



West Australian
Friday 22/10/2010

Page: 19
Section: General News
Region: Perth, AU
Circulation: 203204
Type: Capital City Daily
Size: 349.89 sq.cms.



press clip

Boom 'a whimper without workers'

BEATRICE THOMAS

WA and the rest of the nation face an economic boom period that will fail to reach its potential because of a shortage of labour and severe lack of infrastructure investment, leading economist and planner Brian Haratsis has warned.

It comes as the WA Chamber of Commerce and Industry warned yesterday that severe labour shortages and growing pains across the economy raised the risk of further interest rate rises in coming months. In its latest quarterly snapshot, it again revised up its growth forecast, predicting WA would grow 5 per cent this financial year.

Mr Haratsis, who is in Perth today to launch his book *Australia 2050 — Big Australia?* said unless further Federal Government investment was made in WA the State would shoulder the burden of the resources-driven boom without any benefits.

“What we may have for one of the first times in Australian history

is a potential boom which is actually constrained because for the first time in 30 years we're actually going to run into a boom with no labour supply and no infrastructure,” he said. “The problem with that is inflation, (high) house prices, undersupply.”

Mr Haratsis, who runs consultancy firm MacroPlan Australia, said while the State Government's recently released planning framework *Directions 2031* was “a courageous attempt to increase land supply” in a short time, borrowing constraints hampered the private sector's ability to improve housing supply.

He said the Commonwealth needed to allocate significant infrastructure funding, including for roads and rail in the city, and for key resources areas such as the Pilbara and Mid-West.

“Perth is 44 per cent of national exports and it's likely to go to 60 per cent . . . so Australia is depending

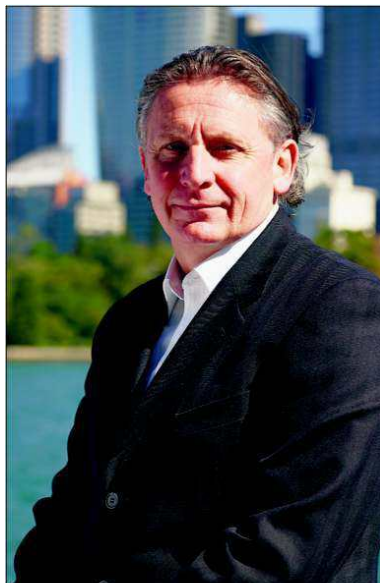
on Western Australia being able to continue to grow without labour constraint,” he said. “WA is the motor of growth in Australia, it's not Queensland.”

CCI chief economist John Nicolaou said the chamber was predicting growth of 5.75 per cent in 2011-12 and 6.25 per cent in 2012-13 on the back of impressive growth by key Asian trading partners.

“The State's economic recovery and labour shortfall will drive inflation higher, leaving the Reserve Bank little choice but to raise interest rates,” he said.

Planning for future growth will be at the centre of a forum today, organised by the Urban Development Institute of Australia to discuss *Directions 2031*.

UDIA chief executive Debra Goostrey said assessing the implications on land supply and affordability were critical given the expected strong demand from buyers as the economy picked up.



Looking ahead: Brian Haratsis says WA is the motor of growth in Australia.