

Hansard

Legislative Assembly Budget Estimates Committee A

3rd June 2010

Dr M.D. NAHAN: I refer to the first dot point on page 125 of the *Budget Statements*. It refers to the improvement in the state's economic outlook. The challenge is to build on these foundations. Could the Treasurer give some indication as to what policy is in place to build on these long-term foundations?

Mr C.J. BARNETT: I think the member for Riverton would be of the same view as me, that the Western Australian economy is improving. It has certainly shown those signs in the past few months. I am extremely worried about what implication the federal mining tax proposal will have. I know there is somewhat of an academic debate taking place in Australia about models and the like.

We are fortunate in this state that a number of large projects, particularly in the liquefied natural gas sector, are largely unaffected by those changes. I expect those projects to go ahead. Within this budget we are allocating large amounts of funding to key projects in this state such as the LNG Precinct, the Ord River project, and Oakajee and others; and of course the Gorgon project is underway.

The capital works project, or the asset investment program of \$7.6 billion, is strong. One of the reasons Western Australia did well over the past 18 months was the big capital works program that we had in last year's budget. That has, of course, been rolled out through schools and hospital projects, and a whole lot of regional development exercises. We are conscious that, given the experience of around 2006 when there was a boom period in commodity prices, we saw house prices rise and land shortages.

There are a number of measures in this budget to try to make sure we avoid those problems. There was also a big commitment last year, and this year, to training. I am optimistic about the state economy. What is being played out in Canberra is a great tragedy. In an ironic way, while the effects will be felt most in Western Australia, there are probably enough large projects coming, that this state will actually ride through it reasonably well. The flow-on effects to the other states is where it will be felt. For example, there are several thousand fly in, fly out workers who come from the Gold Coast, Melbourne and now Sydney—they will be the first to lose their jobs.

The loss of jobs will show up, to some extent, in the statistics of other states. It is a very, very uncertain time now. We had gotten through this recession, or downturn, in Australia and we were really looking forward to a terrific period ahead, which is being put at risk by the Rudd government.

Dr M.D. NAHAN: One of the issues in the past growth period was people, or the lack of them, particularly skilled people; will that continue to be a problem, or does the government anticipate it to be so?

Mr C.J. BARNETT: Yes, it is a problem, particularly now in mining construction and operations. We are talking about highly skilled people now—the demands of that industry, in its modern form, are very exacting. The pressure is there, although I am still a little sceptical

about some of the forecasts of the Chamber of Commerce and Industry of Western Australia that we need hundreds of thousands of people; I just do not think that is the case. Nevertheless, hopefully we will see the increased migration of people across Australia, and Western Australia continues to attract a very high proportion of overseas migration. I will be concerned if, federally, cuts were made to our international migration program; I think that would become a serious problem for us. If that was maintained at a fairly high level, I think we will get through.