

LOAN BILL 2012

Committee

The Deputy Chair of Committees (Hon Jon Ford) in the chair; Hon Simon O'Brien (Minister for Finance) in charge of the bill.

Clause 1: Short title —

Hon SIMON O'BRIEN: I will say a couple of things. Firstly, I am in favour of clause 1 being agreed to, and this being a money bill, I am of course rather relieved that there are not too many amendments on the supplementary notice paper. What I want to do, though, is to take advantage of what will hopefully be a brief committee session to give a little more information on issues canvassed by Hon Ken Travers in his contribution to the second reading debate. I indicated that I would provide it at a later stage, so I will quickly do that now. The essence of the honourable member's question was basically to get some information about when provisions of the Loan Bill—the access to borrowings—might be exercised rather than simply an in globo figure. The estimated borrowings will probably be in the order of \$2.965 billion in this current financial year. There is still a carryover though from the previous Loan Act, as I think the honourable member observed, so the net amount from this Loan Bill would therefore be about \$2.078 billion with the \$887 million, I think it is, carried forward from the last Loan Act. In 2013–14 it is contemplated that borrowings of \$2.099 billion will be availed of, \$261 million in the 2014–15 financial year, and nothing in 2015–16. That gives a total that is about \$4.438 billion, leading a \$562 million—I will not call it a balance; it is not the right word —

Hon Ken Travers: Slush fund!

Hon SIMON O'BRIEN: That is certainly—

Hon Ken Travers: Just trying to help!

Hon SIMON O'BRIEN: That is a prime ministerial term that I am not familiar with! It would be a contingency fund that would be available to deal with, for example, fluctuations in revenue or expenditure. In terms of it being potentially a source of funding for campaign promises or a slush fund, to put a serious tone back on to it, it is of course not a slush fund because it is not a repository of money. It is a line of credit, which is proposed to be authorised by the house via this bill. So, for example, any contestant of the next election could make promises based on loan borrowings regardless of whether they are catered for by this amount. It is not being done for that purpose.

Hon Ken Travers: It is interesting that it is not dissimilar to the amount of expenditure that the government has committed to other policy decisions, but has not yet been expensed in the budget in those out years.

Hon SIMON O'BRIEN: Those figures I have been conveying to the honourable member now, including out years, are based on the figures in the current year's budget. The member can speculate of course, and I am not dismissive of what he is saying about what other undertakings the government might enter into. But I say to you, as minister in charge of this bill, that the \$562 million excess above what is identified as required over the next few years is to deal with fluctuations in revenue. With that explanation, I again thank members for their support of this bill.

Hon KEN TRAVERS: I want to thank the minister for that answer. I note the explanation. I again note, rather than by way of disorderly interjection, that in the out years of this budget there are a number of areas of expenditure in which the government has committed in a policy sense to an activity but has not yet expensed that money on the argument that it has not yet made the final decision on how that money will be spent, which will allow them to reduce their loan. That means that rather than the figures contained in the forward systems of the budget, which suggest that in the final year of the forward estimates we will start to see a decline in net debt, we will actually see a continuation in the climbing of net debt. I might add that if the government seeks to implement even one or two of the commitments it has been talking about in the last few months, around particularly the Perth area, not so much the regional parts of Western Australia, we would again see net debt continuing to climb and we would, in fact, need a further Loan Bill to be brought before the chamber. It again highlights that the budget and the forward estimates papers that we were presented earlier this year do not provide a really true picture of the state's finances going forward. I think Hon Eric Ripper in his valedictory speech in the other place made reference to the fact that we have probably seen more tricks and smoke and mirrors to try to hide the true state than was the case in any previous budget. But I appreciate the minister's explanation. I find it interesting that the government wants to provide for potential changes on this bill, but when we ask questions about other areas of the budget, we are told that we should wait until those things occur. That is all I have to say this afternoon. I am sure that members just want to pass the bill. In conclusion, it is interesting that one of the last acts of this Parliament for this term is to extend the credit card yet again.

Hon SIMON O'BRIEN: Mr Chair, just before you put the question, there is one other figure I should mention in relation to that contingency; that is, \$110 million was allocated since this bill was drafted, and that relates to the actuals from the 2011–12 year because they came out after that.

Hon Ken Travers: The final carryover was \$110 million higher than the budget papers, so it is another budget blow-out!

Hon SIMON O'BRIEN: I am sure the member will characterise it as such.

Clause put and passed.

Clauses 2 to 5 put and passed.

Title put and passed.

Hon SIMON O'BRIEN: I am grateful that the Committee of the Whole did not amend this particular money bill. I thank members for that.

Third Reading

Bill read a third time, on motion by **Hon Simon O'Brien (Minister for Finance)**, and passed.