

MCGOWAN GOVERNMENT — FINANCIAL MANAGEMENT

**986. Mrs J.M.C. STOJKOVSKI to the Treasurer:**

My question is to the fabulous financial manager, the Treasurer. I refer to Standard and Poor's 500 annual credit rating assessment on the Western Australian economy.

How does the global ratings agency view the financial management of the McGowan government, and how does this compare with its view of the previous Liberal–National government?

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

I thank the member for Kingsley for that question. If she keeps asking them like that, I am sure she will get many more opportunities!

I acknowledge the sportsmen down the back who are now leaving. I want to specifically acknowledge the presence of Bob Shields, the president of Perth Demons Football Club. He has gone now, but he has assured me that Perth will make it deep into the finals next year.

**Mrs L.M. Harvey:** Good luck!

**Mr B.S. WYATT:** No need to be nasty, colleagues!

Picking up from where the Premier left off, when we run tight finances, we get the chance to support the economy when it needs it. That is why the other day we announced our tax cuts for off-the-plan apartment buying. This will stimulate activity and support a workforce that I think is important; indeed, despite the Liberal opposition now opposing it, it is something that it has been demanding I do for some time. I think that financial management sets us up now to respond to emerging issues in the economy. It has been recognised again by Standard and Poor's. I want to quote what Standard and Poor's said, affirming our strong credit rating —

The state of Western Australia's fiscal metrics continue to improve due to larger grants from the Australian ... government, elevated royalty revenues, tight control of recurrent expenses ...

Our ratings —

That is, the rating —

reflect Western Australia's wealthy but volatile economy, excellent liquidity, and strong financial management.

That is why we have spent so much time and effort over the last three budgets keeping spending under control. We cannot do what the former government did in the first two years—that is, increase recurrent spend by 26 per cent—and expect the balance sheet to respond to issues at the time. In our first two years, we have kept expenditure growth to 4.5 per cent—a very strong outcome by any measure. Of course, we do remember, and I quote, the “lack of political will” of the previous government to make difficult decisions, despite the fact, again, as the Premier has pointed out, it was awash with revenue—record revenue growth, record debt growth and record tax increases. The former government delivered quite a trifecta to us here in Western Australia. What is the threat to the credit rating? The Standard and Poor's update continues —

Downward pressure on the ratings could emerge if Western Australia's fiscal performance were to weaken.

One cannot help but reflect on where the opposition is already. It wants much larger wage increases for the public sector, it has already spent about \$1 billion extra on its Roe 8 and 9 commitment and it has committed to abolishing the foreign buyers surcharge. Almost on a daily basis, the opposition commits either to a spend or how it would cut a revenue source. The reality is that the Liberal Party of Western Australia is a clear and present danger to the finances. Members opposite are in here complaining when the Labor government commits to a tax cut to stimulate an area of the economy to support jobs for Western Australians. The Liberal Party of Western Australia opposes and critiques that decision. I think that highlights exactly where the opposition is now at. The Liberal Party has a long way to come if it wants to be true to its own philosophy and to Western Australians.