

REVENUE WINDFALLS — TAXATION CUTS

**146. Hon PHIL EDMAN to the Minister for Finance:**

Several members interjected.

**Hon PHIL EDMAN:** I have a right to ask a question in this house.

**The PRESIDENT:** Order! Just keep going.

**Hon PHIL EDMAN:** I refer the minister to claims made recently by the opposition, suggesting that the government should be looking to cut taxation by some \$2 billion on the basis of supposed revenue windfalls.

Can the minister clarify whether the state government is in a position to meet such suggestions and whether the government has enjoyed billions of dollars in windfall —

Several members interjected.

**The PRESIDENT:** Order! Let us get the rules straight. Every member is entitled to ask a question without interruption. The member on his feet is Hon Phil Edman.

**Hon PHIL EDMAN:** Thank you, Mr President. I ask the question again —

Several members interjected.

**The PRESIDENT:** Order! We have not even heard the question. Would the honourable member please start again?

**Hon PHIL EDMAN:** Thank you, Mr President. I start the question again. Can the minister clarify whether the state budget is in a position to meet such suggestions and whether the government has enjoyed billions of dollars in windfall revenues as implied by the opposition?

**Hon SIMON O'BRIEN replied:**

No, the state government is not in a position to deliver billions of dollars in tax cuts at this time. The opposition is suggesting that this government is presiding over a revenue bonanza that is comparable to that enjoyed by the previous Labor government. The revenue bonanza during the Labor years came from a combination of the resource and domestic sector both paying higher taxes due to Labor's first three budgets that delivered higher taxes right across the board. That certainly is not the case now.

Several members interjected.

**THE PRESIDENT:** Order! I remind members that the rules are the same for every member. Any member is allowed to ask a question and the minister or parliamentary secretary answering the question is required to answer it in a concise way, without interruption. Let us stick to the rules.

**Hon SIMON O'BRIEN:** Thank you, Mr President. I think members in this place in particular need to understand what has been the position of the state's revenue and they need to consider the facts. The global financial crisis hit just as this government was sworn in and Treasury downgraded its revenue forecasts. That crisis caused state tax revenue to fall dramatically in 2008–09 by \$736 million, or 11.4 per cent. That is below the 2007–08 level of revenue, which was Labor's last year in office. The result for 2008–09 was that revenue was nearly \$581 million below the pre-election forecast that we had expected. Despite the welcome economic recovery during 2009–10, state tax revenue remained below the 2007–08 level and \$566 million below the pre-election estimate for that year. The *Government Mid-year Financial Projections Statement* for the current year has state taxes recovering further in 2010–11 but only just reaching the 2008–09 level. The midyear forecast for state tax revenue for 2010–11 was \$6.447 billion, which is barely above the \$6.442 billion of revenue raised in Labor's last year in office. Let us be clear about the significance of these figures. We have managed the business of government for nearly three years with state tax revenue either at or below what it was in Labor's last year of office. That is an outstanding achievement, as governments generally do not face tax revenues lower than in previous years, and rarely would any government have faced three years of tax revenue remaining below its previous level. If we include 2011–12, covering the four years of the pre-election estimates that we received from the Carpenter government, state tax revenue is now forecast to be \$7.185 billion, which is still a massive \$655 million less than was forecast at the time of the previous election. We have managed the business of government pretty well despite having over the four-year period a \$2.637 billion shortfall of state revenue compared with what it was expected to be at the time of the election. I thank the honourable member for his question and for the opportunity to put some facts before members opposite. I have produced a graph that demonstrates how the levels of state tax income over the four years of our budgets have been consistently well below the levels that were forecast in the pre-election estimates. I make that available to members, if the President would like me to table it, so members can look at it themselves.

Leave granted. [See paper 3123.]

**THE PRESIDENT:** I make the point that that whole exercise took about nine minutes.

**Hon Simon O'Brien:** That was with the interjections.

**THE PRESIDENT:** I am not saying anything other than all members have the same opportunity and right to ask a question and that ministers must answer them in a concise way. If the answer crosses the line and becomes more of a ministerial statement than an answer, there are other opportunities to make those statements.