

STATE FINANCES — CREDIT RATING

6. Mrs L.M. O'MALLEY to the Treasurer:

I refer to the recent decision by global rating's agency Moody's to lift Western Australia's credit rating outlook, the first improvement to the state's credit rating in five years.

- (1) Can the Treasurer advise the house of what Moody's had to say about the McGowan Labor government's responsible approach to economic and financial management?
- (2) Can the Treasurer outline to the house how that compares with what Moody's had to say about the efforts of the former Liberal–National government and the former Treasurer?

Mr B.S. WYATT replied:

- (1)–(2) I thank the member for Bicton for that very astute question, because, funnily enough, I can answer both parts of it. As we saw, in October last year, Standard and Poor's finally took us off negative watch and put us onto stable. It is very, very happy with how the fiscal and economic management of the state has been going under the McGowan Labor government. I am pleased to inform the house that on 25 January this year, Moody's, following on from S&P, lifted its outlook from stable to positive.

Why this was interesting is the commentary that was attached to those particular decisions. Moody's in particular was, I think, glowing about the performance of this government. Moody's positive revision recognised this government's, and I quote, "strong fiscal resolve" and its "recent achievements in lowering the rate of expenditure growth." Importantly, it went on to note that the broad economic recovery currently underway in Western Australia is fuelling what is now being seen as that fiscal recovery. In October last year, S&P noted this government's tight control of recurrent expenses and strong financial management.

That is, to answer the second part of the member for Bicton's question, in stark contrast with what I saw when I became Treasurer. I want to remind the house that in August 2014, Moody's, which has just been gushing about this government's strong fiscal resolve, said this about the former Liberal–National government, in the face of yet another downgrade, commenting on, and I quote, "a weak policy response to the deteriorating financial and debt position", and saying that the government needed to strengthen its fiscal resolve. It went on in February 2016 with another negative commentary, saying that unless the government strengthens its commitment to budget improvements, there is a risk that deficits forecast will be exceeded; and, indeed, they were.

Finally, I also want to reflect upon what S&P had to say. It was very similar to what Moody's had to say about the former Liberal–National government. This was in September 2013, about a year after this state lost its AAA credit rating under the leadership of the Liberal Party of Western Australia. S&P stated that there was "likely to be slippage" in the state budget "given the government's track record on expenditure management and our view of its limited political will." That is a term that will go down in infamy.

When we came into power, jobs were being lost, and there were record deficits as far as the eye could see, not a surplus to be seen in the *Pre-election Financial Projections Statement*, and net debt on its way to nearly \$42 billion. During the term of the McGowan Labor government—the last two years—we have seen, through efforts largely opposed by the Liberal–National Party of Western Australia, restrained expense growth. As a result, we are seeing our outlook on credit ratings turning up; and, as a result, we are spending less on interest. That means more money for services for Western Australia. Still to this day, I am surprised that I have not yet heard from the Liberal–National Party, other than Hon Dr Steve Thomas in the other house, a mea culpa—an understanding that what they left this government with was a fiscal and economic mess. We are now on our way out of that.