

STATE ECONOMY — FOREIGN INVESTMENT

610. Hon JIM CHOWN to the minister representing the Minister for Finance:

- (1) What value does the Minister for Finance put on foreign investment in the greater metropolitan area?
- (2) How does this foreign investment enhance the Western Australian economy?
- (3) What was the amount of state revenue generated through foreign investment in Western Australia in the 2017–18 financial year?

Hon STEPHEN DAWSON replied:

I thank the honourable member for some notice of the question.

- (1) The Department of Treasury is unable to quantify the value of foreign direct investment to the state or the greater metropolitan area within Western Australia. However, see the answer to part (2).
- (2) Foreign direct investment to the state contributes to both business investment and dwelling investment. However, Treasury is unable to quantify the exact contributions to each category due to a lack of available data. In 2016–17, the most recently available Australian Bureau of Statistics data showed that business investment accounted for 16 per cent of the state economy as measured by gross state product, following a peak of 37.1 per cent in 2011–12, which coincided with a peak in the construction activity in the state's large-scale LNG projects. Dwelling investment has accounted for around four per cent of gross state product in the last six years. Dwelling investment and business investment activity also contributed to large increases in employment levels, while business investment related to the resource industry has also resulted in an increase in Western Australia's export capacity. In 2016–17, exports accounted for 48 per cent of Western Australia's economy, up from 39 per cent in 2011–12.
- (3) Treasury is unable to quantify the impact of foreign investment on state revenue. Foreign direct investment to Australia as reported by the Australian Bureau of Statistics is not broken down by state. However, 37.1 per cent of foreign direct investment was categorised as being in the mining and quarrying industry as at 31 December 2017, and Western Australia accounted for over half—56 per cent—of Australia's mining sector as measured in gross value-added terms in 2016–17. It is therefore highly likely that Western Australia has received a substantial portion of Australia's foreign direct investment in the mining and quarrying industry. Western Australia's resource-related projects contribute to the state's revenue base in a number of ways, including payroll tax, royalty revenue and North West Shelf grants. It is also likely that there are examples of non-resource projects within Western Australia that have received foreign investment and contribute to state revenue sources such as payroll tax.