

NET DEBT — 2022–23 STATE BUDGET

**299. Ms M.J. DAVIES to the Premier:**

Noting that the Premier's government has been gifted \$11 billion-plus in surpluses over the last two years on the back of record growth —

Several members interjected.

**The SPEAKER:** Order, please! I would like to hear the question in silence.

**Ms R. Saffioti** interjected.

**The SPEAKER:** Sorry, Minister for Transport, I just said I would like to hear it in silence.

**Ms M.J. DAVIES:** Thank you, Madam Speaker.

Noting that the Premier's government has been gifted \$11 billion-plus in surpluses over the last two years on the back of record royalties and the GST flow delivered by the coalition government —

Several members interjected.

**The SPEAKER:** Members, can you just rest assured that the Premier is capable of answering the question himself. He needs no assistance from any of you.

**Ms M.J. DAVIES:** Thank you, Madam Speaker.

Given the Premier's forward estimates forecasts another \$10.9 billion over and above the \$11 billion of the last two years, can he explain why debt will continue to rise when he promised to pay it down?

**Mr M. McGOWAN replied:**

This year's budget is the third budget in a row that we have paid down debt. When we arrived in office in 2017, the forward estimates under the previous government had debt in Western Australia heading towards \$44 billion. Over its term in office from 2008 to 2017, it grew from around \$5 billion to mid-\$30 billion, climbing to \$44 billion. That was the trajectory. What happened during its time in office? It had seven Treasurers. Seven people occupied the role of Treasurer during its time in office. Admittedly, one of them did it three times.

I will just give members a bit of a recap of history. The former government went to the most optimistic forecast of revenue. With its revenue forecast, particularly around iron ore, which delivers royalties, it put in the most optimistic forecasts that it possibly could, and then it spent accordingly. Not only that, in the 2013 budget, Christian Porter, then Treasurer, put in an assumption that the GST would be fixed, and therefore spent up to that level. That was actually in the budget papers because it was all assumed it would happen, even though, since it was put in place in 1999 by the Liberal–National government, that fix, if you like, had never been achieved. Therefore, the former government spent accordingly. What happened? Debt went out of control. Deficits were out of control. When we came to office, we said we would do a number of things. First, we would budget conservatively. Second, we would ensure that we got our recurrent spend under control. We did both of those things. We reduced the recurrent spend from around 6.3 per cent per annum down to around two per cent per annum, including our election commitments. We did those two things at once. It was never done by the Liberals and Nationals when in office because they had no control of spending, they did not believe in it and anyway, and they had two budget processes: they had a Liberal budget process and a National budget process, which explains a bit of what is going on in the current government in Canberra as well. There is no control because the National Party does not work as a team with the Liberal Party. That is what occurred. We got spending under control.

After my conversations with Malcolm Turnbull, I got the phone call. I was standing in a car park in Derby, saying, “We have to repair the GST”, which would never have occurred but for the election of this government. For eight and a half years, Colin Barnett talked about it and budgeted for it, and nothing happened. Then the election of this government took place and suddenly all the wheels went into motion over east: “What can we do to help Mark? How do we sort this out?” They were the phone calls. We went over there. Malcolm Turnbull said, “We're not an ATM, you know”, and then he was handed over billions of dollars. That is what happened. The election of this government secured that. Mathias was great in helping to secure that.

A third thing occurred. This is very important. Obviously, over the last two years while iron ore prices have risen at times to \$US150 to \$US155 a tonne, we kept the industry open. That is not an insignificant achievement. We kept the industry open when it shut down in large parts of the world. What happened?

**Dr D.J. Honey** interjected.

**Mr M. McGOWAN:** Honestly, you would not have a clue, mate.

**Dr D.J. Honey** interjected.

**The SPEAKER:** Member for Cottesloe, you have not asked this question. I am asking you to stop interjecting.

**Mr M. McGOWAN:** He is the only Leader of the Liberal Party I have ever seen who does not respond to the budget. On the day of the budget, the Leader of the Liberal Party did not go out and respond. They hide him inside. They hide him in the building. They have a cupboard in the opposition leader's office. They shoved him in there, gave him a dummy and left him in there.

We kept the industry functioning without interruption from COVID. Over the course of those two years, whilst royalty receipts were high, that obviously helped us to improve the state's bottom line. That is what we did. Against the opposition's criticism and against the Liberal Party and its friend Clive Palmer, we did all those things. That secured a strong outcome for the state. When the Leader of the Opposition said we had \$11 billion worth of surpluses, we also spent \$11 billion on the COVID response. Not only did we secure greater revenue, but we also spent \$11 billion on a whole range of initiatives to respond to COVID, and we are still paying down debt. Why do the forward estimates have a slight increase in debt? We paid down debt for the last three years. We have now got it below \$30 billion this financial year. It is relatively stable across the forward estimates and then it ticks up slightly. Why does it tick up slightly? It is because we have extremely conservative estimates of revenue. That is why. We assume that we spend all our asset investment program. Why do we do that? It is because we do not want to do what the former government and Christian Porter did, whereby they put in optimistic assumptions, they spent accordingly and the finances went out of control. When we arrived in office, we had the worst set of finances of any government in Australia. Today we have the best.