

BUDGET BLOW-OUTS, CURTAILMENT

**278. Mr P.D. OMODEI to the Treasurer:**

I refer to the Treasurer's comment in the media that agencies could curtail budget blow-outs by adjusting the scope of their projects or by reducing spending on other low-priority projects. Exactly which projects will now be axed or reduced in scope to rescue the government from its recently reported budget blow-outs?

**Mr E.S. RIPPER replied:**

This question time reminds me of the movie *Groundhog Day*, because we seem to be going over the same ground that I covered previously in answering the question from the Leader of the Opposition.

**Mr P.D. Omodei:** That is your word, Treasurer - blow-out.

**Mr E.S. RIPPER:** Far too much is being made of this issue. The government has a large capital works program that it is implementing in the context of a booming economy. Of course there will be pressures on costs as we go through that implementation. What is new? Every budget has its cost pressures. What needs to be undertaken is the effective management of those cost pressures to deliver the final budget outcome. Our record speaks for itself. We have been able to deliver a positive budget outcome for every budget that we have implemented. We are on the way towards doing that with this budget as well. It is never just an open-and-shut easy task. It needs to be worked at throughout the year in order to be delivered. There will always be cost pressures of various types. I indicated to the journalist who interviewed me that the pressure from a booming economy on our capital works program is not the only issue that the budget faces. The extent of growth in health expenses and public sector wage demands is an issue that must be dealt with every year. Many issues challenge the government's financial management. We have met those challenges in every budget and we will meet them again in this budget. With regard to the comments I made about scope, realisation of assets and the elimination of lower priority projects, those are possible mechanisms that can be used should we face a problem with cost pressures on a particular project. Far too much has been made of this issue. Just as there are matters that may cause our revenue to be better than expected, there are also issues that may cause our expenses to be greater than expected. In the end, we will manage all the conflicting pressures on the budget and deliver another surplus budget and another AAA credit rating.