

JESSICA PAGE

Return of the debt monster

As WA's costs continue to grow, something's got to give. It can't be in health



Another day, another budget blowout. But for all the Opposition's bleating, most voters won't lose sleep over it. Rita Saffioti should, however.

An extra \$15 million added to the cost of a new school in East Perth. A \$505m Tonkin

Highway extension is now \$1 billion-plus. In two months, a new oncology unit in Geraldton has gone from \$30m to \$38m.

In 2020, the entire redevelopment of Peel Health Campus was expected to cost \$152m. Now that's only enough for forward works. Stage two — the actual redevelopment — could cost another \$40m. Cost escalations have become so common they're almost going unnoticed by the public that's more shocked by the rising cost of show bags and \$9 chips on a stick.

Besides, it's hard to quibble over the cost of necessities. Especially when WA has money to spare.

We know it, the Government knows it, the other States know it, too.

Confirmation of a bigger-than-expected \$3.7 billion operating surplus disguised the devil in the detail of last week's annual report on State finances, which also revealed expenses growth is continuing to, well, grow.

The Budget that was handed down on June 19 predicted expenses growth of 4 per cent. A mere three months later it is actually 11 per cent, costing the Budget an extra \$2.4b.

Questioned in July over the even-more

unbelievable target of -5.9 per cent set for 2025-26, the Treasurer maintained a straight face.

"Metronet projects are finished," she said. "Some one-offs have ceased... We expect it to slow down as forecast in the Budget." Negative 5.9 per cent is not slowing down, it requires spending to be slammed into reverse. Every time the debt ceiling is raised, Ms Saffioti deftly flicks the argument back on to the Opposition.

"One day, the member's side

says we need to spend more in housing and health, and on another day, it says we need to spend less," she told Budget estimates in July.

The Treasurer correctly points out that net debt that is \$30b now (and climbing, albeit at a slower rate) is less than it was before Labor was elected in 2017. But two wrongs don't make a right.

Ms Saffioti argues the State's mortgage is "sustainable and affordable". That's only true until the iron ore runs out.

So long as the good economic times keep rolling, the Cook Government is hard pressed to say no to any demands for more. And, so long as

ambulance ramping keeps breaking records, Labor is under mounting pressure to find the money to build a new hospital in Yanchep.

The Premier has said it will be necessary in the medium-term.

Why not build it now, while there's a surplus to spare, and before construction costs increase the price tag even further?

Building a new hospital sounds obvious, but staffing it is the hard bit and not a one-off growth in expenses.

It's easier and quicker to build racetracks, amphitheatres, museums and stadiums that will eventually generate revenue.

The cost saving that quality and timely health care provides is harder to prove on paper, when the

State's annual health budget has already grown from \$8.8b in 2016-17 to more than \$14b

The Government last week found an extra \$500m to set aside for health infrastructure including the long-awaited upgrades of Peel Health Campus and Royal Perth Hospital. Scrap the Burswood entertainment precinct and, as the Opposition Leader says, it could be \$717m.

That still wouldn't solve the problem of recurrent expenditure to pay more doctors and nurses, keep equipment up to date, and ensure the hospital walls stay mould-free — and that's the rub.

"Basil Zempilas is a gross hypocrite," John Carey responded, last week.

"I mean, this is the guy who only recently had said we should bid for the Commonwealth Games. That would have cost \$1b."

With practice, Labor is getting better at quipping its way out of the political conundrum, but the economic equation is harder to solve.

Continuing to boast about Labor's financial management, while sugar-coating the debt monster they promised to pay off, has built up "great expectations" that are becoming harder to live up to.

Charles Dickens' main character struggled to tell right from wrong. "Too cowardly to do what I knew to be right, as I had been too cowardly to avoid doing what I knew to be wrong," Pip says.

But Ms Saffioti knows which way is up, and that WA's debt is not going down. Putting the spending gear into reverse is easier said than done. Labor has to say no to something, but can't say no to good health.

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