

STATE FINANCES — FINANCIAL MANAGEMENT

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

I refer to the McGowan Labor government's commitment to strong financial management and paying down the mountain of debt it inherited from the Barnett–Harvey Liberal–National government.

- (1) Can the Treasurer update the house on how this government's strong financial management is providing confidence to businesses in Western Australia to create jobs and drive the economy?
- (2) Can the Treasurer advise the house on how this strong financial management will help the government in dealing with any global or national economic volatility?

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

- (1)–(2) I thank the member for Kingsley for her very good question. I do recall, and I have said in this place a number of times over the last three years, that when I became Treasurer in an economy in a recession, with the largest operating deficits on record and net debt bursting through \$42 billion, I was terrified, at the time, that there would be a global shock that the state could not react to. We had no capacity to react to emerging issues, whether it be another sudden decline in the iron ore price or whatever it may be. It is worth reflecting that had coronavirus hit over the summer of 2016–17, as opposed to over the summer of 2019–20, whether the state would have been in a position to actually respond—of course not. This is why we spent so much time and effort on strong financial management. That in itself is not the end; the end is ensuring that Western Australia, whether it be this government or future governments, has the capacity to respond to emerging issues. I can guarantee that had that happened in 2016–17, there is no way we could have cut payroll tax like we have done. There is no way we could have halved TAFE fees like we have done. There is no way we could have spent \$300 million on a maintenance spend on schools and hospitals like we are doing, and, certainly, there is no way we could not have had a return to a much stronger credit rating than we do at the moment.

I was interested to hear the Leader of the Opposition reference Mr Morey, who used to be in my office before he went down to the Chamber of Commerce and Industry of Western Australia. I taught him all he knows. Indeed, I was delighted with the CCI's outlook—this is what the CCI is forecasting: the strongest economic growth in six years, the strongest growth and business investment in seven years and the lowest unemployment rate in five years. I think those are pretty good outcomes. When we look at all the data that we are seeing now, including what has been an area of weakness for some time now around retail and housing, we are starting to see better data, which is very useful for the ongoing efforts of the McGowan government to create jobs.

One final point that I want to make is this. The Leader of the Opposition asked the Premier a very specific question around bankruptcies. Bankruptcies are, of course, a subset of personal insolvencies. There are a range of other insolvency measures one could take, such as part 9 et cetera. Between 2017–18 and 2018–19, total personal insolvency reduced by 13 per cent. I knew I had the bankruptcy data downstairs in my office and I had it sent up to me. In the December quarter, bankruptcies fell by 9.4 per cent, and in annual average terms bankruptcies in WA are falling by seven per cent. I still want put on the record that the record increase in bankruptcies occurred under the former Barnett–Harvey government. In 2015–16, bankruptcies grew by 22.7 per cent in annual average terms. At no other point have bankruptcies grown by that much.

Several members interjected.

**The SPEAKER:** Members!

**Mr B.S. WYATT:** Indeed, in the last year of the Liberal–National government bankruptcies grew by 11 per cent. At the moment, they are falling on an annual average terms by 70 per cent. Bankruptcies, of course, as I said, are a subset of personal insolvencies that are also declining year on year, which is a good thing. There are a range of reasons that feed into personal insolvencies, bankruptcies and restructures—you name it. But the reality is after doing that under the Liberals, they are now slowly declining under Labor.