

CORONAVIRUS — STATE ECONOMIC RECOVERY PLAN

388. Mrs J.M.C. STOJKOVSKI to the Treasurer:

I refer to the severe impact that COVID-19 has had on both the Western Australian economy and the state's finances, as the Treasurer outlined earlier today. Can the Treasurer update the house on the McGowan government's economic recovery plan; and can he outline to the house what the government's primary focus will be as it continues to roll out this plan and respond to the economic and financial impacts?

Mr B.S. WYATT replied:

I thank the member for Kingsley for a very, very good question. Today I tabled two documents—one being the quarterly report for the March quarter for the nine months up until March, and the other being an economic and fiscal update just to outline where we are seeing the impacts of the coronavirus on the state economy and finances. It is clear from the March quarter that up until the impact of coronavirus, the economy and the finances were doing very, very well. Indeed, today the Australian Bureau of Statistics also released its private new capital expenditure data, and it represents about 70 per cent of business investment. As the Premier and I have said, it is going to be up to the private sector to deliver on the jobs that we want to see for Western Australians.

That data highlighted that private new capital expenditure grew by 7.8 per cent in the March quarter, which confirms where the Western Australian economy was in March. That was the strongest growth since June 2013. By way of comparison, private new capital expenditure fell by 1.6 per cent nationally in that same quarter. That again gives us an idea that Western Australia was emerging as one of the nation's stronger economies. We saw that in expected growth of three per cent and an unemployment rate of 5.2 per cent—they were both the best results in over five years. Of course, that put us in a very strong position to respond to the impact of the coronavirus and, importantly, places us well to restore and reform now that we are entering the reopening stage. The \$2.4 billion operating surplus at March 2020 meant that our net debt was \$9 billion lower than was forecast under the former Liberal–National government. That means we have the balance sheet to deal with the sorts of things we now have to deal with. As I highlighted today, the June and September quarters will be tough quarters in Western Australia, as they will be nationally and globally. We expect to see a significant contraction in the June quarter and then throughout 2020–21. That is the forecast. I want all members to know that it is highly uncertain, because this data is still emerging and not something we ordinarily model—that is, a sudden stop in global, national and state output. However, I think it highlights that Western Australia is actually better placed than most states to respond to the impact of the coronavirus.

Yesterday, the Premier announced the formation of the State Recovery Advisory Group to assist the government with strategic advice on its recovery plan. The three stages are so important, with the cautious reopening that we are going through at the moment with the easing of restrictions and restoration of economic activity. I suspect that there will be some form of restriction on international borders for the rest of this calendar year, so we will not be able to get the economy back to the unrestricted growth that we saw prior to the coronavirus. But we can make reforms internally and bring forward spending on the sorts of projects that encourage jobs. Ultimately, our government was elected to deliver on jobs, and it was doing that until the coronavirus had such a devastating impact. That is where the government will focus its attention. Whether it is important reforms such as those of the Minister for Planning that went through the lower house last night, the bringing forward of road, rail or maintenance projects, or the nearly \$2 billion of tax cuts and waivers that the government has already announced and done, the government stands ready to do more. The reality is that this has been unlike anything we have seen in terms of the models that we have used to try to understand the impact on the Western Australian economy. What we are seeing, though, which is reflected at both the national and international levels through the International Monetary Fund, the World Bank and others, is that post 2020–21, a return to state, national and global growth is expected. Again, the reason we are in a strong position to respond and make the calls we have made to support households and businesses is because of the work done in the first three years of the McGowan government to restore the balance sheet of the state.