

PUBLIC SECTOR — WAGES POLICY

**682. Mr P. ABETZ to the Treasurer:**

Can the Treasurer please update the house on the success of the Liberal–National government’s wages policy?

**Dr M.D. NAHAN replied:**

I want to thank the member for the question. Over the last eight years—in fact, over the last 10 years—one of the biggest challenges that successive governments have faced is controlling wages and salary growth in the public sector. When we came into government, it was growing at over 12 per cent. There were pushes behind it, because we were a very fast growing state and we needed to get a large number of people into the public sector—teachers, nurses, doctors, whatever—and we had to pay wages to lure them into the public sector, indeed from overseas and interstate. It was the challenge of a booming economy.

In our first term, average expenditure growth was about 7.3 per cent. We have now, from this year over the forward estimates, brought average annual expenditure growth back down to 2.4 per cent, which is the lowest in almost 30 years in some cases. That has not been achieved easily. We have been able to do that without any forced redundancies. We continue to pay the highest wages in the nation for most comparable services and to provide the best frontline services in any state in the nation. We have done it through some voluntary redundancies—no forced redundancies in the general government sector; all voluntary—and with almost all voluntary offers oversubscribed.

We have done it by first pegging wages at inflation. In each case, Treasury overestimated inflation and gave real wage increases. The commentators were saying we could not do it and would not do it, and we did it in all cases. In February this year, we tightened it to 1.5 per cent. We are achieving that in the negotiations so far. That was at the time less than inflation, but my guess was that in this inflationary world, inflation would go down below 1.5 per cent, and it is there now. We have done it through workforce renewal. We have done it through efficiency dividends. It has been a long haul. I am pleased to say that the member for Vic Park, the shadow Treasurer, supports that.

**Mr B.S. Wyatt:** Victoria Park.

**Dr M.D. NAHAN:** Victoria Park; excuse me. He was asked on ABC, I believe, what he would do if he was not going to sell assets and how he would deal with the debt that he described. He said, according to my notes —

We’ve now seen in the last 12 months —

It has actually been three years, but nonetheless I take it —

recurrent expenditure growth come down to a more sustainable level — it has to be kept that way for the next term or two, and if you do that, you know what you’ll see? Large operating surpluses delivered and debt repaid.

That is their strategy.

Several members interjected.

**Dr M.D. NAHAN:** I am just reading your colleague’s statements.

There are a couple of assumptions underlying that. First, can they do it? According to the policies of members opposite, they will not. I quote —

WA Labor will:

... immediately review the current government’s ... wages policy; and

Increase wages—that is what they are saying.

Several members interjected.

**Dr M.D. NAHAN:** Members opposite do not like the truth, do they! This is their manifesto to the electorate. They are out there promising to increase wages, and their economic and fiscal plan is to copy me!

*Point of Order*

**Mr B.S. WYATT:** Could the Treasurer confirm that he will run out of money in 45 days?

**The SPEAKER:** Member for Victoria Park, I call you to order for the first time. That is not a point of order.

*Questions without Notice Resumed*

**Mr B.S. Wyatt** interjected.

**The SPEAKER:** I am not going to argue with you, member for Victoria Park. I call you to order for the second time.

**Ms R. Saffioti** interjected.

**The SPEAKER:** Member for West Swan, I call you to order for the first time. Treasurer, you were asked a question. Please get on to answer the question.

**Dr M.D. NAHAN:** We have over the last three or four years done the hard yards on controlling expenditure. Several members interjected.

**Dr M.D. NAHAN:** I am just reading your previous doctrine!

**The SPEAKER:** We are getting nowhere. Treasurer.

**Dr M.D. NAHAN:** Member for Victoria Park, we have now seen in the last 12 months recurrent expenditure growth come down to more sustainable levels. So, what was the screaming for? Why were members opposite screaming? Their policy going forward over the next four years is to copy me.

**Mr B.S. Wyatt** interjected.

**The SPEAKER:** Member for Victoria Park, if you want to have a rest, carry on.

**Dr M.D. NAHAN:** The problem is the member for Victoria Park's colleagues do not support him.

**The SPEAKER:** I want a quick answer to the question on wages.

**Dr M.D. NAHAN:** The member for Victoria Park's colleagues do not support him. In the Labor Party's manifesto, it has gone out to the unions and promised them large wage increases —

WA Labor will:

I think that is members opposite —

... immediately review the current government's public sector wages policy; and

... properly fund wage increases ...

Several members interjected.

**Dr M.D. NAHAN:** Did members opposite not read this? They just handed it out.

Several members interjected.

**The SPEAKER:** Member for West Swan, I call you to order for the second time; member for Kwinana, for the first time; and member for Pilbara, for the first time. We are not making very good progress today.

**Dr M.D. NAHAN:** It states, "properly fund wage increases". In order to copy me, member for Victoria Park, you have to have your team committed to it, you have to work hard and you have to deliver it. Given your track record when last in government, and given what we hear on a daily basis of you wailing for more expenditure, that is an impossible task. I wish you luck if you ever get into government, but you are going to be on your lonesome.

**Mr B.S. Wyatt** interjected.

**The SPEAKER:** Member for Victoria Park, I have been very lenient with you. Make a decision.