

BUDGET SURPLUS AND STATE DEBT, COMMENTS BY LEADER OF THE OPPOSITION

642. Mr J.B. D'ORAZIO to the Treasurer :

I refer to comments yesterday by the Leader of the Opposition who said that the Treasurer is responsible for a vanishing budget surplus and a blow-out in state debt. Is there any truth to these claims?

Mr E.S. RIPPER replied:

I could not believe my ears when I heard those comments yesterday. The Leader of the Opposition reminds me of another former minister, Mohamed Said Al Sahaf, the former Iraqi information minister who bats on like the Leader of the Opposition, despite all the facts.

Let us deal with this issue of a vanishing budget surplus. I think the Leader of the Opposition has a problem. He has a terrible affliction called surplus envy. Why does he have surplus envy? It is because he was a member of the budget committee of the previous Cabinet that delivered five deficits out of eight budgets. I emphasise that - five deficits out of eight budgets. The previous Government went to the election with another two deficits forecast. On the other hand, this Government has delivered two balanced budgets in its first two years of office; and I will give the Leader of the Opposition a tip ahead of the budget to be delivered on 8 May - it will be a third balanced budget.

Mr J.A. McGinty: No wonder they are envious.

Mr E.S. RIPPER: That is right. We will have had three out of three balanced budgets, and the record of those opposite is five out of eight deficits.

I will now deal with the question of state debt. The Leader of the Opposition has accused the Government of blowing out state debt. Firstly, we should remember that this debt is used to pay for schools, hospital upgrades, police and prison facilities - it is used to pay for all the things that a developing State needs. Some of the things that have contributed to that debt growth are nevertheless very good from the taxpayers' point of view. One example is this Government's decision to end the financial haemorrhaging caused by the Matrix vehicle leasing contract entered into by the previous Government. That was costing us \$2 million a month, because the previous Government had a funny-money deal that went wrong and it was costing the taxpayers that much extra. What did we do? We went back to traditional state debt as a means of financing that debt. We have saved the State's taxpayers money, but of course we have added \$200 million to official state debt because we have shifted that from unofficial, funny-money debt that the Opposition engaged in. We did not do that for ideological reasons; we did it for straight, pragmatic financial reasons, because the taxpayers were losing out as a result of the funny-money Matrix deal engaged in when the Leader of the Opposition was a member of the previous Government's cabinet budget committee.

While on the subject of debt, perhaps I should provide some figures to the House, because we should all have a proper information base on which to deal with this matter. When the coalition left office it forecast that state debt at the end of this financial year would be \$5.44 billion, had it remained in office.

Mr C.J. Barnett: No, we did not.

Mr E.S. RIPPER: The Leader of the Opposition forces me, with that interjection, to remind him of what the Under Treasurer thought about him on 23 June 1998, when he said -

I have expressed my concern to you on a number of occasions about the disturbing trend of Cabinet and individual Ministers to embark upon expenditure proposals out of context with the budget.

He continued -

A classic example is the current proposal by the Minister for Education to expand the Local Area Education Planning initiative, the same Minister's proposal on regional power and the Environment Minister's proposals on ambient air quality which was put to Cabinet on 22 June.

Who was the then Minister for Education? I think it was the Leader of the Opposition. The Under Treasurer goes on to complain -

Ministers, aided and abetted by their CEOs, to defy government policy on financial management.

Who was the leading culprit?

Examples are the Health Department's lack of initiatives to address its budget difficulties and the Education Department's inability to generate any significant productivity savings over recent years.

The Leader of the Opposition does not have any credibility on these matters.

I now return to the debt issue. The coalition's forecast in its pre-election financial projection statement was that at the end of this financial year debt would be \$5.44 billion. The current forecast by this Government is

\$5.393 billion - less than the coalition's forecast, and that is after we added \$200 million to official debt to deal with its funny-money Matrix deal.