

Getting Western Australia's finances back on track.

The McGowan Labor Government's commitment to responsible financial management is delivering historically low rates of expenditure growth and a projected return to surplus by 2020-21, which in turn is arresting the unsustainable growth in net debt inherited from the previous Government.

STATE FINANCES AT A GLANCE

- At \$1.3 billion, the estimated **general government operating deficit for 2017-18 has halved since the Mid-year Review.**
- **Expense growth in 2018-19 has been contained to just 0.9%**, and an average of 1.2% per annum across the forward estimates period.
- **The revenue outlook has stabilised**, with revenue expected to grow by an average of 3.5% per annum over the Budget period.
- Operating deficits are declining, with **a projected return to surplus in 2020-21.**
- The improving outlook has seen a substantial **\$3.2 billion improvement on the forecast level of net debt** compared to the 2017-18 Budget.
- These outcomes are being achieved while still delivering high quality services and job-creating infrastructure.

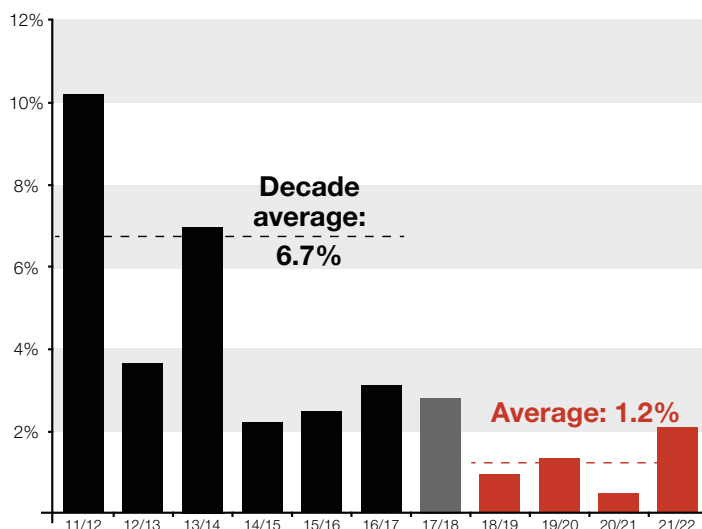


EXPENDITURE MANAGEMENT

Low rates of expense growth reflect the reprioritisation of existing expenditure and the cumulative impact of savings measures across the forward estimates period.

- Expenditure growth forecast at an average of 1.2% per annum is well below average annual growth of 6.7% over past decade.
- Salaries growth brought under control through tightening public sector wages policy, targeted voluntary separations and reductions in Senior Executive Service positions.

GENERAL GOVERNMENT EXPENSE GROWTH



THE PATH TO SURPLUS

Disciplined recurrent expenditure management, combined with a more stable outlook for the State's revenue, results in declining forecast operating deficits in 2018-19 (\$906 million) and 2019-20 (\$160 million), before a projected return to surplus in 2020-21, the first surplus since 2013-14.

- The improved outlook for 2017-18 is underpinned by lower recurrent spending and successful negotiation for additional funding from the Commonwealth for priority infrastructure projects, including METRONET.
- Stronger general government sector operating results are expected to see total public sector net debt peak at \$40.9 billion at 30 June 2020, before declining to \$39.7 billion by the end of the forward estimates period.
- The Government is on track to meet all of its financial targets by 2020-21, including reducing the proportion of net debt held by the general government sector.