

STATE FINANCES — EXPENSE GROWTH

**510. Mrs L.M. HARVEY to the Premier:**

- (1) Can the Premier confirm that his government's first budget has forecast expense growth at 3.7 per cent from 2016–17 to 2017–18 compared to one per cent growth over the same period in the *Pre-election Financial Projections Statement*?
- (2) Can the Premier confirm that this is a massive \$542 million increase in expenses growth and explain the reason for this expenses growth?

**Mr M. McGOWAN replied:**

- (1)–(2) I can confirm that the member opposite should look in the budget where she will find all the figures. It is true that in the budget there is a wages growth component of around six to seven per cent. That comprises 4.5 per cent inherited wages growth because of enterprise bargaining agreements that were undertaken prior to the state election and a component of the remainder, I think, is the voluntary targeted redundancy scheme that the government has put in place. The other issue, as the Treasurer said in his budget speech —

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

**Mr M. McGOWAN:** Why did the member for Bateman not ask the question; he is the shadow Treasurer?

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

**The SPEAKER:** Member for Bateman!

**Mr M. McGOWAN:** He is as happy as Larry sitting over there, isn't he? He is as happy as a pig in mud. I remember him sitting here being angry all the time. I must say that opposition suits the member for Bateman!

**Mrs L.M. Harvey:** This is about the state's finances.

**Mr M. McGOWAN:** I think opposition is permanent for you.

**Mrs L.M. Harvey:** It is about \$542 million.

**Mr M. McGOWAN:** From memory, expense growth over the forward estimates is under two per cent. That reflects extremely well compared to that of the former government. The first budget of the former government in 2009 had multiple levels of expense growth over the first budget of the Labor government. As the Productivity Commission indicated, it was that first four years of the former government that really, really hurt Western Australia. Page 10 of the Productivity Commission report concerning the GST states —

... Western Australia's experience has been an unprecedented outlier —

That is true —

exacerbated by earlier budget decisions of the WA Government.

Again, this is the Productivity Commission, a very conservative black-letter organisation. It states —

... the WA Government —

It is referring to the former government.

based its spending decisions on the assumption that a 0.75 GST relativity floor would be introduced.

How it assumed that and why it assumed that, without any evidence, was wishful thinking upon which the former government gambled the future of Western Australia. It was a gamble that, under the former government, the people lost; under us, the people finally have a government that is responsible.