



WA Policy Forum
Press Release

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Shadow Budget 2010: The Fool on the Hill

This year WAPF releases its third Shadow Budget – in the form of an imaginary speech by a new Treasurer next week.

The tightness of the State Budget this year means that even very slight changes in revenue and expenses (much less than 0.1%) will be sufficient to create or destroy a surplus in the operating balance. WAPF expects the Barnett Government will extract a small surplus on the operating balance for 2009/10. Going forward GST and other grants are very uncertain and the State Government should control expenditure more prudently. Taxation policy should aim at environmental benefits and social equality, for example on vehicle duty. Renewable energy needs significant incentives.

With rigorous control over current expenditure, relaxing tough targets only when additional money becomes available, WAPF believes that an operating surplus should again be possible next year. Nevertheless there is no excuse for the public sector to step back from its fundamental responsibilities, nor to try to shift them to the community sector to save money. WAPF's Shadow Budget also calls for a switch of capital expenditure in the State towards the private sector wherever possible. Whereas social housing needs expanding, profitable port infrastructure should be a candidate for a switch to the private sector.

WAPF proposes that future surpluses should be in part directed towards the creation of a Future Fund. Norway with 4.9m people has a fund of US\$443bn, WA should make a start with legislation to invest for the future with a target of \$2bn by 2013.

WAPF Director Julian Roche said: "This second resources boom provides an opportunity for the State Government to create a fair, prosperous WA which looks to the future. We must not waste this opportunity on doing what the private sector would do anyway. And a Royalties for Regions policy really worth having is one that seeks to provide basic services to rural, especially Aboriginal WA ahead of the interests of sectional interests"

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