

STATE FINANCE, BORROWING PROGRAM

207. Mr MASTERS to the Minister assisting the Treasurer:

The Opposition has criticised the Government for its borrowing program to enhance the infrastructure of the State. Can the minister inform the House of the financial implications of such strategic borrowing?

Mr KIERATH replied:

I thank the member for some notice of this question.

I hope that everyone who understands the basic principle of budgeting, whether it be for a State or a household, also understands there are some items for which we need to borrow.

Mr Ripper: Do you know what a deficit is?

Mr KIERATH: I will come to that in a moment.

I want to make sure the House understands that there are often needs and proper requirements for which to borrow. It was important that the State regained its AAA credit rating. It is interesting to listen to comments from the Opposition as when it was last in Government, it lost that rating. It took a coalition Government to get it back. That is a difference between them and us.

An article in *The Australian Financial Review* rightly pointed out that debt allows government to develop assets important to our living standards and those of our successors. We should acknowledge that it has its place. A low level of debt is an advantage only if the Government is prepared to borrow. It went on to say that it makes sense for Governments to reduce debt when interest costs unduly constrain government activity, as was the case after the financial disasters of WA Inc.

Mr Brown interjected.

Mr KIERATH: I have got a squeal out of the member for Bassendean. The Opposition lost the money and left the debts, and the coalition had to fix the problems. The article went on to say that the most telling indicator of a Government's financial acumen is when it leaves more net assets than it inherited. When the Opposition left office there was no net debt position and when the coalition came into office it had to establish one. In 1993 the net assets of the State were \$15.5b. The figure now stands at \$32.8b. During the seven and a half years of this Government's term, net assets have doubled. That is the true indicator of the financial acumen of this Government. The assets this Government has acquired are new schools, hospitals and roads. The Minister for Police advises me that there are also 27 new police stations. It is an excellent achievement by anyone's standards. It is proof that this Government keeps its promises. The Government promised more jobs and better management and it has delivered on both.