STATE FINANCES

61.   Ms C.M. ROWE to the Treasurer:

I refer to the reckless spending and disastrous financial management that were particular characteristics of the previous Liberal–National government. Will the Treasurer update the house on the pressures facing the state finances and explain how we got into this mess?

Mr B.S. WYATT replied:

I would be delighted to explain two parts of this—not just the pressures facing the budget, but also exactly how we got here. The Premier made some comments about this last week, and I will make some more now. There were and are particular characteristics of that side of the chamber that led us to the mess we now face. I have quoted the now Leader of the Opposition ad nauseam around some of the things he used to say prior to coming into this place, in his old IPA days—those days long forgotten. But it was really the former Premier, the member for Cottesloe, who I think set the particular characteristics of the former government. I want to remind members of the approach to finances taken by the former government. One of them is what I like to call "jam jar economics". That is the approach to finances in which we worry only about what is happening right now; we do not worry about the forward estimates, as the former Premier, the member for Cottesloe said, and I quote —

> "You never reach the out years, they're always year 3 and 4, you never get there … governments I lead will have surpluses," …

When we do not believe in the deficits looming in years three and four, the problem is that they eventually arrive. They are here and we are dealing with them. The problem we had was a Premier who also used to say, and I will quote him again, from 2010 —

> "In reality you don't have to pay back the debt; what you have to do is make sure the debt is (under) control and as a guide I'm intending keeping our total level of net debt below \$20 billion,"

The problem with the particular characteristics of the former government was that it never really worried about where it was going with its financial targets. As I have said to this place before, when the former Premier, the member for Cottesloe, made that \$20 billion commitment on 4 September 2010, the revenue he received versus the revenue he expected to receive across those forward estimates was extra revenue of \$6.5 billion. Imagine \$6.5 billion coming off the general government sector net debt right now. Instead, he took that jam-jar approach to the finances. He just assumed it was here to stay—revenue royalties here to stay at record levels—so away he went. That is why in 2013 he said that all these commitments—whether they be MAX or whatever they were and the commitment made by Troy Buswell at the time of no new taxes—are fully funded, fully costed. I think we all remember the fully funded, fully costed commitment. Of course, the particular characteristic of the government at the time was to worry only about that particular year. When the Leader of the Opposition introduced increases in land tax not once, not twice, but thrice, that was no problem with the commitment made by former Treasurer Mr Buswell around no tax increases. The reality is that is what is left to us to have to deal with. As I pointed out last week, I now have to find \$20 million to meet the contract the Leader of the Opposition signed for the Joondalup building and which, for some reason, never made it onto the books over the eight months thereafter. Certainly, the Minister for Corrective Services and I are having an interesting time with the Corrective Services budget mess that the Leader of the Opposition also created, which we will deal with in due course.

The reality is that the Leader of the Opposition has not just fallen from the sky and landed there; he is responsible for the mess that we are trying to deal with and it his decisions, his delivery and his record that underwrote the particular characteristic of the government at the time that we now have to clean up.