

GOLD ROYALTIES — 2017–18 STATE BUDGET

**499. Mrs L.M. O'MALLEY to the Premier:**

On behalf of the member for Southern River, I acknowledge members of an overseas Chinese investment association from Zhejiang province in the gallery.

I refer to the Liberal Party's decision to put the state at risk of another credit rating downgrade. For the benefit of those opposite, can the Premier explain —

**Dr M.D. Nahan** interjected.

**The SPEAKER:** Leader of the Opposition, you obviously want to go home early today.

**Mrs L.M. O'MALLEY:** For the benefit of those opposite, can the Premier explain how the opposition's rejection of the gold royalty increase puts WA's credit rating at risk?

Several members interjected.

**The SPEAKER:** Member for Geraldton, I call you to order for the first time. You can hide there, but I can hear you. You can start again, member, if you want to.

**Mrs L.M. O'MALLEY:** The second part of the question is: can the Premier outline the reasons why a downgrade in WA's credit rating is bad for the state?

**Mr M. McGOWAN replied:**

I thank the member for Bicton for the question. I congratulate her on being an excellent representative of this Parliament. She has run a small business, has raised a family and has fought hard to win an electorate in an area that she cares about deeply.

I remind the house that when we handed down the budget last month, Moody's commented on the budget and indicated that the government showed good resolve in dealing with the financial situation that we face. We put in place tough budget decisions to manage the situation that we confront. We said right from the beginning that our view is that the burden of budget repair should be shared across the entire community. We went out and talked to all elements of the community and said that the burden of dealing with the budget situation in Western Australia needs to be equally shared across the Western Australian community.

Several members interjected.

**The SPEAKER:** Members! Member for Carine, you are on two calls.

**Mr M. McGOWAN:** The people who have not shown any resolve are the Liberal and National Parties in this state. The reason I can say that with some authority is that their poor budgetary performance now stretches back for nine years. I remind the house that when the 2014 downgrade occurred under the former Liberal–National government, Moody's indicated —

The state's assumption on royalties is underpinned by a fairly optimistic forecast for iron ore prices.

It indicated that the then state government's budgetary situation incorporated a weak policy response and a lack of fiscal resolve. That is what Moody's had to say about the former Liberal–National government. When we went to a negative watch in April 2015, Standard and Poor's indicated —

This potential slippage reflects, in our view, limited political will to make difficult decisions.

That is what Standard and Poor's said about the former government. Moody's indicated that we show good resolve. When they were in government, the Liberal and National Parties showed no resolve to deal with the situation confronting our state. All they did was make it worse year in, year out. They had no resolve then and they are continuing to wreck the state's budget in opposition. I want to make this statement to the house: if there is a further credit rating downgrade in Western Australia, it will be the Liberal and National Parties' fault.

Several members interjected.

**The SPEAKER:** Very funny, member for Cottesloe, but no-one else is laughing. Member for Bateman.

**Mr M. McGowan:** I haven't finished my answer.

**The SPEAKER:** Sorry; you sat down. Premier.

**Mr M. McGOWAN:** I just want to repeat this: if there is a further credit rating downgrade in Western Australia, it will be the Liberal and National Parties' fault.