

WESTERN AUSTRALIAN ECONOMY

314. Mr A.P. O'GORMAN to the Treasurer:

I refer to media reports that the Commonwealth is likely to revise down its economic growth forecasts in its mid-year review due to be released by the end of the month. How is the Western Australian economy tracking?

Mr E.S. RIPPER replied:

Western Australia's economy is still growing strongly, in contrast to the contraction of the economy during the last year of the coalition Government. Economic forecasting is not an exact science. For example, the Chamber of Commerce and Industry of Western Australia forecast growth of two per cent last financial year, and lately it has revised that figure to 6.25 per cent. Now we have the official figures, and I am pleased to advise the House that today the state accounts for the past financial year were released. They reveal economic growth in the past financial year of 5.7 per cent. That is the best in the nation, and way ahead of the national average of 3.9 per cent. It is also significantly better than Western Australia's average annual growth of four per cent over the past decade. State final demand, which deals only with the domestic economy - the figure I quoted before dealt with gross state product - grew by 6.4 per cent in 2001-02.

I have said that forecasting in economics is an inexact science. This is no more well demonstrated than by the forecast of the leading economic commentator opposite. In a media statement in January 2001, the Leader of the Opposition attacked Treasury's "irresponsible" forecast of four per cent growth in the face of what he called a stalling economy and an economic slowdown. He predicted economic growth of around two per cent, or a little above. That is recorded in *Hansard* in October 2001. In January, he criticised an Access Economics forecast of five per cent, and offered another down-beat assessment, this time saying that he thought five per cent was overly optimistic. In his view, a growth rate of three to four per cent was more realistic.

Dr G.I. Gallop: He was getting more optimistic.

Mr E.S. RIPPER: He was getting more optimistic, but he always likes to be on the pessimistic side. He always likes to talk the State down. He is the eternal pessimist when it comes to economic growth. Whatever anyone else says, he places the figure one or two per cent lower. Of course, the figures have come in much better than predicted at the time, even by those who do not have an axe to grind like the Leader of the Opposition.

Western Australia's economy is not immune from international trends, and the Government is watching those trends closely. The Treasury forecast of 3.75 per cent for this financial year still stands. We have noted the speculation that the Commonwealth will revise down its economic growth forecasts in its mid-year budget review, due to be published in late November. The Government has its own mid-year review coming, and if there is a need to revise the forecast that will take place in that review. I want the Opposition to start talking up Western Australia's economy, and to start promoting business confidence in this State. It should not continually talk the place down and underestimate what the State can do.