

McGOWAN GOVERNMENT — ECONOMIC MANAGEMENT

647. Ms C.M. ROWE to the Premier:

I refer to the McGowan Labor government's commitment to maintaining a strong economy and responsible financial management. Can the Premier update the house on this government's approach to the growing risk of a global recession and outline why it is important that WA maintains a strong economic and budgetary position?

Mr M. McGOWAN replied:

I thank the member for Belmont for the question. The risk of a global recession is increasing. The federal budget last night indicated that. To quote the federal Treasurer —

High inflation is sapping momentum and global growth is slowing by more than expected, with some major economies stalling or contracting.

In a report released last month, the Commonwealth Bank slashed its forecast for global economic growth next year to just 1.6 per cent and forecast recessions in the United States, the United Kingdom, the Eurozone and Japan. It also indicated, as I said, that economically the world is in trouble. There are a range of reasons for that. We all know about the situation in Russia and Ukraine, the hangover from the pandemic, and the enormous expenditure that took place in most places around the world. The inflationary impact of all that is impacting on the economy.

Western Australia is a trading state, more so than any other part of Australia. We are exposed to what happens internationally and we need to be very careful about what occurs in the future. Chances are that we will receive less for our exports. Chances are, therefore, royalties will decline. That is why need to keep ourselves in a strong budgetary position. The federal Treasurer said this last night —

... our best defence against uncertainty around the world is responsible economic management ... at home.

This government will continue to deliver that, because that is what will keep us in the best position for next year and in the years ahead as all these things come to bear on our state and on the world.

Having said that, what is occurring interstate is also of great concern. We saw yesterday—it has been reported now for a while but it appears to be coming to pass—that there are massive increases in the cost of living and the cost of electricity and gas in other states of Australia. They are saying that in other states of Australia there will be an increase in electricity of somewhere in the vicinity of 50 per cent, and gas prices are expected to grow by 40 per cent in the next couple of years. For some wholesale markets, it will be by up to 100 per cent. That will have a massive impact on households around the country. The good thing is that Western Australia is in a much better position for two reasons. The first reason is that in 2006 the then Premier Alan Carpenter and his government put in place the domestic gas reservation policy that we implemented to ensure —

Several members interjected.

The SPEAKER: Order, please!

Mr M. McGOWAN: The good thing is that the former Labor government of Alan Carpenter put in place the domestic gas reservation policy. That policy was attacked. I recall the attacks. The Liberal Party attacked it. Do members remember Ian Macfarlane? He described it as being like a Hugo Chávez policy in Venezuela. Now, it is the envy of Australia. All the other states are asking, "Why didn't we do that?" The WA Labor government of Alan Carpenter put it in place in 2006, and we have implemented it on projects since then. It is not easy, trust me, but we did it.

The second thing is that we have kept our electricity assets in government hands. New South Wales sold its assets all on the basis that that was the right thing to do. That created chaos inside the NSW electricity market and, secondly, it blew out debt. NSW got billions of dollars for it, but its debt has climbed twentyfold since this NSW government has been in office. We did not sell our electricity assets. We managed the finances well. We have a well-managed electricity system and we are avoiding the chaos of the east. Who was it who wanted to sell off our network? It was the Liberal Party here in 2017. We all remember that. That is what it wanted to do. That might explain partly—I say only partly—its current position.

The good thing is that Western Australia is in a good position, but there are difficult days and difficult waters ahead that we will have to navigate. We are going to make sure that we keep ourselves in as good a position as we can in the lead-up to that.