

ECONOMY, FORECASTS AND REPORTS

Mr M.P. MURRAY to the Premier:

Will the Premier please inform the House of the latest forecasts and reports on the Western Australian economy?

Dr G.I. GALLOP replied:

I thank the member for some notice of this question.

Several members interjected.

The SPEAKER: Order, members!

Dr G.I. GALLOP: Why would the Opposition resent the fact that I am going to talk about the strength of the Western Australian economy? On what basis could there be such resentment? BIS Shrapnel yesterday released long-term economic forecasts for the States. The report describes Western Australia's long-term growth prospects as excellent with the State having strong population growth, high investment levels and abundant natural resources. BIS Shrapnel expects the Western Australian gross state product to grow at an average of 3.7 per cent a year between 2003-08. That would outstrip the national growth forecast. According to BIS Shrapnel, Western Australia and other States are in the upswing of an economic cycle. It sees Western Australia's all-important oil and gas industry and the iron ore industry playing significant roles in that growth. Also pleasing was the Commonwealth Bank's state growth meter which was released last week. This showed that Western Australia is experiencing strong growth compared with long-term trends and that Western Australia's performance has leapfrogged the performance of the other States.

This State is capable of realising its potential for all Australians. The first point we must get across to our colleagues in Canberra is that, if Western Australia is to realise on that potential, we must have a better financial arrangement with the Commonwealth Government, because our ability to fund the infrastructure we need to create that growth is limited by the commonwealth-state financial arrangement. Secondly, we are very keen for the Commonwealth to spend more of the revenue it is getting from the growth in Western Australia through the offshore gas industry in Western Australia on infrastructure development.

There is no doubt that our great State is growing at a very rapid pace. It is contributing enormously to the nation and we will make sure that continues into the future. We must understand though that expectations created from that growth do not always coincide with reality. It is well known that in Western Australia the relationship between the gross state product growth figures and the revenue figures to the Government are not such that one can be extrapolated from the other. We as a Government have that challenge each year when we deal with the budget. Expectations are raised because of growth, but revenue does not necessarily come into Western Australia in a similar fashion. I made the point in last year's budget that without an increase in revenue from budget measures, revenue would have increased by only 0.8 per cent. Given that the health system throughout Australia is running at an inflation rate of more than eight per cent each year, I think that illustrates the point.

We want to focus on the strength of the State and we want a sensible debate on these issues and what they mean for the budget. This Government can guarantee that, when it comes to sensible debate, the Labor Party will make that contribution; however, I am not as sure about the Liberal Party.

The SPEAKER: I call to order for the first time the member for Warren-Blackwood.