

STATE BUDGET — EXPENSE GROWTH CONTAINMENT

735. Mr P. ABETZ to the Treasurer:

In light of the *Annual Report on State Finances* being released today, can the Treasurer please inform the house about the Liberal–National government’s achievements in containing expenses growth, which has led to the second lowest annual increase in 21 years?

Dr M.D. NAHAN replied:

I thank the member for the question and for his interest in it. Governments often do something different from the private sector when bringing down a budget. It is actually a forecast for the next year and an estimate for the current year. We had to wait until this morning to release the *Annual Report on State Finances* that gives the audited results for 2015–16. It shows a lot of interesting things. I encourage everybody to read it; it is fascinating reading. The key thing is it shows that people from the opposite side, and indeed the media, said we could not do this, but we have really restrained the growth in expenditure.

Mr M. McGowan: The worst debt growth in history!

Dr M.D. NAHAN: He does not like this.

The SPEAKER: Leader of the Opposition!

Dr M.D. NAHAN: The result for the 2015–16 year was expenditure growth of 2.4 per cent—the second lowest in 21 years. The lowest was last year, 2014–15, when it was at 2.2 per cent. We are restraining growth in expenditure and it has been due to the hard work of this cabinet through a whole range of programs. I might add that this contrasts with expenditure growth under the Labor government of over seven per cent per annum. Indeed, during the last year of the Labor government, it was growing at over 10 per cent. When we started this year, we knew there was going to be a sharp decline in revenue. There was a \$913 million reduction in revenue—the second year of loss of revenue —

Mr P. Papalia interjected.

The SPEAKER: Member for Warnbro, I call you to order for the first time. A quick answer through the Chair, thanks.

Dr M.D. NAHAN: This is the first time in the state’s modern history when there have been two years of loss of revenue, and it is the largest decline in revenue in this state’s history. The way to respond to that is to continue to provide the best frontline services while restraining growth in expenditure, particularly salaries. Salary growth is crucial. In 2015–16, salary growth was 2.6 per cent. By contrast, when we came to government, salaries were growing at 13.5 per cent. That is hard work. The deficit in the 2015–16 budget was forecast to be \$2.7 billion, and it came in at \$2 billion. Debt was forecast at around \$31 billion, and it is at \$27.3 billion.

Several members interjected.

Dr M.D. NAHAN: Members opposite can say a lot of things, but they do not do. I am showing a chart of the record. The red is them; the blue is us. They built up an expenditure mountain; we have mined the mountain. This is salary growth. They built up huge increases in salary growth, and we brought them down. We would expect that. The opposition is a party owned by the union movement, which gets what it wants from the Labor Party—very large increases in salaries. The member for Victoria Park is not here —

Several members interjected.

The SPEAKER: Member for Butler, I call you to order for the first time, and the member for Midland, for the first time. I want a quick answer through the Chair.

Dr M.D. NAHAN: For affirmation of our success, we only have to listen to the member for Victoria Park, who said that the Liberal–National government has brought expenditure growth down to a sustainable level, and all we have to do going forward is maintain that level for a term or two. I disagree; we have to do a bit more than that. However, it is the main game, and do members know what? We are doing it and these guys opposite have no hope of ever even coming close to it!