

STATE ECONOMY — BUSINESS CONFIDENCE

**615. Mrs J.M.C. STOJKOVSKI to the Treasurer:**

I refer to the latest state final demand figures for WA, which were released last week. Can the Treasurer update the house on how the McGowan Labor government is driving economic growth, encouraging business confidence and turning around the domestic economy, which was plunged into recession by the previous Liberal–National government?

**Mr B.S. WYATT replied:**

I can indeed answer that question, and I thank the member for Kingsley for asking it! Can I say how far we have come since those dark days, when, late in the day of the Liberal–National government, business confidence was at the same level as it was during the global financial crisis. When businesses were asked whether they preferred the Liberal–National government or global Armageddon, they chose global Armageddon. Importantly, from the 2016–17 year—the one year on record that we had a recession in Western Australia—we are now back to a period of growth. Importantly, average annual growth of state final demand is now at 1.3 per cent. The member for Kingsley will be pleased to know that that is the highest level since September 2013, and that this is the first time there has been two quarters of continuous growth since June 2013. We have a range of data. One important one that I want to mention, because I have talked about it at length in here, is the decline in business investment. That has been declining. In fact, at the time of the election, under the Liberal–National government, it was declining at the rate of 32 per cent. We finally have some growth—moderate growth, but some growth. That is an important signal that the confidence of the private sector is returning—we see that not just in the Chamber of Commerce and Industry of Western Australia dataset, but also in how they are investing. That is why private sector investment in machinery and equipment is continuing to surge; it is now growing at 22 per cent on an annual average basis. To quote John Nicolaou, who heads up ACIL Allen Consulting —

“To see the domestic economy grow again ... that is a very significant sign.”

This is good news at every level around job creation and confidence. Everybody that I have spoken to has been happy about this data—nearly everybody! It appears that *The Muppet Show* is not isolated to Canberra; it is here as well. I was intrigued by the response of the Leader of the Opposition, who said —

Today’s economic figures show WA’s “growth” is a result of government expenditure.

The member for Bateman—my dour friend from Bateman—said —

The growth in State Final Demand is mostly from government spending ... Economy yet to really improve.

I was intrigued by that, because it is the first time I have heard this particular Liberal opposition complain about government spending. I went back and had a look at what is the percentage of government spend as a percentage of state final demand. Interestingly, right now it is exactly the same as it was at the time of the election, at around 15 per cent. Over 20 years, the single biggest increase in government spending as a percentage of the economy was under whom? It was the former Treasurer, the big-government member for Riverton and Leader of the Opposition. It surged a massive 17 per cent while he was Treasurer. Now he complains about that government spending as an outrage in driving the sort of growth that we want to see! At the same time, of course, the member for Churchlands has asked me to “pump prime the economy”. I get the member for Bateman saying that we have to stimulate the housing sector. At the same time that he complains about negative equity, he wants me to go out there and have a bunch more houses built to decline prices further. It is a bizarre scenario that we find ourselves in with the opposition. At every turn, the opposition does not know what it stands for when it comes to the economy or the finances. It articulates one case one minute and then changes its mind with a very different one the very next minute. What they should all be happy about—the member for Bateman, Leader of the Opposition and member for Churchlands—is that we are now seeing growth in the WA economy for the first time since 2013. That is creating jobs, it is creating confidence and it is good for every single Western Australian.