

ESTIMATES OF REVENUE AND EXPENDITURE

Consideration of Tabled Papers

Resumed from 15 June 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 STEVE MARTIN (Agricultural) [2.07 pm]: I rise today to make some remarks on the budget papers.

Before I do that, as other members have done, I would like to pass on my very sincere condolences to his family, his friends and members of the Western Australia Police Force on the recent tragic passing of Constable Anthony Woods, a 28-year-old young man with the rest of his life in front of him. He was only one year older than my son. I noted that the Winnacott Eagles paid tribute to their former teammate at the weekend. I would like to pass on those very sincere condolences.

The opportunity to comment on the budget process of our state is one I have looked forward to in my brief time in Parliament. As a small businessperson for many decades, I found the budget was always a fascinating time on the farm, and I am sure it is a stressful time for other small businesses right across Western Australia. Obviously, my budget process was very different from the state's, but the way it would work at home is that we would spend hours and hours, weeks and weeks, getting our budget together in the February to March period before a season would start. We would make very conservative estimates about the price of wheat, the value of the Australian dollar, the cost of fertiliser and so on. There would be a lot of back and forward between the couple of members of the farming partnership. We would get the farm consultant in, we would get the accountant in, and then we would put together a document that was much larger than it needed to be, and the lesson I gradually learned was that within a very short number of minutes of that printer hitting print, we could throw out the budget. The price of wheat would change; the dollar would go the wrong way; the fertiliser would do the wrong thing; it might not rain; it might rain. It is a useful process, but budgets have a fairly short shelf life. The state budget is a much more sophisticated operation than a small family farm budget, but I enjoy casting an eye over the budget papers.

I will make some broad comments, as others have done, including my colleague Hon Dr Steve Thomas, about some of the assumptions in the budget and some of the broadbrush numbers; then I will focus on particular areas of interest for me around the Ag Region and some of the portfolio areas of responsibility that I have.

This is the last McGowan budget. A couple of weeks is a very short time in politics. Hon Mark McGowan handed down his budget as the Premier; now, just a couple of weeks later, we have a very different political landscape in Western Australia. I wish former Premier McGowan and his family all the very best in whatever confronts them. We saw those extraordinary scenes at the press conference for his retirement announcement. He was exhausted. Certainly, in the last two or three months of his tenure, he looked a little cranky. As he handed down what would in normal circumstances be a very, very good set of numbers, he did not look entirely thrilled with the task; I guess that workload of being Premier and Treasurer and dealing with the pandemic and other issues took its toll. I hope he is comfortable with his decision and has no regrets in walking away from the role of Premier, and I wish him all the very best.

It was interesting that former Premier McGowan said that he was tired. I happened to spend a little time with him in the gym just before he made that announcement. He was throwing a fair bit of weight around, and I was next on the bench press machine after him. It was only me, him and his security person in the gym. It was my turn next, and the security person was standing next to the bench press machine. I thought, "I'll give that a miss", because if I were to go next, I would have had to walk up and take off most of the weights that he had put on, and that would have been very embarrassing! I let them sit there and I walked out of the gym. I think he is in good shape for whatever confronts him next.

Hon Pierre Yang: Was that a personal reflection?

Hon STEVE MARTIN: It was absolutely a personal reflection—on me!

I will move on to the budget papers. As others have noted, there is another massive surplus of \$4.2 billion. We now have a surplus of up to \$20 billion over recent years, and those are extraordinary circumstances. I will quickly flick through the numbers that are of particular interest to me.

I want to talk a bit about a topic that gets mentioned in Western Australian politics and business a lot, and has been for decades. We need to diversify our economy. Governments of all persuasions apparently do their very best, and they have policies and platforms to diversify their economies. We are not entirely a one-trick pony, but we are very close. The iron ore royalties continue to flow in enormous numbers into this state, and that is a very good thing, of course. We live in a very fortunate part of the world. Our total operating revenue for the 2022–23 year is a total of \$43 billion estimated actual, and royalty income is \$11.1 billion.

I talked about the wheat price earlier, which is a very significant part of the small farming budget. Iron ore is a very, very significant part of the state budget. We rely heavily on that one product. That is a good thing when the iron ore price is high and the Australian dollar is low; however, of course, there are inherent risks with being so reliant on one product. That is the total mining royalties; iron ore is obviously the vast bulk of that. It was a surprise to me to find that lithium shot past gold as our second largest royalty in the previous year. Obviously, that had a bit to do with the price of lithium, but at least as important was the demand for lithium. This state has had gold exploiting opportunities over almost the last century and a half and has been a significant player in the Western Australian mining and regional sector, but, for the first time, lithium did not just go past gold—it shot past gold. That is also an important industry for this state going forward.

I will talk briefly about some of the forecasts in the budget. The Premier had an interesting view on forecasts when confronted on this after the budget, and Hon Dr Steve Thomas also mentioned this. We have all sat through those Thursday mornings when we talk about the government's economic management, and the government talks about ours, and figures are mentioned about forecasted debt. We heard from the Premier. Interestingly, in the budget papers, debt is forecast to grow to nearly \$36 billion in the out years in this budget. We heard about the economic catastrophe in which debt under the Barnett government was forecast to grow to \$40 billion. Here we are, after three or four years of enormous one-off—one after the other one-off—iron ore and GST boom circumstances in Western Australia, and the net result of those three or four years of massive iron ore royalties to the state is that debt is almost back to where it was forecasted to be at the end of the Barnett years, at \$35.9 billion as opposed to a rough forecast of \$40 billion. When pressed on that, former Premier McGowan said, of course, "That's okay. That might not happen." Obviously, it might not happen, but it is the forecast number. When members opposite get up on a Thursday morning and talk about the \$40 billion figure from the Barnett years, the obvious retort now is that that also probably almost certainly would not have happened. It is a forecast. But it is interesting given where this state has been, and the result is that we are now nudging \$36 billion of debt in the out years.

I will now move on to some specific topics. The first has got a lot of attention recently, and that is the Aboriginal cultural heritage legislation that will come into play in a couple of weeks. Obviously, there are some line items in the budget to make provisions for the rollout of that piece of legislation that will take place very shortly. I want to look at a couple of things. There has been some fairly extraordinary language recently about the processes that have taken place. I want to look back to the end of 2021. I had only been in the Parliament a short time when this bill was rushed through the Parliament, and —

Hon Darren West: It took a month to pass through Parliament.

Hon STEVE MARTIN: It was rushed through the Parliament. I do not think that they got through all the clauses in the consideration in detail stage in the other place, so that would strike me as a rush. Under normal processes, if there are a lot of clauses, we go through all of them—one at a time if required. I think they were 78 or 80 short, and the debate was brought to an end.

The position of the Liberal and National alliance was to not oppose the bill. We agreed that this was a piece of legislation that was badly in need of an upgrade. Members made that point. We also made the point that the devil would be in the detail in the regulations, and that we had not seen them and would not see them. I thought we would see them significantly earlier than when they arrived, five or six weeks ago, given that the bill went through the Parliament in late 2021. That issue was raised. I do not like quoting myself, but I made the same point that almost every other opposition member did. This is from *Hansard* of Thursday, 9 December 2021. I stated —

There is simply too much that we do not know and the regulation process will be crucial to how this lands. The minister will have a large workload —

It is a different minister now, I believe —

and I wish him all the best, because this is important legislation and it deserves a good outcome. As I said, I think that much of it probably depends on the regulatory framework that will be decided upon.

To be honest, one did not have to be Nostradamus to work that out. The Aboriginal Cultural Heritage Bill 2021 was a significant bill and we were going to rely on the regulations that were presented to us.

The other thing that happened during that debate was that the opposition alliance attempted to refer the bill to the Standing Committee on Legislation, but the Labor government decided that that was not an appropriate course of action and it was knocked over. That was disappointing, given the serious nature of the legislation. I think the reporting date we asked for was 22 April, which still would have given the government more than a year to draft the regulations, but it decided that members of the Standing Committee on Legislation were not to be called upon. As I say, I think that was disappointing.

That leaves us with the regulations. I have read them, as I am sure other members have. I was about halfway through when I was reminded—I am probably showing my age here—of a policy platform discussion that occurred

many years ago when the then leader of the federal Liberal Party, John Hewson, took to an election a policy to introduce a GST. He was interviewed about it on television; those who saw it will remember that the interview was about a birthday cake. Liberal Party members saw their electoral chances crumbling in front of them as John Hewson attempted to explain whether there would be GST on the cake, the icing on the cake, or the candles that would go on the cake, and whether the GST on the candles would be the same rate as the icing, or whether the cake would be GST-free but the candles would have GST. Would the matches used to light the candles have GST on them? Hewson, as members can imagine, struggled with the detail because the detail was very, very prescriptive.

That brings me to the Aboriginal Cultural Heritage Regulations 2022. It is difficult to read them without a smile. It is little wonder that the people who will be impacted by them and who have read them are a little concerned. I want to read some of this into *Hansard*, just to highlight what I think is the ludicrously prescriptive nature of some of the regulations. I have a document in front of me, the title of which escapes me at the moment, but I am talking about regulations. There is a table heading titled “Subdivision 2 — General tier 1 activities”. The document states —

- (18) Temporarily placing a structure on an existing area of ground disturbance.
- (19) Removing plant and equipment.
- (20) Maintaining existing infrastructure in a way that does not, over the course of 1 calendar year, involve any of the following —
 - (a) removing more than 4 kg of material;
 - (b) disturbing more than 10 m² of ground in total;
 - (c) disturbing more than 1 m² of contiguous ground;
 - (d) excavating to a depth of more than 0.5 m.

What does 4.1 kilos mean? What does 10.1 square metres of ground mean? That might shift people to the next category. I will continue to highlight what I think is the nature of the problem we have here. The document continues, under the heading “Subdivision 3 — General tier 2 activities” —

- (33) Maintaining existing infrastructure, other than as described in item 20, —

Which I have just referred to —

- in a way that does not involve any of the following —
 - (a) removing more than 20 kg of material;
 - (b) disturbing more than 200 m² of ground in total;
 - (c) disturbing more than 10 m² of contiguous ground;
 - (d) excavating to a depth of more than 1 m.
- (34) The demolition of a structure, other than a building and other than as described in item 21, in a way that does not involve any of the following —
 - (a) removing more than 20 kg of material; —

Et cetera. It goes on and on; there are pages and pages that get into the weeds. That was an unintentional segue. It continues under the heading “Subdivision 2 — Tier 2 agriculture and natural resource management activities” —

- (90) Controlling feral or pest fauna, other than as described in item 88.
- (91) Managing weeds or flora, other than as described in item 89, in a way that does not involve any of the following —
 - (a) removing more than 20 kg of material (not counting the weeds or flora);

We have a 20.2-kilogram pile of dirt and we somehow sort through it, take the weeds and flora out, and then weigh it again. It continues —

- (b) disturbing more than 200 m² of ground in total;
- (c) disturbing more than 10 m² of contiguous ground;
- (d) excavating to a depth of more than 1 m.

It goes on. I can see John Hewson grimacing, trying to wade his way through this. It makes candles and cakes look very simple.

It is wrong to suggest, as some government members have, that there is misinformation and scaremongering in the community around the detail in these regulations. There are real concerns in the community, and we can see that

from the attendance numbers at some of the information sessions across Western Australia. Hon Darren West and I were in Merredin yesterday; it seems a long time ago. There were 420-odd people and similar numbers at other venues. Concern around the issue is real.

Sadly, this was referred to by new Premier Roger Cook in one of his first efforts in Parliament. I am guessing that his team has come up with a few ideas about how he should approach his first couple of weeks in Parliament, and they probably said, “Look, if there’s an opportunity, we don’t want to go much on the ‘nice guy’ tag; you’ve been labelled as the nice guy. You’ve got to toughen it up a bit and get stuck into them, if you can.” So some of the language from the Premier is as follows —

... like a dog returning to its vomit ...

That was the Premier on the issue of dog whistling, to Hon Mia Davies. I think he was referring to the concerns being expressed by the opposition on behalf of members of the community. Apparently other dogs returning to their vomit have bobbed up since those unfortunate comments in Parliament; I am guessing that the Premier would probably like to have had another crack at that.

We heard from the major miners about some of their concerns. No-one doubts that the major miners want this legislation introduced, probably tomorrow. The current situation with the section 18 backlog is not working. But on 17 June an article in *The West Australian* carrying the headline, “Aboriginal Cultural Heritage Act: Major miners held crisis meetings on new fee system” stated —

WA’s biggest miners have held crisis meetings about the roll-out of the State Government’s incoming cultural heritage laws with serious concerns about aspects of the new system.

While supportive of the ambition of the post-Juukan Gorge heritage reforms, set to come into force on July 1, some are privately troubled by the “messy implementation” and the impact on operations.

“Like dogs returning to their vomit”. This is a quote from a mining source who requested anonymity, and we know why; this is a very small town and it is very hard for people to put their head above the ramparts when dealing with the government. The article states —

“Behind closed doors, all of the major players in the industry are gobsmacked on not only the messy implementation but also the nature of what’s going to be required, in addition to the cost recovery system that was foisted on us with no consultation,’ ...

That is misinformation and scaremongering, apparently. The article continues —

A separate source agreed there was “a lot of angst” around how the fee system, linked to the Aboriginal Cultural Heritage Act, was announced without miners being across the detail.

So it is not just those annoying farmers who think there is a problem; this is from the key miners in this state.

Harking back to the budget, about a quarter of revenue comes from the miners. I am surprised that they are concerned about the fee structure because, according to a report in *The West Australian*, companies with revenue between \$1 billion and \$5 billion would pay about \$570 000 and juniors with revenue of \$10 million or less would pay a fixed fee of \$250 for every application. That is not cost recovery—well, I hope it is not, otherwise they are hiring thousands of people. The article continues to state —

Miners say another concern—also shared by Aboriginal corporations—is that no LACHS will be established by July 1, meaning they will have to negotiate with traditional owners groups through prescribed bodies corporate (PBCs) which may not be adequately resourced or have the appropriate level of training.

They are not the only ones who share those concerns.

That brings me to the meeting that Hon Darren West and I attended in Merredin. From a quick look at the car park, I could tell that there were people who travelled at least 200 kilometres to get to that meeting. Hon Darren West, who is absent from the chamber on urgent parliamentary business, assured them that it is only misinformation and scaremongering, that there is nothing to worry about and it is just fine. Despite that, a very large crowd turned up to hear the presentation about what the act would entail. There was an opening address by Hon Darren West who had a few remarks. Very early in the piece, a local Aboriginal man named Mick Hayden interjected. To be clear, there are two Mick Haydens in Merredin—a father and son. This was Mick junior. He had some very interesting views on the process.

I am going to paraphrase what he said. One of his concerns was that if the local Aboriginal cultural heritage service does not exist on July 1—we have heard that almost none of them do, apparently—the native title group will then be responsible. Mick had some issues with that because there are a lot more local people involved in those small areas that would like to have a LACHS and do not have one yet. Mick said to the people there that there are six regional corporations that administer the 14 traditional owner groups. He talked to the broader crowd and said that some of

the concerns that they had, the people he represents do, too. He said that in the eastern wheatbelt people were tired of being dictated to by other groups from Northam and the west coming into their patch. Mick made it very clear that the people he represents would very much like to have a LACHS. He said that right now, the people he represented did not want people from Northam deciding on heritage up in their land, so they would put in for a LACHS. However, he said that under government guidelines, they could not do that just yet. That was his concern.

The president of the Western Australia Farmers Federation, John Hassell, was also at the meeting. He raised the point that the minister and other advisers keep telling them that it is fine, to just pop out their windows and have a bit of a look around and that if they do not have any Aboriginal heritage, they have nothing to worry about; none of this applies. John made the point that that is fine, but what happens if they get it wrong? What happens if they do not know about the Aboriginal heritage? Mick shot his hand up straight away and said for people to come talk to him and that he would let them know. That is great, except his LACHS does not exist at the moment. John also made the point that that is okay, but do we do that once? The farmer, the bulldozer contractor or Main Roads Western Australia will pay a fee to have that service.

I just want to get Mick's comment right and not verbal him. It was about the discussion of where the Aboriginal cultural heritage might exist on someone's property. Someone may make an honest attempt at due diligence but be unsure. They have checked the register et cetera, but they do not want to go down the formal process. Mick's words were that just because it is not in the register, that does not mean it is not a heritage site. That is very interesting for all those businesses out there that may be confronted with this very shortly. He went on to say that he knows there is a lot of heritage on farmlands and that there is no doubt about that, but that what they lack is access to their heritage places because they have been fenced. He continued to state that under the Aboriginal Cultural Heritage Act, there were probably two or three places registered in his patch, which is probably six or seven eastern wheatbelt shires. He continued to state that he had just recorded 60 or 70 of them not on the register in about three weeks of work. He said that his people know that those places are there. Mick has seen that this legislation is coming and has had a quick look around his patch. He is the local knowledge holder and traditional owner. He said that in three weeks he identified 60 or 70 sites that were not on the register. There is no way for a landowner to identify those under the current structure. In less than two weeks, that will become reality. That will create a lot of uncertainty and probably important delays.

I have a quote from the Property Council of Australia. I guess it is another one of those dogs that the Premier referred to as a dog returning to its vomit. Their recent newsletter states —

While the Property Council is aligned with the government on the importance of a framework for the recognition, protection, conservation and preservation of Aboriginal cultural heritage, the property industry is concerned about the information available to support the transition to the ACH Act. We have provided the government with a range of questions requiring clarification, specifically around the need for due diligence assessments, the implication for projects already under construction, or about to commence, and noted concerns about the availability of the ACH knowledge database and Local Aboriginal Cultural Heritage (LACH) consultants or knowledge holders.

Again, it is concerned about those potential delays. This is not misinformation and scaremongering: it is real and genuine. The opposition alliance has suggested that delaying the implementation of the regulations would be useful. At the moment, the minister has said that he will absolutely not do that and that we are apparently ready to go on 1 July. I know Mick Hayden in Merredin will not be. He has no ability to get a LACH up and running by then, apparently. We will see how this rolls out.

I will quickly move on to some other areas of interest around the housing situation in WA. Every member will be aware of the problems we have in housing in this state. Rental vacancy rates have stayed at remarkably low levels and the social housing waitlist continues to expand. We now have over 19 000 applications on the social housing waitlist, which is approximately 34 000 Western Australians. The government continues to throw hundreds of millions of dollars into various buckets but, unfortunately, is just not having a successful time spending any of it.

I want to put on record my thanks to Minister Carey for the assistance that he gives me. I am sure that I and other local members who are confronted in their electoral offices with desperate cries for help around housing have found the minister's office to be very responsive in those emergency situations. I want to thank him for that. However, after six years of the McGowan government, we are just about back to square one on the numbers of social housing in this state. That is from a government that, as we have seen, has been blessed with record surpluses and an enormous return of GST funds. I think some of the problem is what happened in those first four years, to be honest. When quizzed on that recently, the former Premier basically said that we had to bowl over a few ghettos.

As reported in an article in *The West Australian* on 24 May, the former Premier suggested that the slow response from the government was because there was a lot of unsuitable housing when it took office. He said it had to be flattened because of drug dealing and that that was an appropriate response. People have their own views on that. I know that the social housing sector had some very strong views on his remarks. According to housing advocate

Betsy Buchanan, those remarks stigmatised an entire community. If the government was going to flatten a few housing developments, it might have built some to take their place. That was not high on the agenda for the first four years of the McGowan government. It is playing catch-up. As I said, we are about back to square. I am not quite sure of the daily numbers but we would be getting close to where the government was when it inherited the social housing stock from the Barnett government. Six long years later, we are about square on social housing numbers.

Some of the key planks of the government's response to homelessness in this state appear to be stuck. Common Ground has sites in East Perth and Mandurah. I have no idea how that project is going; it has dropped off. Minister Carey and others put out a reliable stream of media releases. Common Ground has dropped off even the bottom of those recently, which is a very bad sign. I do not know where Common Ground is at. I guess we may find out a little more in the estimates hearings next week. That project was to be the signature response of this government's attack on homelessness numbers. We have seen nothing. It has just vanished. I do not know whether the government could not get anyone to lodge a tender or the tenders were too high. Tenders being too high does not appear to be a problem in other government projects such as Metronet. This particular project has, very sadly, just been parked.

Another area of housing that is important to me as a regional member is Government Regional Officers' Housing. A long list of departmental staff have access to GROH, with the main ones being teachers, nurses and police, with a smaller number of staff from other agencies. GROH stock is vital for keeping and attracting the people we need in the regions—the teachers, nurses and police officers that we desperately need. More recently, the government's approach has been to outsource the development of GROH stock in the regions. We now have the quite bizarre example of the Shire of Trayning in the eastern wheatbelt being approached to build some GROH houses in its community. It probably has a rate base of less than \$1.5 million compared with the state government's \$40 billion but, knowing country local governments, I think it will do whatever it can. It will try to borrow the money and make it work. It will get them stacked up and probably put that on its books.

I was recently contacted by and met with the Shire of Wyalkatchem, which has also been approached. It is desperate to keep regional health services in its community. It urgently needs houses for nurses. The Shire of Wyalkatchem has gone down the path of providing housing for state government employees, as well as all the other housing it needs for a CEO and other staff. It has launched that process but has struck a bit of a hurdle. It has gone to the WA Country Health Service and said that it will probably work but it will take a fair while to pay it back. It requested a 20-year to 25-year lease to make the numbers stack up. The response from WACHS was, "How about 10 years?" As members can imagine, the CEO and his council are in a very vulnerable situation. It would like to borrow the money and pay it back over a term, but the guaranteed return on that property would be for only about half the time it would take to pay the money back. That has put the shire in a really tough place. Should it go ahead and do the work of the state and build those GROH homes and house those nurses, who it really wants to keep in its community—the health services that we all expect to be provided—or should it back off and say, "No, unless we can have an adequate term of lease, we cannot put our communities at risk"? Again, Wyalkatchem is not a very big shire. It has a small rate base and it is doing its best with a large road network. GROH certainly needs to be looked at.

I want to move on quickly to talk about the building sector, not just in our state but Australia-wide. It would not be a shock to anyone to hear about the number of builders that are under financial stress for all sorts of reasons. Various stimulus packages were rolled out a couple of years ago and there was a stampede to get houses built. Then we were hit by supply chain shocks and worker shortages. What used to be a six-month to nine-month process to get a house built is now a two-year process. If builders do not have the ability to adjust that contract at the start of that process, and the price goes up 40 per cent over two years, they are in big trouble. The small, medium and even large-scale building operations are doing it tough.

People are coming back to Western Australia; I believe the current number is 1 000 people a week. There is a bit of immigration and a fair few people are coming from the east. Demand on the housing sector will not go away in the short term. One of the responses from the government was the headworks fund. It is a good idea but it was worth a total of \$80 million—\$40 million for the metropolitan area and \$40 million for regional areas. For example, if we spread the regional \$40 million from Esperance to Kununurra, that would be spread very, very thin. In fact, that is probably a couple of projects in significant regional cities or 10 to 12 projects in small regional towns. I have used this example before, but the Shire of Moora has some housing issues. It has a very large feedlot, a piggery and some other new industries nearby. There is enormous demand for housing. The headworks charges in regional Western Australia are so steep, communities cannot get those blocks to stack up, so they cannot put ratepayers' funds at risk. The headworks fund needs to be expanded to give it a bit more reach and get key workers' accommodation built.

The problem is not associated with just the charges for headworks. I was at a housing forum in Geraldton recently. Delays were mentioned over and again. For people in business, delays cost money. For example, if Western Power takes six months to turn on the power, that is a very costly six months for a building developer, and for the state government. Some renovations have been done on 12 units, I think, in Spalding. There was a delay of approximately

six months. After the sparkies come through, sign it off and turn on the power to determine that it works, it has to be officially ticked off by the agency. Unfortunately, that delayed the project by about six months. In that period, I believe some very significant vandalism occurred. That put the whole process back for another goodness knows how many months. The urgent need for social housing in Geraldton has been delayed again by not having a timely process, which could have avoided some of that vandalism. If people had moved into those units, there would have been much less likelihood of vandalism.

I wish to raise a couple of other topics quickly. The first relates to the forestry sector—the hardwood industry, in particular. It has been some time since the state government decided overnight, without any consultation, to shut down the hardwood logging sector in native forests. It put in place a transition package, which I have often talked about. It involved a substantial amount of money. As I do occasionally, I will check in to see what is happening with that transition process. I thought it would be useful to discuss a conversation I had recently with Corey Matters from Redmond Sawmill. Redmond is not one of the large operations. It is a middle tier sawmill that deals exclusively in hardwoods and is located just outside Albany. I think that at this stage Corey has received about \$1.6 million from the state government, which sounds like a lot of money. However, since 2015 when he bought into the business, he has spent \$12 million. I asked him whether he could transition to something else in that sector and make the mill work. Apparently, it is not as simple as that. Even if he could use the equipment to treat softwood timbers like pine, which he probably cannot, according to him, there is just not enough pine available. The stock that we have goes to Wespine Industries and Wesbeam Western Australia. He would not have access to that market. He has spoken to his 20 staff and they are well aware of the circumstances. They do not want to leave Albany because they enjoy living in that part of the world. If they want to stay, they are usually forced to take lower paid and unskilled jobs because there is no work in the trades for the skills that they have developed. Another thing that Corey mentioned was that the \$12 million he invested was not spent at the start of 2015. In 2019, he decided to upgrade the mill. It was a \$5 million upgrade. Obviously, a smart businessman would not go into that type of expenditure, and the bank certainly would not let him, without doing the homework and due diligence about whether it was good investment.

He approached the Forest Products Commission about future supply and the future of the hardwood sector and he was reassured that it had a bright future and that the FPC would have supply for him going forward. It said that it was the sort of investment that was needed in the sector. He was not an orphan in that space. That was in 2019, which was the very year that the then forestry minister, Dave Kelly, welcomed the Parkside Group, a company from Queensland, to the south west with a much, much bigger investment. I have used this quote a number of times, but Dave Kelly said that it was a great time to be investing. He said it was a long-term and sustainable industry and he welcomed Parkside on board. Parkside is a very big and successful family business. It has assets and businesses in Queensland in the logging sector and other sectors, and it can probably ride this out, but it is a death sentence for Redmond Sawmill. There is nowhere for it to go. I asked Corey what his plans were for the next couple of years. He has put the milling equipment and the property on the market, but he is not expecting a flood of inquiries. The more likely outcome is that he will mothball the facility for two or three years and hope that there will be a change of heart. He has approached the FPC to see what ecological thinning might mean for his business and whether there will be some timber for him to mill, but he is almost certain that there will not be. It is a very tough time for the timber sector.

There are other issues going forward around the new forest management plan, which will come into effect at the end of this year. Businesses that wish to remain in the sector, and there are some, of course, are having a very, very difficult time getting any clarity about what it will look like from 1 January 2024. That is six and a half months away. These businesses want to keep their staff and invest in that sector but they cannot get a response from either the Forest Products Commission or the government about what will be available, how many tonnes and whether there will be supply in certain sizes of timber. That clarity from the government is not there. I think that the tough times for the timber sector will continue, very sadly.

I have a couple of issues specific to the ag region that I want to raise, including Geraldton Health Campus. Another budget has been handed down and we have a car park, which I have often mentioned in this place. That is good, but nothing else is happening. We are further down the tender process, according to the various excited ministerial statements. That is great, but, six years on, I do not think it will be finished before the next election. I hope it starts before the next election. That would be something for the people of Geraldton and the midwest, but we will see. The costs will probably blow out more. They have been large and will probably continue until it starts. We will see how that goes.

Esperance Senior High School is another issue that I want to mention. I know that the Leader of the House has been to the senior high school. I have visited a number of schools in the ag region and I do not think I have seen one that is more in need of love, attention and money. Apparently, there is nothing in the budget for that high school, which is very disappointing for the parents, students and staff of that facility. They are working hard in far from ideal circumstances. I had hoped to see something for Esperance Senior High School in this budget, but it is not there.

I now turn to Oakajee port, I guess is the term, although the Oakajee paddock is probably a more accurate description. There is a lot of interest in the hydrogen sector. I have a very small amount of knowledge about what that sector might look like. I think it is a fascinating potential business for Western Australia. The demand locally and globally could be, and will be, significant. If Oakajee is the hub in the midwest, and a number of significant businesses have expressed an interest in the Oakajee precinct, I think the state government might need to invest in Oakajee and make it work. We might need the transport links to get things in and out of Oakajee, the power to make it work and also the water to make it work, but I could not find a dollar in the budget for Oakajee, which I think is disappointing. As I said, I think hydrogen could be really interesting for Western Australia, although there is a divergence of opinion about how. I heard Ian Plimer, Australia's former Chief Scientist, who said that his view is that exporting hydrogen is very difficult because it has to be chilled to a very low temperature to get it overseas but that its future might be for use as a chemical in the green steel process in Western Australia, given that we have those enormous iron ore resources. That would mean that Oakajee would be in the wrong spot. Port Hedland might be a better location for a hydrogen plant if it is used in the steel process. I hope that the government can invest in Oakajee. The midwest is a wonderful region full of enormous opportunities in renewable energy, mining and agriculture. There is a great port at Geraldton. If Oakajee is real, spend some money on it or put it out of its misery. It has been talked about for a long time.

Talking about the midwest, for the last couple of years it has been dealing with a series of rolling blackouts. The reliability of the power network in the midwest is very ordinary. Again, I do not necessarily know whether we need the 330kVA. We probably need more power to Geraldton, but it certainly needs a more reliable poles and wire network to keep the lights on. I hope that there is some investment in that.

Hon Kate Doust: You had eight years in government and you never delivered on the 330 kVA when you had the opportunity in government. You had eight years of talking about it and not delivering it.

Hon STEVE MARTIN: It is six years since 2017, honourable member. If it is a good idea, do it. It has been six long years and we are still here.

I want to talk about another issue in the ag region. This is one that the government could probably cast a wide look at. The agricultural supply chain improvement initiative, or the ASCI initiative, as it is known, was a useful federal and state collaboration to assist with the transport and freight of agricultural products. About two-thirds of the funding has been spent with matching funds from the CBH Group to get grain to port more quickly, and that has been a good investment. About \$32 million is still parked, waiting on a plan about whether a certain section of rail line stacks up and whether the money will be spent on it. I will come back to whether that stacks up or not shortly.

Given that we see this federal review of infrastructure spending, I think one of the concerns is that Western Australia and our former Premier loved to poke the east about the GST by saying, "They were hopeless managers of money, how dare they want more of our GST. It belongs here." He made a constant point of getting stuck into it and that was fine. I am almost certain that no federal government of either description will now shift that GST decision because it is so important to Western Australians. They know what their GST share is and they absolutely want it. One has to wonder if those other grant schemes and funding arrangements that normally flow to us—that have gone a long way towards funding things such as Metronet, for example—might get switched off a bit to make sure Daniel Andrews in Victoria gets sorted, as it has a bit of a debt situation, and a bit of money to New South Wales and Queensland. One might wonder whether things like the agricultural supply chain network mark 2 is in doubt because of what the eastern states see as our share of the GST. My point is that I think agricultural supply chain improvements initiative money should be spent as quickly as possible on our agricultural freight network. The freight network needs investment. Although we have our budget surplus situation and some unspent money from a fund that was delivered a couple of years ago, going forward, it would be harder to make a case for going back to Canberra and saying that we should have ASCI mark 2, the secondary freight network, or the regional road safety network. I think we need to keep an eye on that, because most of those large transport networks need that significant amount of money that the state contributes 10, 20 or 30 per cent towards. Let us hope that flow of money continues.

I want to close with a topic that I raised in my inaugural speech in this place, which is payroll tax. We hear often from the government about record spending on this and record spending on that. Minister Carey has mentioned it often. He says, "It is a record spend on social housing, and it is a record surplus." Another record that this government holds is the largest collection of payroll tax, which should not be a surprise: the economy grows every year, payroll tax is placed on wages, and therefore the number goes up. I did a little bit of research into the background of payroll tax. It was originally introduced by the commonwealth government on 2 May 1941. In 1971, responsibility for the tax was passed to the states, at which time the commonwealth payroll tax rate was 2.5 per cent and the exemption threshold was \$20 800. It did the reverse of income tax, in that it was from commonwealth to state. Western Australia is not the most competitive jurisdiction when it comes to payroll tax rates, I have to say. Tax payable at selected payrolls at the \$2 million mark is \$63 462 in WA, \$43 600 in New South Wales, \$30 000 in Tasmania and \$41 563 in Queensland. It is similar in Victoria, where it is slightly under \$63 050. For a state as wealthy as ours, we still have a very high rate of payroll tax, particularly for smaller to medium enterprises. The

numbers get much closer at the \$50 million to \$100 million mark at selected payrolls. I think the people we least want to hurt are actually hurting more than other jurisdictions. I think it is a line I might have used in that inaugural speech. If we want to stop smoking or reduce smoking rates, what do we do? We raise the tax on cigarettes and it works. Here we have a tax on employing people and somehow we expect businesses to shrug that off and just pay it, and keep employing as many people as they can. We had a recent federal pay rise decision, and I received a text from a friend of mine who runs a very small business. He said to me that the pay rise decision was \$100 000 on his bottom line. Pay rises need to occur, but it was an extra \$10 000 payroll tax on top of that pay rise. That was the impact on his one small business, and yet somehow we want those businesses to continue to employ Western Australians. That was interesting.

In the brief time I have left, I will refer to a social media campaign I ran a couple of months ago about the condition of our regional roads. I know the regional members would hear this often. I would like to pay tribute to the people at Main Roads and the contractors who do the work on our vast regional network of roads. However, at local government meeting after meeting, and in the community in general, I kept hearing about failed jobs. The same patch of road was being repaired over and over and over again. For example, Brookton Highway was often mentioned. It was an easy social media campaign: stick a picture of a pothole on my page and ask if people have seen one worse than that. “Yes, we have.” That is obvious. It is designed to get that response, but I think it is genuine. When talking to the shire councils in their patch, they will say the same thing. I was overwhelmed by the response, and I want to read a couple of them. This is from Danny White, talking about Great Eastern Highway —

There are multiple stretches of damaged road, but specifically between Baandee Lakes and Hines Hill. It has a section where the speed reduced to 60 kilometres for a month with no repairs. My 85 year old grandfather was transferred from Royal Perth Hospital to Merredin Hospital by ambulance, patient transfer on Tuesday, and his recollection of the drive was worse than being in the back trailer of an empty stock crate. Needless to say, for a very unwell man, the recovery from the trip has been very slow. In addition, the road from Mawson into York is deteriorating fast.

That was a brief taste of the dozens of responses I received. I wrote to Minister Saffioti and she eventually replied to my concerns, but in recent days we have seen the road safety outcomes in Western Australia. Tragically, they were very, very high again. I think we are now the worst state. In the 1990s, I think we were best, so something has been going on. Any extra funds that can be funnelled into that very important road network of ours, I would certainly urge the government to consider. The freight task has certainly grown. We have had two very good harvests in a row. The freight task in regional Western Australia is growing. The wheatbelt was named appropriately 60 or 70 years ago. It is now the most prospective area in the state for mining, so that freight task will continue to grow in regional Australia. I hope that we have a road network that can get our people home safely.

Debate adjourned, on motion by **Hon Peter Foster**.