

FINANCIAL RESPONSIBILITY — 2018–19 STATE BUDGET

**301. Dr A.D. BUTI to the Treasurer:**

Can the Treasurer outline to the house how the McGowan Labor government's commitment to financial responsibility has put the budget back on track, and how does this responsible approach to the state's finances compare with that taken by the former Liberal–National government?

**Mr B.S. WYATT replied:**

I thank the member for Armadale for that very, very good question. I want to remind everybody here that just 14 months ago when we came to government we had nothing but forward estimates full of operating deficits—year after year, with a trajectory of net debt to \$41.1 billion.

**Mr D.C. Nalder** interjected.

**The SPEAKER:** Member for Bateman!

**Mr B.S. WYATT:** That is \$41.1 billion, and why is that on the back of the \$5 billion in operating deficits in the last three years of the former Liberal–National government? That was unacceptable in the view of this government, so we have spent our effort on restraining expense growth and reprioritising the budget. I note that gets people upset, but we cannot just simply do what the former government did and layer spend upon spend; we reprioritise. What has that given us? We have now moved from four forecast operating deficits. We now have two deficits coming in smaller than we expected and two operating surpluses. For the first time we have a net operating surplus position across the forward estimates—\$1.8 billion, the best result since 2012–13. Why do we have that? It is because we have record low expense growth. We have expense growth in 2017–18 of \$1.6 billion—\$1.6 billion of underlying expense growth. Predicted expense growth in 2018–19 is 0.9 per cent, the lowest in over 20 years.

**Mr D.C. Nalder:** Be honest; you are cost shifting.

**Mr B.S. WYATT:** I will come to you in a minute, member for Bateman, believe you me!

I give a comparison for all those people here and those who may be watching at home. If we compare that with the average under the former government of 6.4 per cent expense growth each year and we layer that across the forward estimates—compared with 1.2 per cent per annum—do members know what that equals to?

Several members interjected.

**The SPEAKER:** Members!

**Mr B.S. WYATT:** It is an extra \$17 billion in spend. If we just did what the former Liberal–National government had done, there would be an extra \$17 billion in spend. The opposition should think about that when it talks about flogging off Western Power. We would be overwhelmingly swamped already by the spend that became the standard characteristic of the former government.

But do not listen to me; listen to what third parties had to say about our budget. The Master Builders Association put out a document titled “A Steady and Responsible State Budget”. I quote —

Regrettably, the state's finances have once again prevented a more adventurous approach being taken by the McGowan government to easing the burden of doing business and boosting employment opportunities in WA. However, a steady hand controlling the state's finances is what is needed most at the moment.

My good friends down at the Chamber of Commerce and Industry of Western Australia titled their media statement “WA budget will boost confidence in the WA economy”. I quote —

A stable Budget that has focused on reducing spending to get the WA economy out of third gear is welcome news for WA business and households.

The Chamber of Commerce and Industry WA (CCI) today congratulated the State Government on its confirmation that it remains on track to achieve a surplus by 2020–21, and is forecast to spend \$2.8 billion less over the forward estimates. Maintaining a surplus for 2020–21 and reducing net debt was the highest priority recommendation from CCI.

**Mr D.T. Redman** interjected.

**The SPEAKER:** Member for Warren–Blackwood!

**Mr B.S. WYATT:** I will finish off with the Commonwealth Bank of Australia, which made a quite lengthy note to investors. I will quote —

The 2017–18 outcome proved much better than expected thanks to the impressive cost restraint and more money from the Commonwealth.

It goes on to say—this is something that all members should note —

That should see the negative outlook on the AA+ rating removed in due course ...

We think the Aa2 Moody's credit could be put on positive outlook without too much delay.

I know the Liberal Party would have loved to have delivered this budget—one that actually reduces net debt; one that gets our operating position back to a surplus position; and one that has confidence being rebuilt in the WA economy. That is only because the grownups are back in charge.