



THE
JOHN CURTIN INSTITUTE
OF PUBLIC POLICY


The View from Western Australia

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Curtin University



The Dominant View

“The second decade of the 21st century ... will be a defining decade for Western Australia. We’re only in year one. The other defining decades were the 1890s with the gold rush ... and the 1960s with the development of the Pilbara ... And this decade, I think, will prove to be the same ... this is probably the greatest nation building economic development in Australia’s history since the 1960s.”

(Premier Colin Barnett, 30 November 2010)



WA in the 2000's: Forging Ahead

	2001-2005		2006-2010	
	WA	Australia	WA	Australia
Growth (%)	22%	10%	18%	12%
Population	8.0%	6.6%	8.9%	6.1%
Employment	12.3%	10%	12.5%	10.2%
Exports	41%	13%	86%	41%
Investment	74%	55%	60%	20%



“Resources aren’t everything, but in the long run they are almost everything”

Mining as a share of ... (in 2010)

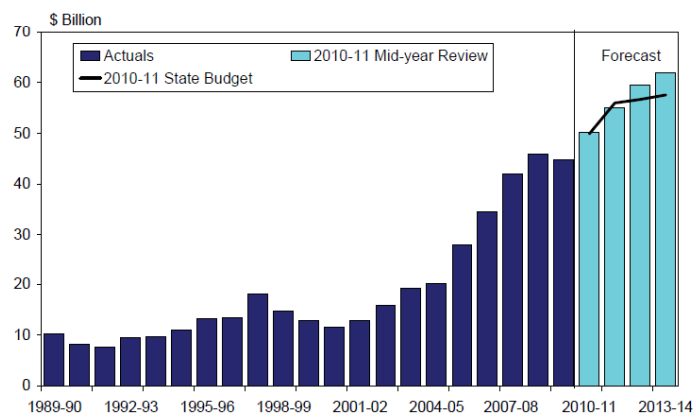
	WA	Australia
GSP/GDP	27%	5.6%
Labour Force	7.1%	1.8%
New Jobs (Nov 09-Nov 10)	45%	8%
Exports	89%	49%
Business R&D	69%	25%



Investment growth

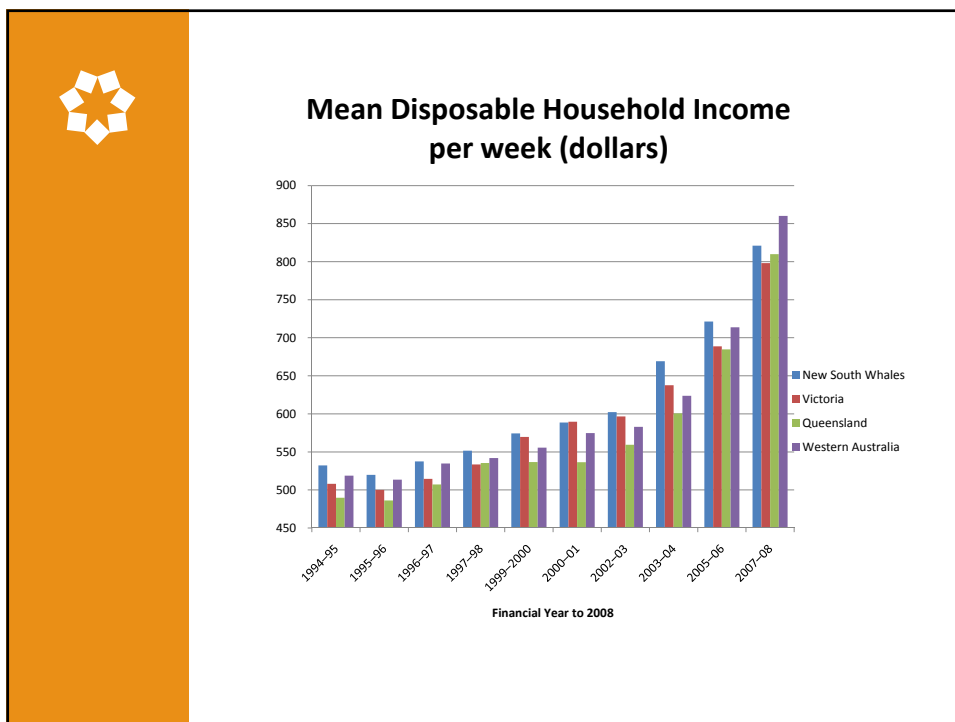
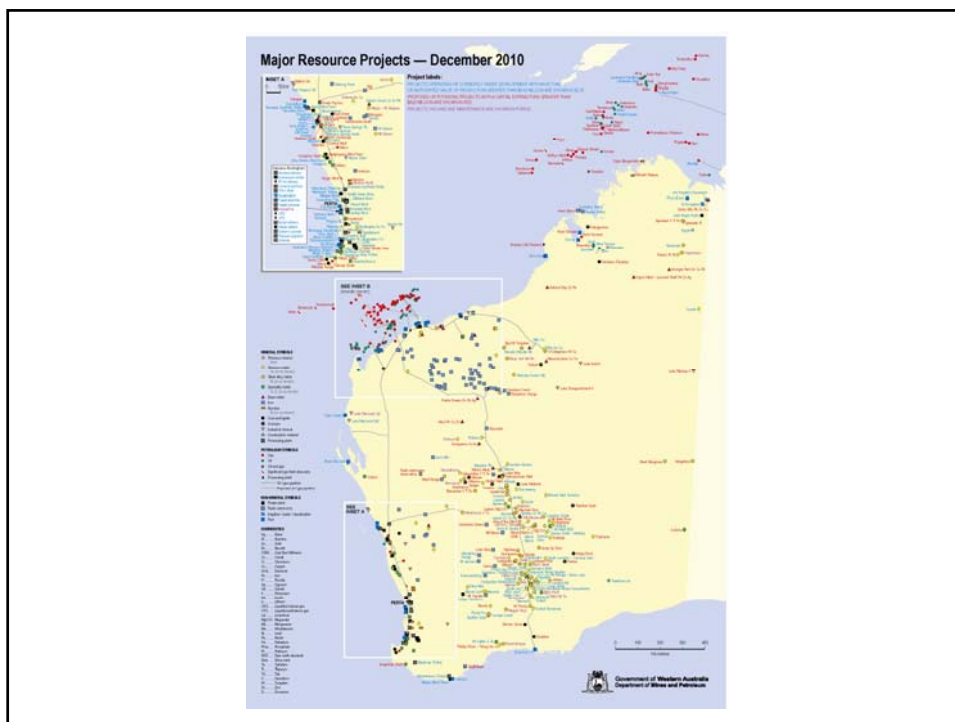
From Mid Year Review

BUSINESS INVESTMENT IN WESTERN AUSTRALIA Annual Levels, Chain Volume Terms



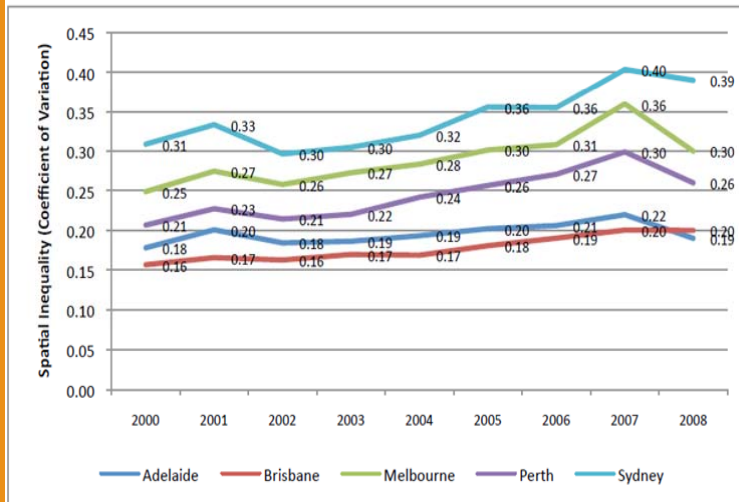
Source: ABS Catalogue 5220.0 and Department of Treasury and Finance.

Note: Data are adjusted for 1997-98 sale of Dampier to Bunbury Natural Gas Pipeline.

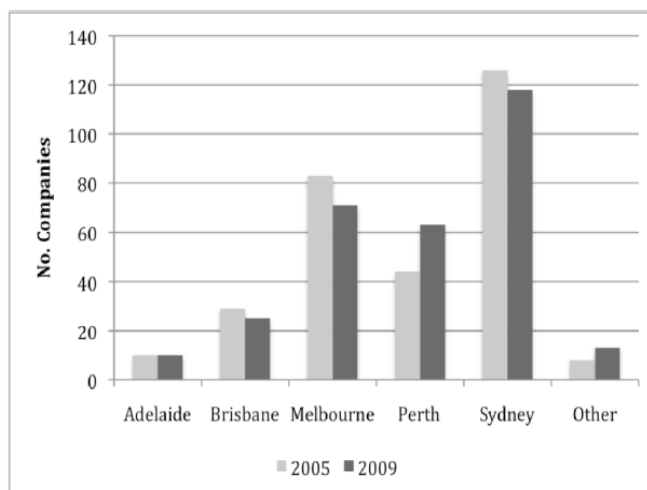




Inequality in Australian Cities

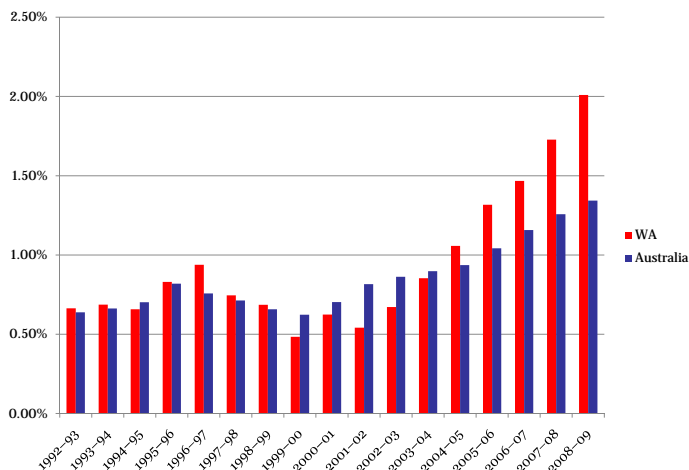


Location of Australia's 300 Largest Listed Companies, 2005 and 2009



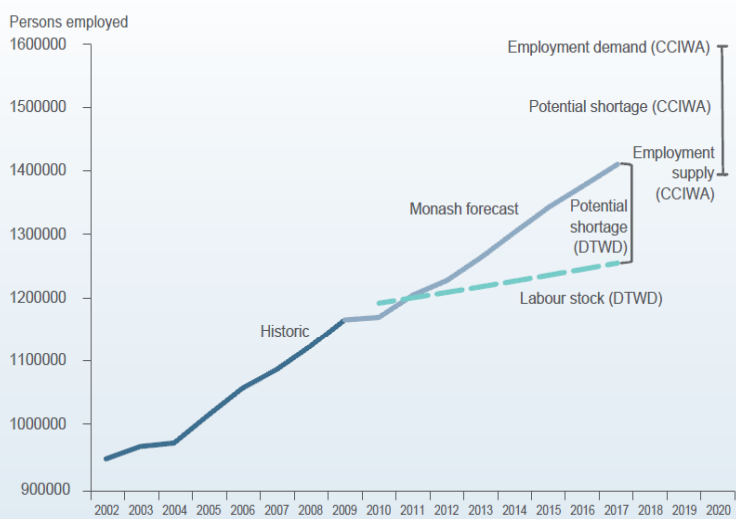


WA as a knowledge economy? BERD/GDP ratio – WA v Australia



Labour demand challenges

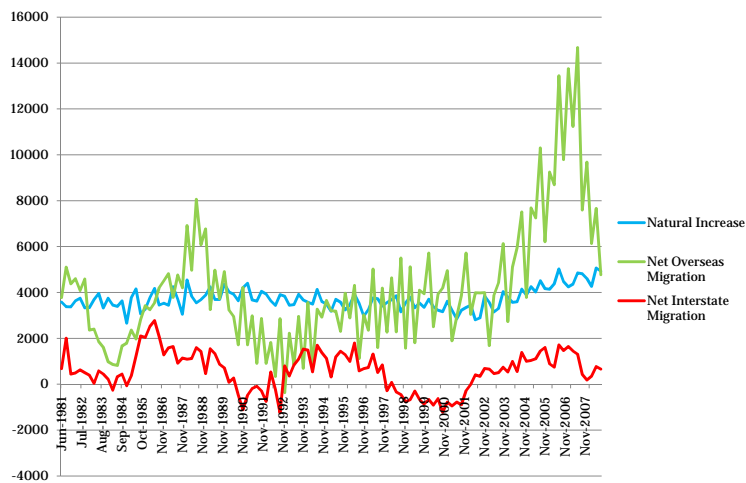
Labour supply and demand (2002-2020)³²



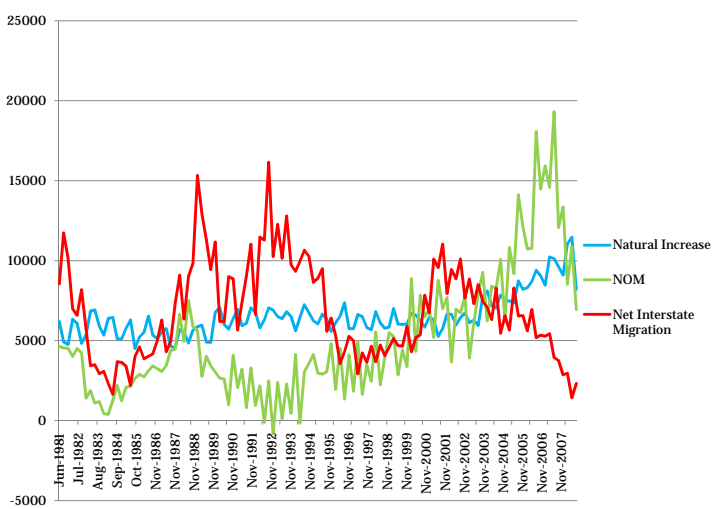
Source: Compiled by the Department of Training and Workforce Development

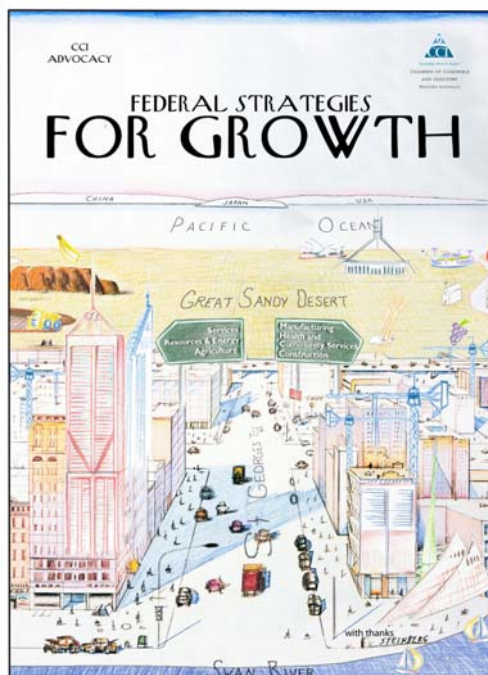


Migration (quarterly): WA



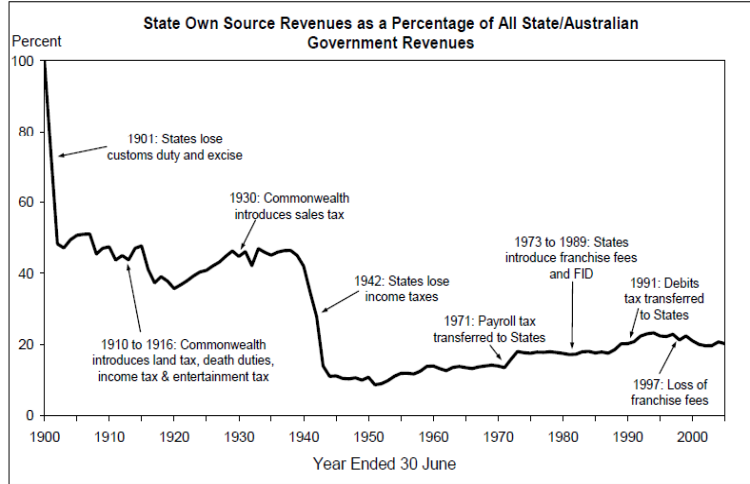
Migration (quarterly): Queensland



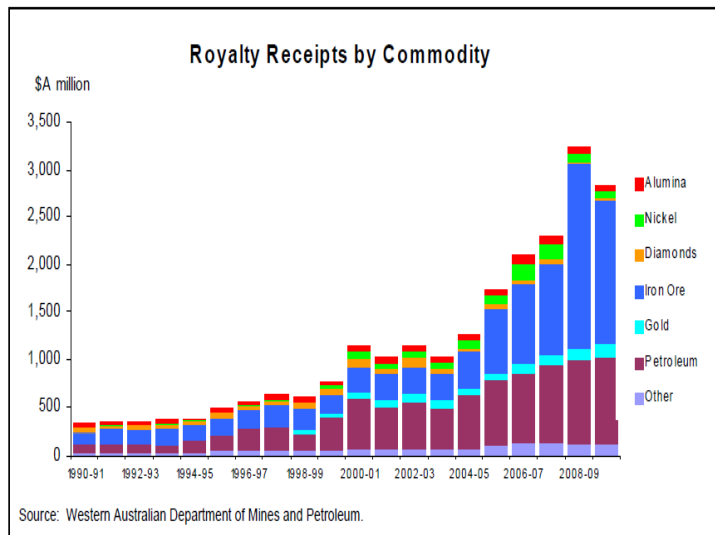


State Government strategies

	Defend-resist-oppose	Accept-engage-cooperate
Multi-lateral	Hold the line <i>Work choices</i>	Cooperative federalism <i>National reform agenda</i>
Bi-lateral	'Stand up for WA' 'A fair share for WA' <i>National Water Initiative</i> <i>GST shares</i> <i>RSPT/MRRT</i> <i>Health</i> <i>VET regulator</i> <i>Offshore gas regulator</i>	Do deals – win-wins <i>NWS royalty deal</i> <i>Infrastructure Australia</i> <i>Gorgon infrastructure fund</i>



Source: Western Australian Department of Treasury and Finance.

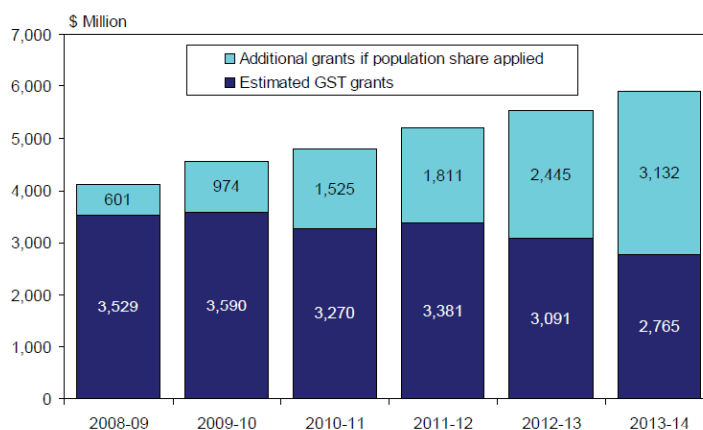


Source: Western Australian Department of Mines and Petroleum.



WA and the GST

REDUCTION IN WESTERN AUSTRALIA'S GST GRANTS ^(a)



(a) These forecasts are based on relativity projections that differ from those published in Commonwealth's Budget Papers and *Mid-Year Economic and Fiscal Outlook*, as they include projected changes in the relative revenue raising capacity of the States and Territories, which are not reflected in the equivalent Commonwealth projections.

Source: Department of Treasury and Finance estimates.



A 'Battle Royal'?

Proposition 1: If HFE is too severe, states have little incentive to promote economic activity (including resource development).

Proposition 2: If HFE is too severe, states have little incentive to raise royalty rates.

Implications:

- Make resource taxation a Commonwealth responsibility? OR
- Reform HFE