

TREASURER'S ADVANCE AUTHORISATION BILL 2024

Second Reading

Resumed from 16 April.

HON NEIL THOMSON (Mining and Pastoral) [4.09 pm]: Noting the time, I must say that I will have three goes at this. Is it not great! I still have 33 minutes left, and we only have 20 minutes until question time.

We were in the process of explaining the most profligate Treasurer in the history of Western Australia. My encouragement to members opposite in the party room and in the cabinet is to bring the profligate Treasurer to heel, particularly for the incredible overruns on the Metronet project and some of the other major capital expenditures in Western Australia. When all those capital expenditures are put in place, a massive transport subsidy will still have to be maintained year on year to maintain that system. My understanding is that that could be up to \$2 billion a year. This will be a really serious challenge for Western Australia if we go through any changes in the broader economic environment. As I said earlier, in my previous contribution, this Labor government has been the beneficiary of a \$400 billion record level of private investment that occurred under the Barnett government. That led to a massive increase and expansion in private investment in the mining sector and a massive expansion in mining capacity, particularly in iron ore over that period. The government has then been, of course, the beneficiary of all the changes to royalties.

I was speaking about some of the challenges in the economy. I will not go over some that I have already I mentioned because people can avail themselves of that in *Hansard*. As the budget comes down, we will have plenty more opportunities to talk about some of the challenges that could potentially face Western Australia. We spoke about the challenges from this rapacious federal government and its aims to curtail Western Australia's really important resources sector. Hon Tanya Plibersek, the minister who is on the front page of *The West Australian* today, changed her mind about Nature Positive. I must say that I was concerned by the comments of Graeme Samuel, who was the architect of some of it and is now saying that it will not change. This is yet to play out.

Our business competitiveness is a serious issue and is one of the challenges. This government, under pressure from the resources sector, initiated the Vogel–McFerran review, which has made more than 30 recommendations to make sure that our environmental approvals are streamlined to deliver a fit-for-purpose outcome across Western Australia. So far, after almost six months, all this government has done is acquire another office in Perth for officers who are based in Joondalup to come down and be closer to industry. My goodness! That is all it can do! We have set up an office in Canberra. We will spend \$200 000 or so a year there, according to the answer to the question I asked in Parliament. We flew four ministers across to Canberra the other day, and we had the director general and the deputy director general attend the \$6 000 soirée for the opening of the hub, where the poor executive officer will sit in the office by themselves. Not a single federal member of Parliament, outside of Western Australia, turned up. That was part of my question yesterday. That is how much of a great engagement hub it is not for Western Australia. It certainly is not.

Of the 30-something recommendations from the Vogel–McFerran review, all we can do is set up another office in Perth. We cannot deal with the substantive elements that Mr Vogel and Mr McFerran pointed to, to get to the changes that need to be implemented so we can unpack the blocked pipeline of work. The Chamber of Commerce and Industry of Western Australia says \$300 billion worth of potential projects is in the pipeline for approval in Western Australia, and many of those projects are being held up unnecessarily due to red tape complications. These are some of the challenges we face.

We see an impact on the demand for infrastructure. Our hospital system is groaning. Some of our schools are groaning because of the massive population increases in Western Australia and the weight of increased student numbers. We have a system in which our hospitals are not coping because we do not have enough investment. We have not invested in a tertiary hospital in Western Australia since this government came into power. The Barnett government did so much in that space to invest and drive forward into the future the important needs of Western Australians. We see that as a challenge.

We have the challenge of climate change, which this government is so excited about because it is an opportunity to spend taxpayers' money on its great vanity projects without being really clear about where the value for money is. Of course, I will repeat the comments from the Premier Roger Cook because I find them incredibly offensive: “Only a loser would oppose taxpayer support for clean energy and manufacturing sectors”.

That was sort of “make Australia great again”! I do not think that was the exact logo, but the Prime Minister says, “A future made in Australia”. Here we go! The federal government will pour in taxpayers' dollars to subsidise industry to get some ribbon-cutting moments. The chair of the Productivity Commission asked some simple questions: What is the value for money for that? Where is the transparency? Where is the independence in that?

All we got was a very childish response from our Premier Roger Cook: “Only a loser” would oppose taxpayer support. It was not that the Productivity Commission was opposing it; it was questioning the value of it, and that is exactly what we do. That is why the opposition comes into this place, day after day, questioning what is going on with the value for money of the investment of our taxpayer dollars.

I will give another example of this; it is a daily occurrence. Yesterday, I asked a question of the profligate and secretive Treasurer, who is out there spending up on projects without any accountability. I encourage members opposite to ask questions in their party room if they are worried about their communities, the service delivery for health, housing and police, and the cost of living. If they are worried about those things, they would be challenging their Treasurer. If they are a member of cabinet, they would be challenging their Treasurer. I hope the Treasurer, Hon Rita Saffioti, will be much more forthcoming than she was with the answer she gave to my question about the Perth–Byford line upgrade. I asked the question very genuinely because I have had an officer go through the budget papers and every single item on them to try to add them up and work out where the changes have occurred and try to understand where the growth in that expenditure has come from. From what we can tell, we are talking about an almost doubling of expenditure—at least from the original budget expenditure—over the delivery period. It is still not yet delivered, and I do not think the good people of Armadale will have the train working before election day. I am sure that will not happen. Who knows? I say this is a challenge to the Treasurer; Minister for Transport to make sure that we have an operating train line on 8 March 2025. Yesterday, I asked —

- (1) What is current fully budgeted cost for the Perth to Byford line, including rail crossings, stations and line upgrades?
- (2) When was this first costed?
- (3) For (2), what was the first estimate of cost?
- (4) Has a cost–benefit analysis been undertaken on the value for money of this expenditure?
- (5) For (4), what was the expected benefit’s cost ratio, with range if it exists?

The answer shows the complete arrogance of the unaccountable Treasurer, who just says whatever she likes to say. I would have liked to have seen the advice from the Department of Transport, the Public Transport Authority or whoever is responsible because, as a former public servant, I know that there is no way that a public servant would write an answer like this.

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There is no way. I know the process and I know that those very diligent public servants would want to provide the information, but instead we got this answer —

The following answer has been provided to me by the Minister for Transport.

- (1)–(5) Estimated total costs of the projects comprising the Armadale line transformation are contained within the state budget ...

I already knew that. I had already looked at those costs over previous budgets and had an officer go through the last five years to try to understand it each time, but there was no accountability to this Parliament or to the people of Western Australia on the full cost of that project and particularly on the value for money of that investment and the changes in the cost estimates. We know that the Auditor General has looked at some of these things and did a short summary of a number of the projects for the Building for Tomorrow program. That program is spending millions of dollars on advertising in the lead-up to the election to provide the Western Australian Labor Party free advertising on what the Western Australian Labor Party is allegedly doing. Some of those things are vitally important, but the basic standard of government is to provide accountability on the expenditure of taxpayer funds to the people of Western Australia, who are the taxpayers. It is their money, not the government’s. We know that challenges arise and we must be cautious about that expenditure. We must be direct with that expenditure in a very efficient way because there are structural weaknesses within the Western Australian economy. We have seen how this government has allowed the massive boom in revenue to be completely soaked up by costs that will be difficult to unpack if some of the headwinds that I referred to that are in the budget papers and in the midyear review head the government’s way before 8 March. If they hit the government before then, the government will be in trouble. If they hit a Liberal–National government after 8 March, we will have the difficult job of unpacking the mess that this Labor government is putting in place and is structurally building into the Western Australian economy in such a way that it will be difficult to unpack.

Several members interjected.

Hon NEIL THOMSON: If members on the other side would just listen. We have seen the growth in revenue over the last four years, which I mentioned is 135 per cent more than before. Importantly, at the same time, we have

seen for the different categories of expenditure some very unusual growth trends that will make it harder for Western Australians to manage if we face some headwinds. We are now seeing projected in the midyear review future record debt levels again escalating, despite the windfall gain in revenue. I will tell members the most stunning number. Western Australian public servants' wages have not really kept up with the pace of inflation. There was a time when there was a one per cent wages growth policy. The government alleged that it would introduce great reform through the machinery-of-government reforms presented by former Treasurer Hon Ben Wyatt. The government was going to create efficiencies within the Western Australian economy. However, given those issues, in the last four years, there has been a 25 per cent growth in wages, salaries, supplements and superannuation. I am sure that the teachers of Western Australia probably would have been very delighted if their pay packet grew by 25 per cent. However, we have instead had growth in the bureaucracy of Western Australia, not growth in the delivery of services. We have had growth in the bureaucracy at the expense of declining police numbers, at the expense of a failing health system and at the expense of a declining number of social houses being delivered. We have had growth in the bureaucracy while we saw massive growth in the inefficiency of the delivery of our major projects because this Treasurer is reckless, careless and profligate. She is unable to manage a rising budget. We saw payments for goods and services also increase by 24 per cent but, overall, the most important factor is the hardwiring into the Western Australian economy over the last four years of the 29 per cent growth in costs. We know that is very important. I said yesterday that despite our debt going to record levels, the one legacy of the Barnett government is that it did not have the debt of some of the other jurisdictions despite the massive challenges and investment in the productive capacity of Western Australia over that time. That was the strategic focus of the Liberals and Nationals, and that will be the strategic process going forward if we are on the Treasury bench in the future.

We know that there are amazing sensitivities within the Western Australian economy that give us a unique set of vulnerabilities when compared with the vulnerabilities of some other Australian jurisdictions. We know that one of the greatest vulnerabilities is the exchange rate. The vulnerability is that for each \$A1 increase to a \$US1 decrease, every cent affects the variables. It was \$57 million in revenue at the end of the Barnett government but it is now \$174 million because of the changing nature of our revenue streams. We are much more dependent on royalties than we were previously. Every one cent change in that balance equates to \$174 million. We have been lucky because, as I said in my previous presentation, there has been a massive expansion of windfall gains year after year due to the good fortunes of the international economy and the amazing work done under the auspices of the former federal coalition to underpin our GST revenue, which previously was not the case.

Several members interjected.

Hon NEIL THOMSON: Members opposite should listen to the detail. I know that they do not consider the detail. I doubt whether even the Treasurer considers the detail because I do not think that the Treasurer understands the detail. That is certainly the feedback I get back from industry; the Treasurer is not really interested in the detail. The issue is the iron ore royalties at the time of the Barnett government. Every \$US1 per tonne increase in the price of royalties equated to \$73 million, but now it is \$93 million. We know that for every \$US1 increase in the price of a barrel of oil, it affects our estimates by another \$8 million. That is not very much, but those key things—the exchange rate and the iron ore royalties—have a flow-on effect on payroll tax. There is a \$55 million impact for every one per cent increase in taxable wages and employment growth in Western Australia. These things can work in our favour in good times but work very much against us in bad times. Although there is always the probability that we will continue in the good times—my hope for Western Australians is that we will—I hope that after 2025 there will be a Liberal–National government to make the structural changes to the Western Australian economy that will deliver a better outcome for police, housing, the cost of living and our health system. That is my hope. We have a massive problem of increasing debt in Western Australia, which is currently costing us almost \$1 billion a year in interest, and that continues to expose us, given the vulnerabilities that we face and that are unique to Western Australia.

Debate interrupted, pursuant to standing orders.

[Continued on page 39.]

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