

# Barnett claims WA will avoid deficit

**Andrew Burrell**

West Australian Premier Colin Barnett has contradicted his Treasurer, Troy Buswell, by declaring he did not plan to preside over a budget deficit while he was Premier.

Mr Barnett made the extraordinary claim yesterday despite Mr Buswell's forecast just weeks ago that the budget could slide into deficit as early as 2009-10 due to the sudden erosion of payroll tax and stamp duty collections this year.

"There is a possibility that in 2009-10 we will be in deficit," Mr Buswell said last month, adding it was "almost certain" WA would record a deficit for at least two years after that.

WA's mid-year budget review in December forecast a \$723 million surplus for 2009-10, followed by a \$105 million surplus in 2010-11 and a deficit of \$361 million in 2011-12.

But Mr Barnett said these projections were merely Treasury estimates and he would not allow the budget to fall into deficit.

He suggested a succession of looming project approvals, including Chevron's \$50 billion Gorgon gas development, would boost economic growth and stop the state's budget falling into deficit.

"I'm saying I'm not going to be a premier that is going to plan on budget deficits," he said.

"When we draft budgets we will not be drafting budgets with deficits."

Mr Buswell did not respond to

requests for comment last night. Shadow treasurer Ben Wyatt said Mr Barnett had contradicted his Treasurer.

He said Mr Barnett's "cavalier" suggestion that forward estimates should not be believed had undermined Treasury's work and the entire budget process's credibility.

"The forward projections underpin the budget process and enable the government to deliver on commitments over its term of office," Mr Wyatt said.

"The Premier's comments raise the spectre of a government prepared to manipulate the numbers to create false outcomes."

Ratings agency Standard & Poor's warned in March that WA could join Queensland in being stripped of its prized AAA credit rating unless the Barnett government followed through with a promise to radically cut spending.

It warned that WA's net financial liabilities were projected to blow out to 80 per cent of annual revenues within the next four years, just short of the 90 per cent level that would be expected to trigger a downgrade of the rating.

Since coming to office last September, the Liberal-National government has struggled to rein in the state's high rate of recurrent spending growth and has asked for an extra \$1.2 billion outside the normal budget process this year to meet its election promises and subsequent commitments.