

**Question 30****(20 marks)**

In recent years, Western Australia has experienced the rapid expansion of new mining and energy industries such as lithium and liquefied natural gas (LNG) and increased investment by new firms that could earn the nation hundreds of billions of dollars in exports.

- (a) Discuss the importance of investment to the Australian economy and explain the factors that can influence the total amount of investment spending in Australia. (10 marks)
  
- (b) Use the aggregate expenditure model and the multiplier process to demonstrate and explain the likely effect of the increased mining and energy investment on the Australian economy. (10 marks)