

THREE PER CENT EFFICIENCY DIVIDEND — UPDATE

207. Dr M.D. NAHAN to the Treasurer:

Will the Treasurer please provide an update on the implementation of the three per cent efficiency dividend across government?

Mr T.R. BUSWELL replied:

Mr Speaker —

Mr E.S. Ripper interjected.

The SPEAKER: Order, Leader of the Opposition! The question was not asked of the Leader of the Opposition.

Mr T.R. BUSWELL: I thank the member for Riverton for his obvious interest and expertise in matters economic. I start by saying that the three per cent efficiency dividend is an important tool in the government's efforts to rein in the rate of growth of recurrent spending in Western Australia. It is an important part of a broader reform agenda for the Western Australian public sector that we are committed to following through. It is also a major challenge to the government. It is a major challenge that is made all the more important by the slowdown in some of the revenue streams that flow into Western Australia. That slowdown in revenue streams is impacting on the state surplus—indeed I expect to table in the budget deficits in at least two of the out years that the government will be looking at in this budget—and it is also impacting on state debt, placing it under increasing pressure.

To advise the house of the process: as ministers would be aware, they are currently working with their departments, if they have not already completed the process, in finalising their submissions, which will feed in to the budget, in relation to the efficiency measures. Those measures will be reported, as the Premier and I have both indicated, in the budget this year. Some important facts need to be clearly understood in relation to the three per cent efficiency dividend. Firstly, it was announced in the lead-up to the budget by the then Treasurer, now the Leader of the Opposition. The announcement was interesting in that it was buried in the bowels of the pre-election financial projections statement, perhaps in the hope that the opposition and the media would not notice the creation of a \$1.5 billion election war chest as part of the three per cent cut. It has targeted savings of \$1.45 billion over four years. I need to point out that those savings are being redirected by the government to deliver on its election commitments, such as keeping Royal Perth Hospital, building a new children's hospital, delivering the 800 extra nurses referred to by the Minister for Health, employing 500 extra police officers, building new primary and secondary schools around Western Australia and, importantly, turning around the previous government's shocking underinvestment in regional Western Australia.

The Western Australian public service is in need of reform. There has been uncontrollable and unsustainable growth in the full-time equivalent head count. There has been a complete inability to manage expenses within budgets, more focused on some areas than others, and there has been a complete failure to focus on delivering outcomes efficiently. I will share two examples with the house. In education, in the seven years from 2001 to 2008, as I understand it, the number of teachers increased by 11 per cent, teacher support staff by 52 per cent, administration and clerical staff by 74 per cent, and cleaners and gardeners by 106 per cent. At the same time, the number of students in public schools in this state went down, and our performance as measured by a range of benchmarks went down compared with other states. There are efficiencies to be gained in education. Let us now have a look at health. Measuring activity in the health sector by emergency activity, presentations to public hospitals at Peel and Joondalup have increased by an average of five per cent per annum between 2004-05 and 2007-08, and inpatient activity increased by 3.9 per cent. Guess what happened to expenses at the same time. They grew by 10 per cent to 11 per cent per annum. There are efficiencies to be generated out of the health sector in Western Australia, and nobody in this house could or should deny it. There is capacity.

I will digress for one second to revert to this document, produced by a fellow called Robert Ray, an elder statesman of the Labor Party.

Point of Order

Mr M. McGOWAN: As you will note, Mr Speaker, the opposition has been very well behaved. The Treasurer was asked the question about the three per cent dividend and the budget. He is now reverting to internal documents of political parties. I ask you to ensure that he sticks to the subject.

The SPEAKER: I take the member's point of order, and I urge the Treasurer to rapidly get to the point of the question.

Questions without Notice Resumed

Mr T.R. BUSWELL: Thank you, Mr Speaker. I will not talk about communicative apparatchiks and state secretaries who slap around campaigns and their teams. I will talk about efficiency.

Withdrawal of Remark

Mr M. McGOWAN: I ask that the Treasurer withdraw the allegation that a member of this house slaps people around. In the light of your ruling yesterday, Mr Speaker, that the word “dishonest” is unparliamentary, the allegation that someone slaps around other people is definitely unparliamentary.

The SPEAKER: I did not hear the Treasurer indicate that anybody was physically slapping anybody around. That is not what I heard or understood, so it is not a point of order. I urge the Treasurer to move to the conclusion of his answer to the question.

Questions without Notice Resumed

Mr T.R. BUSWELL: I will conclude by heading in this direction. In the eight years of the former government, in times of record fiscal prosperity for the state, the public sector drifted along with no focus on efficiency.

Mr A.J. Carpenter interjected.

Mr T.R. BUSWELL: I will get to the member for Willagee, and talk about the amount of money wasted in the science portfolio. I will close by pointing out how the opposition has responded to the challenge of the three per cent efficiency dividend. The shadow Minister for Police does not think it should apply to police, and the shadow Minister for Health does not think it should apply to health. That means everyone else has to find a five per cent efficiency dividend in their portfolios. How were we to do that? The Leader of the Opposition acknowledges that the savings can be delivered, but refuses to nominate one line item that should be taken out of government spending. I will give the closing words to the shadow Treasurer, and then I will sit down. When asked by Geoff Hutchison on 29 October how he could have done it without affecting core services, he said —

Well I would have seen ... I mean ... straight up, being shadow treasurer I ... you ought to see ... one percent of ... that three percent would come in the under-spend

He is like the rest of the members opposite—he has no plan, no suggestions and no idea.