

## ESTIMATES OF REVENUE AND EXPENDITURE

### *Consideration of Tabled Papers*

Resumed from 11 May on the following motion moved by Hon Stephen Dawson (Minister for Emergency Services) —

That pursuant to standing order 69(1), the Legislative Council take note of tabled papers 2203A–E (2023–24 budget papers) laid upon the table of the house on Thursday, 11 May 2023.

**HON NICK GOIRAN (South Metropolitan)** [2.07 pm]: Shortly, this afternoon, we will hear from Hon Dr Steve Thomas in his capacity as the shadow Treasurer. He will provide the lead response from the opposition on this budget that was published by the state Treasurer last week. Given history, I think we can be confident that Hon Dr Steve Thomas will expose, amongst other things, the lack of depth within this budget, particularly if last Thursday’s events are anything to go by. Last Thursday, Mr James Carmody executed some superb cross-examination of the Premier on ABC news. Some very basic questions were put to the Premier, in his capacity as the Treasurer, about the state and the state budget’s reliance on China. The Premier, who politically speaking has on many occasions postured like a kookaburra, quickly assumed the stance of an ostrich, and in response to a number of basic questions put to him by Mr Carmody, in the end resorted to responses, and I quote, “I don’t really understand” and “I don’t really get it.” This was the Treasurer of Western Australia being asked some basic questions by one of Western Australia’s journalists about our reliance on China, and that was the response provided by the member for Rockingham. He has decided that it is in the best interests of Western Australia, according to him, for him to have the role of not only Premier, but also Treasurer, but when put to the test under that cross-examination last Thursday, his responses were that he did not really understand and that he did not really get it. If that is anything to go on, I expect Hon Dr Steve Thomas later this afternoon will expose the government’s lack of depth with the budget published last week.

For my part, I intend to scrutinise the budget through a different lens. If I were to frame that lens as a question, it would be: does this state budget demonstrate that the government is committed to changing its pattern of behaviour so that the rule of law is upheld rather than undermined? There are a number of things that I will never stop talking about, one of which is upholding the rule of law and natural justice. A responsible government upholds the rule of law in a number of ways, including, firstly, by ensuring that the law is administered equally and fairly; and, secondly, by ensuring that justice is determined by an open, independent and impartial judiciary. However, the rule of law is undermined if there is neglect of administration of the law and if concerns about judicial misconduct are simply swept aside. If the President will allow me, I intend to spend a few moments this afternoon unpacking examples of both those things.

Before I do, I ask the President and members to contemplate this scenario. If we are talking here about a responsible government delivering a responsible budget, which includes amongst other things a very substantial section entitled “Community Safety”, what is the standard that we would expect from a responsible government for the administration of the law for parolees in our state? Perhaps the question could be this: if a parolee is missing, how many days would a Western Australian expect a responsible government to take before it cancelled the missing parolee’s parole? Just contemplate that for a moment, President.

With regard to the equal and fair administration of the law, perhaps I can rephrase my opening question as follows: does this state government demonstrate that it is committed to changing its pattern of behaviour so that our laws are administered equally and fairly? The answer to that question is: clearly not when it comes to the McGowan Labor government. We know that in light of the current debacle that has emerged with the administration of our law for parolees and fugitives, particularly in the context of a pattern of behaviour we have seen over several years with children missing while in the care of the state.

In the short time I have this afternoon, I intend to use three chief exhibits to demonstrate this debacle. The first is a WAtoday article from five years ago, the second is an article from *The West Australian* from last week, and the third is a question without notice that I posed last week and the answer provided by the government. Turning to the first of these exhibits, it is an article from WAtoday published five years ago entitled “Man found guilty of historic Bunbury rape after cold case review DNA match discovery”. I quote —

A Perth man accused of raping a woman in Bunbury more than 10 years ago has been found guilty.

Kiernan Donnelly, 55, stood trial in Bunbury District Court this week over the 2007 sexual assault that left a woman in hospital.

Donnelly’s victim was targeted in the early hours of Sunday, November 25 as she walked through the city centre.

The woman, who was 32 at the time, was grabbed by Donnelly, who then raped her at a nearby oval on Blair Street, leaving his victim with cuts, bruises and other injuries.

Passersby found the woman a short time later and drove her to Bunbury Hospital.

Police were called, and the woman's clothes were placed in a paper bag and stored as evidence.

It wasn't until 2016 that a cold case review linked DNA found on the woman's clothing to Donnelly's dead father.

Mr Donnelly Sr's four sons were tested, with Kiernan proving to be a match to the samples taken in 2007.

Donnelly denied being involved in the rape, but evidence from medical professionals and police—together with the DNA match—convinced a jury he was guilty.

That was the article from five years ago. I turn now to the second exhibit, which is an article by Shannon Hampton that appeared in *The West Australian* of 9 May entitled "Cold case Bunbury rapist Kiernan Donnelly, 60, missing from Department of Justice while on parole". The article reads —

A warrant is out for the arrest and return to prison of a violent sex predator who has gone missing while on parole over the "heinous" rape of a woman he dragged from a Bunbury oval and attacked in nearby bushes.

Kiernan Donnelly —

Now 60 —

... was jailed for six years and four months in 2018 after a DNA breakthrough in a cold case review of the 2007 crime led detectives to the married father in 2016.

Donnelly had targeted the then 32-year-old victim as she walked across a dark cricket oval near Blair Street early on November 25 that year.

He dragged the victim up to 40m into trees where he attacked her, ignoring attempts to "humanise herself" by repeatedly telling him her name and the names of her children.

A jury found Donnelly guilty of rape after a four-day trial.

The 60-year-old was released on a supervised parole order in June last year after serving four years and four months—the minimum non-parole period—behind bars.

That order included several conditions, including a ban from contacting the victim, a requirement to attend programs and counselling, and prohibitions from drinking alcohol and changing his address without approval from his community corrections officer.

Donnelly had failed to attend supervision appointments and had disengaged from his parole obligations, and despite affording him the opportunity to explain his absence, failed to do so.

"You have failed to make contact with adult community corrections, attempts to contact and locate you have been unsuccessful and community safety cannot be assured," a decision published on Monday said.

I pause there to note that the Monday referred to is not yesterday but in fact Monday of last week. The article continues —

It added, "your release on parole currently presents to an unacceptable risk to the community and your parole order should be cancelled and an arrest warrant issued".

The Department of Justice would not answer how long it had been since Donnelly had engaged with corrections because it "does not comment on individual cases".

WA Police said a return to prison warrant was current, therefore confirming Donnelly was still at large.

Sentencing Donnelly in 2018, former Judge Christopher Stevenson said he had committed a "heinous crime on a stranger without feeling any concern".

He said Donnelly ran away after the terrifying assault, leaving the woman to seek help from passengers in a passing taxi.

The article concludes, further along —

Prosecutor Joel Grincer, who described the "brutal, violent attack" as "every woman's worst nightmare", said the woman was too distressed to submit a victim impact statement, which "speaks volumes to the impact that this crime has had on her life".

Judge Stevenson said the victim gave evidence with "great courage and absolute honesty".

Five years ago we had an article from WAtoday reporting on the conviction of this serious, dangerous offender. Last week there was a report indicating that he was missing and that the Department of Justice, supposedly

operating under a responsible government that is responsible for this budget, including the section on community safety, said to a Western Australian journalist that it does not comment on individual cases.

I last week asked a question without notice of the parliamentary secretary representing the Attorney General to get to the bottom of this. In particular, I wanted to know on what date this serious offender's parole was cancelled. The answer that came back was —

The Prisoners Review Board cancelled his parole on 13 April 2023.

Just over a month ago, his parole was cancelled. I go back to the original question that I posed: how many days would a Western Australian expect a responsible government to take before it cancelled the parole of a person who has gone missing? It is a privilege for a person who is out on parole to be released early from their sentence. This person has been through the justice system, has had the benefit of natural justice and has had the opportunity to be represented in court legally, if they chose to do so. They got to be heard before a jury of their peers and an independent judge oversaw the process. A number of appeal mechanisms are also open to these individuals. Ultimately, the system has said that this person is a dangerous sex offender worthy of spending multiple years in jail and that their freedom and liberty is to be removed from them because they have committed such a heinous crime, yet this person has been allowed out on parole as a privilege, presumably because of good behaviour or some other reasons given at the time. If a person like that is found to be missing, I expect that the government would treat it as an emergency to find the individual. Last week's question without notice also revealed this —

His whereabouts were confirmed as unknown on 6 February 2023.

Those paying attention will realise that that is more than three months before the person's parole was cancelled. The Western Australian Department of Justice has responsibility to monitor these parolees and, in this case, the person's whereabouts were unknown on 6 February, but it was not until 13 April 2023 that the Prisoners Review Board cancelled this person's parole.

This episode is deeply disturbing. It should be to any fair-minded Western Australian. Pause for a moment and reflect on how distressing it must be for the victim in this case. Remember, the victim was so distressed that she was unable to submit a victim impact statement at the time. I can only imagine what must be going through her mind after finding out this news. However, the problem does not stop there. This is an individual case that has exposed a systemic problem within government, because last week I also asked the government whether there are other parolees whose whereabouts are currently unknown. The response from the government was —

The status of parolees whose parole has been suspended and whereabouts are unknown is recorded in their individual electronic records as free text. Providing this information would require a case-by-case analysis. As such, we ask the honourable member to put parts (4) and (5) of the question on notice.

In Western Australia, we have a department that is responsible for monitoring parolees. Remember, these parolees are out early; they have early release as a privilege. The department has a duty to monitor these individuals, so I would think that if a member of Parliament asks executive government how many parolees are missing, executive government should be able to provide an answer on any given day. Either the Premier, Attorney General, Minister for Corrective Services or Minister for Police at least should know on any given day how many parolees are on the run—how many of them are fugitives—but if the McGowan Labor government is asked this question, as we asked last week, it does not know the answer. That is simply unacceptable. There is no point in devoting part 7 of this budget to community safety if the government cannot even tell the people of Western Australia how many fugitives are on the run. These people have been allowed out by the government because it has decided that it is a good idea to let these guys out early. There is absolutely a place for parole in our system, because, as I say, amongst other things, it rewards good behaviour while in jail, but if the government is going to do that and be a responsible government, it has a fundamental duty to monitor those individuals—and it certainly should not wait more than three months before it cancels a person's parole.

Where is this Mr Donnelly at the moment? Has he been found? If we were to ask the government today in question time, would it know the answer to that question? What steps are being taken to find this fugitive who has been on the run for more than three months? How many others like him are there at the moment? Is it possible that one minister of the Crown will be able to define for us the concept of duty of care? They have a duty to the people of Western Australia and they need to fulfil that duty.

Sadly, this is a case of *deja vu* for me—I could say it is groundhog day—because there is a pattern of behaviour by this irresponsible government. This entire episode that was exposed last week reminds me entirely of the debacle that we saw in the child protection system. Members may recall that in September 2021, less than two years ago, I asked a number of questions of the government at the time about children in the care of the CEO. Members will be aware that in Western Australia, very sadly, approximately 5 000 Western Australian children do not live with their parents. Instead of living with their parents because of the serious risk to them, the state—successive governments have done this—has had to intervene and remove them from their parents, and the state is then the

stand-in parent. In fact, the CEO, or the director general of the Department of Communities, is, by law, the stand-in parent. The answers to the questions that I asked in September 2021 revealed that the government at the time did not know in several cases the whereabouts of those children. Any Western Australian parent would most certainly know the whereabouts of the child they are looking after, and that same expectation applies to the government when it then intervenes and says that it needs to be the stand-in parent. At that time, the government not only did not know the whereabouts of certain children, but also was unable to tell us how many were missing. Very disturbingly at the time, we had inadequate responses that referred to end-of-month reporting. Can members imagine that the stand-in parent, which is the state, would simply rely on some end-of-month reporting? If I were to ask that question now, on 16 May, I would get some answer indicating how many children were missing as at 30 April. That is entirely unacceptable. As I said at the time, a child in the care of the state who is missing should not be treated as some form of monthly statistic. They need to be treated as an absolute priority emergency.

I am pleased to report that after months and months of questioning about this matter—I give credit to the department—the system has changed. We now know that on any day—in fact, on every day—the CEO, or the director general of the Department of Communities, and the Minister for Child Protection are provided with a daily report of how many children are missing, and that is exactly right, as it should be, because they ultimately have responsibility for those children. The same standard that now exists for children in the care of the state must surely apply to the Department of Justice, which has responsibility for monitoring these parolees. We cannot have dangerous sex offenders out in the community as fugitives, yet the Department of Justice simply says, “We don’t know how many of them are missing. Can you please, honourable member, put this question on notice?”, because, for those who are unaware, putting a question on notice means that the member will get an answer back in a month.

I do not want to know in one month’s time how many fugitives are on the run today; I want to know now. I assume that the number is small. I imagine that other members would also assume that it is a small number of dangerous offenders who are on the run at the moment in Western Australia. It is a reasonable assumption. Surely, it cannot take that long to tell us how many there are, or, if our worst fears were to come true and the number is actually very significant, that is why it is taking the government so long to find out how many are on the run. Either way, something needs to change, and it needs to change immediately. We cannot have a situation, as we had with the child protection system, in which it takes months and months of parliamentary questions before ultimately the system is changed. Somebody needs to take responsibility for this situation. I do not particularly care whether that is the Premier, the Attorney General, the Minister for Corrective Services or the Minister for Police, but we cannot afford to have them pass the buck to each other and say that it is another person’s portfolio responsibility. Someone needs to take responsibility for these parolees—these people with cancelled parole, these fugitives, these dangerous sex offenders—who are out in the community, and change the system now.

In the meantime, as I said earlier, a responsible government would ensure that our laws are not only administered fairly and equally, including to parolees who have the privilege of parole, but also determined by an open, independent and impartial judiciary. If I were to rephrase the question I asked at the beginning of my contribution, it would now read: does this state budget demonstrate that the government is committed to changing its pattern of behaviour that sees allegations of judicial misconduct swept under the carpet? The answer to that, again, is clearly no, particularly in light of a gravely disquieting response from the state’s first law officer just last week. To demonstrate this point, I will again provide three examples. The first is the District Court judgement in the appeal *Re AB* [2023] 28. The second is a package of questions without notice and their answers from March of this year. The third is a question without notice that I posed last week.

The name of the de-identified case that I refer to comes across as rather bland, but it is de-identified for good reason and the case is anything but bland. Because the name of the case is *Re AB*, it does not sound very important, so let me add some colour to this otherwise seemingly bland picture. There are six characters in this real-life courtroom drama. The first is AB herself. AB are the initials given to this female victim of crime. J is the son of AB. He is a secondary victim of crime. W is the perpetrator. Assessor Hafford is the assessor of J’s claim. That is the son. Chief Assessor of Criminal Injuries Compensation, Holyoak-Roberts, is the assessor of AB’s claim. That is the female victim of crime. Staude, DCJ, is the District Court appeal judge who made this judgement.

By way of background, on 7 July 2017, AB made an application for criminal injuries compensation for alleged offences committed against her—emotional, verbal and physical sexual abuse—by W between 1999 and 2015, and for sexual assaults that occurred on 28 August 2015 and 7 October 2015. Prior to that application by this female victim of crime, her son had also claimed compensation as a secondary victim of the offences alleged by his mother and as a primary victim of abuse that he had suffered at the hands of W. Assessor Hafford is one of the assessors of criminal injuries compensation in Western Australia. She awarded J compensation on 25 June 2021 without giving reasons. In the award, assessor Hafford made findings that AB was the primary victim of two offences of aggravated sexual penetration without consent. In other words, this boy had witnessed his mother being the victim of aggravated sexual penetration without consent and that is why compensation was awarded to him. Meanwhile, chief assessor Holyoak-Roberts dismissed the mother’s application.

As one can imagine, AB, the female victim of crime, appealed the decision of the chief assessor. Then something extraordinary occurred. On 3 October last year, assessor Hafford provided without request published reasons. This is particularly significant because the reasons conflicted with the terms of the award made to J by assessor Hafford, in that the assessor now found that she was in fact not satisfied that the two specific offences of aggravated sexual penetration without consent against AB, of which J claimed to be a secondary victim, had occurred. Assessor Hafford now found that by exposing J to the incidents in which those offences were said to be committed both W and AB committed an offence against section 101 of Children and Community Services Act 2004.

The appeal judge in this case, His Honour Judge Staude, described the findings of assessor Hafford as “extraordinary” and went on to say —

What has happened here is that the assessor, having made an award to J as a secondary victim of two serious ... assault against his mother, has seen fit, of her own volition, without reference to J who was represented, to abnegate the findings on which that award was based. I infer the only reason for doing so was to conform to the chief assessor’s decision disallowing AB’s application.

...

The assessor’s decision and the process by which it was reached is, to say the least, gravely disquieting. District Court Judge Staude concludes his judgement by saying —

There is no evidence that AB committed a s 101 offence against J. Both were victims of family violence offences by W. There is no basis for a finding that AB should be denied compensation for the offences against her by W on the grounds that she was committing a separate offence when the injury to her was suffered.

He allowed the appeal and awarded compensation of \$121 846 to AB.

In this case, a female victim of crime was disallowed her claim for compensation by chief assessor Holyoak-Roberts. She appealed the decision to the District Court, and during the course of that appeal another assessor in the Office of Criminal Injuries Compensation provided reasons that the District Court judge said were only for the purposes of conforming to the chief assessor’s decision. That is the basis on which he inferred that this had occurred. In any other language, this is what one would describe as a *prima facie* case of collusion to pervert the course of justice within the Office of Criminal Injuries Compensation in Western Australia. As a result of that, in March this year—remembering, of course, Parliament was not sitting for the entire month of April—I asked the Attorney General a series of questions. The result of that was that the Attorney General indicated he is now seeking advice from the State Solicitor’s Office on these matters. My word, he should have done so! We cannot have a District Court judge say on the public record that what has occurred in the Office of Criminal Injuries Compensation is gravely disquieting—he sent a red alert—and the Attorney General do nothing about it. To the Attorney General’s credit, he sought advice on this matter the day after I drew it to his attention. The problem is that last week I followed up on this matter, which as I said is a *prima facie* case of perverting the course of justice within the Office of Criminal Injuries Compensation, and the Attorney General’s response was —

Legal advice has been received from the State Solicitor’s Office and the Solicitor General. Having considered this advice, there are no reasonable grounds to suspect that the preparation of the reasons in that matter has involved, or may have involved, any serious misconduct.

It has been left like that. How can we have a District Court judge make such damning findings against the assessor of criminal injuries compensation, only for the Attorney General to leave it like that? Is the Attorney General saying that District Court Judge Staude was manifestly wrong, or is it the case that the assessor or the chief assessor tried to pervert the course of justice? Perhaps we should think of it this way: what would Mr Quigley be doing if he were in opposition right now? He would be going absolutely ballistic! I can just picture it. He would be hammering the government of the day about the fact that it was sitting on its hands. That is the kind of language we would expect to hear from him. He would be asking why it was doing nothing about this matter. He would ask: if the Attorney General of the day is not going to inquire into this matter, who is going to do so? Yet, it has just been left. Is this perhaps why we have seen nothing of the much-promised judicial commission from the McGowan government? According to the McGowan government, it would seem that we do not need a judicial commission in Western Australia because we never need to investigate anything. Every time an incident of alleged misconduct is brought to the government’s attention, simply no action is taken. As I said, this is a pattern of behaviour with this government.

This government has form in this regard. Let us not forget the never-ending story of Crawford and Quail. It was on 24 August 2021 that Magistrate Crawford—Her Honour Catherine Crawford—sued the President of the Children’s Court in Western Australia, His Honour Hylton Quail. It was a remarkable set of circumstances in which a magistrate was, in effect, suing her boss—a District Court judge who is responsible for the Children’s Court. The basis on which the litigation commenced was that Her Honour was of the view that his direction to have her transferred from the Children’s Court to the Magistrates Court was invalid and made for an improper purpose. Quite remarkably, during the court proceedings, the magistrate raised allegations that she had been bullied by His Honour.

Meanwhile, His Honour's lead counsel alleged that the magistrate had tampered with evidence. In that set of circumstances, what did the Attorney General do?

I asked him a question about this on 17 November 2021 and the response that came back was —

It is not appropriate for the Attorney to address matters involving individual judicial officers.

Can you imagine, President, the first law officer of Western Australia, the person responsible, saying that it was not appropriate for him to address these matters? If it was not appropriate for him to address them, who would do that? We cannot have a situation in which one magistrate accuses a judge of bullying and, in response, the judge alleges that the magistrate had tampered with evidence, and then have the first law officer say that it was not appropriate for him to address those matters. This is the pattern of behaviour to which I referred. I add that the Crawford and Quail fiasco cost the taxpayers of Western Australia just short of half a million dollars. During budget estimates last year, I asked about the updated costs of the judge's defence, because His Honour Judge Quail had his legal costs reimbursed to him for the defence of that matter. We were told in response to supplementary questions in budget estimates last year that the total cost in relation to the Crawford and Quail matter was \$499 195.31, GST inclusive, as at 30 June 2022. Just the defence cost of His Honour for this stoush was at least half a million dollars. Those who are particularly familiar with this matter will know that Western Australia is now in a matter before the High Court, because the McGowan government's response of bringing in a piece of legislation is now being litigated in the High Court by Her Honour Catherine Crawford. Time will tell the outcome of that matter. But at the end of the day, one thing is for sure: we still have on the record allegations of bullying and evidence tampering by judicial officers, which have gone uninvestigated by the first law officer of Western Australia.

In a recent District Court judgement on appeal, His Honour Judge Staude indicated that there was gravely disquieting behaviour in the Office of Criminal Injuries Compensation in Western Australia, yet the Attorney General intends to do nothing about it. With respect, between that and the Department of Justice's inability to tell us how many parolees are currently on the run, I can only describe this as a fundamental breakdown of the rule of law in Western Australia. In addition, the rule of law is undermined if trust is broken between the government and the people whom it serves.

If I were to rephrase the question posed earlier, I would say: does the state budget demonstrate that the government is committed to changing its pattern of behaviour of saying one thing but doing another? Clearly, it does not. That is certainly the case in light of the dereliction of duty to progress the elder abuse reforms that were to be expedited. It is very easy to provide just two small exhibits to demonstrate the point. Firstly, what I would describe as a very distasteful media release was issued last week. Secondly, we have the final report of the Select Committee into Elder Abuse, entitled *I never thought it would happen to me: When trust is broken*, from September 2018. The media release issued last week by Hon Don Punch states, amongst other things —

Western Australians are being urged to 'Wise Up, Rise Up Against Elder Abuse' on 15 June 2023 in recognition of World Elder Abuse Awareness Day ...

This is some form of sick joke for the McGowan government to have a minister publish a media release asking Western Australians to wise up and rise up against elder abuse, when for more than six years, it has failed to expedite the reforms that it had promised. There is absolutely no point in asking Western Australians to wise up and rise up when the government is unprepared to do so itself.

Members who are unfamiliar with this saga will be reminded that in November 2015, a statutory review of the Guardianship and Administration Act 1990 was conducted by, at the time, the Department of the Attorney General. It highlighted the need for amendments. In January 2017, prior to the March 2017 election, members opposite and their leader made an election commitment to expedite the enactment of the amendments to the law surrounding enduring powers of attorney and guardianship. Members may be aware that immediately after the new Parliament commenced, after the 2017 election, I moved a motion to establish the Select Committee into Elder Abuse. I had the privilege of chairing that committee. It had a one-year life span, and, in September 2018, we published a report. The twenty-fourth recommendation in that report was that the government amend the Guardianship and Administration Act 1990 as a matter of urgency. The committee said, a year and a half after the promise of the McGowan government that it would expedite these reforms, that the amendments should be dealt with as a matter of urgency. During the course of the inquiry, the committee had an exchange with the Attorney General. He wrote to the Select Committee into Elder Abuse and stated that a bill to amend the act had been approved by cabinet in December 2017 and that the amendment bill would be introduced in the spring session. The spring that he was referring to was the spring of 2018. Of course, that never happened, so the committee recommended that this be addressed by the government as a matter of urgency in September 2018.

The government provided a response to this report in November 2018. The government's response to the twenty-fourth recommendation was —

... the Government has committed to expedite the enactment of amendments set out in the recommendations of the Statutory Review. It is anticipated the Amendment Bill will be introduced in the first half of 2019.

The first half of 2019 was many moons ago now and no such amendment bill was ever introduced. Indeed, it has been more than six years since Mr Quigley and Mr McGowan promised that they would expedite law reform. We have seen nothing.

At what point in all of this, after more than six years of being told by the government that it is still committed to reforms that it said it would expedite, is it fair and reasonable to conclude that this reform has been abandoned by the government? How many years does it take before it is fair and reasonable to say that the government has abandoned this particular reform? Does it take a few years? It is more than six now, and yet the government had the hide last week to issue this media release urging Western Australians to wise up and rise up against elder abuse. How about the government wise up and rise up against elder abuse and introduce the bill that it said it was going to expedite more than six years ago? Then the people of Western Australia might actually listen to the government and take published releases like this seriously.

All that this media release from last week does is boastfully tell the people of Western Australia that organisations are going to receive up to \$3 000 each to mark World Elder Abuse Awareness Day on 15 June. It is very important for this government to make sure that it issues these media releases. No doubt we will see one next month, when World Elder Abuse Awareness Day arrives, and we will be told how important it is to be aware of elder abuse. The government will be very pleased to publish another of these media releases, hot on the heels of this one, in which it has given people some money—\$3 000 each—so that we can all mark that special day on 15 June. What would be a heck of a lot better than all that would be if the government actually did what it said it was going to do more than six years ago, when it said it would expedite the reforms. It said it to the Select Committee into Elder Abuse in 2017 and in 2018. Every year since I have raised it, the same response has come back from the government that it still intends to do something about it. At what point is it fair and reasonable to come to the conclusion that the government has no intention of doing anything of the sort? Why has this become such a low priority, when once upon a time it was said that it would be expedited?

As disturbing as these things are, with respect to the justice portfolio, whether it is dangerous offenders who are missing—the government is unable to tell us exactly how many dangerous offenders whose parole has been cancelled are missing—judicial complaints that have been swept under the carpet or, indeed, these elder abuse reforms that have been abandoned, there is another contender for the portfolio that best demonstrates irresponsible government, and that is the health portfolio. It is difficult to avoid the conclusion that the minister is totally out of her depth. I present two chief exhibits: the words of the Auditor General from earlier this month and comments from the medical profession last month.

I turn to the words of the Office of the Auditor General. In the overview of a report published on 3 May, entitled *State government 2021–22 – Part 2: COVID-19 impacts*, the Auditor General said about the fiasco that was the purchasing of RATs —

However, I have never before witnessed such escalation in the cost of a program over such a short timeframe, occurring with a lack of due consideration of the impacts, or without a record of anyone pausing to ask what level of procurement was sufficient and whether this had been achieved.

I will pause there. The Auditor General has said it was never before witnessed. These are damning findings by the Auditor General about the management of the health portfolio. The Auditor General continues —

Beyond the health sector, the impacts from COVID-19 are still being felt in a variety of other ways—for example, more electricity customers have overdue bills with Synergy than in 2021, international tourism is yet to return to pre-pandemic levels, many children had their school camps postponed or cancelled, and time to trial for District Court cases increased by 20%, from 54 to 66 weeks.

It is fair to say that the decisions and actions taken by governments around the world during the pandemic were extreme and unprecedented in peace time. The consequences of those policy decisions have been widespread on an individual, household, organisational and community scale, and will have a long tail.

The escalation in the cost of this program for RATs had never been witnessed before. This controversy has been reported in recent times in the press and, certainly, we know that the Leader of the House has chosen to use some peculiar language about the Auditor General, which remains on the public record. I can only take it that the government has little regard for the words of the Auditor General on this topic.

Perhaps, then, the government might have more regard for the words of the medical profession. I turn to the publication of *Medicus* last month in which page after page the medical profession expressed its utter frustration with this government. I will begin on page 2, where Dr Mark Duncan-Smith, who is the president of the AMA, is quoted as saying —

The McGowan Government seems very comfortable having our hospitals 100 per cent occupied—despite international studies showing that once over 90 per cent, rates of ramping, cancellation of elective surgery, and hospital deaths all go up proportionally.

He goes on to say —

I interpret this as saying the McGowan Government is happy for health to stay bad, because they are not likely to lose votes at the next election over health.

Then I turn to “Health Watch” on page 10, which says —

February 2023 ramping eclipses ramping levels in previous years. In February 2017, shortly before WA Labor’s victory in the March 2017 election, ambulances were ramped for 692 hours—which is 466 percent in February 2023, with 3,917 hours ramped.

It goes on —

... current ramping levels demonstrate that WA’s health system remains a long way from a functional, crisis-free system that is able to provide optimal care to patients.

I then turn to Dr Simon Torvaldsen, who is the chair of the general practice group. He says —

So, what’s the answer? ... we need support.

We need it from the State, to engage with us and provide concrete support in those areas where they can, and not provide endless excuses as to why it’s all too hard and not their problem (of course it is, when our patients end up in ED).

He continues —

We need action now, to save both general practice and our hospital system. The situation is growing ever more urgent, but it’s not too late. The consequences of not acting will be catastrophic in both cost and health outcomes.

At page 17, in another article, titled “Waiting for Answers”, we have this comment —

WA Labor were particularly vocal on the issue of ambulance ramping while in opposition, with then opposition health spokesperson Roger Cook having much to say about WA’s “...disastrous ambulance ramping statistics...” of August and September 2016. When referring to ramping as a “crisis” and “out of control” while in opposition, the figures he was referring to pale in comparison to the figures reported over the past few years, and those that patients and hospital staff continue to endure today.

It goes on with Associate Professor David Mountain, who says in his article —

It is most unfortunate the amount of energy the government has spent trying to blame this systemic tragedy on St John Ambulance, when it is blindingly obvious it is an issue almost completely of governmental making and neglect. Truly an amazing example of shooting the messenger, but doing nothing about the underlying issue.

How many more medical professionals will it take before this government and the Minister for Health will, dare I say, wise up and rise up? Apparently they want the Western Australian public to wise up and rise up against elder abuse, despite the fact that they failed to expedite the reforms that they have been promising for more than six years. Meanwhile, will anyone wise up and rise up on ambulance ramping and listen to the medical professionals here? There is page after page from different medical experts, one after another. It continues with the same theme. As I say, if the government wants to hold a contemptuous attitude towards the Auditor General’s review that was tabled earlier this month on 3 May, be that as it may. But will it also apply that contemptuous attitude towards the medical profession, which is crying out for the government to do something here? Is it the case that we can only conclude that the health minister is way out of her depth and unable to address these issues?

If there is an opportunity in the last remaining minutes, I would like to conclude on this further point. If this was the budget of a responsible government, we would see real action on outdoor advertising that genuinely has regard for the best interests of children and survivors of sexual abuse. A number of members will recall that one of the earliest bills we dealt with this year was the Road Traffic (Vehicles) Amendment (Offensive Advertising) Bill 2022. The purpose of that bill was for the government to deal with offensive advertising on motor vehicles. The point I made at the time is that it is all well and good for the McGowan government to want to deal with offensive advertising on motor vehicles, but if we are able to do that on motor vehicles, we should be able to do it elsewhere, particularly in the public square.

Since then, members may be aware that in the City of Stirling a fairly significant controversy happened with an outdoor billboard. Prior to that, I tabled a petition in this place and it went to the Standing Committee on Environment

and Public Affairs. Members can see on the public record the responses that were provided by the government. A wholly inadequate response was provided by the Minister for Child Protection, Hon Sabine Winton. We had at least a decent response from Hon Sue Ellery in her capacity as Minister for Women's Interests. I might say, she has understood this issue for quite some time.

In the meantime, a billboard in the City of Stirling caused great community outrage. The Ad Standards Community Panel issued most recently on 26 April this year a wholly inadequate response. It tells me that the people on the panel either do not have children or it is a long time since they had children. For them to conclude that this billboard is okay by community standards beggars belief. The simple example I give members is: would they be happy for me to table an image of the billboard in question? Would it be considered a good use of parliamentary privilege to table an image like that here? Perhaps more to the point, would an image of this billboard be okay in a workplace? In modern Western Australia in 2023, we can be sure that if this image were up in any workplace, there would be a claim about it. How can it be considered to be inappropriate in the workplace, but if we walk outside of the office into the public space, it is okay there? In most workplaces there are no children, for starters. With all due respect to the Ads Standard Community Panel, it has got it horribly wrong. I hope as I conclude that the government will use its voice to advocate for urgent changes in this respect and the other areas of reform that are lagging behind.

**HON DR STEVE THOMAS (South West — Leader of the Opposition)** [3.07 pm]: I will be the lead speaker for the opposition on the budget. I am looking forward to another budget debate as I know members on both sides of the chamber often wait for this debate. It is a great debate and I am sure that we will all enjoy our time together.

This is what I would consider probably the last of the Scrooge McDuck budgets. The repeated mass surpluses that this government has received on the back of iron ore, I suspect, will correct over the next year or so and we might see a return to a more normal budget cycle. It is probably coming to the end of the run. The Scrooge McDuck budgets will probably be a thing of the past. I, for one, will be a little sad to see them go, firstly, because they have been very beneficial for the state of Western Australia and, secondly, it is a good opportunity to demonstrate that the Premier of this state is not actually the great financial manager that he has portrayed himself to be but is, in effect, "Lucky Mark".

Let us look at it in more detail. Before I start, I am moved to respond to something that my friend and colleague Hon Nick Goiran said about the coverage of the budget and the Premier's response to it. He was a bit tetchy this year. The free and easy flow of previous years around massive surpluses was not there this year. It was not just that particularly good interview with James Carmody of the ABC. It was a very good interview. To be honest, the questions the Premier were asked were not that difficult. It is not as though he was being asked something highly technical, or that he was being attacked. He seemed to behave like he was being attacked, but he was being asked fairly sensible questions about diversifying the economy, particularly the marketplaces into which Western Australia sells. I would have thought that the answers to the questions in that interview that seemed to upset him would have been fairly simple. He could have said something along the lines of, "The marketplace in China is very important and our relationship with China is very important, and that's why I went there." It was probably a fairly clumsy trip and he was not at his best. Perhaps he was a little embarrassed by it, with some less-than-optimal outcomes from his performance, but that is why he went there. That is not to say that China is the only marketplace. Diversification is a good thing for every business, even in small businesses. It is very difficult if all products or services are going to one purchaser. The marketplace obviously needs to be diversified. Businesses, tradies and small business owners would understand that. I do not quite understand why he found it so difficult to come up with a fairly simple answer, except, I think, that he was probably a bit upset because the lines and rhetoric around how he presented his budget were not cutting through in the way that they have in the past. That is a good thing. In a little while, I will claim a bit of credit for that. He did not get the free handout across the media that he was expecting to get, and so he got a bit tetchy and threw his microphone off, as he is a bit want to do lately. He got a bit grumpy—lucky Mark is turning into grumpy Mark—and he was a little upset by it.

It is absolutely true in my view that much, but not all, of the media coverage was pretty well-balanced, particularly from the television crews. The Channel 10 guy is a good guy. He must be, because his name is Steven Thomas. He is another member of the Steve club, but absolutely a step above. There was great coverage balanced on both sides. It was not a free kick for the government. Channel Seven news had the same thing, led by Jessica Page, with others such as Geof Parry et cetera. It was great coverage. The two Michaels on Channel Nine, Michael Genovese and Michael Thomson, also did a great job. They are not the only ones. Channel Nine did a great job. Of course, the ABC with Keane Bourke and James Carmody, a couple of excellent young reporters, provided balance. They were looking for some balance in the debate. The radios were a bit the same, whether it was 6PR or ABC radio, as was online with Hamish Hastie with WAtoday. All journalists across the board were throwing balance into the debate. This Premier, who is also the Treasurer, did not like balance in the debate—not one iota. That is not his view of the budget process. His budget process is to get his spin together and then everybody should simply take his spin and either read it out or cut and paste it and put it into an article. He does not like the fact that he might be questioned, and he was questioned, quite reasonably. When he was questioned, in many cases he struggled to respond once he

got off his talking points and the notes that had been put together for him. I acknowledge that he has a very good and large spin department that is very good at putting these things together, so it generally does very well, but he was obviously disappointed that that particular level of spin did not get a lot of run this time around. I was particularly pleased to see that balance coming across, because it is good for the state of Western Australia. Hopefully, the people can see the genuine truth. It is the only way that we might ultimately get to a gold standard of transparency, that thing that was promised in 2017 and that I am still waiting for. I am still waiting for the alchemists of the Labor Party to come up with a system to convert something into gold. If members have studied their history, they will know that alchemists use all sorts of weird stuff to try to deliver gold, many that I would not repeat. It is not necessarily something for polite company. But that is the sort of thing that alchemists use to try to convert into gold. I am waiting for gold standard transparency, and waiting for the spin doctors in the Labor Party to achieve the alchemy required, because I have not seen it yet and we need to look at it in more detail.

As is my want during budget addresses, I have prepared a few charts for members. Hopefully, members will be very keen to look at this. I seek to table my budget charts and checklist document, which I will refer to during what will be a reasonably considerable contribution to the budget this year.

[Leave granted. See paper [2210](#).]

**Hon Dr STEVE THOMAS:** I appreciate the support from enthusiastic members of the chamber. It is very good.

I have been a bit cheeky this year. When members look at the charts before them, as I am sure they will want to do, they will see that I put out a 2023 state budget checklist. I gave it to journalists at my pre-budget briefing on Tuesday last week, two days before the budget dropped, because I want them to be aware of the genuine economic position and economy of the state of Western Australia, rather than the spin that the Labor Party and the Premier, who is also the Treasurer, likes to put out. I made a series of predictions and a series of requests in the pre-budget checklist, and members are welcome to look at that. It is the same document that was handed out to journalists last Tuesday, and it demonstrates what the opposition is looking for. When members look at this, they will see that the first point on the checklist is that an average price of iron ore is over \$US100 a tonne, with my estimate being \$US107. This is interesting, and I want to come back to this in some detail. The government's estimate for 2022–23 was \$US112.30 a tonne. That is above the average for the year to date. This is quite interesting because it relates to the second point, which was a \$4 billion surplus.

I am sure members opposite will remember the stimulating and educational debate that we had last Thursday. I know members like to be concerned that we are a little repetitive in our debates and that we are trying to point out the exact economic position of the state, which makes the Labor Party unhappy, but members might remember that I predicted a \$4 billion budget surplus, which is what I have been tracking for some time. In the debate and on the checklist that I handed out on Tuesday last week, I predicted a \$4 billion surplus for 2022–23. The actual surplus was \$4.2 billion. I predicted last year's surplus at \$6 billion and the government ultimately started far, far lower at the beginning of the year and eventually got to \$5.8 billion at this time last year. I am still saying it was \$6 billion, and when the *Annual report on state finances* came down in September it was \$6.019 billion. It was \$6 billion, \$19 million out, which was a pretty reasonable result with an error rate of 0.03 per cent or so. Obviously, my current estimate is \$200 million out. I thought: "Am I slipping on my capacity to estimate what the genuine budget surplus is versus the spin that the government puts out for its own political purposes?" However, I make this point because it relates to the first checklist point; that is, when we look at an iron ore price of \$US107 a tonne versus the \$US112 a tonne that the government has used for some strange reason in its estimate, even that \$US5 billion increase—between \$US82 million a tonne and \$US90 million a tonne—could be up to \$400 million too high. I think the government is a bit embarrassed by the fact that it predicts very low in a budget number, then goes a bit higher in a midyear review, and by the time it gets to the actual budget paper near the end of that financial year, the budget for the next year, it has gone through the roof and it has to swallow a massive projected surplus all over again.

We then get to the annual report on state finances, which is even higher again. I think the Premier; Treasurer is actually getting a bit embarrassed about that. I actually think that the Scrooge McDuck tag is starting to bite. We can tell, because it upsets the Premier and upsets the Labor Party, but it is absolutely true. For the last bit of this financial year the government has probably over-predicted the iron ore price so that in the annual report on state finances that comes out in September, it might be able to drop it a smidgen. It would be pretty convenient for me if the government dropped it by \$220 million because then I would be back to my high level of accuracy, but we will see in a few months' time exactly where this ends up.

It is interesting to again see a massive surplus. Not only does the government have, at least on paper, a \$4.2 billion surplus for 2022–23; it has also repeated one of its regular sleight-of-hand dodgy accounting techniques. Point three on my checklist for the media related to an additional \$1.4 billion of hidden revenue by retaining government trading enterprise dividends in GTE accounts. That is pretty obvious. We will get to that in more detail later, but obviously the government did precisely that. At least \$1.2 billion in dividends that the government would have expected and that would have gone through the books were retained by those government trading enterprises—particularly

Water Corporation, because that is where the biggest dividends come from. When that dividend money is retained in those corporations it does not come into the budget bottom line, but lots of other things do.

For those who do not know, special purpose accounts are put aside after the profit and loss statement, so they are reflected in the figures we see when we see the profit and loss statement. The retained earnings of GTEs are hidden. They are not reflected in the government's revenues and therefore they are a nice little slush fund that is set aside. In this case, it is at least \$1.2 billion, but again, we will get to some more technical detail in a minute. If we say there is a \$4.2 billion surplus, it does not reflect the \$1.2 billion in retained GTE earnings. The government will argue that it is not the first time that it has done that, and that is absolutely true. The sleight-of-hand it has pulled this time around, it has pulled previously, and that is okay; we have seen it before and we will see it again, as long as there is too much money in the piggybank. I do not expect to see it when the economy corrects, because the government will be desperate for that revenue, but as long as there is too much money in the piggybank, we will see that sleight-of-hand again. If we add that \$1.2 billion plus the \$4.2 billion we already have, the surplus is already up to \$5.4 billion. The government is running around saying that it is \$4.2 billion, but it is \$5.4 billion.

President—sorry, Acting President; I might have cruelled your preselection!—are those the only additional revenues that this government has received or booked in the last 12 months? The answer to that is no. There is an additional revenue stream that I had hoped would be included in the budget, but we have not seen it. I will come back to that. That was point three: an additional \$1.4 billion. Again, that is not quite right: it is \$1.2 billion instead of \$1.4 billion, but I was going on the midyear review projections, which had it at \$1.4 billion. The government has dropped that back slightly and kept slightly more in the account.

Total public sector net debt is declining in 2022–23 but will be back up to \$32 billion over the forward estimates. As we are aware, the total public sector net debt inherited by this government was \$32 billion. Yes, it has gone down to roughly \$28 billion. In the biggest fiscal boom of any state in the history of Australia, we have seen debt decline by \$4 billion from the \$32 billion that this government inherited, so one-eighth of that total debt has been removed. However, over the forward estimates, according to the government's own budget papers, debt will again rise, not just to \$32 billion but to \$36 billion by 2026–27. Government debt is down \$4 billion—12.5 per cent—but then will go back up by \$4 billion plus another \$4 billion. So it has gone down by \$4 billion—12.5 per cent—and then back up by 25 per cent. That is very interesting. This is a government that has lectured us on debt, year in, year out, but debt is going back up to \$36 billion.

I am running through my eight-point pre-budget checklist. Number five was further expansion of special purpose accounts. There is one more: a new \$250 million asset maintenance fund. As we remember from our debate on Thursday, when the money bin is full and the Premier cannot play Scrooge McDuck anymore because he cannot fit all the cash in, he has to dig a few holes to put the extra money somewhere. This is an example of one of those special purpose accounts—a new \$250 million special purpose account added to the total.

There were a couple of other things I was hoping for in numbers six and seven that we did not see. Number six was an update on the \$750 million resources community investment initiative, with full disclosure. When I said earlier that there was another commitment stream that the government had not identified properly and had not put forward, this is what I was referring to—a free \$750 million coming out of the resources sector to go towards whichever projects the sector agrees with the Premier should be put in place. The sector has previously put out a few possibilities, but it now has a commitment of \$750 million and the Premier; Treasurer was pretty keen to say that he thought he could get that to \$1 billion.

The Premier had a \$4.2 billion surplus in 2022–23, to which we can add \$1.2 billion in retained earnings that he has kept off the books so that no-one can see them. That makes it a \$5.4 billion surplus this financial year. He also has somewhere between \$750 million and \$1 billion in additional slush funds for the Labor government to spend on whatever it thinks fit. I thought we would be getting an update on that in the budget process, but I have not seen one, so once again we will have to ask questions about it.

The point goes back to the argument around the GST. This is the Premier who, for four years, has waved his massive surpluses around—that is not a euphemism—at the leaders of the eastern states, the various Premiers. He has waved his massive surpluses and lectured them on financial management and on how to handle their affairs. He has poked fun at them; what was it he said one year? He said they were going to choke on something. He has played the fool, trying to boast about his economic prowess, when he should have been thanking the mining sector all the way through. He should also have been thanking the previous federal coalition government—the Morrison government—for the GST floor. Hon Mark McGowan, as the Premier, loves to lecture the eastern states and wave his surpluses around. He absolutely loves to claim credit for things that basically he did not do. The GST fix was federal legislation, not state legislation. He could not have done it on his own. There was no indication that the federal Labor Party was going to do it. The federal coalition did it, and the credit, quite rightly, sits with it. But this Premier throws it back out in the media—in some places, it is loved as rhetoric—that he is out to defend our GST share and that he is the champion of the GST. What utter rubbish! What a nonsense! The current Premier is not the champion of the GST.

He is the greatest threat that the GST faces. He is actually the threat, because as he boasts—he boasts of outcomes not of his own doing, but of outcomes that he happened to fall into—about his wealth, he raises the temperature in the eastern states. He makes them angry and what is the result of that? Suddenly eastern states' Premiers and Treasurers are talking about this particular deal.

I will give some credit to the federal Albanese government. It has repeatedly said that it will not change the floor deal that is currently in place, not that it put it in place. The current floor deal was put in place by the previous Liberal–National coalition government. The Albanese government has said to date that it will not change that. Of course, that means a significant impost on the commonwealth budget in making sure that no other state is worse off. The no-net-worse-off rule applies, at least for a few more years yet, when it will be reassessed. One presumes that it certainly will not change before the next federal election, because the federal Labor Party will want to keep all the federal seats it won in Western Australia, which was probably a significant influence on the previous Liberal–National government putting forward and producing the floor deal that it did. I think in both cases that is a major influence, far more so than anything any state government or state member of Parliament delivers. As is often said, the greatest interest is always self-interest, and that applies both inside and outside the political circle. Mark McGowan is the threat now. The run that he gets in the media as both the fox and the hens astounds me still—both the wolf and the sheep. He is out there making the threat worse and then he decries the threat. He has a foot firmly placed on both sides of the fence and he is trying to be the wolf and the sheep at the same time, and for some reason he gets away with it. But he needs to be held to account for this. He is the greatest threat to the GST share that was underpinned for this state by the previous commonwealth government. This Premier is making it worse, not better, and he needs to be held to account for the position that he takes.

There are a couple of other things on this checklist. At the seventh point, I asked for an update of the \$400 million Perth quarantine facility, with full disclosure. There was nothing, so I will be wading through the process for that. I suggested that there would be another electricity credit, but this time in conjunction with the commonwealth, and the credit did come. Actually, I previously suggested that it might be as high as \$500. It was \$400, so, again, I am not exactly Nostradamus. But those who follow Nostradamus know that he got most of his predictions completely wrong, so perhaps I am better than Nostradamus! I also suggested a \$4 billion surplus instead of a \$4.2 billion surplus.

That was the checklist that went out. I have to say that I am pretty proud of that, because without the backing of Treasury and getting advice every day, opposition members have to do all their calculations on their own. To get that close, put it on paper and have it come out that way is quite a pleasing result. I am pretty pleased with that. Hopefully, that assisted the journalists who came to the opposition briefing on the budget to recognise that they should not fall for the government spin and just print the government's media releases on this. There is another side to the story. I think it is really important that both sides of the story are out there and I find it incredibly frustrating when they are not. As I said earlier, I think that much of the coverage this year has been a lot more balanced and I think that is a great outcome.

I want to run through a couple of the critical elements so that people realise exactly what it looks like. Members will be able to view these charts, as I know they will all look at the tabled paper in the fullness of time when they get hold of it. The first chart has the midyear review projections of what would happen with revenue and expenditure. We have talked about this before. We had the Ripper boom, the Barnett boom, the global financial crisis, the correction and then the McGowan boom, which was obviously far higher than any boom that preceded it. The midyear projections estimated a massive coming together of revenue and expenditure, so a \$1.6 billion surplus and then a \$1.8 billion surplus were predicted.

The next chart shows what it would look like simply by having an accurate iron ore price. The second chart has a \$3.6 billion surplus. That has simply taken the government's own figures and used an average iron ore price of \$US107 for the 2022–23 financial year. Suddenly, there is a \$3.6 billion surplus. The average iron ore price over the year is still over \$US108, but it is slowly declining. The iron ore price is currently about \$US103. The annual average is dropping by US3¢ to US4¢ a day. If that is taken out, it is a fairly simple calculation. If another 45 days of that is added, there will be \$US1.60 off the \$US108-odd, so it will get down close to \$US107. I hope that will be relatively accurate. Once again, it is an example of the lack of credibility in government forecasting simply because the political intent that overlays what happens hides the true story. Yes, it is hard work to follow it. It is hard work to make sure that the numbers are right all the way through. It takes a fair effort. We have known for months that the government's predictions were highly inaccurate. It would have taken a significant crash in the iron ore price for it to change. The government steadfastly stuck to its numbers and it has played the economic games that it has. It has treated the people, the Parliament and the opposition with contempt in the way it has handled its figures. It was obvious.

The most recent quarterly financial statements that came out in February show a \$2.5 billion budget surplus in the first half of this financial year. Three months ago, in February, there was already a \$2.5 billion surplus, and the iron ore price at that point was higher than it is now. It hovered around \$US120 a tonne for months. In fact, the chart of what the iron ore price has done shows that it was lower in the first half of this financial year. From 1 July to 31 December 2022, the average iron ore price was lower than it has been in the second half—from 1 January to

date, heading to 30 June 2023. It started lower. The iron ore price averaged \$US101 for the first six months of this year. It will probably average \$US107 across the whole year, so the average in the second half will be significantly higher than it was in the first half, yet the government had a \$2.5 billion surplus in the first six months. At that point, it knew there had to be a significantly higher surplus in the second half. It is not as though state taxes have declined significantly as part of that. I know that everybody is very keen on the price of iron ore, because it reflects the royalty level.

The third chart is what iron ore royalties have looked like since 1998–99, in case members were wondering and want to compare the royalty levels the previous Liberal–National government had while in office with the current biggest fiscal boom for any state government in Australia’s history. Members can see that iron ore royalties peaked at over \$11 billion in 2020–21. It was just under \$10 billion in 2021–22. I thought it would be eight and a bit billion in the current financial year, but the government’s estimate, bearing in mind it is based on a high iron ore projection of \$US112.30, is \$9 billion. I thought mid-eights would be closer to the mark. Irrespective, the last three years, including this year, have seen by far the most significant iron ore royalties ever received in Western Australia. In fact, the year before, in 2018–19, the first year of the boom probably, iron ore royalties were about \$5.5 billion. That low year for the McGowan government was the best year that the previous government ever had in terms of iron ore royalties; the best year it ever experienced.

We have a boom based on royalties. In case members were wondering, as a rule, iron ore royalties represent basically all royalties bar the last billion dollars. I did not bother with a chart but I could have done because I have charted it. If one looks at royalties coming in and watches the growth of iron ore and then puts everything else on top, iron ore royalties for 2023–24 look like they will be \$9 billion and the total royalty revenue will be 10 and a bit billion. That has been basically the same for a while. It will be interesting to see whether that will change significantly if rare earths start to take off. But the issue with rare earths is that even when the prices are good, the volumes are low. With iron ore, much of the expansion of royalties is not just price; it is also volumes. As we get towards 900 000 or a million tonnes a year, it is massive volumes as well as high prices. We have an iron ore–based surplus economy. It is not the whole economy. It is not everything that we do. But the surplus is iron ore based. The questions coming from that of course are: What does the government do with those surpluses? What is the impact on the state of Western Australia? Where do we go with those surpluses? What is the best use of this massive amount of money that the government has received?

There is a range of things the government could do with those massive surpluses. It could try to build and construct more. The problem the government has is that it cannot get that out the door. It cannot get workers and materials. In fact, this government is in direct competition with people trying to construct things elsewhere. It is in direct competition with private sector construction, including all those people trying to build their own houses. That is why what would have taken a year to 18 months to build a few years ago now takes two years or two and a half years. People are in direct competition with the Labor government’s construction build. Putting more into construction at the moment is actually problematic, but that has not stopped the government from trying to do it. The government’s midyear reviews and previous budget have an asset investment program worth \$9 billion. The government is going to try to spend more money on infrastructure investment and push that up to \$10 billion. When the government had about \$9 billion as its target in the last year, it managed to deliver \$7 billion. To be honest, the government delivering a \$7 billion infrastructure build is a pretty reasonable outcome. That is a pretty big number. Plenty of previous governments have delivered a half to two-thirds of that. Actually reaching \$7 billion is probably a good outcome, but trying to extend it just increases competition, and that will have a massive impact on the private sector and the people trying to compete with it.

The government could try to build more. Obviously, it will try to employ more people. I think the government would accept that many areas of government services are understaffed. Police is the obvious one. Extra police were supposed to be in place, but, after a number of years of the McGowan government’s rule, police numbers have gone down, not up. There were promises about putting on more police, and that obviously comes at a cost, but the difficulty is finding them, as it is with workers across the public sector. The same thing is impacting the private sector. There are only so many places from which the government can try to attract additional workforce.

I note that the Premier went to England and Ireland and, I think, somewhere in Europe last year. There was great fanfare. He was going across to attract more workers. By the look of it, that trip must have been an absolute failure because this year the government had to send the Minister for Police to exactly the same places. It is the old story of someone having to go back to apologise and return the silverware! The government had to send somebody else to see whether they could do a better job. Interestingly, the Minister for Police claims he has done a better job than the Premier. I guess we will see in the numbers whether that is true, but this government has a longstanding habit of claiming website activity as results. It has done it before and no doubt will do it again. For those who remember, the Work and Wander Out Yonder program was going to get people skipping down the aisles of orchards, picking the occasional apple or whatever it was at the time. It was going to get that workforce. But every time we got all fired up and asked the minister—it was the previous Minister for Regional Development—how successful she had

been, she would say, “We’ve had thousands of website hits.” We asked how many workers the program had got on the ground. The reality is that the government got a handful of workers on the ground but it had thousands of website hits.

Thus far, the Minister for Police and his mission to Europe to repair the damage done six to 12 months earlier by the Premier has resulted in thousands of website hits. Let us see, maybe he will be able to convert thousands of website hits into thousands of workers. We are not precisely sure where they will be able to stay when they get here, but, at this point, we will wait to see whether he is more successful than the Premier. But thousands of website hits do not necessarily result in anything in particular. It will not necessarily result in a single extra worker, but I am prepared to give the minister the benefit of the doubt because he might be more successful than the Premier. Perhaps he will do a better job than the Premier; we shall have to wait and see. Simply claiming website hits is tough.

We cannot build more. The government would like to employ more, but it is an internationally competitive market for labour. You never know, as the minister pointed out on his jaunt, Western Australia is a good place to live, and he might be able to attract a few extra bobbies, amongst others. Those are things the government could do, and the government is trying to do but not particularly well.

I will give the government some credit for what it is doing with the mountains of cash in its money bin to assist with the cost of living. I am pleased to see the government has invested in cost-of-living assistance. Once again, people will get a \$400 electricity handout, which in conjunction with some of the federal handouts might see households get up to \$826. It is a bit of a clumsy model. People have to work out where they sit in the system—how much state and how much federal. I do not mind the fact that it is a bit more targeted this time so that those people with greater need get a bit more access to higher payments. It is not completely targeted but it is targeted a little bit better. The opposition has come up with a range of investment suggestions for the government to better address cost-of-living issues, but it has rejected all of them. But I am pleased to see that the government has taken some steps on cost-of-living issues so households will get some relief.

It needs to be mentioned that at the same time as households will get \$400 to potentially \$826 in mixed state and commonwealth electricity credits, government fees and charges are still going up. Admittedly, just by two and a half per cent in the case of lots of charges. They are a bit higher for some others, such as the emergency services levy going up more significantly. It is interesting that the government is handing out cash to someone struggling with the cost of living in Western Australia with one hand and reaching into their pocket with the other hand to take more money back out again. We have got the old two-handed trick: “Look at this hand over here. This is the hand that we are giving you money with. Don’t look at this hand. This is the hand that is in your pocket, taking the cash out.” This government is very good at this sleight of hand. This government has probably got some of the best spin doctors going around. How big is the Premier’s spin doctor group these days? It would have to be a fair size, I suspect. Maybe some of the budget surplus is going there. Maybe that is why it needs to keep the budget surplus so high. The Premier is giving a handout with one hand and taking some of it back with the other. Why is he doing that? Of course, because in future years, if fees and charges are frozen for the year, it has a flow-on and compounding effect. If they pay less this year, they get to pay less next year and the year after. It is one of those things, is it not? If it is believed that the government’s role is to minimise its impact on the community, the result is if the right thing is done this year, it is forced into doing the right thing next year and the year after as well. The government does not necessarily want to do that. Next year and the year after, the government might find that its budget corrects. It might find that it does not have all the free money that it currently thinks it has and is then concerned that a massive program or vanity projects cannot be paid off. That is a tougher thing to do. If a government is ever going to do it, it would be at the time when it had the greatest wealth in the history of the nation, when its fiscal economy, revenues and surpluses were the biggest of any state’s history in the nation. It would do it then. This government has not. It is carefully planning for the future. It wants to be able to make sure its revenue stays high and control how much we get back. Yes, we have to say the government should be thanked for giving anything back, even if we cannot believe we are saying that with a \$5.4 billion surplus and another handout. We have to be thankful for the little bit that the government does, but we will not be mean-spirited about it. We are the opposition. We are here to be positive. Let us give the government a little bit of credit where it is due.

It is a bit like the implementation of health advice from the Chief Health Officer during COVID. Well done, the government managed to do it. A bit of credit there where it is due. I will probably get in trouble for saying this, as I often do. I tend to put out there what I believe and I do not have an army of spin doctors on my side. I welcome the \$400-plus investment in cost of living, not as the best outcome, but an outcome that at least recognises the issue and makes a contribution to the welfare of the people of Western Australia. I welcome its arrival, perhaps not as ideal, but never let it be said that I rejected the improvement for the pursuit of perfection. I think that is problematic. It has made a contribution and I think we should welcome the contribution.

There are only a couple of other ways the government has left to spend. One way the government continues to do that is to hide it away in the consolidated fund money bin and special purpose account holes, when the money bin cannot hold anymore. A new one has been dug out this time: the \$250 million maintenance fund. I thought

maintenance in government would have been a standard problem. The state government is very good at applying rules around asset maintenance for local government. It has all changed and become much more difficult. It is a bit of do as I say, not as I do. The state government does not have the same maintenance requirements around its own assets. There is now a \$250 million hole in the ground they can pull out of for this particular fund. That is part of the way they are spending their surpluses and one of the ways they are hiding it away.

There is one other way that the government might spend some of its surpluses. There has been a lot of debate about whether actions in budgets are inflationary or non-inflationary. Inflation on the consumer price index is a really hot topic at the moment. For those economic nerds amongst us, I know we get quite fixated by these things, but it is very important. One of the ways the government could ostensibly use some of its budget surplus in a non-inflationary manner is to pay down debt. That money then effectively sits back with lenders. The Reserve Bank's only tool at this point to reduce the CPI and inflation in a non-inflationary manner is to raise interest rates. What happens then is additional money goes back through the banking system and gets taken out of circulation. Paying down debt ultimately does a similar thing. We say, "Great, it is a non-inflationary use of budget surpluses". However, this government is not significantly paying down debt. It took the opposition three years to get the numbers out of the budget estimates process; the government was so embarrassed by its actual numbers. This government inherited \$32 billion worth of debt. Remember, in its first two budgets, the government was going to take that to \$42 billion or \$43 billion worth of debt, until the biggest boom any state has ever seen came along and changed the outcome. What happens as part of that is debt has gone from \$32 billion to \$28 billion, but will rise again to \$36 billion going forward.

There are a couple of critical issues here. I want to deal with this in some detail. I think the Premier, as Treasurer, in the last Scrooge McDuck budget we might see, has opened the door for a little bit of reality. I think he has made an off-the-cuff tactical mistake. I think it comes back to the fact that he is grumpy, not dealing well with the pressures and he is starting to make errors in the process. I think this is a great opportunity and I am going to enjoy it—the government not so much, but I certainly am. They have dropped debt down from \$32 billion to \$28 billion and it goes up to \$36 billion. That is a 12 and a half per cent drop in debt, followed by a 25 per cent rise in debt, going on the forward estimates.

**Hon Darren West:** Do you have a chart of debt in Western Australia?

**Hon Dr STEVE THOMAS:** I can send the member copies of the other charts, if he likes. I know Hon Darren West is very keen in the economic debate. If the clerk can take over the chart—I have got one I actually have not gone through yet, but I am happy to send those over.

**Hon Darren West:** One for the Liberal debt and the Labor debt, you mean. Is that right?

**Hon Dr STEVE THOMAS:** Not with me. I know he was out of the chamber on urgent parliamentary business recently and I do not want him to miss out. I do not have it broken up. I do have it and I can give it to the member, but I have not tabled that one, so it is not as part of the budget debate today.

**Hon Darren West** interjected.

**Hon Dr STEVE THOMAS:** The member has already got it? I have got it, too, so it is all fine.

We are talking about debt and the commitment that was made. This is not the first time I have mentioned this, so I am sure members will not be too surprised when I raise what the debt strategy of this government was when it was seeking election in 2017 and compare that with what the outcome has actually been. On Saturday, 11 February 2017, the then shadow Treasurer, Hon Ben Wyatt—I do not think he was honourable then, but he is honourable now, so I think that is the way we refer to him. As he has departed politics, he has probably got more honourable, not less, but let us not go there! He put out a press release.

**Hon Darren West:** He has got more wealthy, too.

**Hon Dr STEVE THOMAS:** Yes. I actually saw Hon Ben Wyatt at a Reserve Bank dinner that seemed to get some people very hot under the collar. I wonder whether that depended on who was on the invitation list, but it was one event that got people upset. Hon Ben Wyatt was at that dinner, as was former Treasurer Hon Eric Ripper. I think he is honourable as well; he served for a fair while. I had enormous respect for both men when they were Treasurer. I think I have put on the record before that I was shadow Treasurer to Hon Eric Ripper and I thought he was good state Treasurer. He introduced good policies. He was something of a grinch, as all good Treasurers are. That is one of the requirements. I suspect that Hon Sue Ellery, the Leader of the House, might remember his work and probably had to argue with him on occasion. That is what a good Treasurer does. I had enormous respect for Hon Ben Wyatt as well; they were both good Treasurers. That is not to say that there were not good Treasurers in the Liberal Party as well, but they were good Treasurers for the Labor Party. The commitment from Hon Ben Wyatt when he was shadow Treasurer was to introduce legislation to establish a debt reduction account and ensure that future windfall revenue gains were used to reduce debt. Another dot point stated —

Colin Barnett has delivered a record budget deficit of \$3b, with net debt to hit \$41b in 2019–20

That was in the budget papers at the time. My memory is that the midyear review and the *Pre-election financial projections statement* pushed that out above \$42 billion. The Premier, who is also the Treasurer, and ministers left, right and centre, but particularly the Premier, love to run around and say that the previous Liberal–National government took debt to \$42 billion or \$43 billion. The figure depends on the mood the Premier is in at the time. I think the latest number is \$43 billion; members opposite have probably heard the Premier’s speeches more recently than I have, but I think he is using a figure of \$43 billion at the moment.

Hon Ben Wyatt said on 11 February 2017 —

The legislation will see 50 per cent of iron ore royalty revenue directed into the new Debt Reduction Account when WA’s GST relativity returns to above 0.65 and the iron price is more than \$85 per tonne.

The debt reduction account was established by one of the early bits of legislation that went through both chambers. I suspect that the Premier, who is now the Treasurer, and the then Treasurer did not actually think that those circumstances would ever be delivered. I suspect that they thought they would not get GST revenue back to 0.65 unless there was a crash in the iron ore price. I think they looked at the iron ore price in 2013–14, when it dropped into the \$US40s at one point and was often in the \$US50s—the average was very low—and said, “In 2017, the circumstances of us getting to 0.65 won’t happen unless the iron ore price stays that low for a significant period.” Even at that point, iron ore export volumes were going up, so 0.65 was probably unlikely. They obviously thought that a price of \$US85 a tonne was unlikely, too. We know that because of the question I asked in 2019, when the iron ore price had hit \$US90 a tonne. I asked what was the government’s budget forecast if the price stayed at \$US90 a tonne or more. Members will know the response. I feel like I should be a schoolteacher, because everybody should know by now that that was described by the government as highly unrealistic. Of course, those circumstances did eventuate, because in 2019 the GST review was instigated and delivered by the Morrison federal coalition government. WA got a return of 0.65 because the floor went to 0.7. From the middle of February 2019 onwards, there was one brief dip in the iron ore price. Bear in mind that we are in May 2023, so it is now over four years later. We had a little tiny dip when we got below \$US90 a tonne for a couple of weeks, but it has since hit a peak of about \$US235 a tonne. The average in the first half of this financial year was \$US101 a tonne, but the average in the second half will be higher. The average price for the year to date is around \$US180 a tonne. I think they got a surprise. I do not think they were ready for the set of circumstances they had put in place to occur. But the question is: did the Labor government keep its word to the people of Western Australia? Everybody who read this document said, “Oh, well, that is great. We think debt is too high; therefore, this Labor government will bring it down.” Did the government keep its promise? No, it did not. We started to get rhetoric from the government that it would pay down debt like a mortgage—slowly and a little bit at a time. But it did not keep its promise. It lied to the people of Western Australia. It might have been an accidental lie, but that does not make it any better. The Labor Party did not keep its promise. I wonder whether it had any intention of keeping its promise.

When GST relativity reached 0.65 and the iron ore price hit \$US85 a tonne, half of iron ore royalties were supposed to go into the debt reduction account. The government did not do that. Bear in mind that it has also rorted the debt reduction account. It seems to me that it does so with the full knowledge of, and a gentle nod and a wink from, Treasury. Since the debt reduction account was formed by this government, it has had \$7.5 billion go through it. Hang on a minute; we said before that debt had gone down by only \$4 billion. It could have gone down by another \$3.5 billion if the debt reduction account had been used for what it was supposed to be used for. Do members know what happened? With a nod and a wink from Treasury, the government simply spent the other \$3.5 billion. Its justification was that it wanted to spend more money, and if it had reduced debt, it would have needed to borrow \$3.5 billion for its expenditure, so it simply took that amount out of the debt reduction account. This government promised half of iron ore royalties to debt reduction, and I will come to the amounts in a minute. It threw that out the window and effectively just put some insurance stamp duty payments in there and not much more—the Insurance Commission has provided most of the revenue that has ultimately gone through the debt reduction account. Even then, with a fraction of the money the McGowan government promised before it was elected would run through the debt reduction account, it could not spend the miserly amount that it did bother to put into the account on debt reduction. It wanted to spend more money, so it just did not bother. How is that a gold standard of transparency? It is not. The government has not done what it promised to do. It was a lie. That continues to this day. There is still only a fraction of what was promised going through the debt reduction account, and it is still not being used entirely for debt reduction. That absolute nonsense was perpetuated to the people of this state.

I think it is important to know how much we are talking about in terms of iron ore royalty income. Bear in mind that the promise from the then Treasurer, Hon Ben Wyatt, was 50 per cent of iron ore royalties, not all royalties. As we discussed before, total royalties were about a billion dollars more than iron ore royalties. I have the exact numbers for iron ore royalties, which I think are important. In 2017–18, it was 4.5 billion; in 2018–19, it was 5.4 billion. The parameters were probably not met at that point at 0.65 and above \$85 a tonne. We knock off, say, \$9.9 billion in total there. In 2019–20, it was \$7.6 billion; 2020–21, \$11.3 billion; 2021–22, \$9.9 billion; and 2022–23, \$9.3 billion.

So at the very least, \$29 billion to \$30 billion worth of iron ore royalties meet the parameters provided by the government. An amount of \$11.355 billion plus \$9.917 billion plus \$9.285 billion is \$30 billion. Fifty per cent of that is \$15 billion. If the government had kept its word and its promise to the people of Western Australia, \$15 billion would have gone through the debt reduction account and possibly some of the year before, 2019–20; at \$7.6 billion, we probably would have got a bit back so it probably would have gone over \$30 billion. If the government had kept its word to the people of this state, \$16 billion or \$17 billion would have gone through the debt reduction account. If the government had used it for debt reduction—holy mackerel! The impact that would have had! What the government said on one hand and what it did were two completely different things. We would have seen massive reductions in debt. Why is that a good thing? First off, as we said, it is a non-inflationary use of the surpluses.

I am not convinced that the electricity credits that are being provided by state and federal governments will have a significant inflationary effect. I think it will be modest at best. I suspect it will be difficult even to see it, but I can guarantee members that debt reduction was a non-inflationary component of what we might do with that. It has become even more important, and this is where the Premier who is also the Treasurer has opened the door for the opposition. I cannot tell members the number of times that I have heard the Premier, who is also the Treasurer, run around saying, “The debt under the previous government was \$43 billion.” In the forward projections it was \$43 billion. Do members know what the defence of the leader of that conservative government was at the time? I remember it quite distinctly; the defence of Colin Barnett was that it was out in the forward estimates. We may or may not reach that; it may or may not be there. It depends on the circumstances we get between the current budget estimate and the forward estimates. He was ridiculed and lampooned by the Labor Party—“That is not a defence. The budget says that debt will get to \$42 billion to \$43 billion and that is what we are going to use. That is what we expect.”

**Hon Darren West** interjected.

**Hon Dr STEVE THOMAS:** You still use it now. I have heard it in this house. I have heard it in this house recently. I keep hearing it. The attack point of this government is that debt was going to get to \$42 billion. The defence of the previous Premier was ridiculed. Guess what the defence of the current Premier, Hon Mark McGowan, is to the argument that debt was going to get to \$36 billion in a few years? What is his defence? It must be true because I heard about it in the media and on the TV. He said we cannot believe those debt estimates; circumstances might change during the forward estimate period. The McGowan defence is the Barnett defence. He has taken exactly the same defensive mode that his predecessor did. He has taken exactly the same.

This Premier, as the Treasurer, would have us believe that it is okay to say that budget estimates of debt may not be accurate and may not be as high. He said it may not be as high. It may go down and not up because of the budget numbers. I am going to put words in his mouth just to understand what he is intimating. He is intimating that the iron ore price might stay high and budget revenues might be higher than he has predicted and therefore his surpluses might be higher than predicted and, therefore, debt may not go up. He has taken the same defence as the person he has lampooned and ridiculed for years. He has the same defence; the McGowan defence is the Barnett defence. It is the first time I have heard him say that, so I think he is getting a bit tired and cranky. He is given an opportunity here. He surely now has to support the previous government’s defence of debt. He has to, because that is his own defence. His claims of it not having that impact are exactly the same as the previous government’s claims. Do members opposite not see the hypocrisy that has come out here? I think this is astounding. This is great.

From now on, every time a member of the government stands and says, “Oh, well, debt was going to \$42 billion or \$43 billion”, I am going to say, use the McGowan defence. I probably would not get away with calling it the Scrooge McDuck defence because I think the budgets are going to move on, but we can use that defence: budget estimates at that point are only an estimate. I remember the former Premier saying it all the time: “It’s only an estimate. It might not get there.” What has the current Premier done? Exactly the same thing. What hypocrisy. He has run the argument now for six years—probably longer than that and in the years leading up to the 2017 election. There might be a decade of this Premier using that attack point and now he has walked in front of the gun and he is now standing there directly in line himself because the attack that he has mounted for years and years can now be quite specifically and accurately pointed directly at him, and I think that is great.

Well done, Premier. He has now justified his predecessor, whom he attacked for a decade. It is hilarious to see that result. I think it is great. The defence is that the government cannot rely on the future estimates of its own budget. Wow. That is absolutely great. That is the best thing I have heard for a very long time. The current Premier, Hon Mark McGowan, says we cannot trust the forward estimates budgets and debt might not be as high as what is written into the budget papers because those numbers are not necessarily accurate. If circumstances change, those numbers might change. The iron ore price might be higher. We do not need to be Nostradamus to see that coming. Guess what happened in 2019? In 2017–18, as the McGowan government brought down its budget, debt levels were still expected to go out to \$42 billion. The McGowan government did not change the outcome through management. It did not have a sudden change of government and expenditure suddenly changed or there was some miracle. It took exactly the same budget path.

The current Premier, who was then the opposition leader, was saying that we had to trust the budget papers. These budget papers need to be trustworthy; for a couple of years, it was still going out there. What happened? The biggest economic fiscal boom this state has ever seen. It was the biggest by a mile. I am sure members will look up the charts we have tabled so far. I am sure the Minister for Emergency Services has already got a copy. Biggest fiscal boom in our history—and guess what? The numbers changed. It was not because of the management of the government. It was not because the government changed significant direction. It was because we were lucky. This was “Lucky Mark”. Great. Well done. But his defence, the McGowan defence is now the Barnett defence. Do not look at the forward estimates on debt because it might not end up there. We might have another huge boom. I might be wrong. It does occasionally happen. I know members might be surprised, but it does occasionally happen. My predictions of the correction of the iron ore price going back down to a more normal economy and thus leaving us with a more normal fiscal economy might not happen. The boom might hang around for a couple of years yet. The average length of a boom is about six years, and we are only four and a bit years into it, so it is possible it might last a bit longer, which is okay. If that is the case, perhaps the Premier is right and the number of \$36 billion might not be reached.

**Hon Darren West:** “Said Hanrahan”.

**Hon Dr STEVE THOMAS:** “Said Hanrahan”. It might not be reached; we might not get there. It is just astounding that the McGowan defence is the Barnett defence; they are exactly the same, and I do not see it becoming any different going forward. We have reached an astounding set of circumstances. I do not think the Premier thought this through when he came up with it. He is quite right that the budget predictions might change, but I do not think he thought it through because he has undermined 10 years of attack to justify his current position. That is fantastic; I think that is absolutely great!

I have been waiting for a member opposite to come up with the \$42 billion or \$43 billion figure into the future because we will be sitting here thinking: the defence is the same. If we cannot have the Barnett defence, we cannot have the McGowan defence. Which one is the government choosing? It can have both or neither. The government has to choose which way it will jump on this. Neither of them are right or both of them are right. The government cannot have it any other way. That will be fantastic, and I am very much looking forward to those debates.

I would like to diverge for a little bit because we started to discuss inflationary versus non-inflationary things that the government might want to engage in for budget relief. The hard bit is that I think the economic circumstances and the economic rhetoric, in particular, around the state are very different from in the past. I was first heavily involved in the economic debate nearly 20 years ago now. I think I was the shadow Treasurer 15 or 16 years ago, which means that I am getting old. I have to say that the members opposite are agreeing with me, which is a bit disturbing. I do not think I am the oldest in the room, but I am not far off it. The economic debate has changed, and I want to talk about this a bit more because I want to get into a bit more detail—probably post-question time—about what has changed in economics.

**Hon Stephen Dawson:** How old are you?

**Hon Dr STEVE THOMAS:** I am 55.

**Hon Stephen Dawson:** No, you are not the oldest.

**Hon Sue Ellery:** You are only a spring chicken.

**Hon Dr STEVE THOMAS:** That is all relative. The best argument for the retention of Hon Peter Collier is that he is older than I am so I am not the oldest Liberal here, which is good. We have diverted a little bit, Acting President.

Economics has changed significantly, and this relates to the activities of the Reserve Bank and a lot of the narrative that goes on around it. When I first got heavily involved in economics, economics was considered to run its own race, and people were either passengers or observers. The economy, in itself, ran on a basic set of principles, but that has changed dramatically in the 20-odd years that I have been heavily involved. It has changed to a point that some days I do not recognise economic debate at all anymore. I cannot believe that I am about to say this, but I miss Hon Alannah MacTiernan because the economic debates with her were at least fiery; she took a very left-wing view of economics to my right-wing view. At least we had that debate.

**Hon Darren West:** She misses you too, honourable member.

**Hon Dr STEVE THOMAS:** Good-o! I am sure that we will find a way to have some fiery debates. If she retires to Albany, we will find a way to do that. I think she was even more left than the Keynesians, and I put myself in the Friedman bracket, but we will see where we end up in the debate.

The economic debate has changed considerably because in the old days we would be able to debate how the economy performs separately from political outcomes. These days, political outcomes seem to override and predetermine the economic debate, and I find that quite concerning.

I want to do this in a bit of detail, but we might not have enough time before we start questions. Probably the best example of that at the moment is the debate about the Reserve Bank and its activities in setting interest rates. Are interest rates the only way authorities can use to control inflation? It is the only way that is generally currently used. Perhaps it is a big stick. It certainly has an impact.

Let us go back to the basics because after question time I would not mind talking about some of the alternatives. In reality, all economists realise that when inflation is running rampant, the important component is to take cash out of the economy. I do not think that original, simple argument has changed significantly. If we look at rampant economic inflation, we look to those countries that are madly printing money. Obvious examples are Germany and a few other countries, going back in history, where the mass printing of money resulted in massive inflation. I want to point out that an issue the world now has is that one of the major responses to COVID was a massive printing of money. We did not call it printing money; we called quantitative easing because we are not allowed to call things pretty much what they are anymore. Trillions of dollars were printed and injected back into the economy. The whole point was to try to prop up activity and, of course, there were extra trillions of dollars in the economy. The Australian government printed hundreds of billions. The Americans on their own printed trillions. Everybody was printing money. Suddenly, there was more money in the process. Funnily enough, almost the entire world is now facing an inflationary bubble because the world started printing money.

Reserve banks around the world are now working out how they can take money out of the economic system. At this point, all they have is raising interest rates. This is an inflation bubble that is artificially created, like many are. That seems to be becoming more common. COVID was probably the first time when it was a worldwide money-printing event and, therefore, that there has been a worldwide inflationary hit. Unless there is a country with almost no economy and no capacity, every economy has basically printed massive amounts of money under quantitative easing. They drove up inflation and then, suddenly, they have an inflation problem. The solution for reserve banks is to pull that money out, and they do that by raising official interest rates, which means that banks raise interest rates. They are trying to pull the free cash and spending money back out of the economy. The solution, at this point, is to put it into banks. Is that the most effective way? We will discuss that in more detail after five o'clock. At this point, it is the only way that governments can manage it.

In my view, it is interesting to see the politicisation of that process, and I am concerned about the politicisation particularly around the Reserve Bank. I note the review of the Reserve Bank, and I suspect that it was politically motivated. All sides of politics have accepted the recommendations for a wider Reserve Bank board, but I remain concerned about this. This is how economics has changed dramatically. Economics used to run its own race, and now it is being used for political outcomes. One thing is that, for some reason, no-one is allowed to struggle anymore as part of the economic management. It is being used to prop up rather than to allow the cycle to run. Even if someone is a Keynesian in their economics, I do not think that is what Keynes was talking about when he went through his modelling. This needs to be looked at. The vilification by government and politicians of the Reserve Bank for using the only tool currently available to it is an immensely concerning issue that needs to be looked at because it has been set up this way for a reason. Multiple governments across time have used this one weapon or stick against inflation. Suddenly, we are upset that it is using the one stick it has been given, and we are attacking it for using it. I was not surprised by the 25 basis point interest rate rise that occurred at the beginning of May; I had actually predicted that this year there would be at least three interest rate rises on top of the ones last year, and there were—in February, March and May. I think a 3.85 per cent official interest rate was the minimum. The question is whether it might go any higher.

Debate interrupted, pursuant to standing orders.

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