to bear the consequences of one’s own decision, are the very essence of any morals which deserve the name.

Elsewhere, Hayek says —

Surely it is unjust to blame a system as more materialistic because it leaves it to the individual to decide whether he prefers material gain to other kinds of excellence ...

Capitalism is a system of relationships. Much like society, it cannot be moral or immoral, as only individuals are moral agents. However, a social system can perhaps be called moral if, in effect, it promotes the possibility and likelihood of moral behaviour by the individuals who act within it. The late Arthur Shenfield, economics professor, said of an economic system —

... if its essential characteristics on balance positively nurture or reinforce moral or immoral individual behavior, it is a moral or immoral system in its effects.

Where justifiably acquired property rights are defended, and where contracts are enforced, and where the rule of law applies —

... the voluntary nature of capitalist transactions propels us into respect for others.

Capitalism is a necessary requirement for moral growth and affirmation. In *The Road to Serfdom*, Hayek reminds us of certain fundamental conditions of the moral life —

It is ... an old discovery that morals and moral values will grow only in an environment of freedom, and that, in general, moral standards of people and classes are high only where they have long enjoyed freedom—and proportional to the amount of freedom they have possessed.

...

That freedom is the matrix required for the growth of moral values—indeed not merely one value among many but the source of all values—is almost self-evident. It is only where the individual has choice, and

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its inherent responsibility, that he has occasion to affirm existing values, to contribute to their further growth, and to earn moral merit.

Not only does capitalism provide us with the necessary freedom and responsibility to nurture moral values, it is on balance a far more peaceful system than anything that came before or after it. Our relationships and interactions under a system of private property and free trade are far more peaceful. In fact, the height of capitalism in the nineteenth century was a relatively peaceful century, while the twentieth century, marked by the socialist regimes of Hitler, Stalin, Mao and Pol Pot, was one of the bloodiest.

Arthur Shenfield, among others, recognised that competitive capitalism was the first social system in human history to direct man's desire to become rich to the peaceful supply of greater quantities of goods and services for his fellow human beings. This was recognised by Adam Smith, who said —

It is not from the benevolence of the butcher, the brewer, or the baker, that we can expect our dinner, but from their regard to their own interest.

In a system of private property and voluntary exchange, the only way one can attain wealth is by serving the needs of others. Arthur Shenfield also noted —

The alternative to serving other men's wants" through voluntary exchange "is seizing power over them." Where socialism has prevailed it has invariably meant not only lower living standards for most people "but also their reductions to serfdom by the new privileged class of socialist rulers."

As a system that demands service to others to achieve material gain and in a marketplace with competition, capitalism is a system that rewards honesty, trust and integrity. Capitalism promotes cooperation and fosters within individuals virtues of civility, prudence and reliability. We often take this for granted, but taking a comparative look at customer service gives us an idea of these virtues in effect. For example, America, Australia and the UK are well known for their customer service culture of politeness, whereas customer service in the Soviet Union was stolid. Some former Soviet countries are still renowned for having incredibly rude restaurant and bar staff.

In *Man, Economy, and State*, Murray Rothbard says —

... in a world of voluntary social cooperation through mutually beneficial exchanges ... it is obvious that great scope is provided for the development of social sympathy and human friendships." Indeed, "it is far more likely that feelings of friendship and communion are the effects of a regime of contractual social cooperation rather than the cause."

Capitalism rewards those who uphold their contracts because it is a system built upon a respect for private property rights. The freedom to choose and the virtues and work ethics favoured by voluntary transactions not only are a source of moral responsibility, but also foster social institutions that encourage respect for each and every individual. Arthur Shenfield said —

What we want above all for ourselves, and which therefore we must accord to our neighbor, is freedom to pursue our own purposes ... As a corollary to this freedom we want others to respect our individuality, independence, and status as responsible human beings ... This is the fundamental morality which capitalism requires and which it nurtures. It alone among economic systems operates on the basis of respect for free, independent responsible persons. All other systems in varying degrees treat men as less than this.

Central to capitalism is the notion that our actions always entail costs. Discrimination on racial grounds within a marketplace is not free; in fact, businesses that carry out this practice bear a heavy cost for their actions, whether that is discriminatory hiring practices that exclude cheaper, immigrant workers—therefore imposing higher labour costs—or through discriminatory attitudes towards customers that diminish sales. The market ultimately is colourblind. It does not care about race or creed, only how productive people can be. In a capitalist system we may not love our neighbours, but we certainly want to trade with them.

Capitalism does more than punish those who discriminate; it demands that all people are treated equally under the law. Institutions like slavery are at odds with the capitalist principles of self-ownership, voluntary interactions and private property. In fact, Adam Smith, John Locke, Thomas Jefferson and other important classical liberal thinkers of their time abhorred slavery, and their writings formed the basis for its eventual abolition.

In the US, the abolition of slavery was followed by an economic advancement of African Americans, led by men like Booker T. Washington. This was cut short not by capitalism but by government, with the Jim Crow laws that excluded African Americans from the rest of society. The costs of discrimination in this case were not borne by private individuals and business, but by all of society through the coercion of a racist government.

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The late Gary Becker, Nobel prize-winning economist and empiricist, showed that markets make discrimination costly and slowly erode the practice, as firms that are unwilling to seek the cheapest labour or serve particular customers are eventually outcompeted by firms without discriminatory practices. This is precisely what Dame Stephanie Shirley did. In 1962, with capital of about £6, she founded a software company. She wanted to provide jobs for women with dependants, who at that time were discriminated against by employers. Of her 300 employees, only three were men. She was able to leverage the cheaper labour of women to build a successful IT company that went on to program the Concorde black box flight recorders. Hers is a success story of a marginalised group succeeding in a capitalist system, because her competitors bore the cost of their discrimination. That was until 1975, when the UK Sex Discrimination Act put an end to Dame Stephanie Shirley's original model.

To bear the costs of our own actions is a characteristic of the human existence. As economist Benjamin Rogge said —

... the most important part of the case for economic freedom is not its dramatic success in promoting economic growth, but rather its consistency with certain fundamental moral principles of life itself.

For personal freedom, and therefore economic and political freedom, is not ethically indifferent, but a necessary condition of morality.

The Judaeo-Christian tradition is essentially an individualistic view of mankind, which directed human curiosity towards the individual soul and its afterlife. This tradition provided an environment in which individuals could gain salvation and make choices from a position of free will. Jesus and the apostle Paul taught the notion of justice grounded in moral equality, a social order that would judge people as individuals, not groups, where they were admitted into heaven based on their personal beliefs and actions, not by right of birth or group identity. While we certainly enjoy a secular government in Australia, there is no denying that many of our social institutions are rooted in these Judaeo-Christian values—respect for the autonomy of the individual, respect for private property and self-ownership. It is the very basis of our rule of law. These values are closely connected with capitalism. Author and historian Paul Johnston said —

The connection between Christian morality and capitalism thus centers essentially around the role and importance of the individual.

More than to any other force, then, we owe the acknowledgement of our individuality to capitalism ... And individualism is rooted in the Judaeo-Christian doctrine of conscience and free will. Free will implies choice: The moral function of society, the way in which it best serves the moral needs of the individuals who compose it, is when it facilitates the process of choice, permits consciences to inform themselves, and so offers the individual the greatest possible opportunity to fulfill his part.... That, essentially, is the moral basis of capitalism.

It seems self-evident that capitalism is a superior system for the fostering of moral virtue when we compare it with other systems. Throughout the twentieth century, socialist dictatorships suppressed the most basic human freedoms and murdered countless millions in the name of their new social order. This not only shows the immoral character of socialism but also highlights the importance of private property and decentralised power that is the feature of capitalism. The pursuit of a new social order or a glorious revolution is utopia, whereas capitalism accepts human nature for what it is. People can be greedy, petty and self-serving. Capitalism provides a system in which people must serve others and foster moral virtue to achieve their material goals.

I will end with a quote from Frédéric Bastiat, who asked —

Which countries contain the most peaceful, the most moral, and the happiest people? Those people are found in the countries where the law least interferes with private affairs; where the government is least felt; where the individual has the greatest scope, and free opinion the greatest influence; where the administrative powers are fewest and simplest; where taxes are lightest and most nearly equal; ... where individuals and groups most actively assume their responsibilities, and, consequently, where the morals of ... human beings are constantly improving; where trade, assemblies, and associations are the least restricted; ... where mankind most nearly follows its own natural inclinations; ... in short, the happiest, more moral, and the most peaceful people are those who most nearly follow this principle: Although mankind is not perfect, still, all hope rests upon the free and voluntary actions of persons within the limits of right; law or force is to be used for nothing except the administration of universal justice.

**HON PIERRE YANG (South Metropolitan)** [5.43 pm]: I rise tonight to congratulate the McGowan Labor government and the Treasurer for a sensible and responsible budget. The state has been in a very difficult financial situation, and let us not forget who put the state in such a financial predicament. WA's financial situation was fairly and squarely the result of the last government's financial incompetence and mismanagement. The situation

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needed a government that was bold enough to make the right but tough decisions to deal with the budget emergency. The people of Western Australia have that government in the McGowan Labor government.

**Hon Simon O'Brien** interjected.

**Hon PIERRE YANG:** Honourable member, I am not taking any interjections.

Several members interjected.

**The ACTING PRESIDENT (Hon Dr Steve Thomas):** Order, members! We have had a fairly respectful debate so far and I intend that it shall remain so. Members in the chamber will stay quiet while Hon Pierre Yang delivers his address. Hon Pierre Yang has the call.

**Hon PIERRE YANG:** Let us look at the remarkable turnaround. The budget deficit has been halved. Let us not forget that we are on the right track to deliver a budget surplus in the next few years. The McGowan Labor government has done the right thing by the state of Western Australia by being economically responsible. I supported the salary freeze for parliamentarians, judges and senior public servants, which sends a strong and symbolic message to everyone in the community that we are taking budget repair seriously. It also makes a significant contribution in terms of savings. No-one can say that \$20 million saved is a small amount. The message from that act is that everyone in the state is sharing the load, and that includes us parliamentarians. With the government's tough but responsible measures, we have witnessed only a 0.9 per cent increase in expenditure, the lowest in many years. The average increase in expenditure over the last decade was 6.7 per cent. It is a remarkable achievement to reduce it from an average of 6.7 per cent to 0.9 per cent.

The state is undergoing economic recovery. A couple of years ago, we were in domestic recession. In the last financial year, it was estimated that we were growing by 2.5 per cent; in this current financial year, we are expected to grow 3.25 per cent. This good financial and economic result will be achieved while the McGowan Labor government is delivering on its campaign and election promises to the people of Western Australia.

The first election promise I will mention is Metronet, which is a very good project in terms of public infrastructure and job creation. The government has allocated \$3.6 billion to the Metronet project. A range of Metronet rail extension projects, such as the Yanchep extension, the Byford extension and especially the Ellenbrook line, are now being progressed. Unlike Metro Area Express—one would remember MAX light rail—Metronet is fully funded and fully costed and is now being delivered. I am particularly happy to see the progress with the Thornlie and Cockburn lines. It is a \$536 million project and funds have been allocated to two new stations on the Thornlie line, one at Nicholson Road and the other at Ranford Road. WA could see its first circle route and that could be happening in the South Metropolitan Region. This is a very important public infrastructure project to the people of the South Metropolitan Region, and I am only too happy that after being funded in last year's budget, it is now being progressed as planned. With all these projects, a total of 72 kilometres of rail will be added to the existing rail network. Not only that, as part of the Metronet project, the McGowan Labor government is going to remove dangerous level crossings, a few of which are in my electorate in the South Metropolitan Region. Sixty-nine million dollars has been allocated to the level crossings on Denny Avenue in Kelmscott, Oats Street in Victoria Park and Wharf Street in Cannington. Although I agree that the Denny Avenue level crossing is not in my electorate, it is not far away from it. This is a very good outcome for the people of the South Metropolitan Region.

I now want to turn to another topic: local jobs in Western Australia. Labor promised that we would put WA jobs first. In fact, we have seen more than 30 000 jobs created since March 2017. The McGowan Labor government enacted, as a priority, the Western Australian Jobs Act 2017, and from a legislative perspective, all government departments and agencies are now required to work with local businesses to ensure that state government spending delivers local jobs. I would like to congratulate the government for enacting such legislation. Many governments around the world have legislation protecting their jobs; why should we not? I think it is a good thing that WA finally has an act that protects our jobs.

As we are working hard to turn the economy around, we need to ensure that Western Australians will benefit from the economic recovery. The McGowan Labor government has announced the purchase of 246 Metronet railcars over the next decade. This \$1.6 billion project is the largest purchase of railcars in WA's history. The McGowan Labor government has also announced that 50 per cent of the manufacturing of the new railcars will have to be done in Western Australia. Western Australia is lucky to have a strong mining and resources industry, and we are lucky to have a growing service industry, but we must also have a strong manufacturing industry in this state. We have lost many jobs because of changes in our economic situation, and as a result of changes in technology a lot of the jobs of the old days no longer exist, but we must find ways to create new jobs, especially in the manufacturing industry, so that people who want to work in skilled jobs can have a decent job. This purchase of 246 railcars is a significant boost to Western Australian jobs.

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The McGowan Labor government is also working hard at diversifying our economy by investing in new industries, tourism, international education and defence industries. I will stand corrected, but I think I am the only currently serving member of Parliament who is a former international student. I can attest to the quality of a Western Australian education and credentials. I would like to say to the rest of the world: come to us and study here, because we have top-quality education to offer.

I would like to move on to another area: health care. The McGowan Labor government has allocated 29 per cent of its expenditure to health—the single largest component of this budget. That amounts to about \$8.81 billion. Prior to the last state election we promised to deliver urgent care clinics, and we are delivering on that election promise. The first urgent care clinic is already underway at Royal Perth Hospital. I will also take this opportunity to congratulate the government on the opening of the Perth Children's Hospital—a magnificent project. That is going to be a good outcome for the youngsters of Western Australia.

Prior to the last election the Labor Party also promised medihotels. I remember quite clearly that that idea was ridiculed by the then government, but you know what? The first medihotel is going to be delivered. Medihotels are a good idea for patients who are recovering well and who no longer need the full medical attention of a hospital bed, but are not yet ready to go home because they are still recovering. Medihotels are a solution for this situation. On one hand they free up expensive hospital beds, but on the other hand they provide the care and attention needed by patients who are still recovering. We are delivering on medihotels, and they are a fantastic outcome.

I would like to also mention the family birthing centre. The Labor government is investing \$1.8 million in Fiona Stanley Hospital to provide families from my electorate with more options and choices. For those members who have not heard the term, the family birthing centre is a home-like maternity care facility that encourages families to be involved in the planning for, and to enjoy the event of, pregnancy and childbirth in a safe and familiar environment. We promised to put patients first and we are doing that.

The second-largest component of our budget expenditure is education. The Labor government knows that our future is in the hands of our children. We need to invest in our children's education so that they can be competitive in the future as globalisation continues and competition with other nations remains fierce. In particular, I would like to congratulate the McGowan Labor government and the Minister for Education and Training for their support for and investment in education in my electorate. This includes \$16.3 million for the new Baldivis North Primary School; the new Aspiri Primary School in Piara Waters; \$40 million for the new South Baldivis secondary school; \$8.4 million for the new and upgraded facilities at Southern River College; and \$4.5 million for the new performing arts centre at Melville Senior High School.

When it comes to education, we cannot avoid talking about learning another language. Learning another language can help our children to broaden their worldview and has the potential to help them with their future career, especially if it is the language of a country that is an emerging economic power. I recently met with a school principal in my electorate after having been approached by a number of constituents about establishing after-hours language education at that principal's school. At our appointment I explained to her the wishes of the parents of her students, and she was quite supportive of the idea. As far as I am aware, the after-hours language program has already started at her school. That kind of attitude is very positive and very encouraging, and that program could be beneficial to her students and their future.

I would now like to turn to regional Western Australia and the royalties for regions program. During the last election campaign, we promised to protect royalties for regions, and we have honoured that election promise to the people of Western Australia, especially the people of regional Western Australia. We are guaranteeing the future of royalties for regions. To avoid the mistakes made by the last government, instead of purchasing singing toilets and plastic cows, the McGowan Labor government is ensuring that royalties for regions is spent on things that really matter to the good people of regional Western Australia. For example, the government is investing \$2 million in Western Australian regional roads.

[Interruption.]

**The ACTING PRESIDENT (Hon Dr Steve Thomas):** That is in the courtyard; just proceed, Hon Pierre Yang.

**Hon PIERRE YANG:** Thank you very much, Mr Acting President. I shall resume where I was interrupted.

The government will invest \$2 million in Western Australian regional roads over the coming three financial years. Over the next four years there will be \$70 million for improving high-risk regional roads, \$136 million for Country Age Pension Fuel Cards, and \$4 million for Emergency Services Volunteer Fuel Cards. Many millions will be invested in regional education and health services across the entire state. We do not pitch regional people against city people. We would like to see the whole state move together and we are a government for all Western Australians. We want to see all Western Australians—in both the regions and the city—living the lives

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that they aspire to. The government will provide the essential services to support them in their pursuit of their aspirations.

In conclusion —

**The ACTING PRESIDENT:** Honourable member, just before you conclude, I will ask you to take your seat. Not everybody gets a soundtrack with their speech, so I will be quite grateful under the circumstances to adjourn the debate until the ringing of the bells.

*Sitting suspended from 6.00 to 7.30 pm*

**Hon PIERRE YANG:** In conclusion, the state is on the right track. This is a great budget. I am sure that this budget will make Western Australia great again.

**HON LAURIE GRAHAM (Agricultural)** [7.31 pm]: In my budget speech I will mainly centre on Agricultural Region issues, but I will touch on royalties for regions funding and other funding sources of projects. Before I start, I would like to address the issue of debt. Debt is obviously represented as a share of revenue—the debt-to-revenue ratio. In mid-2008, the final days of the Carpenter government, the state debt-to-revenue ratio was 19.04 per cent. This went up every year with the Barnett Liberal government to 82.3 per cent in February 2017. Despite this, and despite the hard decisions Labor has had to make as a fiscally responsible government, it has been able to deliver many projects that the regions need. I understand that those in opposition do not want to acknowledge any responsibility for increases in the deficit for the out years once they lost power; however, their own estimates painted quite a different picture. As a new member, I find it interesting how previous governments can disassociate from the financial impact of measures they were responsible for implementing.

I move on to hospitals. Geraldton Hospital is a good story. The McGowan government delivered an election commitment to create jobs and strengthen quality health care for the midwest region. In the election campaign Labor pledged \$45 million to begin a staged development of Geraldton Hospital, starting with the provision of 18 mental health beds and a new emergency department. After detailed investigations, the allocation was increased to \$73.3 million for the stage 1 development of Geraldton Health Campus and the midwest health service for a new emergency department and mental health beds. The need to improve the hospital was recognised by all parties. As part of the election campaign, the Liberal government pledged \$138.5 million to upgrade the hospital and the National Party pledged \$115 million from royalties for regions to upgrade the hospital. As a result of the decision taken by government, the Geraldton Health Campus redevelopment has had to roll out for an extra year, so there is \$36.7 million committed in this budget, with a further \$40.7 million to bring up the total expenditure.

I turn to mental health. Community mental health step-up, step-down services will provide vital short-term residential support and individual care. They can reduce hospital admissions by providing support to people in the community experiencing mental health episodes. They can also serve as a transition for people being discharged from hospital. An additional \$10.2 million for community mental health step-up, step-down services in Geraldton has been committed to. WA Labor will invest over \$21 million in capital funding over the next three years in community and mental health step-up, step-downs to progress the establishment of services in Geraldton, Albany, Broome, Bunbury, Kalgoorlie and Karratha. Obviously, in doing that it has also had to roll out some of that funding to the 2022–23 financial year.

Digital farming was another commitment made. Out in the Agricultural Region there are huge areas where mobile phone coverage just does not exist or is a very poor quality and access to fast, reliable internet is nothing more than a dream. Labor has been working to change that within the constraints of a sensible budget. Just last week we saw the first announcement of digital farm grants, with four grants totalling \$2.3 million, which saw industry committing over \$3 million. In Chapman Valley we saw a demonstration of the internet speeds that can be achieved. This was obviously not the speed that will be delivered to these projects. People will have to pay for whatever speed they want up and down. We saw a speed delivered using the technology of 180 megabytes per second up and 70 megabytes down and at the same time full high-definition video can be run. The Minister for Agriculture and Food was impressed by a Netflix video of 50 megabytes a second that was running in the background. Speeds well over 200 megabytes per second were achieved. It was an attempt to demonstrate that even when the system was loaded up, those sorts of speeds can be achieved if people want to pay for them. These sorts of internet speeds were not a priority of the National Party, as it pushed SuperTowns and ignored slow internet in surrounding districts. There will be more to come as we catch up with the rest of the world and do not leave our regional farm businesses in the internet dark ages. Obviously, this technology costs. To give some indication of the range of costs, an individual farm connection cost at the catching end—this has nothing to do with the delivery of the project—will be somewhere between \$500 to \$2 000. That compares with a few hundred dollars to connect in a major urban area. The \$60 monthly fee in a town will more than double in a regional area to something like \$130, and if someone wanted a speed of 100 megabytes per second, it would cost more like \$750 a month, and there will be people willing to pay that. This technology has rolled out a great opportunity for regional WA.

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There has been some discussion about the rural fire service over the several months since it has been announced. Obviously, the Association of Volunteer Bush Fire Brigades had a point of view and it put that the service was less than desirable, but having had the opportunity to attend a large number of meetings with the brigades, it is quite obvious that the brigades are very satisfied with the service being offered. People in the brigades had the opportunity to meet the minister face to face and raise their complaints about the technology provided to them, such as the fact that some vehicles are suitable for some locations, but cannot go to an adjoining fire area because they have the wrong tyres on them and they will get bogged. I believe this has been a great outcome for regional WA, particularly seeing that the metro area is largely funding it; because of the valuations, metro landowners will pay an extra \$28 per household and rural landowners will pay an extra \$8 to \$17 per household. An amount of \$80 million was provided in the budget for the structural change to create the rural fire division. On top of that, we got a prescribed burning boost. Clearly, the \$40 million provided for prescribed burning will not cover all the backlog, but it will go a fair way to taking out the worst of the backlog. The backlog to be burnt will be identified within the plans. The important thing is that each council will be responsible for coming up with a plan and, as a result, the worst fire-prone areas in each shire will be addressed. The funding also includes \$18 million for a Bushfire Centre of Excellence to enhance firefighting capabilities and put more money towards mitigation.

I refer to the state's boost to jobs and services in the wheatbelt. The state budget continues to deliver on election commitments in the wheatbelt, creating jobs for Western Australians and delivering quality health care and education for the community. The 2018–19 budget has a strong focus on financial management and, as a result, the budget is on track to return to a surplus. The wheatbelt alone has seen the government invest \$295.8 million in job-creating infrastructure. Creating jobs and strengthening the state economy remains the number one priority of the McGowan Labor government. The budget includes over \$45 million across four years for building Western Australian grain research and development capability; \$22.5 million for the regional economic grants scheme to drive economic development in regional WA; and \$20 million to upgrade Indian Ocean Drive. I am sure that, with the recent accidents on that road, that will be well received by everyone in the community. The budget includes \$17.2 million for road safety treatments to Great Eastern Highway. Obviously, with the matching funds, that will see a great boost of income by something like four times that amount. There is \$2.4 million being made available in this budget towards improvements to Toodyay Road, which is a notorious road. That is a long-forgotten promise of governments in the past.

The budget also has funding for improvements to community programs and facilities, including \$20.5 million for the Target 120 program for early intervention into young offenders; \$70 million to improve regional roads across the state identified as high risk; and \$1.2 million to install five rural intersection active warning systems on regional roads. These will be test sites initially, but they will obviously be critical sites where there are likely to be accidents. The system warns the car on the minor road, which is approaching a major road, that there is traffic on the major road. Instead of relying on Stop signs and other things, we will have physical warning lights blinking to tell them that there is traffic at the intersection.

For improving infrastructure and services across the regions—that is all regions—the budget includes \$18.5 million for the regional enforcement unit to increase traffic enforcement on country roads. I know that the Minister for Police has spoken extensively at a number of forums and that the initiative is well received. Initially people did not like to see police cars drive out of Perth and finish at Port Hedland; it is a long distance. I know they go out only 400 kays and change over and the vehicles continue on once other people take them on. People have accepted that those vehicles—many of which are obviously not recognisable to the naked eye as police vehicles—are obviously out on the roads and slowing people down. There is also \$39.7 million to boost tourism funding to showcase regional destinations. At a recent seminar I attended, the impact of the skywalk at Kalbarri was discussed. Certainly, people have much higher expectations for that project. I thought it was something that would be a once-only event. People are now saying that it will be a destination event that will in and of itself bring international tourists and events. We talk about regional roads and the need to keep them up to scratch. We have a \$2 billion program to be spent on regional roads in the forward estimates from 2018 to 2022.

I know that the Minister for Education and Training feels strongly about education assistants. It is great to see that we are putting education assistants and Aboriginal and Islander education officers back into regional classrooms. That will make a big difference to the schools to which they are allocated. There is still an issue there to address in communities such as Moora, but that will be addressed by other mechanisms. There is funding to put independent learning coordinators in 10 regional schools to assist students undertaking courses.

There is \$4.5 million for emerging regional businesses as part of the new industries fund. There is \$1.6 million for the Find Cancer Early program in regional areas. They are all good and very solid projects, and I was very disappointed that as people spoke about budget initiatives, some of the good things that have been provided were not highlighted by opposition members. The RforR funding includes \$182.3 million for the patient assisted travel scheme to support regional people getting to Perth. When they arrive in Perth, there are minimal amounts under

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that scheme for accommodation, but medihotels will go a long way to address those shortfalls when accommodation is not available. Sir Charles Gairdner Hospital is one of the few hospitals in Perth where regional people who need to be accommodated in Perth can be, but these medihotels will obviously address the people from Royal Perth Hospital and other hospitals who need to be seen at the hospital but do not need to occupy a bed. We have \$136 million for the Country Age Pension Fuel Card, which is a great initiative that was retained. There is \$4 million for the Emergency Services Volunteer Fuel Card.

It is fantastic that we are continuing work on a number of key projects in the wheatbelt. An amount of \$10 million has been allocated to the agricultural lime route transport network to support the safe and efficient transport of freight vehicles. There is \$1.5 million over three years for a capability building program for Aboriginal businesses to support Aboriginal procurement policy. I have attended a number of forums and there is a large interest in this program from not only businesses, but also Aboriginal groups that want to participate and get meaningful employment out of this percentage—not only three per cent of the job but, hopefully, three per cent of the revenue for the job. There is \$16 million to continue the ranger program. I was lucky enough recently to visit the TAFE at Esperance where something in the order of 14 people were in a classroom being educated on what is required to become Aboriginal rangers and be part of the community and protect the land. I will conclude my remarks at this point.

**HON DARREN WEST (Agricultural — Parliamentary Secretary)** [7.50 pm]: My contribution will be reasonably brief because, not for the first time, some of my thunder has been stolen by Hon Laurie Graham. I take this opportunity to acknowledge the great work that Hon Laurie Graham has done in the Agricultural Region. For those who are not aware, this is the first time in history that the Agricultural Region has been represented by two Labor members in the Legislative Council. I am quite sure that the people of the Agricultural Region are very happy that Hon Laurie Graham has been elected to Parliament. He has done a fantastic job since his election and it is a pleasure to work with such a quality person and a great member of Parliament.

I was not intending to speak on the budget that has been handed down, but I have listened to hours and hours of budget responses by members opposite. I have been in opposition and I know that it is awful over there. All members opposite can do is say how bad things are and complain and moan about the government, but everybody needs to acknowledge where we came from in formulating this budget. When we came to government the state was an economic basket case. We inherited forty thousand million dollars of debt from the Liberal–National government when it was in power.

*Point of Order*

**Hon TJORN SIBMA:** Evidence taken during estimates proved that to be a fallacy. That evidence was provided by Treasury officials. I think he is misleading the house, Mr Acting President.

**The ACTING PRESIDENT (Hon Robin Chapple):** There is no point of order. The member will resume.

*Debate Resumed*

**Hon DARREN WEST:** Members opposite can refute the amounts all they like, but if they go back through the final Liberal–National government budget, they will find state debt ballooning to forty thousand million dollars under their watch. I presume that the previous government was working on winning the election. Should that have been the case, I have no doubt that debt would have continued well beyond that forty thousand million-dollar mark. It was \$3.8 billion when the previous government was elected in 2008. As Hon Laurie Graham quite rightly pointed out, at that time the debt-to-revenue ratio was 19.08 per cent. It blew out to 82.3 per cent. That is economic vandalism at its worst. I think we would have to go a long way around the world to find a government that trashed an economy like the Western Australian Liberal–National government did under Premier Colin Barnett. Members should be mindful of where we have had to come from.

We have halved the deficits that we inherited and are doing everything we can to stem the bleeding. I think there is a silly outside chance—probably not in this financial year, but the next financial year—that we will return to surplus for the first time since Labor was last in power. I think it is a responsible budget and that the Treasurer has done a fantastic job in crafting it. He has walked the line of being mindful of the mess we inherited and need to fix it for future generations and offsetting that with good initiatives that will get people back to work and the finances back on track. The Treasurer is a graduate of the London School of Economics. He is a highly educated and smart man when it comes to economics. More importantly, the Treasurer is also a graduate of Laverton Primary School. He understands what it is like in regional Western Australia more than anyone in the Nationals or the Liberal Party because he is one of us. This government has a strong leader and a great Treasurer. Processes are back in place so that all royalties for regions spending goes through Treasury and goes through the Expenditure Review Committee. The previous government did not have that process and the Langouant report was scathing of the unbridled spending and wastage seen for eight years under the Liberal–National government. Thinking about where this budget has come from and what has to be done to restore the finances, when anybody outside this Parliament

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considers this budget, I think they are generally happy with what they see. I get that the opposition has to score some points, has to be negative all the time and has to talk down the state all the time. I do not have to do that too. This government is getting on with the job.

Everyone involved in the formulation of this budget needs to be congratulated. We were the basket case of Australia. We are still tracking eighth, but the signs of recovery are strong. We were the strongest economy in Australia and we went to being the eighth ranked economy in Australia. We are still there, but I think that we are trending back in the right direction. I urge members opposite to read the Langoullant report if they want any further clarification about just how bad things were.

Several members interjected.

**The ACTING PRESIDENT:** Order! A lot of audible discussion is going on in the chamber. It is very hard for Hansard to hear. Hon Darren West has the call. Please try to listen.

**Hon DARREN WEST:** Thank you, Mr Acting President. I was unable to hear you calling for order over the interjections so I apologise.

We are getting Western Australians back to work and that is important. The people of Western Australia had much job insecurity and uncertainty during the final years of the Barnett Liberal–National government. People were concerned about their jobs. Everyone knew somebody who had lost their job and people were worried about their own. We have been able to bring back some job security and job certainty for the workers of Western Australia, which instils confidence in them to buy a house, buy a car or take a holiday—things that are important to get our economy back on track. We have introduced the Western Australian Jobs Act to try to get Western Australia back doing the work that needs to be done in Western Australia. The best example of that that I can cite is the footbridge to the stadium. The footbridge contracts were let to a company in Malaysia and the cost of the bridge was blowing out—going over the top! We brought those jobs back and, despite the issues with York Civil, I am proud to say that the work done on that bridge, the steel and concrete in that bridge, was all done here by Western Australian workers. We should all be proud of that and should use that as an example. It is a very good footbridge. We had to rush it open and a few jobs are still to be tidied up, but that is a good bridge that was built in Western Australia by Western Australian workers. I am proud of that. They can do it as well as anybody can.

We are going to build the Metronet railcars and 50 per cent of the work on those will be done in Western Australia. That is a nice change! Not only are we committing to a world-class public transport system, but, as much as we possibly can, we are going to build the carriages for it here in Western Australia. Western Australian jobs are our number one priority and will be for the term of this government and this budget reflects that.

I am very proud to be a member for the Agricultural Region, which I represent as the only working farmer in Parliament. The Department of Agriculture and Food, as it was known, was a big government employer in our part of the world. It was gutted under the previous government but now has a new lease of life. It has been amalgamated with the former Department of Regional Development and its research funding has been doubled. People are coming back to work for the department of agriculture and doing that important —

Several members interjected.

**The ACTING PRESIDENT:** Members, I am very interested in the other conversation that seems to be going on in the chamber, but Hon Darren West has the call and I would like to hear him.

**Hon DARREN WEST:** Thank you, Mr Acting President.

The agricultural research sector has been revitalised under this government, and nobody can argue against that. It is very important because to have a world-competitive agricultural sector, we need world-competitive agricultural research. It makes sense and that is what we are doing. I congratulate the Minister for Agriculture and Food for recognising that we have fallen so far behind in that research space that our farmers are risking losing their competitiveness in the world. I congratulate her also for realising that one of the big inhibitors to agriculture in Western Australia is access to enterprise-speed broadband and data. Last week the minister unveiled stage 1 of a program that I hope will cover the whole state, but at this stage access has been given to 1 100 farmers to internet download speeds of 180 megabytes per second. When that was turned on the other day, 180 came up on the screen. Normally at my place, there is a decimal point in the speed somewhere. Our speeds are so slow we often get down to four megabytes a second. The Turnbull Liberal–National government's national broadband network is a total lemon. It is a total dud. It does not help us at all in the important industry of agriculture—not at all. Now this minister is taking steps to address what the federal government cannot or will not address and what the previous Liberal–National government could not or would not address. There is another point, members. When we came into office with this appalling set of —

Several members interjected.

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**The ACTING PRESIDENT:** Members, thank you! The across-the-chamber conversation is not appreciated, and I have given the call to Hon Darren West.

**Hon DARREN WEST:** Thank you, Mr Acting President. When we came to government we expected that with such an appalling set of finances and a spending problem that had gone on for many years, all these important issues would have been dealt with. However, since coming into government, I am most surprised at what was not done under the previous government. We need only go down to Esperance to see the old sports centre, the dear old thing that has been there since God knows when. It is riddled with asbestos and part of it is unable to be used and sitting in a semi-derelict state after eight years of Liberal–National government, while we have a massive debt due to what was spent elsewhere on stadiums and Elizabeth Quay.

Several members interjected.

**Hon DARREN WEST:** Labor is now building a new recreation centre in Esperance. Anyone who goes to Esperance should have a look at the local TAFE. It will open their eyes to wonder why staff would want to work and students would want to learn in those conditions. These dear old 1970s transportable buildings will be replaced by a new TAFE in Esperance by Labor. There is also the dear old jetty. The 1935 Esperance tanker jetty was left falling into the sea under the previous government. It spent all its money on Elizabeth Quay and the stadium and big Perth projects and did not get around to dealing with some of the important issues in communities such as Esperance. They deserve at least a reasonable TAFE and a decent sports centre, and that is what we will deliver for them in this budget.

The other project we are funding, admittedly in a previous budget, but some are extending, are our heralded Local Projects, Local Jobs initiatives. I note that it is a matter for discussion tomorrow, so I will go into that in more detail tomorrow. We have been able to do great work at a grassroots level in our communities with a very modest spend of taxpayers' money. They have been very well received and many people are asking whether there will be more Local Projects, Local Jobs, and I hope there is in future budgets.

Several members interjected.

**Hon DARREN WEST:** We are undertaking record spending on regional roads because it employs local people and creates local jobs. We are able to get road projects built at a much more competitive price for the taxpayer than we could when members opposite were in government. We are opening hospitals right across the wheatbelt in Katanning, Northam and Moora—lots of small ones. Hon Laurie Graham was in Moora the other day. Hospitals across the agricultural region are being opened by this government.

Several members interjected.

**The ACTING PRESIDENT:** Members! Hon Darren West has the call and he has the call, hopefully, in some modicum of silence.

**Hon DARREN WEST:** We can only live in hope, Mr Acting President. John Willcock College is about to become Champion Bay college and Geraldton Senior College is about to become Geraldton senior high school, as it was when Hon Geoff Gallop was a student there. Big investments are being undertaken by this Labor government. We have reinstated maternity services to Northam, which were closed in 2014 under the previous government. That left the whole wheatbelt with one maternity service. We now have a service in Northam where low-risk pregnant women can deliver their children in Northam once again.

Here is the big one, the one I am most excited about. After many, many years it is so good to say that —

Several members interjected.

**The ACTING PRESIDENT:** Members! I do really appreciate the level of humour being injected into this debate by the opposition benches, but I go back to the fundamental point that Hon Darren West has the call and I urge you to respect him in silence.

**Hon DARREN WEST:** I will try to get through this without interjection. If members opposite feel the need to interject, that is a matter for them. I am most excited that after eight long years of promises under the Barnett Liberal–National government, Geraldton will finally get the next stage of its hospital upgrade. We are finally getting on with the job started by the Gallop government in 2004 and building a new hospital for Geraldton. Stage 2 never came under the coalition. I have done a little time line because this is obviously a matter that interested me a lot having grown up in the Geraldton area and now my electorate office is in the Geraldton area. It was the big issue in town for that whole eight years. On 4 March 2013 Ian Blayney, MLA, wrote a letter to the editor to say that the “hospital is top priority for me”. Given the hospital was the top priority on 4 March 2013 about the time of a state election, we thought something might have been built or some planning done. But no, we waited longer. On 30 August later that year, 2013, Helen Morton, the then Minister for Mental Health is shown on the front of *The Geraldton Guardian* under the heading “Mental Health Pledge” for Geraldton. We thought: finally,

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we are getting some mental health services. We have no acute psychiatric services in Geraldton—nothing. We thought: beauty! We are getting some services in Geraldton; this is not a political matter; this is something a city of 40 000 people probably should have, so this is good news. But it never came. On 6 September 2013—this is one of my favourites—Brendon Grylls, MLA, Leader of the National Party, is pictured in *The Geraldton Guardian*. I have displayed this little number in Parliament before, and it is headed, “Last-minute \$120m Hospital Plan”. It states —

If elected, Nationals Durack candidate Shane Van Styn —

He is now the Mayor of Geraldton —

and WA Regional Development Minister Brendon Grylls will seek \$60m from both the Federal Government and Royalties for Regions to upgrade the hospital.

They held government after that election in both jurisdictions. Did we get a new hospital in Geraldton? No. Still we waited. On 1 August 2014, not to be outdone, Melissa Price, MP, is referred to under the heading, “Health fix ultimately up to State”. It was not for the federal government to deal with health issues in Geraldton! I thought that was interesting. On 19 March 2015, Helen Morton, MLC, then Minister for Mental Health, is reported under the heading: “Mental Health Plan calls for more Geraldton beds”. It is great that it calls for more Geraldton beds but we never got them under the Liberal–National government. On 6 November, “Nats MLC pledges hospital funds” is a heading in *The Geraldton Guardian* by a then National Party member of the upper house. On 9 December 2015, Helen Morton, MLC is referred to under: “Plan to expand mental health care”. Great! There was a plan but we still never saw any mental health care facility established in Geraldton under the Liberal–National government. Then Paul Brown, MLC, said on the ABC: “WA budget: Geraldton Regional Hospital misses out on funding for upgrades.” Not only did the former government promise them, but it was admitting that it was not doing them. Again on 13 June 2016, Melissa Price was quoted by the ABC under the heading, “WA government urged to boost support for Geraldton hospital upgrades says Durack federal MP”. We heard all the talk but we never saw any action. Now we are finally getting some action. We will get a mental health step-up, step-down unit, an acute psychiatric unit with subacute and acute beds, a \$73 million expansion to the hospital to upgrade the emergency department, which was built for 19 000 presentations a year and now has 30 000 presentations a year. We are doing it all in a way that will encourage St John of God Geraldton Hospital to remain in Geraldton. That is important to our community. If members did some statistical research on census data, as I sometimes do, they would find that Geraldton has the second highest per capita Catholic population of anywhere in Australia—it is behind only Newcastle. The community wants the St John of God Geraldton Hospital to stay. We are working with both those organisations to ensure that that is the case into the future. This stage of the development does nicely pave the way for a co-location of those two facilities, but of course that is a long way off. We will see where those negotiations progress. I am delighted to say that Geraldton is getting a new hospital.

We also found out on getting into government that despite all the talk from the Liberal–National government over eight years, no planning or scoping was done—nothing. We had a year’s worth of work ahead of us before we could even work out what this would cost. They were running around making \$120 million and \$115 million announcements without having done any work on costing or scoping that hospital. It was a disgrace. The people of Geraldton will appreciate this upgrade, and I am sure they will make that appreciation known at the ballot box.

**Hon Alannah MacTiernan:** Long live Laurie!

**Hon DARREN WEST:** Good on you, Laurie; it is great.

We are doing a lot of infrastructure. We are putting education assistants back into classrooms.

Several members interjected.

**Hon Alannah MacTiernan:** Don’t you want any farmers in the Parliament? He’s the only one we’ve got!

**Hon Jim Chown:** Who, Laurie?

**Hon Alannah MacTiernan:** Our Darren.

**The ACTING PRESIDENT:** Members! Hon Darren West has the call. I would like him to be heard in silence. Thank you.

**Hon DARREN WEST:** Thank you, Mr Acting President. The other thing we are doing in the midwest region, which was talked about for a long time by the former government but never actioned, is to put some serious funding aside to work out how we are going to go about opening up the Abrolhos Islands as a tourism destination. That has enormous potential for Geraldton and the midwest. That is a very special piece of the universe right there.

**Hon Alannah MacTiernan:** We just have to get some federal funding for it, member.

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**Hon DARREN WEST:** It is over to the federal government. It is talking the talk, but we will see. Our \$10 million is in. Let us see if the federal government comes through.

We are upgrading the runway at Geraldton Airport, which was not done under the previous government. We are putting teacher aides back into classrooms right across the agricultural region. That is a fantastic initiative. Every one of those schools appreciates getting their teacher aides and Aboriginal and Islander education officers back into their schools. They are doing a fantastic job.

**Hon Michael Mischin:** What's happening in Moora?

**Hon DARREN WEST:** We are going to work with Central Midlands Senior High School. That high school is not something that the former government can be proud of. There are some significant social and infrastructure issues at that school. We will work with the members of that school to rebuild it. Even members of the Liberal and National Parties—I note there is one around at the moment—have taken the time in Parliament and the media to point out the poor state in which Moora Residential College was left when they left government. That is another thing that was not addressed by the previous Liberal–National government. We do not see it as good financial management to spend \$8.7 million on a facility that in the future will be used by fewer than 20 children. I accept that the Liberal and National Parties see that as good financial management—they made that commitment before the election—but as I have pointed out all through my speech, financial management was not something they were good at. I accept that they will make that commitment. However, I do not think they will go through with it, because as I have pointed out right the way through, they had eight and a half years to upgrade that facility and they never spent a cent on it. It is now in an appalling state. We had to fix some basic safety equipment in that college to keep it open for another year. I do not think that members opposite can be holier than thou about Moora Residential College. We have 1 030 beds or thereabouts across the system and only 500 students using them. I do not think that is good financial management, but the opposition brought that up. I just want to make the point that members opposite cannot say that they have covered themselves in glory with that in any way. The Leader of the Opposition's thought bubble over the weekend was judged as it should have been.

We are a good, committed, strong, united government, which is something we have not had in Western Australia for many years. I was out of the house for a short while today on urgent parliamentary business, but I note today's question time in the other house. What a sad rabble the opposition is over in the other house! It is actually quite embarrassing. The problems the opposition has are continuing. We need a better opposition in Western Australia. The government is getting on with the job. It is doing what the community wants; it is fixing the financial mess and it is getting people back to work—all the things that a good budget should do. I will close with something that happened recently in Geraldton. The Premier was approached by a farmer who lives not far out of Geraldton. The farmer came up to the Premier and said, "I voted Labor for the first time in my life at the last election and I'm not sorry I did it! And I'll be voting Labor again at the next election." This is a good budget. The community is happy with the government. The opposition has a lot of work to do before anyone will take it seriously on matters of finance.

**HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment)** [8.15 pm] — in reply: I rise tonight to thank all members who have made a contribution to this debate over the past few weeks. The debate was broad. We have canvassed a range of issues—Laverton Hospital, homelessness, the Kimberley, the Pilbara, the agricultural region, local content, bowling facilities—and we had a range of educational contributions from Hon Aaron Stonehouse, who spoke to us about capitalism and socialism in the last few decades. Everybody's contribution is obviously very valuable and valid, and I thank all members for what they have contributed to this debate. I will make a few general points on a number of issues that were raised.

The McGowan government is turning the state's finances around—there is no doubt about it. Members can see the evidence for that in the budget papers we have just debated. In fact, we are on track to deliver a return to surplus in 2020–21. We are on the right track; we are doing the hard yards. In fact, in just five months, the expected deficit for 2017–18 has been halved from \$2.6 billion to just \$1.3 billion. That is a direct result of us controlling our spending and being responsible with the state's finances. That is what the community wants and that is what we are delivering. We have also put a stop to the ongoing growth in debt. With the budget set on a sustainable path to surplus, debt will decrease, just like paying down a mortgage. Since the budget last year, our forecast net debt position has improved by \$3.2 billion. The mess left to us by the last government cannot be overturned in one night. There is a lot of work to be done and we are working hard on that.

Comments from some members on the other side of the house were a mix of, "We only left you with \$30 billion worth of debt," or, "You're not doing enough. You don't have a plan. Just sell Western Power." We will not sell Western Power, whether it is \$30 billion or \$40 billion worth of debt. Members need to bear in mind that the *Pre-election Financial Projections Statement* told us that we were on a path to a \$41.1 billion net debt position by 2020. That was the PFPS, which was created under the former government. It said it was \$41.1 billion. If we accept

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for a moment the premise that the previous government left us with only \$30 billion worth of debt and not \$40 billion —

**Hon Jim Chown:** It was \$32 billion.

**Hon STEPHEN DAWSON:** The member is saying that it was \$32 billion. Regardless, it does not in any way give anybody, and certainly not the community in Western Australia, any comfort at all about the job that the previous government did. The fact is, the former government was not a sound financial manager. The former Premier, Colin Barnett, made a promise that they would leave us with only \$20 billion of net debt. He said it would not exceed \$20 billion. Now, \$32 billion, as Hon Jim Chown helpfully pointed out in his interjection, is still a ninefold increase from the \$3.6 billion net debt left at 30 June 2008. Members opposite spent massively and shackled us with debt but they cannot acknowledge the fact. The general government was in surplus when the former government came into office. It has saddled us with the debt that it racked up over those years, during a time of record revenue. In fact, general government revenue grew by 54 per cent between 2008–09 and 2016. It was massive, but the previous government could not control the debt. Members opposite say we are not doing enough. The reality is that the grown-ups are back in charge of Treasury, although members opposite cannot agree. We even had the new CEO of the Chamber of Commerce and Industry of Western Australia, Chris Rodwell, say in *Business Pulse* magazine in the middle of the year that the CCI has consistently advised the WA government that it is the highest spending state government in the country. He said it has a spending problem, not a revenue problem, and this advice has clearly been heard. It will take continued discipline to bring us in line with the rest of the country over the next few years; it cannot be fixed overnight. We would agree and the Treasurer would agree. We are working hard to address these issues, but we are doing it in a methodical fashion.

Some members have had a go at us and said that the McGowan government is taking credit for debt reduction when it is just the result of increased commonwealth grants. The Premier, cabinet and Expenditure Review Committee have all done a lot of work to get the expense growth rate under control. The average annual growth of \$1.2 billion over the forward estimates period did not just happen. We have made some painful decisions and we have been reminded of those painful decisions today, yesterday and over the past few weeks and months. We have had to make painful decisions. People in this place have said in this debate over the past few weeks that we should spend money on pet projects of theirs, and at the same time they have told us we are spending too much money. They cannot have it both ways. We have made tough decisions and we will continue to fix the economy in this state.

The other point I want to make is that there is continued growth and confidence in the economy in Western Australia. We are seeing jobs being created. The budget is framed by a number of job-creating projects. This government is committed to providing the stability and the confidence needed to help continue to grow Western Australia's economic recovery. We are seeing business confidence at a seven-year high. We are seeing the CCI measure of consumer confidence at a four-year high. We have had *The West Australian*, which I read every day, and the commentators tell us that this was a boring budget. Hon Rick Mazza mentioned that it was a dry, conservative budget. I do not mind if it is a dry, conservative budget. It is a budget that is getting the state back on track and we are standing behind it. We are seeing employment grow, as I said. We have seen 37 000 more people employed since the election. We have seen 54 000 more people employed since the low point in 2016. We have seen mineral exploration give good indicators of future economic growth. We are seeing green shoots in the economy and seeing people have confidence again. With that confidence we will see more and more jobs created, including in Hon Robin Scott's electorate, and right around the state.

In some contributions to this debate we were criticised on fees and charges. There have been plenty of contributions about household fees and charges, and yes, they are going up more than we would like them to go up. However, some of these increases were built into the budget that we inherited from the previous government and to cut these increases would mean we would need to borrow more money, which quite simply is not an option for the government at the moment.

**Hon Peter Collier** interjected.

**Hon STEPHEN DAWSON:** I am not taking interjections now.

**Hon Peter Collier:** Why not?

**Hon STEPHEN DAWSON:** Ask me a question —

**Hon Peter Collier:** It is rubbish.

**Hon STEPHEN DAWSON:** It is not rubbish. It is absolutely not rubbish.

**Hon Peter Collier:** You're giving us an appraisal.

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**Hon STEPHEN DAWSON:** What I am telling you is what the *Pre-election Financial Projections Statement* and previous *Budget Statements* have indicated.

**The ACTING PRESIDENT:** Members, it is not question time. If you have questions, they should be directed through the proper channel.

**Hon STEPHEN DAWSON:** Thank you, Mr Acting President, for your guidance.

The increases were built into the budget that we inherited from the previous government.

**Hon Peter Collier:** Which ones were higher?

**Hon STEPHEN DAWSON:** They were in the budget documents that we inherited from the previous government. Fees are going up more than we would like; I am happy to admit that. We do not want them to go up, but we are not in a position to borrow more money to pay for the increases that the previous government had budgeted for, plain and simple. We have also been attacked about the fact that the commonwealth has come to the party and is supporting the policies we brought to the election. The commonwealth has indicated it is supporting Metronet and putting some money on the table for that. Members opposite cannot criticise us for delivering on the commitments that we made at the election. In fact, their colleagues in the federal Parliament recognise the good, sound economic policies that we brought to the election and they have come to the party and are helping fund Metronet. Members opposite have their quibbles with the commonwealth government—take them up with it. Quite simply, we are delivering. This is a sensible budget.

The final point I make on royalties for regions is that the 2018 state budget guarantees \$4 billion in royalties for regions funding, which will be invested in the things that really matter in regional Western Australia. The McGowan Labor government has guaranteed the future of royalties for regions, not like some of the other parties in this chamber. With that contribution, I again thank members who have made a contribution and I hope the budget papers will be noted.

Question put and passed.