

WA Policy Forum
Press Release

20 April 2009

Shadow Budget 2009: Dear Prudence

The WA Policy Forum today released its second Shadow Budget. Much has changed since last year's Shadow Budget called for cuts to flagship projects such as the stadium and the museum. Revenues are down, the Liberal-National Government has indeed cut flagship projects, but it has failed to get a grip on departmental expenditures.

WAPF believes that the Government must preserve essential services, especially to the less well-off. This is a time when the less advantaged in WA need Government more than ever. For example although the long-term aim should be for the public corporations to be able to pay for such infrastructure investment themselves, from revenue – not from the public purse - as electricity prices rise, targeted rebates and environmental incentives to customers will be needed.

At the same time future generations should not be burdened with expensive debt for potentially redundant infrastructure. Julian Roche, WAPF Director, said: *“Expenditure on nurses and teachers provides a larger employment multiplier than on roads and flagship projects that may not now be needed for a decade or more. The time to take an axe to the roadbuilding programme in WA is now”* There is more than \$4bn over the next five years that can be saved just from this one source.

The Shadow Budget also suggests that the Government's vaunted Royalties for Regions programme has become a pork barrel and need to be reviewed. Raj Selvedra, WAPF Director, said: *“As a start the Government should release the findings of its Audit Committee and the State Infrastructure Strategy papers to create the most informed debate possible on what strategic spending should be retained and what postponed”*.

Crossing your fingers and hoping that the turnaround will happen soon is not a prudent way to run the State's finances. Despite declining revenues and inflated expenditures, WAPF believes that by prudently combining judicious tax rises with targeted expenditure it will be possible to achieve the goal of maintaining WA's AAA rating whilst simultaneously caring for the WA environment and the community – especially as Government has consistently underestimated the resilience of the WA economy.

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