



GOVERNMENT OF
WESTERN AUSTRALIA

WESTERN AUSTRALIA **STATE BUDGET** **2019-20**

BUDGET PAPER NO. 3

**Economic and
Fiscal Outlook**

2019-20 Budget Paper set includes:

Budget Paper No. 1 – Treasurer’s Speech

Budget Paper No. 2 – Budget Statements (Volumes 1–2)

Budget Paper No. 3 – Economic and Fiscal Outlook

Reader’s Guide to the 2019-20 Budget Statements (available from www.ourstatebudget.wa.gov.au)



2019-20 B U D G E T

E C O N O M I C A N D F I S C A L O U T L O O K

Budget Paper No. 3

**PRESENTED TO THE LEGISLATIVE ASSEMBLY
ON 9 MAY 2019**

2019-20 Economic and Fiscal Outlook

(Budget Paper No.3)

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2019-20 BUDGET

ECONOMIC AND FISCAL OUTLOOK

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Under Treasurer's Certification

The *Government Financial Responsibility Act 2000* (GFRA) requires that the Treasurer release a Government Financial Strategy Statement at least once every year (section 11), and a Government Financial Projections Statement when the Budget Papers are tabled in the Legislative Assembly (section 12). The required content of these statements is detailed in sections 11 and 12 of the GFRA.

For the purposes of these GFRA requirements:

- the Government Financial Strategy Statement and associated financial targets disclosures are detailed in Chapter 3: *Fiscal Outlook and Strategy* in this Budget Paper;
- Chapters 1 to 7 and Appendix 1 in this Budget Paper, and the Government's summary Budget strategy detailed in Budget Paper No 1: *Treasurer's Speech*, together form the 2019-20 Government Financial Projections Statement required by sections 12(1) and (2) of the GFRA. In particular:
 - Appendix 1 details the projections required by section 12(2)(a) of the GFRA;
 - Chapters 1, 2 and 3 detail the economic and other assumptions underlying the Budget projections (section 12(2)(b));
 - Chapter 3 details the compliance of the projections with the Government's financial targets (section 12(2)(c)); and
 - the Statement of Risks in Chapter 3 details the sensitivity of the projections to various economic and financial assumptions and other risks (sections 12(2)(d) and (e)); and
- this certification gives effect to the requirements of sections 12(2)(f) and 12(8).

As required by section 7(2) of the GFRA and paragraph 6 of AASB 1055: *Budgetary Reporting*, the forecasts for 2019-20 and beyond include the projected impact of three new accounting standards (detailed in a feature box in Chapter 3 of this Budget Paper).

To assist readers, and to support trend analysis, prior year financial outcomes discussed in chapters and in the detailed financial statements in Appendix 1 of this Budget Paper have been backcast to estimate the impact of the new standards had they applied to years prior to 2019-20.

Forecasts for the 2018-19 expected outturn and comparable outturn data for 2017-18 on a basis consistent with prevailing accounting standards are also contained in a note to the financial statements in Appendix 1.

The Government Financial Projections Statement presented in this Budget is based upon Government decisions that I was aware of or that were made available to me by the Treasurer, together with other relevant information known to Treasury, on or before the Budget planning cut-off date of 8 April 2019 and which have a material effect on the State's financial projections.

It has been prepared in accordance with applicable Australian Accounting Standards and Government Finance Statistics principles, and is based on the economic forecasts and assumptions outlined in Chapter 1: *Overview*, Chapter 2: *Economic Outlook* and Chapter 3: *Fiscal Outlook and Strategy*. These assumptions were finalised by Treasury, under my direction, on 8 April 2019.

Estimated actual data for 2018-19 and forecasts for 2019-20 to 2022-23 included in this Budget are based on estimates prepared by agencies. Final audited outcomes for 2018-19 will be available in the *Annual Report on State Finances*, to be released by 28 September 2019.

A handwritten signature in black ink, appearing to read 'M. Barnes', with a stylized, cursive script.

Michael Barnes
UNDER TREASURER

9 May 2019

Overview

HIGHLIGHTS

- This Budget delivers a return to surplus (of \$553 million) in 2018-19, the Government's second year in office, and the first operating surplus since 2013-14.
- This represents a \$1.2 billion turnaround from the \$674 million operating deficit for 2018-19 forecast in the Mid-year Review, and primarily reflects recent strengthening in the iron ore price (which is expected to be temporary) and a partial bring-forward of Western Australia's 2019-20 GST top-up payment into 2018-19.
- Operating surpluses are also forecast across the entire forward estimates period, including a \$1.5 billion surplus in 2019-20. These surpluses are underpinned by the Government's disciplined management of expenditure, combined with an expected pick-up in economic activity from 2019-20.
- In its first two years in office, the Government has reduced net debt by a projected \$4.1 billion relative to the 2016-17 *Pre-election Financial Projections Statement* (PFPS). Net debt is now expected to peak at \$37 billion at 30 June 2020 (or \$39.5 billion including the impact of new accounting standards incorporated in this Budget). This compares with net debt rising to a forecast \$41.1 billion in the PFPS under the previous Government (or \$43.7 billion after the new accounting standards).
- Western Australia is the only State forecasting net debt to peak over the forward estimates period.
- With the earlier than expected return to surplus, the Government has been able to deliver the lowest increase in household tariffs, fees and charges since 2006-07, provide a temporary relaxation of Keystart lending criteria, and make targeted investments in key services and a range of job-creating initiatives.

Economic and Fiscal Outlook

Global and national factors are impacting the immediate outlook for the Western Australian economy. Global growth has been revised down by the International Monetary Fund, and a tightening in access to credit across Australia, coupled with declining house prices, has impacted household consumption and dwelling investment. This is corresponding with the completion of construction work on the last of Western Australia's mega-LNG projects, which is acting as a drag on business investment.

Nonetheless, Western Australia's economy continues to grow, with Gross State Product (GSP) projected to increase by 2% in 2018-19.

GSP growth is forecast to strengthen in 2019-20 to 3.5% on the back of the first substantial lift in business investment in seven years. This mainly reflects the construction of new and replacement iron ore projects and new lithium projects. In addition, this Budget contains substantial Government investment in major road and METRONET rail infrastructure projects. Work on these projects is expected to see labour market conditions improve, with employment expected to grow by 1.75% (or 23,500 jobs) in 2019-20.

The economic assumptions underpinning the 2019-20 Budget are outlined in the table below.

KEY BUDGET ASSUMPTIONS
Western Australia

Table 1

	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate
Real Gross State Product growth (%)	1.9	2.0	3.5	3.0	3.0	3.0
Real State Final Demand growth (%)	1.0	-1.0	3.0	3.5	3.5	3.5
Employment growth (%)	2.2	1.0	1.75	2.0	2.0	2.25
Unemployment rate (%) ^(a)	6.1	6.25	6.0	5.75	5.5	5.25
Wage Price Index growth (%)	1.5	1.75	2.25	2.75	3.0	3.25
Perth Consumer Price Index growth (%)	0.9	1.25	1.75	2.25	2.5	2.5
Iron ore price, \$US/t, CFR ^{(a) (b)}	68.8	76.5	73.5	65.6	63.7	63.7
Iron ore volumes (million tonnes)	825	799	837	847	853	858
Crude oil price (\$US per barrel) ^(a)	63.7	68.5	67.1	64.5	62.4	61.0
Exchange rate (US cents) ^(a)	77.5	71.8	71.4	71.8	72.1	72.3
Population growth (%)	0.8	1.0	1.3	1.5	1.6	1.7
Interest rate assumptions (%) ^(a)						
– Public Bank Account interest earnings	2.1	2.2	2.1	2.3	2.6	2.8
– Consolidated Account borrowings	3.0	3.1	3.0	3.0	3.1	3.2

(a) Data expressed as annual average during the financial year.

(b) The benchmark (62% Fe) iron ore price delivered to north China inclusive of cost and freight (CFR).

Excluding the impact of accounting standards changes (see feature box in Chapter 3: *Fiscal Outlook and Strategy*), general government revenue has been revised up by \$3.1 billion over the period 2018-19 to 2021-22 relative to the Mid-year Review. Higher royalty income (up \$2.7 billion) accounts for most of this increase, and largely reflects upward revisions to the forecast iron ore price (particularly in 2018-19 and 2019-20) and a slightly lower \$US/\$A exchange rate.

General government expenses are projected to increase by just 1.5% in 2019-20, and by an average of 1.3% per annum over the forward estimates period. This low rate of expenditure growth includes the Government's continued commitment to the \$1,000 public sector wages policy.

The improved revenue outlook, and continued spending restraint, is expected to result in a general government sector operating surplus of \$553 million in 2018-19, the first surplus since 2013-14. An operating surplus of \$1.5 billion is forecast for 2019-20.

General Government Operating Surplus

There are a number of Budget performance measures. The headline measure of budget performance in Western Australia, and other States, is the **net operating balance** for the general government sector.

A broader measure of budget performance is the **cash surplus/deficit** measure. Unlike the net operating balance, this includes spending on infrastructure.

The net operating balance measures the difference between:

- operating revenue, from sources such as payroll tax, transfer duty, mining royalties, GST and other grants from the Commonwealth (but excluding revenue from sales of land or other assets); and
- operating expenses, including employee expenses, contracts with non-government service providers, grant programs, consumables, interest and depreciation (but excluding capital expenditure on new or existing infrastructure).

If operating revenue exceeds operating expenses for a financial year, the net operating balance is in surplus. This is expected to be the case in 2018-19 and each year of the forward estimates period. The last time Western Australia recorded an operating surplus was 2013-14.

The general government sector net operating balance is a well-established and widely used measure but it does not capture the full activities of the sector. Unlike the cash surplus/deficit measure, the net operating balance does not include capital expenditure on infrastructure. This means that substantial Commonwealth Government road funding is recognised as operating revenue, but road construction is not included in operating expenses. That is, a significant portion of the surplus is allocated to capital projects.

In Western Australia, the total public sector (which includes Government Trading Enterprises such as Western Power, Synergy and the Water Corporation) has been in a **cash deficit position** since 2007-08. This means that for over a decade, the State has not had enough cash to fund all of its spending (including capital expenditure on infrastructure), and has had to borrow to make up the shortfall. In turn, this is why the State's net debt levels have increased from \$3.6 billion at 30 June 2008 to \$34.6 billion at 30 June 2018 (before accounting standards changes).

In this Budget, the total public sector is expected to remain in a cash deficit position until 2020-21 – even though the general government sector net operating balance is expected to be in surplus from 2018-19. This is because until 2020-21, total Government spending will exceed revenue.

In this regard, an operating surplus does not represent ‘left-over’ money. Rather, it is a source of funds for the Government’s Asset Investment Program (which totals an estimated \$22.8 billion over the next four years). The larger the operating surplus, the less the Government needs to borrow to fund its investment in new and existing infrastructure.

This is why restraining expense growth and achieving operating surpluses is at the core of the Government’s fiscal strategy – because operating surpluses allow the Government to fund the infrastructure that the State needs, while at the same time limiting and ultimately reducing the debt burden on future generations.

Reflecting the State’s strengthening operating outlook, net debt levels are forecast to peak at \$37 billion at 30 June 2020, and subsequently decline in each year of the forward estimates period to a projected \$35.6 billion at 30 June 2023 (before new accounting standards).

KEY BUDGET AGGREGATES ^(a)

Western Australia

Table 2

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated Actual	Budget Estimate	Forward Estimate	Forward Estimate	Forward Estimate
GENERAL GOVERNMENT SECTOR						
Net Operating Balance (\$m)	-942	553	1,533	2,579	2,133	2,554
Revenue (\$m)	27,475	29,925	31,334	32,402	32,270	33,427
Revenue Growth (%)	7.5	8.9 ^(b)	4.7	3.4	-0.4	3.6
Expenses (\$m)	28,417	29,372	29,801	29,823	30,136	30,873
Expense Growth (%)	2.3	3.4 ^(b)	1.5	0.1	1.0	2.4
Net Debt at 30 June (\$m)	24,731	26,712	27,705	26,879	26,037	25,105
General Government Net Debt as a Share of Total Public Sector Net Debt (%)	67.4	68.3	70.1	69.2	68.0	66.4
TOTAL PUBLIC SECTOR						
Net Debt at 30 June (\$m)						
- before AASB 16	34,606	36,281	36,970	36,384	35,983	35,604
- impact of AASB 16	2,084	2,824	2,560	2,432	2,306	2,195
Net Debt at 30 June	36,690	39,106	39,531	38,816	38,289	37,799
Net Debt as a Share of GSP (%)	14.1	13.1	13.0	12.8	12.3	11.6
Asset Investment Program (\$m)	5,052	5,519	5,646	5,592	5,802	5,737
Cash Surplus/Deficit (\$m)	-2,799	-1,438	-248	954	747	729

(a) Data for 2017-18 and 2018-19 adjusted to be consistent with new accounting standards.

(b) Abstracting from the impact of accounting standards changes implemented in this Budget (and backcast in 2017-18 and 2018-19 in this table) and Commonwealth funding decisions that in some cases flow to State spending, growth in revenue and expenses in 2018-19 is 4.8% and 2.4% in underlying terms respectively.

Budget Objectives

Creating Jobs and Strengthening the State's Economy

This Budget promotes jobs growth and encourages investment in key sectors of the economy. Job-creating initiatives will support the Government's target of an additional 150,000 jobs by 2023-24, and include:

- \$4.1 billion for the construction of a world class public transport system, METRONET, to reduce road congestion, meet Perth's future planning needs, and create thousands of jobs. Key milestones are being achieved with contracts awarded and construction to begin in 2019-20 on the Bellevue railcar manufacturing facility, the Thornlie-Cockburn Link and Yanchep Rail Extension, and the Bayswater station upgrade to accommodate the Forrestfield-Airport Link and Morley Ellenbrook Line (see feature box in Chapter 6: *Asset Investment*);
- an additional \$1.3 billion for 25 priority road projects, increasing investment in road infrastructure to \$4.2 billion across the four years to 2022-23. The 25 priority road projects are expected to create around 28,000 new jobs across metropolitan and regional Western Australia (see feature box in Chapter 6);
- a temporary (1 July 2019 to 31 December 2019) increase to the income limits for eligible Keystart applicants (\$15,000 for singles and couples, and \$20,000 for families) to stimulate additional home loans, which are expected to largely flow through to new dwelling construction, boosting local jobs in the construction sector;
- \$131.5 million of additional expenditure by the Department of Primary Industries and Regional Development to continue its critical role in supporting primary producers and rebuilding scientific capability, which includes \$40 million to continue the Boosting Biosecurity Defences, Asian Market Success and Grains Research and Development support programs;
- the establishment of a \$60 million Industry Attraction and Development Fund – Collie, as part of the Government's wider Economic Plan for the region;
- introduction of a new Employer Incentive Scheme to stimulate growth in apprenticeships and traineeships, as part of the State's commitment to the National Partnership on the Skilling Australians Fund;
- \$22 million towards the creation and ongoing management of national parks, marine parks and conservation reserves as part of the Government's Plan for Our Parks initiative, providing jobs for Aboriginal people in regional Western Australia. This is in addition to continued funding of \$15.6 million for the Aboriginal Ranger Program;
- \$19.5 million for Stage 2 of the Forrestdale Business Park West precinct, which when completed, will become a significant commercial and industrial hub, facilitating economic development in the Armadale area;
- an additional \$12 million to boost tourism destination marketing, and a further \$10 million to establish an aviation development fund to increase direct flights to Western Australia and create local tourism-related jobs;

- \$7 million over the next three years to build and operate a marine finfish nursery and broodstock housing facility in Geraldton, to help fast track the growth of the Mid West aquaculture industry;
- \$4.6 million to support the establishment of a Future Energy Exports Co-operative Research Centre, which will develop the LNG Futures Facility at Kwinana and position Western Australia as a global leader in the development of LNG technology; and
- \$4.5 million to implement the StudyPerth International Education Action Plan and encourage growth in Western Australia's international education market.

This Budget also supports households with the lowest increase in tariffs, fees and charges since 2006-07 (2%). This includes an increase in residential electricity tariffs of just 1.75% in 2019-20, in line with the forecast inflation rate.

Delivering Quality Health Care, Education and Community Services

Measures to improve the quality and sustainability of health care, education and community services are central to this Budget, with spending on these services at record levels. Key initiatives to assist the Government in achieving its targets for a safer community, a bright future and promoting Aboriginal wellbeing include:

- a \$316.4 million increase in health system expenditure to meet higher than expected activity and costs, including as a result of a shift in demand from the private to the public hospital system;
- \$89.9 million to meet forecast growth in the adult prisoner population and offenders managed in the community;
- \$52.3 million to expand the use of electronic monitoring of offenders in the community and establish an electronic monitoring trial for high-risk domestic violence offenders;
- \$52 million to establish a Future Health Research and Innovation Fund, which will provide a secure source of funding for health and medical research, innovation and commercialisation;
- an additional \$42.5 million for Methamphetamine Action Plan initiatives aimed at reducing illicit drug use and related harm in the community;
- \$41 million for an end-of-life choices and palliative care services package;
- \$40 million to deliver support for students diagnosed with a disability in government schools;
- \$26.4 million to implement the recommendations of the Sustainable Health Review, including \$18.9 million primarily for a number of pilot initiatives across the State;
- \$22.7 million to refurbish the Royal Perth Hospital Intensive Care Unit;
- \$15.6 million to develop a 20-bed acute mental health unit at Fremantle Hospital;
- \$15.4 million to provide body armour vests for frontline police officers; and
- \$7.1 million to expand Victoria Park Primary School.

Shaping our State, Investing in our Suburbs and Towns

In line with the Government's commitment to create liveable communities and regional prosperity, this Budget prioritises significant investment in infrastructure to support suburbs and towns across the State, including:

- an additional \$61.5 million for Western Power to roll out advanced metering infrastructure across its network to improve safety and reliability;
- \$30 million to prepare the East Perth Power Station site for future development;
- \$29.5 million for planning to inform future investment decisions for METRONET projects under development;
- \$22.2 million to upgrade water and wastewater services in remote Aboriginal communities in the Kimberley;
- \$13.8 million to establish and manage the Houtman Abrolhos Islands National Park; and
- \$8 million to establish a Multi-purpose Facility that will enhance the emergency management capability of Collie and surrounding areas.

The Government has been able to fund these initiatives, while at the same time returning the Budget to surplus ahead of schedule, because of its responsible financial management and its ability to work with the Commonwealth Government to secure GST reform and additional infrastructure investment for the benefit of all Western Australians.

Economic Outlook

HIGHLIGHTS

- The short-term economic outlook – globally, nationally and at the State level – has deteriorated since the Mid-year Review.
- The International Monetary Fund has recently downgraded its global growth forecast for 2019, and the national and State economies have been impacted by a tightening in access to credit and declining house prices. In Western Australia, this is coinciding with completion of construction work on the last of the mega-LNG projects, which is acting as a drag on business investment.
- Nonetheless, growth in the State's economy (as measured by Gross State Product) is expected to accelerate from 2% in 2018-19 to 3.5% in 2019-20. This reflects an expectation of continuing solid growth in exports, combined with increasing business investment as spending on a new wave of resource sector projects (mostly iron ore and lithium) gathers pace.
- These projects, coupled with Government investment in major road and METRONET rail infrastructure, are expected to see employment growth of 1.75% in 2019-20, up from an estimated 1% in 2018-19. Across the forward estimates period, employment growth is expected to be further supported by an increase in residential construction activity from 2020-21 onwards.

Western Australia

Gross State Product

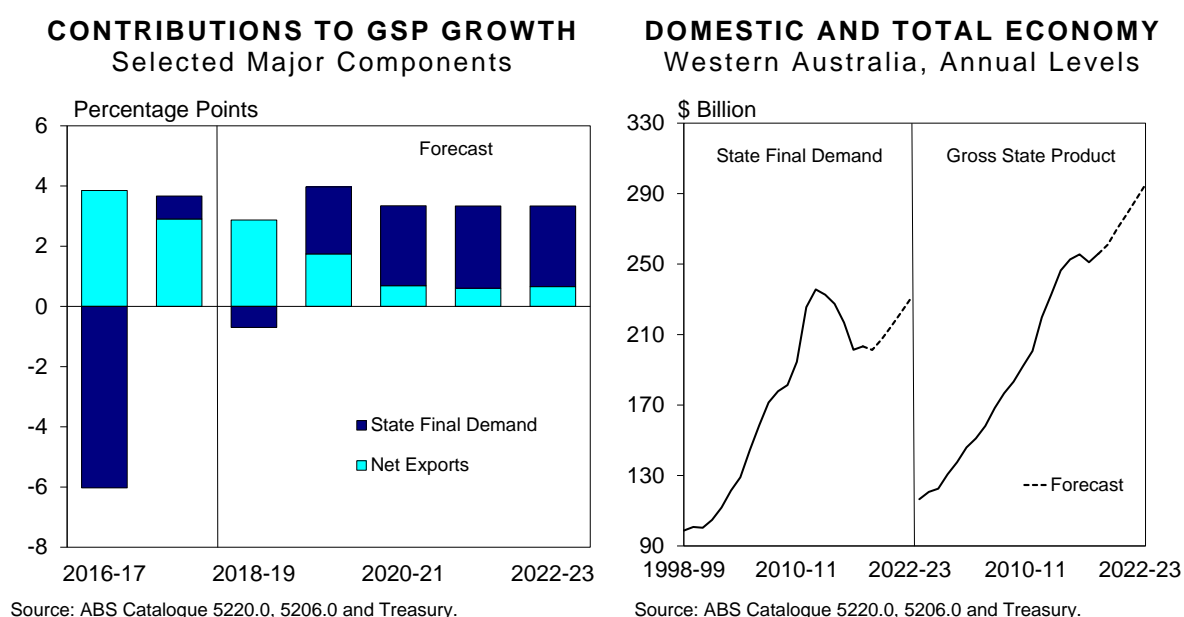
Western Australia's economy, as measured by **Gross State Product** (GSP), grew by 1.9% in 2017-18 following a contraction of 1.8% in 2016-17 (the first on record). Growth is expected to remain moderate (at 2%) in 2018-19 as an expansion in export volumes is largely offset by softness in the domestic economy. Current economic conditions have been impacted by an on-going tightening in access to credit in response to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission) as well as declining house prices, both nationally and at a State level. These factors have moderated growth in household spending and dwelling investment, at a time when business investment continues to decline as construction work on the last remaining LNG projects is completed.

However, growth is expected to pick-up to 3.5% in 2019-20 underpinned by the first substantial lift in business investment in seven years, reflecting the commencement of work on a number of new resource and infrastructure projects and a ramp-up in work on existing projects. This rise in investment is expected to drive improvements in labour market conditions, increased population growth and a boost in confidence and household spending.

GSP growth is forecast at 3% per annum in 2020-21 and beyond, with the domestic economy becoming the major driver of growth (see figure below, left-hand panel) and export volumes stabilising as iron ore and LNG projects operate at output capacity. Many of the factors underpinning growth in the domestic economy in 2019-20 are expected to sustain growth over the Budget period. Household spending is expected to progressively increase over the forecast period due to a consolidation in consumer confidence, a lift in population growth and a strengthening in labour market conditions. This expected increase in household spending, combined with continued growth in business and dwelling investment, will support ongoing growth in the overall economy.

The State's domestic economy, as measured by **State Final Demand** (SFD), is expected to contract by 1% in 2018-19 (figure below, right-hand panel), mainly reflecting declines in business and dwelling investment.

Figure 1



A pick-up in growth in household consumption and a return to growth in business investment are expected to result in SFD growth rebounding to 3% in 2019-20. SFD growth is then expected to stabilise at 3.5% from 2020-21 onwards, supported by growth across all major sectors of the domestic economy, particularly household consumption, dwelling investment and business investment. Nonetheless, it is noted that the size of the domestic economy by the end of the forecast period is still projected to be about \$6 billion lower than its peak in 2012-13, which was elevated by unprecedented levels of mining and LNG project investments.

Table 1

ECONOMIC FORECASTS
Western Australia, Annual Growth (%)

	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate
Demand and Output ^(a)						
Household Consumption	1.6	0.75	1.75	2.75	3.25	3.5
Dwelling Investment	-2.5	-1.75	-2.75	6.25	7.5	4.0
Business Investment	0.2	-10.0	6.0	7.0	6.0	4.0
Government Consumption	1.7	2.75	1.75	1.0	1.5	2.75
Government Investment	-1.8	3.0	10.5	2.0	-1.0	1.0
State Final Demand	1.0	-1.0	3.0	3.5	3.5	3.5
Merchandise Exports	4.9	4.25	4.0	2.0	1.75	1.75
Merchandise Imports	-4.8	-4.0	2.5	3.0	3.0	2.5
Net Exports ^(b)	8.5	8.0	4.5	1.75	1.5	1.75
Gross State Product ^(c)	1.9	2.0	3.5	3.0	3.0	3.0
Labour market						
Employment	2.2	1.0	1.75	2.0	2.0	2.25
Unemployment Rate ^(d)	6.1	6.25	6.0	5.75	5.5	5.25
Participation Rate ^(d)	68.3	68.4	68.6	68.7	68.7	68.7
Population						
Population	0.8	1.0	1.3	1.5	1.6	1.7
Working Age Population (15-64)	-	0.4	0.7	1.0	1.3	1.5
Prices						
Consumer Price Index	0.9	1.25	1.75	2.25	2.5	2.5
Wage Price Index	1.5	1.75	2.25	2.75	3.0	3.25
Perth Median House Price	-1.1	-2.2	1.1	1.8	3.0	3.6
Other key parameters ^(d)						
Exchange Rate \$US/\$A (US cents)	77.5	71.8	71.4	71.8	72.1	72.3
Iron Ore Price (\$US per tonne) cost and freight inclusive (CFR)	68.8	76.5	73.5	65.6	63.7	63.7
Crude Oil Price (\$US/barrel)	63.7	68.5	67.1	64.5	62.4	61.0

(a) Based on 2017-18 annual State Accounts data, updated with the latest State Final Demand data for the December quarter 2018.

(b) Net exports include international trade in both goods and services.

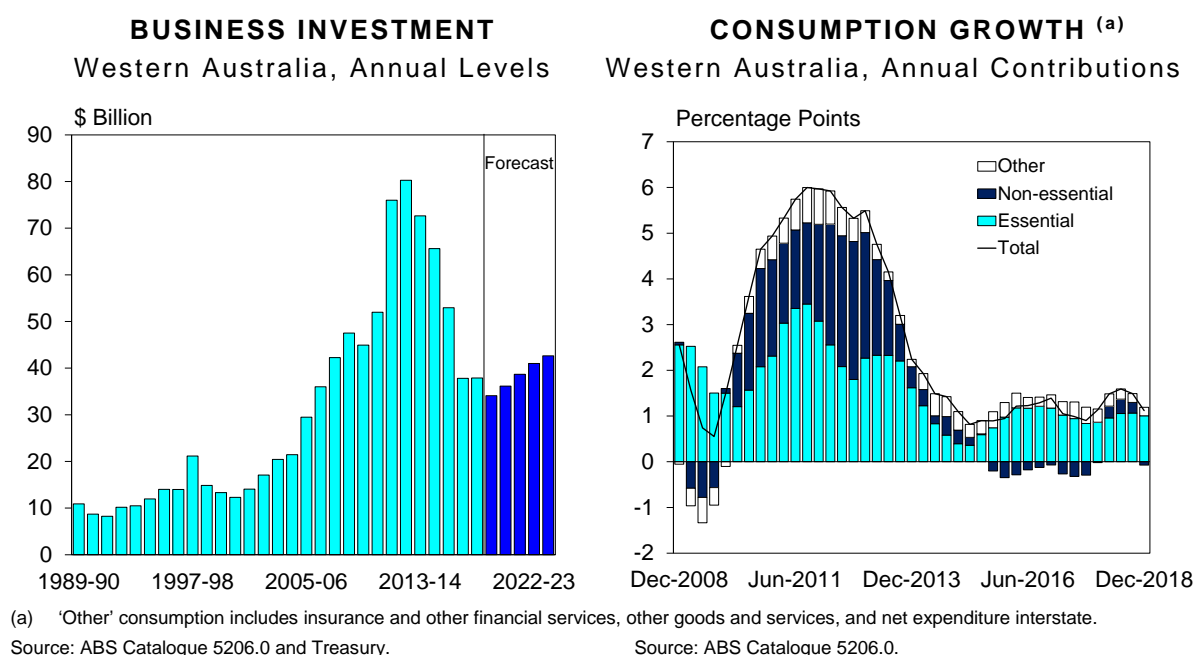
(c) Forecasts for ownership transfer costs, international trade in services and the balancing item are not separately reported.

(d) Data expressed as annual average during the financial year.

Business investment is expected to decline by 10% in 2018-19 due to the completion of construction work on the last major LNG projects. Investment is then expected to increase, growing by 6% in 2019-20. The lift in investment will be primarily supported by iron ore projects that are intended to replace production at existing mines, and new lithium projects. Investment is expected to continue its growth trajectory over the remainder of the forecast period, underpinned by spending required to maintain recent increases in Western Australia's output levels in the iron ore and oil and gas sectors. In dollar terms, business investment is expected to increase to \$43 billion by 2022-23, \$8.5 billion above the 2018-19 level (see figure below, left-hand panel).

Household consumption is expected to grow by just 0.75% in 2018-19, after growth of 1.6% in 2017-18. This moderation in growth reflects a softer outlook for wealth (proxied by house prices), modest growth in wages and a recent slow-down in employment growth. Recent improvements in consumer sentiment have not yet translated into higher spending, as households have maintained a high savings rate and continue to restrain spending on non-essential goods. A gradual recovery in household income and wealth, together with a steady increase in population growth over the forecast horizon, is expected to support a modest increase in consumption growth to 1.75% in 2019-20 and 3.5% by 2022-23.

Figure 2



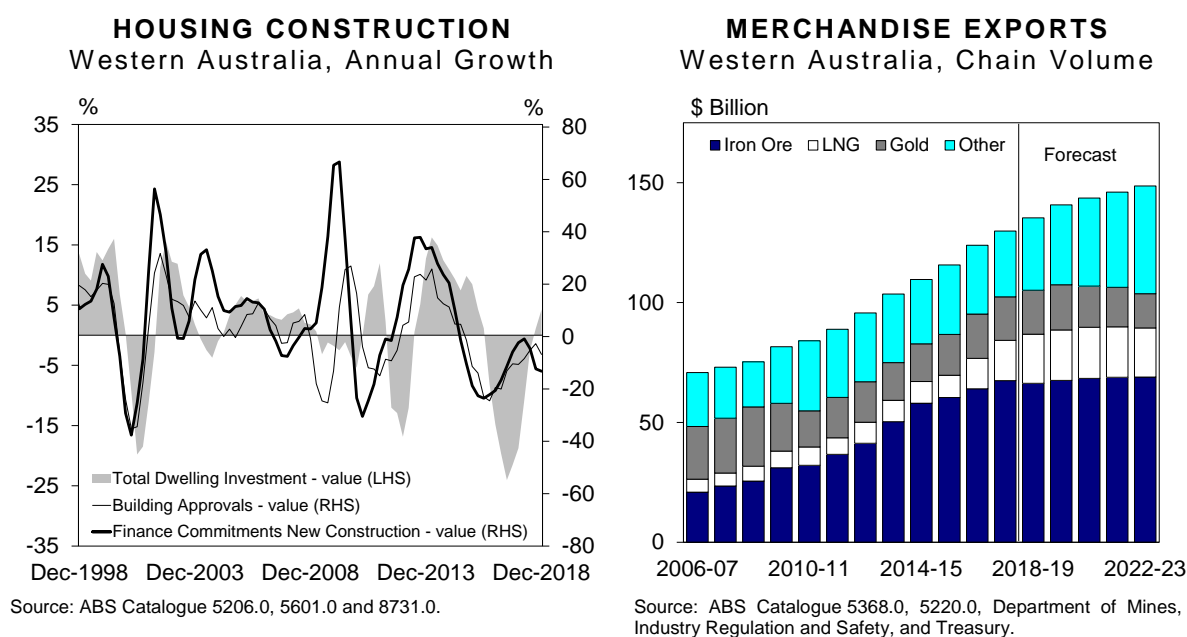
Dwelling investment is expected to weaken in the short-term, reflecting the tightening of credit across Australia in response to the Royal Commission. This is flowing through to the residential construction market through declining housing finance and building approvals (see following figure, left-hand panel). Reflecting the trends in these leading indicators, dwelling investment is expected to decline by 1.75% in 2018-19 and by a further 2.75% in 2019-20. The Government is supporting new dwelling investment through a temporary increase to the income limits for eligible Keystart applicants.

Dwelling investment is expected to resume growing from 2020-21 onwards, reflecting that a tighter rental market and limited additions to stock in recent years have constrained supply, while stronger labour market conditions and population growth provide a base for a lift in demand for new housing.

Recent trends in **government consumption** are expected to continue, with growth forecasts of 1.75% in 2019-20 and 1% in 2020-21. **Government investment** is expected to grow by 10.5% in 2019-20 and 2% in 2020-21, before moderating in the remaining outyears.

Merchandise exports are forecast to grow by 4% in 2019-20 as the remaining LNG projects ramp-up shipments and as lithium and gold production increase. This follows anticipated growth of 4.25% in 2018-19, underpinned by LNG and gold exports.

Figure 3



Growth in exports is expected to ease from 2020-21, as investment is predominantly intended to maintain, rather than increase, output of key commodities. Nonetheless, from 2017-18 to 2022-23, Western Australia's merchandise exports are forecast to increase from around \$130 billion to \$150 billion (in real terms), with the majority of exports comprising iron ore and LNG (figure above, right-hand panel). In 2017, Western Australia had the second highest LNG export capacity globally, after Qatar. The State is expected to retain this position, with LNG exports projected to grow by around 30% in the three years to 2020-21 to reach almost 50 million tonnes per annum.

Merchandise imports are forecast to decline in 2018-19 as fewer imports of large capital goods are required for the construction of major projects, and consumer goods imports fall in response to weak household spending. Imports are expected to increase over 2019-20 to 2022-23, consistent with a projected lift in both business investment and household consumption.

Housing Market

Housing market conditions remain weak with various demand indicators, such as housing finance commitments, continuing to contract. Housing finance is also declining in New South Wales, Victoria and Queensland, suggesting the effects of credit tightening are broad-based and still underway. The tightening in access to credit is compounded by small out-of-cycle increases in mortgage rates.

Consequently, the median house price is expected to contract for a fourth consecutive year in 2018-19 (by 2.2%). Notwithstanding weakness in the short run, the rental market appears to be close to balance. For example, the number of properties listed for rent has fallen by around 40% since June 2016 and the vacancy rate has dropped from a recent high of 7.3% in the June quarter 2017 to 2.9% in the December quarter 2018 (around market equilibrium).

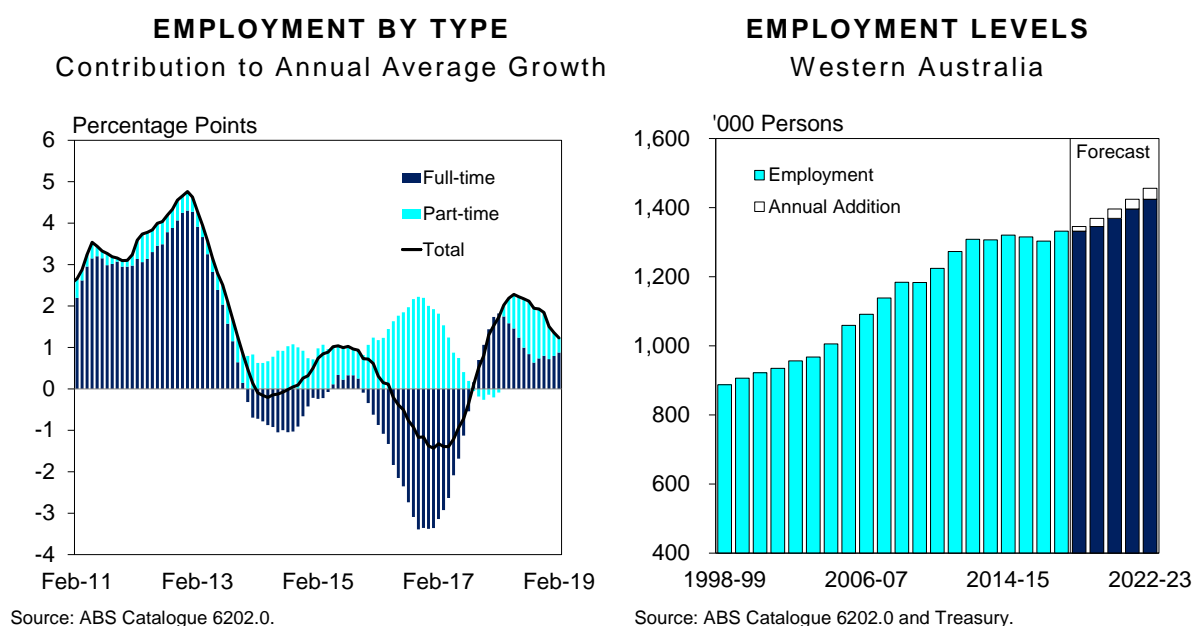
From 2019-20 onwards, a modest recovery in house prices is expected, albeit from lower levels, as the subdued construction that has occurred over the past two years will constrain supply, and as demand lifts in line with improved labour market conditions and increased population growth.

Labour Market

Western Australia's labour market conditions have softened over 2018-19, in line with broader economic conditions. While **employment** continues to grow, the rate of annual growth has slowed. Hiring has been led by the resources sector and related industries, while employment in other industries (including construction) has contracted. Full-time hiring has broadly stabilised in recent months, while part-time employment growth has eased (see figure below, left-hand panel).

Employment is expected to grow by 1.75% (or 23,500 additional jobs) in 2019-20, following growth of 1% (or 13,300 jobs) in 2018-19 (see figure below, right-hand panel). The increased pace of employment growth in 2019-20 will be supported by the construction of new and replacement iron ore projects, new lithium projects and major road and METRONET rail infrastructure projects. Increasing employment in the healthcare and social assistance sector is also expected to contribute to growth, in line with national trends.

Figure 4



The outlook in the near-term is consistent with advertised job vacancies stabilising at a higher level in 2018-19, relative to a year earlier.

Reflecting a strengthening domestic economy, including a lift in household consumption and business and dwelling investment, employment growth is expected to progressively strengthen over the remaining forecast period, reaching 2.25% by 2022-23, broadly in line with long-run average growth.

The **unemployment rate** is forecast to fall from 6.25% in 2018-19 to 6% in 2019-20. Underlying spare capacity in the labour market and increased workforce participation have resulted in the unemployment rate remaining slightly higher for longer than previously expected in 2018-19. In line with the expected strengthening in employment growth over the forward estimates period, the unemployment rate is forecast to gradually fall to 5.25% by 2022-23.

The State's **participation rate** is expected to rise to 68.6% in 2019-20 from 68.4% in 2018-19. As employment prospects improve, more people are anticipated to join the workforce. From 2020-21 to 2022-23, the participation rate is forecast to stay at 68.7%, above the decade average of 68.4%, as the domestic economy and population growth strengthen.

Wage growth in Western Australia remains subdued in 2018-19. The **Wage Price Index (WPI)** increased by 1.5% in 2018, marginally up from 1.4% in 2017. Reflecting the anticipated gradual improvement in labour market conditions over the forecast horizon, wage growth is expected to pick-up from 1.75% in 2018-19 to 3.25% by 2022-23.

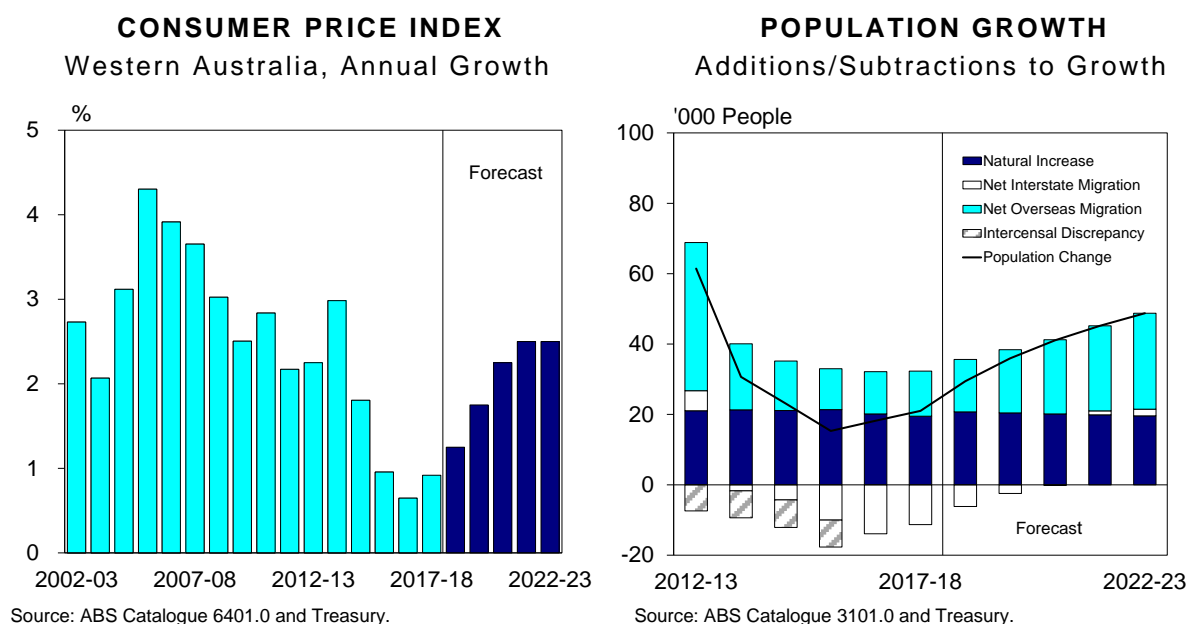
Consumer Price Index

Perth's **Consumer Price Index (CPI)** increased by 1.1% in 2018, up from 0.9% in 2017. Growth was underpinned by price rises for alcohol and tobacco, automotive fuel, health care and holiday travel and accommodation, which were partially offset by weakness in rents, project homes and telecommunication equipment and services. Inflation is estimated at 1.25% over 2018-19, supported by increases in health insurance premiums and partially offset by cheaper automotive fuel and further falls in telecommunication equipment and services.

In 2019-20, CPI growth is expected to lift to 1.75%, supported by an expected recovery in the rental market and scheduled increases to the Commonwealth's tobacco excise. A gradual rise in inflation over this period is also consistent with the expected strengthening in the domestic economy.

Over the remainder of the forecast period, Perth's CPI growth is expected to increase towards the mid-point of the Reserve Bank of Australia's target range, reaching 2.25% in 2020-21 and stabilising at 2.5% from 2021-22 (see figure below, left hand panel), consistent with expectations of stronger domestic demand and improving labour market conditions.

Figure 5



Population

After moderating for several years, population growth in Western Australia has picked up (reaching 0.8% in annual average terms in the September quarter 2018) from a trough in the March quarter 2017 (at 0.6%, the lowest rate of growth since the Second World War). Net overseas migration also appears to have turned, and is increasing at its strongest rate since 2012. The outflow of migrants from Western Australia is also slowing, with net interstate migration expected to turn positive from 2021-22.

Population growth is expected to remain subdued at 1% in 2018-19 and 1.3% in 2019-20, with natural increase being the primary driver of growth until 2019-20 (figure above, right hand panel).

Population growth is projected to gradually lift over the forward estimates period to 1.7% by 2022-23 (in line with long-run average growth), as Western Australia's share of national net overseas migration gradually returns to its long-run average and net interstate migration recovers, consistent with improvements in the domestic economy.

Risks

There is considerable uncertainty with the growth outlook for specific sectors of the State's economy.

The **business investment** outlook depends on the magnitude and timing of a number of resource sector projects. Significant changes to the timing of these projects would impact the business investment growth projections. Furthermore, the business investment outlook, particularly for the outyears, hinges on the expectation that projects not yet identified will emerge. If this does not occur, business investment may be lower than forecast.

Risks in the external trade sector mainly relate to uncertainties regarding the timing of commissioning and ramp-up of complex LNG projects, which could translate into either higher or lower **merchandise export** volumes than forecast.

The forecast for **employment** growth in the near term is dependent on the pipeline of large-scale resource and infrastructure projects. Changes to the timing of these projects may lead to employment being stronger or weaker than forecast.

The forecast recovery in **dwelling investment** and the established residential property market could be moderated by weaker than expected increases in population and income growth, while there continues to be uncertainty regarding the ongoing impact of the Royal Commission.

Household consumption has been weak as households have maintained high levels of saving in Western Australia since the Global Financial Crisis. Increased spending over the forecast period is dependent on progressive increases in income and wealth (proxied by house prices) providing households with confidence to spend. There is a risk that consumers may further delay spending decisions until wages growth has been sustained and growth in disposable incomes is considered to be permanent.

Population growth underpins the expansion of the State economy and will continue to do so over the forecast period. A lower rate of migration to Western Australia from overseas and interstate could have a material impact on forecasts for household consumption and dwelling investment.

Implementation of the Independent Review of Revenue Forecasting

An independent Review of the Department of Treasury's Revenue Forecasting was undertaken by Deloitte Access Economics between October 2017 and February 2018. The Review made a number of recommendations aimed at improving Treasury's revenue forecasting function, specifically for payroll tax, transfer duty, land tax and royalty income.

Significant progress has been made in implementing the improvement opportunities identified by the Review. Several steps have been taken to enhance the revenue forecasting methods and processes, including to expand the information set and due diligence relating to the forecasts of economic parameters which underpin the revenue forecasts. These include:

- broadening industry consultation to inform Treasury's forecasts of the specific revenue items and their fundamental drivers as part of the 2018-19 Mid-year Review and 2019-20 Budget;
- conducting a survey of major firms' capital expenditure expectations, as a supplement to the industry consultation, to further inform Treasury's business investment forecasts for the 2019-20 Budget;
- establishing an external Economic Forecasting Working Group (consisting of expert representatives from State and Commonwealth government agencies) as a 'sounding board' for Treasury's preliminary macroeconomic forecasts for the 2019-20 Budget;
- undertaking scenario analysis in order to improve understanding of the volatility and risks associated with the revenue forecasts; and

- devoting additional resources to the economic and revenue forecasting function, including filling of vacant positions, embedding career progression opportunities, and managing key person risk.

Implementation of other recommendations from the Review is continuing.

Global Outlook

Global economic conditions started to weaken late in 2018, particularly in advanced economies. Weakness was concentrated in manufacturing and so the downturn was particularly evident in major manufacturing nations such as Japan and Germany. Notwithstanding this, commodity prices remained relatively elevated, supported in large part by resilient construction activity in China and ongoing demand growth in populous nations in South and South East Asia, such as India and Vietnam. The International Monetary Fund (IMF) is projecting that the global economy will expand by 3.3% in 2019, down from 3.6% in 2018¹. Growth is then forecast to rebound to 3.6% by 2020 and remain broadly stable across the remainder of the forecast period.

Risks to the global economic outlook are more heavily weighted to the downside. The recent softening of growth in advanced economies represents some downside risk in the short term. However, risks to commodities demand are considered more balanced, due to policy stimulus in China and positive outlooks for the populous nations in South and South East Asia.

Advanced Economies

Economic growth in major **advanced economies** became less synchronised throughout 2018. The Euro area and Japan also slowed significantly while growth in the United States (US), supported by fiscal stimulus, remained relatively buoyant over the year. Risks to growth are weighted to the downside as momentum remains weak in the Euro area and Japan, and risks are emerging in the US. According to IMF projections, economic growth in advanced economies will decrease from 2.2% in 2018 to 1.8% in 2019 and continue to trend down to 1.6% by 2022. Growth is initially expected to slow as a result of the unwinding of the cyclical upswing before structural factors, such as ageing populations, become the source of slower growth.

The **US economy** was one of the strongest performing major advanced economies over the course of 2018. Growth accelerated from around 2.2% in 2017 to 2.9% in 2018 according to IMF estimates. This acceleration was underpinned by a cyclical upswing and federal government tax cuts. Relatively strong economic growth over the past two years supported further declines in the unemployment rate which has stabilised at around 4%. This supported wage growth which accelerated from around 2.5% at the beginning of 2018 to around 3.5% at the end of 2018. However, the US economy is showing signs of slowing, with quarterly growth rates declining from an annualised 4.2% in June 2018 to 2.2% in December 2018. The IMF projects that annual growth in the US will be 2.3% in 2019, and it expects US growth to continue to slow out to 2023 (1.6%).

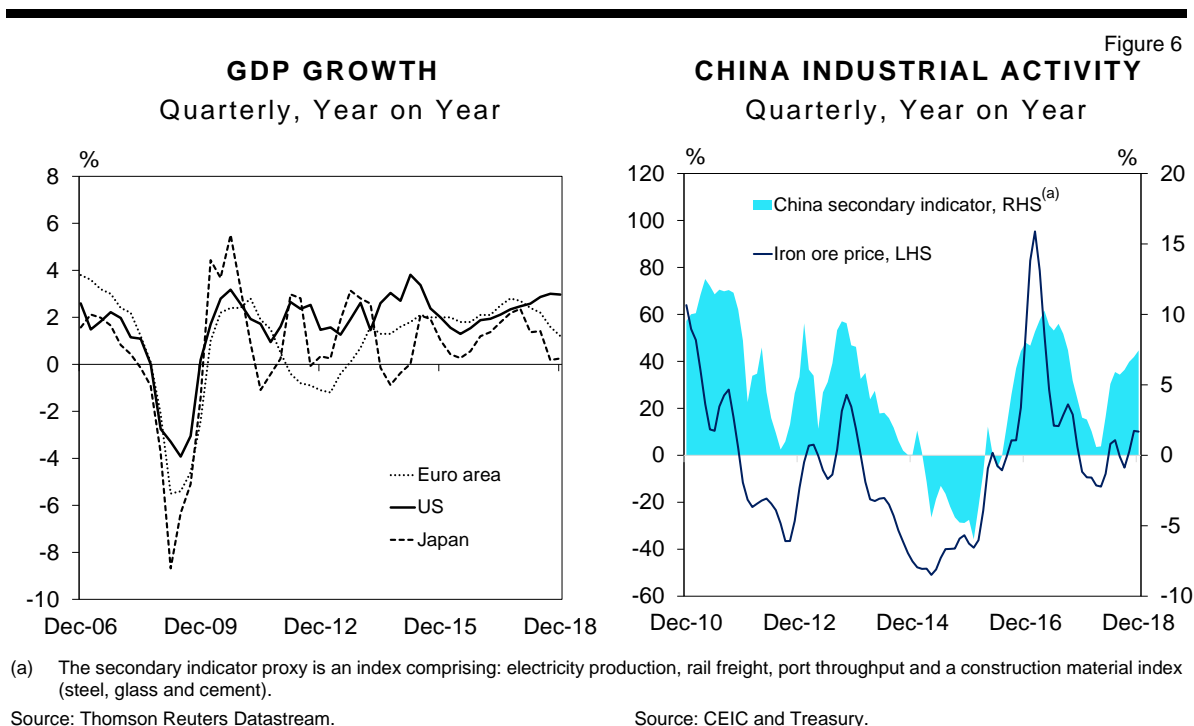
¹ *World Economic Outlook Update*, April 2019.

Economic activity in the **Euro area** weakened significantly over the course of 2018. Manufacturing activity was a key source of weakness, which had a significant impact on Germany, the Euro area's largest economy. The outlook for the Euro area has also been clouded by ongoing uncertainty regarding the United Kingdom's plans to exit the European Union. The IMF estimates that Euro area GDP growth was around 1.8% in 2018, down from 2.4% in 2017. It forecasts that growth will continue to decline to 1.4% by 2022, as many key economies are facing significant demographic challenges.

The **Japanese** economy slowed significantly over the course of 2018. The IMF estimated that growth declined from a relatively robust 1.9% in 2017 to 0.8% in 2018. Japan appears to have been adversely impacted by slowing global manufacturing activity in the second half of 2018. However, the IMF expects growth to rebound to 1% in 2019 as a result of temporary fiscal support, before slowing to an average of around 0.5% over the period to 2023 as a declining workforce limits potential growth.

China

Activity in some sectors of the **Chinese economy** moderated over the course of 2018. For example, trade exposed manufacturers have been adversely impacted by weaker growth in key markets in Europe and East Asia and increased trade barriers from the US. Moreover, government policies to improve the stability of the financial sector, by reducing the reliance on less regulated financing mechanisms, appears to have had a short-term negative impact on growth as the economy adjusts.



However, activity within China's commodity intensive sectors, such as construction and energy, appears to have been relatively robust. This is illustrated by the Department of Treasury's secondary indicator proxy for activity in these sectors, which closely tracks movements in commodity prices, and suggests that growth in activity in 2018 was relatively solid (see figure above, right hand panel).

Chinese authorities have been gradually relaxing macroeconomic policy settings since mid-2018. This appears to have been pursued more aggressively over the past six months, with tax cuts and significant infrastructure announcements. There are some tentative signs that the Chinese economy might have rebounded in response to policy stimulus. For example, according to the China Beige Book, a consultancy which surveys 3,300 businesses in China, the economy experienced “an unmistakable first quarter recovery”².

Stronger than expected activity in the industrial sectors and a shift to more accommodative macroeconomic policy settings have contributed to elevated commodity prices, particularly bulk commodities such as coking coal and iron ore (which were already above expectations prior to supply disruptions in Brazil).

Over the longer term, potential rates of growth in the Chinese economy are expected to naturally decline as a result of unfavourable demographic trends and a lower capacity for ‘catch-up growth’ as living standards in China converge with those experienced in the advanced economies. Reflecting this, the IMF is forecasting economic growth in China to slow from 6.6% in 2018 to 6.3% in 2019, and to 5.6% by 2023.

Other Emerging Markets

As economic growth in China structurally slows over time, the **populous emerging markets in South and South East Asia** will become more important to Western Australia’s economy. These countries generally have positive outlooks, with the IMF forecasting economic growth of at least 7% for India and Bangladesh, over 6% for the Philippines and Vietnam, and growth in excess of 5% for Indonesia over the period 2018-2023. Combined, these countries account for around 2 billion people. Given their proximity, they represent a significant long-term trade opportunity for Western Australia.

Global Risks

As noted, in the second half of 2018 there was a slowing in economic growth in many of the major advanced countries. There is a risk that this slowing gathers momentum in 2019 which would negatively impact demand for commodities, particularly if there are negative spill overs for China. These risks could be magnified if trade disputes between major trading partners are not resolved.

China is by far Western Australia’s most important trading partner, accounting for around 50% of the State’s merchandise exports. Therefore, changes in China’s domestic economy can have a major impact on the State’s economic outlook. There are tentative signs that a progressive easing of macroeconomic policy settings through 2018 may be succeeding in stabilising economic growth. Indeed, there is an upside risk that over the short term these measures could be more effective than anticipated at stimulating economic growth.

² <https://www.msn.com/en-gb/money/news/china-beige-book-says-first-quarter-recovery-unmistakable/vi-BBVjGYy>

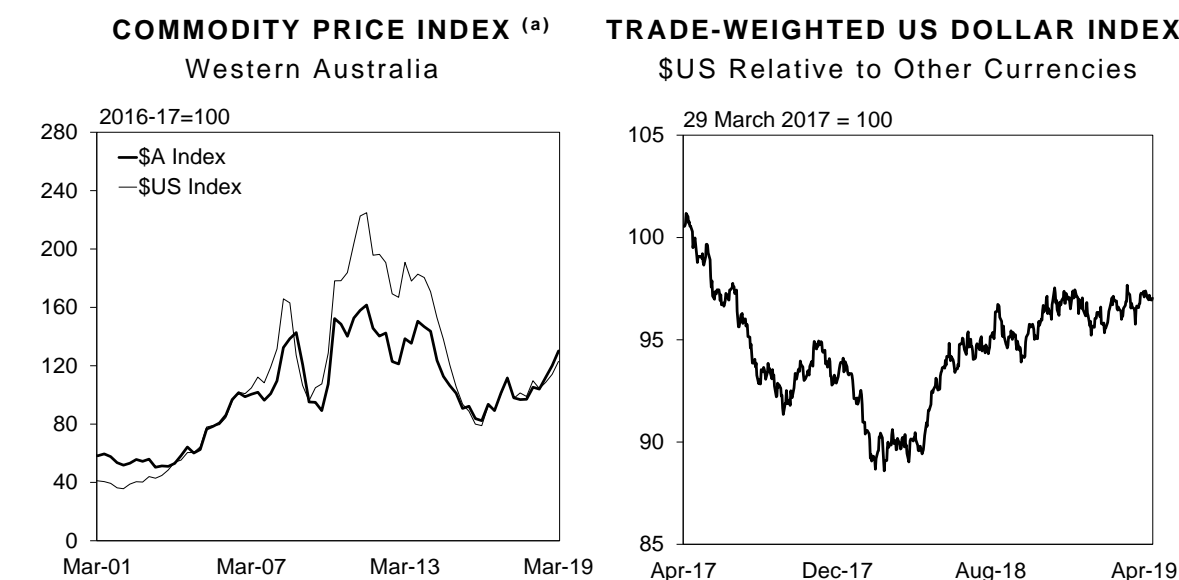
However, China has been increasing its capital stock at a very rapid rate over recent decades and there is a risk that over the long term the need for additional physical capital may decline faster than anticipated, which would adversely impact demand for construction raw materials, such as iron ore. For example, in 2009 China had around 1,200 km of high speed rail in operation. By January 2019, China had around 30,000 km of high speed rail in operation and the government announced plans to construct an additional 3,000 km in 2019. At some point, China will have met its high speed network needs. Notwithstanding the longer-term easing in the need for new capital, the Chinese Government is looking to facilitate the development of markets in emerging economies, for example through the Belt and Road Initiative, which may help mitigate the impact of the eventual decline in China's own demand for construction raw materials.

Commodity Markets

Demand for commodities has been stronger than expected over the past year. In Australian dollar terms, prices for the commodities most relevant to Western Australia were higher in 2018-19 than in 2017-18, with increases in iron ore, gold, oil, LNG and alumina partially offset by declines in copper and zinc. As a result, the commodity price index (figure below, left hand panel) has continued to rise, but still remains well below the extraordinarily high levels that were seen during the mining investment boom. Strong commodity prices in 2018-19 to date have supported mining revenue. A stronger US dollar (figure below, right hand panel) relative to Australia and its other trading partners has further increased mining revenue.

Commodity price assumptions and mining revenue estimates can be found in Chapter 4: *General Government Revenue*.

Figure 7



(a) A weighted index of prices of iron ore, gold, oil, LNG, copper, nickel, zinc, alumina and lithium.

Source: Thomson Reuters Datastream and Treasury.

Source: Thomson Reuters Datastream.

Iron ore

The 62%Fe benchmark **iron ore price** has trended higher since the release of the 2018-19 Mid-year Review. After trading at \$US66.2 per tonne at the 3 December 2018 cut-off date for the Mid-year Review, the benchmark price increased to around \$US75 per tonne by late January 2019. This increase came on the back of a more positive demand outlook resulting from de-escalation in the US-China trade dispute and increasing fiscal stimulus in China.

The iron ore price has since increased further following the collapse of a tailings dam at Vale's Córrego do Feijão mine on 25 January 2019. The dam collapse has reduced Vale's production and tightened global supply, shifting the iron ore market from a small surplus position immediately prior to the collapse to a deficit in 2019. The tightness in the iron ore market makes the price more susceptible to short-term supply impacts, such as the recent Cyclone Veronica, exacerbating volatility.

Iron Ore Price Uncertainty

The iron ore price has increased markedly following the collapse of a tailings dam at a Vale iron ore mine in Brazil. The benchmark price rose from \$US75 per tonne pre-collapse to a peak of \$US94.2 per tonne in February, before trading in a range around the mid-to-high \$US80s per tonne throughout March.

In response to the disaster, Brazilian regulators and Vale itself have suspended operations at several mines, affecting approximately 93 million tonnes of production capacity. After the run-down of inventories, Vale expects its 2019 sales to be 50-75 million tonnes lower than previously forecast in 2019, which represents around 4% of global seaborne iron ore supply.

Some market analysts expect the impact will be protracted with the affected supply returning gradually over time, which would support the iron ore price in the medium term. This reflects that bans on upstream tailings dams, rebuilding of infrastructure and increased regulation will slow the resumption of operations at the affected mines. However, there is considerable uncertainty on both the supply and demand side of the iron ore market.

There may be capacity for other iron ore producers to offset some lost supply, with offsets most likely to come in the short-term from Chinese domestic producers. It is unclear whether there will be enough new supply entering the market to substantially offset Vale's lost production and what impact any additional supply may have on the price going forward.

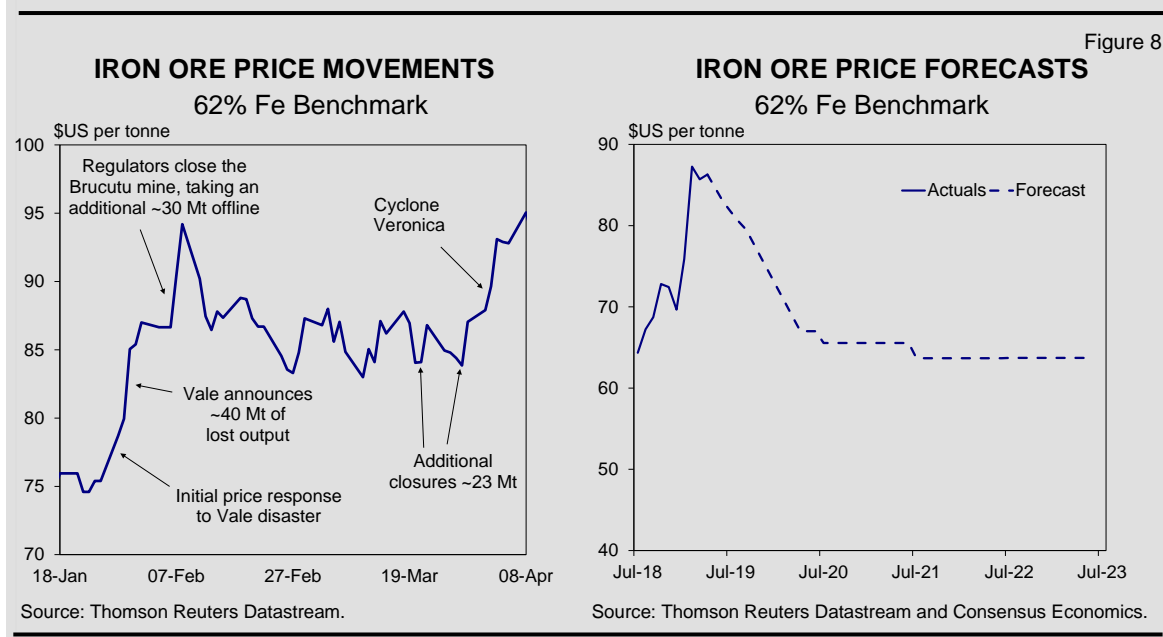
On the demand side, recent price increases could be reversed by a moderate fall in Chinese demand, which accounts for around 70% of the seaborne market. To date, Chinese demand has held up reasonably well, with iron ore consumption in 2018 exceeding expectations. Recent tax cuts and new infrastructure spending are expected to support iron ore demand in 2019. Global iron ore demand is expected to be relatively flat across the forward estimates period, with increased demand from the emerging populous nations in South East Asia offset by greater use of scrap for steel production in China. More generally, the iron ore price is influenced by global economic conditions, which are currently facing a number of risks generally weighted on the downside (see earlier discussion).

Given this heightened uncertainty, it is prudent that the Budget does not assume that current high prices will remain over the medium term. Therefore, Treasury's iron ore price forecasting methodology has been adjusted in this Budget to assume that the increase in price will be relatively short-lived, returning to around \$US66 per tonne by 2020-21.

These forecast prices have been derived from forward contract prices for the first six months (unchanged from the 2018-19 Mid-year Review) before transitioning to Consensus forecast prices over a shorter period (six months) than the approach taken at Mid-year Review (18 months). This has the effect of reducing forecast prices in 2019-20 and 2020-21.

These forecasts are similar to those in the 2019-20 Commonwealth Budget, where the iron ore price was assumed to reach \$US55 per tonne free on board (FOB)³ by 31 March 2020. If the cost of shipping is included in the price, to make it comparable to Western Australian Budget forecasts, the Commonwealth's assumed price from March 2020 is around \$US63.6 per tonne. This compares to the State Budget forecast of \$US65.6 per tonne for 2020-21.

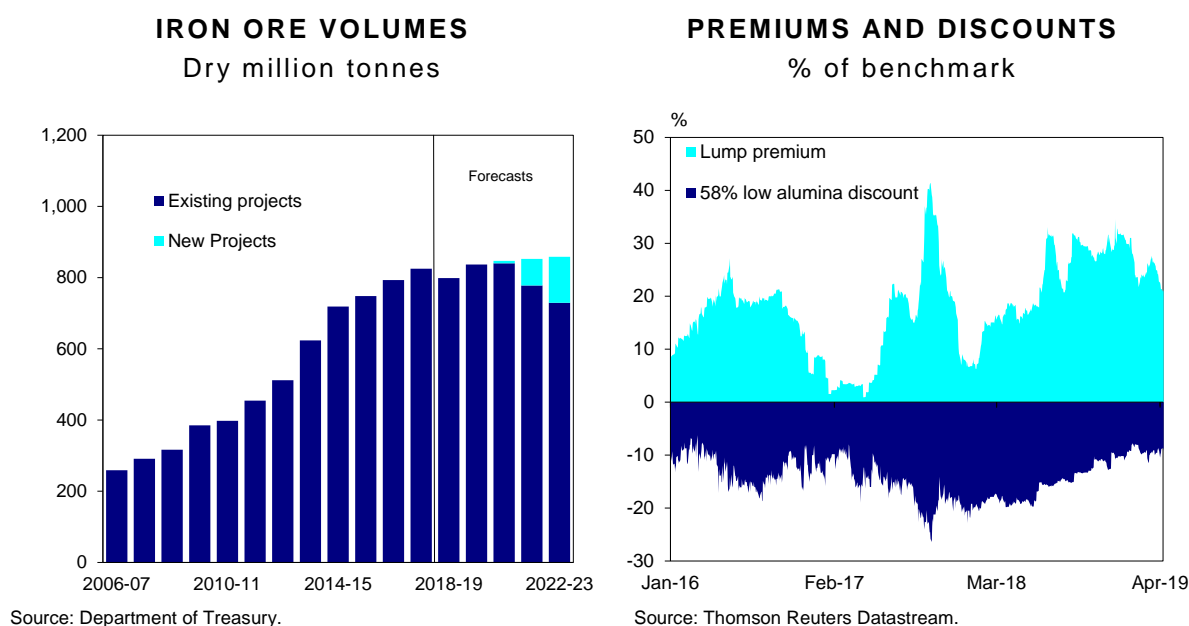
The figure below (right-hand panel) shows the price path that underpins the iron ore price forecasts in this Budget.



Iron ore volume estimates for 2018-19 have been revised down by 29 million dry tonnes since the Mid-year Review, from 828 million dry tonnes to 799 million dry tonnes, primarily due to the temporary disruptions caused by Cyclone Veronica. This is a decline of 3% from 2017-18. Volumes are expected to grow by around 1% per year across the forward estimates period as new projects coming on line (such as Rio Tinto's Koodaideri, BHP's South Flank and FMG's Eliwana) will mostly replace existing production rather than increase production overall (figure below, left-hand panel).

³ This is broadly equivalent to the delivered spot price minus the cost of shipping.

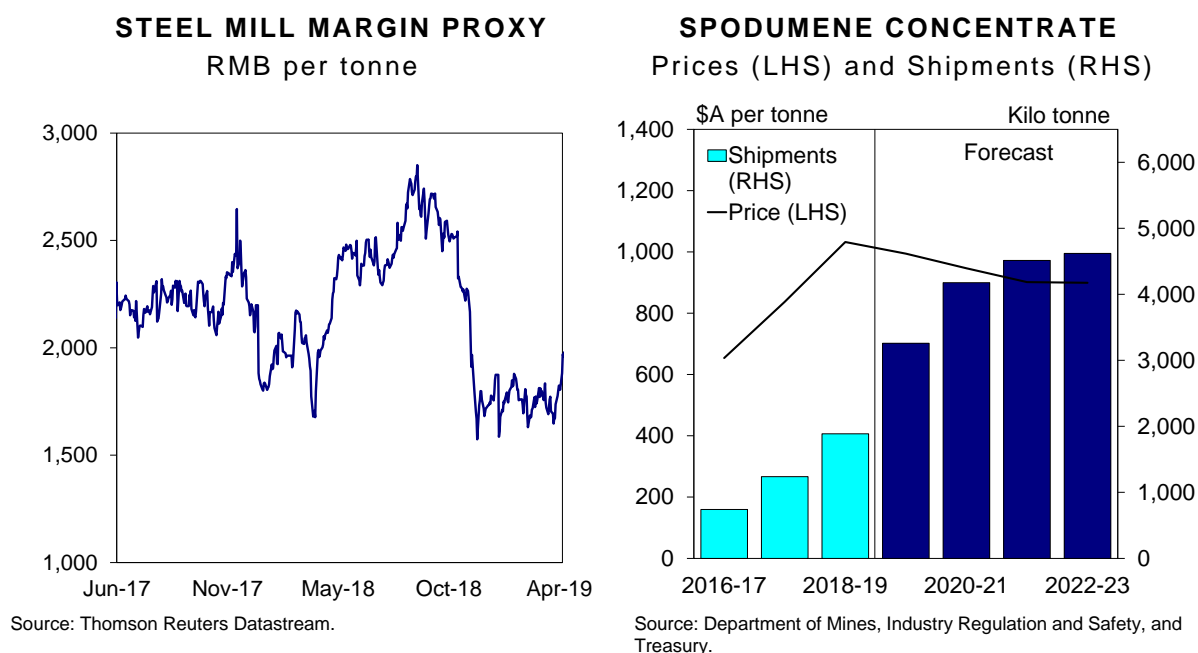
Figure 9



In addition to the higher benchmark price, decreasing discounts for low grade ore and a high lump premium have provided further upside for Western Australian iron ore miners (figure above, right-hand panel). Typically premiums and discounts move counter to each other, reflecting the relative preference of steel mills for lower or higher quality ore (i.e. as profitability falls steel mills tend to increase their use of low quality ore).

After significant increases in discounts for low grade iron ore in 2017-18, the discount has narrowed following reductions in Chinese steel mill profitability in the second half of 2018. The decline in mill profitability was a result of increases in both iron ore and coking coal prices (figure below, left-hand panel). After averaging 19% in 2017-18, the 58%Fe low alumina discount decreased to just 9.3% in the March quarter 2019. The lump premium has remained elevated, averaging 26.3% in the March quarter, partly due to environmental restrictions in China that limit the use of fines products. The Brazilian dam disaster has also reduced the supply of low grade low alumina ore and high grade pellet feed, impacting positively on low grade discounts and lump premiums.

Figure 10



Lithium

Western Australian lithium-spodumene concentrate export volumes are expected to rise from 1.2Mt in 2017-18 to 1.9Mt in 2018-19, and further increase to 4.6Mt by 2022-23 (figure above, right-hand panel). Increasing production is being driven by growing demand for electric vehicle batteries.

Altura Mining and Pilbara Minerals' Pilgangoora projects made their first shipments of lithium concentrate in the December quarter 2018, and Mineral Resources' Wodgina mine is expected to also soon begin shipments out of Port Hedland. Until recently both Pilbara Minerals and Mineral Resources were exporting direct shipping ore. This has now ceased and they are focussed on maximising value by processing ore to lithium concentrate.

A number of the Western Australian lithium producers are progressing plans to move further up the lithium battery value chain by constructing plants to process concentrate to lithium hydroxide. Tianqi Lithium recently began commissioning Western Australia's first lithium hydroxide plant with the first shipments expected in the second half of 2019. Lithium hydroxide is expected to receive a price premium over lithium carbonate, with it emerging as the preferred product for electric vehicle battery production.

While lithium prices have eased in 2018-19 with additional supply entering the market, lithium is expected to provide an increasing contribution to the value of Western Australia's mineral production as export volumes rise, supported by strong growth in global demand.

Oil

The oil market is important for Western Australia as it is a major cost input for business and a significant source of export income, largely through the link between oil and LNG prices. The significance of oil to Western Australia is likely to grow as LNG – a cleaner alternative to coal – increases in popularity, especially in China where imports have increased by around 40% for two consecutive years. **Oil prices** have been extremely volatile so far in 2018-19, with Brent crude trading as low as about \$US50/barrel and as high as nearly \$US90/barrel, as the market balance swung from deficit to surplus. The volatility had three primary causes:

- US sanctions on Iran and Venezuela, along with output cuts by Canada, Russia and the Organization of the Petroleum Exporting Countries (OPEC), have put upward pressure on oil prices;
- the US – now the world's largest oil producer – was responsible for 79% of non-OPEC supply growth in 2018⁴. Increases in US production continue to put downward pressure on oil prices; and
- expectations of weakening global growth, especially in OECD countries, softening the outlook for oil demand.

For as long as these forces continue to work against each other, oil price volatility is likely to continue.

⁴ International Energy Agency, Oil Market Report: 15 March 2019.

Fiscal Outlook and Strategy

HIGHLIGHTS

- The general government operating balance is now expected to be in surplus (of \$553 million) in the current financial year (2018-19), the first operating surplus in five years.
- An operating surplus of \$1.5 billion is forecast for 2019-20, with surpluses also forecast across the entire forward estimates period.
- While some temporary revenue factors have contributed to these operating surpluses, they are built on the Government's disciplined financial management, with expense growth of just 1.5% in 2019-20 and an average of 1.3% per annum over the forward estimates period.
- Despite the earlier than expected return to surplus, the State's net debt levels remain elevated, reflecting the legacy debt inherited from the previous Government. Nonetheless, net debt is projected to peak at \$37 billion at 30 June 2020 before declining to \$35.6 billion by the end of the forward estimates period¹.
- Interest costs for centrally-held Consolidated Account borrowings have been revised down by \$357 million across the four years to 2021-22, mainly due to the improved operating outlook for the general government sector.
- Reflecting the Government's tangible progress with Budget repair, both Moody's and S&P Global revised up their credit rating outlooks for Western Australia during 2018-19 (with Moody's Aa2 'stable' outlook revised to 'positive', and S&P Global's AA+ 'negative' outlook revised to 'stable').

¹ These figures are before the impact of measurement changes under new accounting standards implemented in this Budget.

Fiscal Outlook

General Government Sector

Summary

The general government sector financial outlook is summarised in the following table.

GENERAL GOVERNMENT (a)						
Summary Financial Statements						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	Estimate	Estimate	Estimate	Estimate
OPERATING STATEMENT						
Revenue	27,475	29,925	31,334	32,402	32,270	33,427
Growth (%)	7.5	8.9 ^(b)	4.7	3.4	-0.4	3.6
Expenses	28,417	29,372	29,801	29,823	30,136	30,873
Growth (%)	2.3	3.4 ^(b)	1.5	0.1	1.0	2.4
Net Operating Balance	-942	553	1,533	2,579	2,133	2,554
BALANCE SHEET						
Assets	147,420	147,500	149,343	151,873	154,500	157,959
Liabilities	45,174	45,401	45,365	44,721	44,304	44,295
Net Worth	102,246	102,099	103,978	107,152	110,196	113,665
STATEMENT OF CASHFLOWS						
Net Cash Flows from Operating Activities	635	1,642	3,054	3,880	3,814	4,073
Asset Investment Program	2,438	2,658	2,505	2,006	1,889	2,388
Cash Surplus/Deficit	-1,721	-843	687	2,025	2,130	1,869
<i>Memorandum Item: Net Debt at 30 June</i>						
- before AASB 16	21,737	23,404	24,351	23,630	22,900	22,074
- impact of AASB 16	2,994	3,308	3,353	3,249	3,137	3,031
Net debt at 30 June	24,731	26,712	27,705	26,879	26,037	25,105

(a) Data for 2017-18 and 2018-19 adjusted to be consistent with new accounting standards.

(b) Abstracting from the impact of accounting standards changes implemented in this Budget (and backcast in 2017-18 and 2018-19 in this table) and Commonwealth funding decisions that in some cases flow to State spending, growth in revenue and expenses in 2018-19 is 4.8% and 2.4% in underlying terms respectively.

An operating surplus of \$553 million is now estimated for the general government sector in 2018-19, a substantial turnaround from the \$674 million deficit forecast in the 2018-19 Mid-year Review, and the first surplus since 2013-14. The turnaround since Mid-year Review largely reflects additional royalty income from a spike in the iron ore price following the tailings dam disaster in Brazil in January 2019, and a partial bring-forward of Western Australia's 2019-20 GST top-up payment into 2018-19.

General government expense growth in 2018-19 is forecast to be 3.4%, which includes the carryover of some spending from 2017-18 to 2018-19 (noted in the 2018-19 Mid-year Review). Excluding significant one-off factors since the Mid-year Review, such as accounting standards changes² and changes in Commonwealth funding for remote housing and the National Disability Insurance Scheme (NDIS), underlying expense growth in 2018-19 is estimated at 2.4%. Underlying revenue growth, which excludes these same one-off factors as well as the partial bring-forward of GST top-up payments, is estimated at 4.8% in 2018-19, significantly lower than headline growth of 8.9%.

Operating surpluses are also expected in each year of the forward estimates period, including a surplus of \$1.5 billion in 2019-20.

Across the forward estimates period, expense growth is forecast to average 1.3% per annum, well below the decade average (to 2017-18) of 5.9%. Revenue growth across the four-year forward estimates period is forecast to average 2.8% per annum, down on the decade average of 4%.

General government sector net debt levels are forecast to peak at \$27.7 billion at 30 June 2020, before declining to \$25.1 billion by the end of the forward estimates period. Excluding accounting standards changes impacting the measurement of leases (see feature box below), net debt is projected to be \$1 billion below that forecast in the Mid-year Review by 30 June 2023.

Changes to Australian Accounting Standards

The Australian accounting standards framework is dynamic, being updated for developments in financial reporting both in Australia and abroad.

Three new standards take effect for reporting periods commencing on or after 1 January 2019, and their impact has therefore been estimated and included in agency and whole of government forecasts in the 2019-20 Budget. These standards are:

- AASB 16: *Leases*, which brings operating leases and associated leased assets onto the balance sheet for the first time;
- AASB 15: *Revenue From Contracts With Customers*, which amends revenue recognition rules, particularly around the nature, amounts, timing and uncertainty of revenue arising from customer contracts; and
- AASB 1058: *Income of Not-For-Profit Entities*, which simplifies some of the new AASB 15 rules, particularly for public sector entities (where concepts of contracts with customers can be ambiguous).

It is important to note that these changes are unavoidable and apply to both public and private sector financial reporting in Australia. The new Australian accounting standards are also changing in line with updates to international financial reporting standards. All States and Territories are expected to incorporate the new standards in their 2019-20 Budgets.

² Data for 2018-19 and earlier years has been adjusted to be consistent with new accounting standards.

There are no material changes in the economic or legal circumstances of the States and Territories as a result of applying the new standards. Moreover, lease payments and the impact of retiming of revenue recognition will be largely unchanged from forecasts prepared under current accounting standards in cash terms. As a result, there is unlikely to be any change to the State's credit rating from the new standards, with the credit rating agencies expected to 'see through' these measurement changes.

AASB 16: Leases

AASB 16 will increase the value of borrowings on the balance sheet (and hence net debt) by bringing operating leases to book as financial obligations – in the same way as finance leases are treated.

Operating leases have been a standard financial vehicle for both public and private sector entities for decades. For Western Australia's public sector, these leases typically represent a rental arrangement and have generally been used for the purpose of accessing office accommodation, public employee regional housing, vehicle fleet arrangements and equipment hire (from photocopiers to major economic plant through power purchase agreements).

AASB 16 adds a forecast \$2.2 billion to total public sector net debt at 30 June 2023.

AASB 15: Revenue From Contracts With Customers and AASB 1058: Income of Not-For-Profit Entities

The key changes from these two standards are in the timing of some revenue recognised over time, and the 'grossing up' of some revenue and expenses. These changes are broadly neutral for the operating balance over time (although individual years may move up or down in line with the timing of the spending for which revenue is received, such as infrastructure funding paid in advance of project works). As these changes impact the timing of revenue and not cash receipts, there is no material change in net debt.

Under these standards, revenue is to be recognised if the entity 'controls' the good or service before delivering it to the customer. In practical terms, material consequences of these changes for the 2019-20 Budget will be to:

- remove revenue and expenses where the State acts only as an agent of a third party in a relationship and exerts no control over the underlying assets (for example, general government operating revenue and expenses will be reduced by equivalent amounts to remove on-passed Commonwealth funding for local governments and non-government schools);
- de-recognise Commonwealth revenue paid in advance in earlier years (such as recent transport and hospital infrastructure funding) and then recognise it in future years in line with spending on the works; and
- recognise revenue as or when an entitlement to consideration emerges or when a good or service is delivered to a customer (in particular, this grosses up Gold Corporation revenue and expenses in the public non-financial corporations sector which will now measure non-cash precious metal transactions (mainly gold inventory) as well as cash transactions).

Backcasting Data For the Budget

While there is no AASB 16 data for prior years, operating lease commitments under existing accounting standards provide a basis for adjustment of the State's past net debt series to provide an indicative series that is broadly consistent with AASB 16. Operating lease commitment data is available in notes to public sector financial statements from 30 June 2008 based on (the outgoing) AASB 117: *Leases* measurement rules (which are significantly different and less clear than the new AASB 16 measurement rules). This data is volatile and has been subject to material restatements in agency annual reports (reflecting issues such as updated measurement methodology, changes following agency audits and advice from external accounting advisors).

The following table provides an indicative backcast net debt series for Western Australia.

Table 2

BACKCAST WESTERN AUSTRALIAN NET DEBT AT 30 JUNE 30 June 2008 to 30 June 2018

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
General government sector											
<i>Net debt at 30 June before AASB 16</i>	-3,409	-2,618	-1,076	236	2,050	4,742	6,973	9,306	13,717	18,820	21,737
Add back GFS convergence differences	88	88	88	88	88	88	88	88	-	-	-
Operating lease commitments	2,770	2,917	3,072	3,295	2,808	2,833	2,969	2,991	3,094	3,030	2,994
2019-20 Budget	-551	388	2,085	3,619	4,946	7,662	10,031	12,385	16,810	21,850	24,731
Total public sector											
<i>Net debt at 30 June before AASB 16</i>	3,634	6,688	9,896	12,026	14,523	18,188	20,754	23,374	27,347	31,964	34,606
Add back GFS convergence differences	88	88	88	88	88	88	88	88	-	-	-
Operating lease commitments	1,848	2,012	1,690	5,272	3,890	3,471	3,410	3,211	3,099	2,317	2,084
2019-20 Budget	5,570	8,788	11,674	17,386	18,501	21,748	24,253	26,673	30,446	34,280	36,690

Source: Treasury estimates based on Western Australian *Annual Report on State Finances* (ARSF) data for 2007-08 to 2017-18, adjusted for operating lease commitments (AASB 117 basis of measurement) disclosed in notes to those financial statements, valued and reported in line with current accounting standards, including revisions published in agency annual reports following finalisation of individual ARSFs.

If the 2016-17 *Pre-election Financial Projections Statement* were revised to include the impact of AASB 16, total public sector net debt under the previous Government would have increased to an estimated \$43.7 billion compared to the reported forecast of \$41.1 billion. This is \$4.1 billion higher than the projection for net debt at 30 June 2020, before and after AASB 16 reported in this Budget.

The impact of the changes to revenue standards (AASB 15 and 1058) has been backcast as follows:

- removal of revenue and expenses from the State's entire accrual financial reporting time series where the State is simply a 'post box' for a third party; and
- Commonwealth funding paid in advance (over the period 2014-15 to 2018-19) for infrastructure projects and other activities in forward years has been retimed to match the spending on the underlying works.

The removal of transactions where the State acts as a post box for third parties is limited to the tied grants on-passed to local governments and non-government schools by the State on behalf of the Commonwealth. In these cases, revenue and expenses are reduced by an equivalent amount, with no impact on the operating balance. The following table summarises the impact of Commonwealth grants retimed to match associated spending. These changes are neutral over time but impact revenue and the operating balance in the year of adjustment.

Table 3

ADJUSTMENT TO GENERAL GOVERNMENT REVENUE
Commonwealth Grants Received in Advance of Spending

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Infrastructure funding:</i>										
METRONET	-	-	-	-501	-	231	350	-147	67	-
<i>GST top-up grants:</i>										
Forrestfield-Airport Link	-	-490	279	211	-	-	-	-	-	-
Roads	-499	178	-26	155	69	104	18	1	-	-
Health infrastructure	-	-	-	-188	7	19	60	48	25	-30
<i>Recurrent funding:</i>										
Education - Universal Access	-	-	-	-	12	-14	2	-	-	-
Total adjustment to revenue	-499	-312	253	-324	88	340	431	-98	92	-30

Note: Columns/rows may not add due to rounding.

Other minor changes also apply to revenue and expenses but are immaterial in terms of overall operating impact.

Table 4

GENERAL GOVERNMENT OPERATING BALANCE
Impact of New Accounting Standards

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Pre-accounting standards changes	-431	-2,021	-2,474	-618	466	1,224	2,170	2,237	2,459	3,012
Post-accounting standards changes	-930	-2,333	-2,221	-942	553	1,533	2,579	2,133	2,554	2,927
Variance	-499	-312	253	-324	88	309	409	-104	95	-85

Note: Columns/rows may not add due to rounding.

Operating Statement

The table below summarises changes to general government revenue and expenses since the Mid-year Review.

Table 5

SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE VARIATIONS SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m	Total \$m
2018-19 MID-YEAR REVIEW - NET OPERATING BALANCE	-674	1,020	2,489	1,891		
Revenue						
<i>Accounting Standards Changes</i>						
- Removal of Commonwealth on-passed grants	-1,634	-1,553	-1,824	-1,914	-2,000	-8,925
- Revenue recognition - Commonwealth grants accrued in line with associated spending profile	88	340	431	-98	92	852
- Other changes	-	-9	-3	-6	-4	-23
<i>Revenue Measures</i>						
- Removal of payroll tax exemption for new worker trainees	-	12	28	33	36	109
- Withdrawal of Metropolitan Region Improvement Tax extension to Peel and Greater Bunbury	-	-5	-6	-6	-6	-22
<i>Other Revenue Movements</i>						
<i>Taxation</i>	-8	-84	-168	-201		-461
- Payroll tax	50	9	-41	-97		-79
- Total duty on transfers	-40	-26	-31	-1		-98
- Motor vehicle taxes	-11	-32	-42	-45		-129
- Land tax/Metropolitan Region Improvement Tax	-1	-21	-41	-49		-112
- Gambling taxes	-7	-15	-15	-15		-52
- Other taxes	-	1	2	6		9
<i>Commonwealth grants</i>	774	-538	-91	509		654
- GST grants	-90	-464	-1,142	-1,774		-3,469
- Commonwealth-funded 70% floor	434	-182	849	1,447		2,548
- North West Shelf/condensate compensation	12	123	57	-16		177
- Health grants	96	29	2	-6		121
- Remote Housing Bilateral Agreement	121	-	-	-		121
- Training grants	18	28	33	31		110
- Transport grants	-140	-168	19	775		486
- Disability services grants	124	176	-	-		301
- Updates to on-passed grants as per Commonwealth Budget ^(a)	181	-126	61	62		178
- Other Commonwealth grants	18	45	29	-10		82
<i>Royalty income</i>	677	1,071	561	343		2,653
- Iron ore	680	924	384	140		2,128
- Gold	15	49	38	65		167
- Lithium	-5	42	78	75		190
- Other royalties	-13	55	61	64		167
Revenue from public corporations	-19	-67	9	116		39
Optus Stadium revised financial forecasts	6	21	10	-		38
All other	31	18	13	34		96
TOTAL REVENUE	-85	-793	-1,041	-1,190		-3,109

Note: Columns/rows may not add due to rounding.

Table 5 (cont.)

**SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE
VARIATIONS SINCE THE 2018-19 MID-YEAR REVIEW**

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m	Total \$m
Expenses						
Accounting standards changes						
- Removal of Commonwealth on-passed grants	-1,634	-1,553	-1,824	-1,914	-2,000	-8,925
- Other changes	-	22	19	-1	-8	32
WA Health						
- Hospital services	56	50	45	36		187
- Non-hospital services	23	29	36	-17		71
- Future Health Research and Innovation Fund	-	-	11	18		29
- End-of-Life choices and palliative care services	2	7	8	8		25
- Sustainable Health Review	-	10	12	4		26
- Update to depreciation expense	2	1	6	24		32
- Commonwealth programs (Transition Care, Home Support, Aged Care Assessment Team)	29	36	11	14		90
Disability services grants	144	176	-	-		320
Methamphetamine Action Plan	-	2	10	13		26
Justice						
- Services expenditure	-4	33	17	16		62
- Expanded electronic monitoring	-	3	12	17		31
- Improved access to rehabilitation programs	-	5	8	8		21
- RiskCover premiums	2	10	-	-		12
Western Australia Police Force						
- Digital policing	-	8	6	8		23
- Cost and demand forecasts	-18	30	-	-		13
- GovNext-ICT and cloud transition	-	10	-	-		10
Road Trauma Trust Account	-2	15	8	9		29
Employer incentive scheme and training delivery	5	24	45	53		127
Education						
- Revision to student enrolments	-5	-9	-10	-10		-34
- Revision to education costs for students with a disability	7	8	8	8		31
- Universal Access to Early Childhood Education	8	15	23	-		47
- National School Chaplaincy Program extension	8	8	8	8		31
Main Roads ^(b)						
- Priority local roads expenditure	1	29	59	17		105
- Third party works	10	3	3	3		18
- State Road Funds to Local Government Agreement	-20	16	-6	-7		-17
- Bayswater Station - grant to Public Transport Authority	-	-12	26	16		30
Optus Stadium revised financial forecasts	10	25	20	-		55
National Rental Affordability Scheme	-	9	12	12		34
Ashburton North critical and social infrastructure funds	-24	22	-	-		-2
Primary Industries and Regional Development Capability Review	-13	9	26	46		68
Continuation of the Office of Digital Government	-	8	9	9		26
Ocean Reef Marina	-	6	10	14		30
Forrestdale Business Park West	-	20	-	-		20
Browse LNG Precinct Project	-	-35	36	-		1
South West Native Title provision	-60	-21	4	1		-76
Royalties for Regions recurrent spending changes	-73	64	17	19		26
Royalty rebates	19	24	5	3		50
GST administration expense	-	12	11	11		34
Remote Housing Bilateral Agreement	121	-	-	-		121
Updates to on-passed grants as per Commonwealth Budget ^(a)	181	-126	61	62		178
Underspend provision	-	-300	175	125		-
Consolidated Account interest costs	-6	-93	-107	-151		-357
All other	-81	98	50	87		154
TOTAL EXPENSES	-1,312	-1,306	-1,131	-1,432		-5,180
TOTAL VARIANCE	1,227	512	90	242		2,072
2019-20 BUDGET - NET OPERATING BALANCE	553	1,533	2,579	2,133	2,554	

(a) Updates prior to implementation of new accounting standards.

(b) Details of aggregate new road expenditure across both recurrent and infrastructure spending are provided in Chapters 5 and 6.

Note: Columns/rows may not add due to rounding.

***2018-19 Estimated Actual*³**

Relative to the 2018-19 Mid-year Review, the general government operating balance for 2018-19 has improved by a significant \$1.2 billion, largely driven by:

- higher royalty income (up \$677 million), reflecting a significantly higher than expected iron ore price following events in Brazil impacting international supply, partly offset by lower iron ore volumes as a result of weather disruptions in the Pilbara; and
- a partial bring-forward by the Commonwealth of Western Australia's 2019-20 GST top-up payment into 2018-19 (\$434 million).

Abstracting from accounting standards changes and changes to Commonwealth funding arrangements that impact State expenditure, expenses are estimated to grow by 2.4% in underlying terms in 2018-19 – largely unchanged from the 2.5% expense growth forecast in the 2018-19 Mid-year Review.

2019-20 and Beyond

Forecast operating outcomes for 2019-20 through to 2021-22 have improved since the Mid-year Review by a total of \$845 million, with higher surpluses expected in each year. This includes a forecast operating surplus of \$1.5 billion for 2019-20.

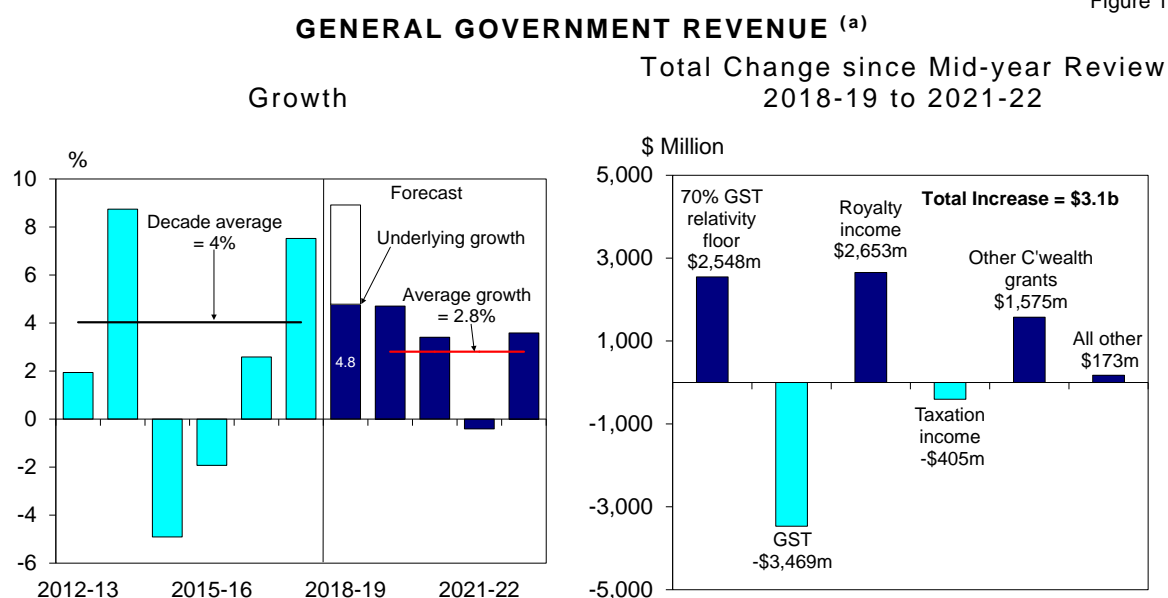
Revenue

General government revenue is forecast to be \$31.3 billion in 2019-20. Excluding the impact of new accounting standards, this is \$429 million higher than forecast in the Mid-year Review. Revenue growth in 2019-20 has been revised down (from 7.1% in the Mid-year Review to 4.7%), largely reflecting the net impact of the higher revenue estimate for 2018-19 and accounting standards changes.

Revenue growth across the forward estimates period is forecast to average 2.8% per annum, which is below the decade average of 4% per annum (to 2017-18).

³ Final audited results for 2018-19 will be reported in the *Annual Report on State Finances*, to be released by 28 September 2019.

Figure 1



(a) Data for years prior to 2019-20 adjusted for accounting standards changes.

Excluding accounting standards changes, the general government revenue estimates have improved by \$1.6 billion over 2019-20 to 2021-22 since the Mid-year Review. This reflects the net impact of:

- higher royalty income (up \$2 billion), largely due to upward revisions to the forecast iron ore price flowing from the events in Brazil noted earlier, and a slightly lower assumed \$US/\$A exchange rate (which increases the price in Australian dollar terms (and hence the royalties payable) for commodities priced in US dollars);
- a net reduction in GST and GST top-up funding of \$1.3 billion, including:
 - lower GST revenue (down \$3.4 billion), primarily due to reduced Commonwealth estimates of the national GST pool and lower population estimates for Western Australia, the impact of higher royalty revenue forecasts (noted above), and the Commonwealth Grants Commission's lower recommendation for Western Australia's population share of national GST collections; and
 - an increase in Commonwealth-funded 70% floor grants⁴ (up \$2.1 billion), which includes the impact of a bring-forward of \$434 million of the 2019-20 grant into 2018-19;
- higher other Commonwealth grants revenue (up \$981 million), including:
 - successful State Government negotiation for additional Commonwealth transport infrastructure grants, resulting in an increase of \$626 million over 2019-20 to 2021-22;

⁴ Changes in Western Australia's GST relativity are offset by the Commonwealth's 70% floor. However, the direct effects of the reduced national GST pool and lower population are not compensated by the 70% floor funding.

- higher disability services grants in 2019-20 (up \$176 million), largely reflecting alignment with the Commonwealth’s 2019-20 Budget for the NDIS (and matched by an equivalent increase in grant expense); and
- higher training grants for the National Partnership on the Skilling Australians Fund (up \$92 million) across the three years to 2021-22;
- lower taxation revenue (down \$396 million), mainly reflecting the flow-through of a weaker than expected property market to land tax⁵ (down \$127 million) and transfer duties⁶ (down \$58 million), lower collections from motor vehicle registrations (down \$81 million) and lower payroll tax (down \$56 million);
- higher North West Shelf grants⁷ (up \$164 million), largely due to higher oil and gas prices; and
- higher revenue from public corporations (up \$59 million), mainly reflecting the net impact of:
 - higher payments from Western Power (up \$308 million), comprising:
 - higher dividend payments (up \$186 million), mainly due to higher tariff revenue, lower forecast operating expenditure and interest expenses; and
 - higher tax equivalent payments (up \$122 million), largely due to higher forecast earnings before tax;
 - lower dividends and tax equivalent payments from the Water Corporation (down \$174 million), mainly as a result of lower developer contributions and customer revenue (due to reduced levels of water consumption); and
 - lower dividends and tax equivalent payments from the Pilbara Ports Authority (down \$109 million), largely reflecting reduced throughput at the Utah Point facility.

Further detail on the revenue forecasts is provided in Chapter 4: *General Government Revenue*.

Expenses

General government expenses are forecast to increase by 1.5% in 2019-20 and an average of 1.3% per annum over the four-year forward estimates period. This is well below the decade average of 5.9% (to 2017-18). This low rate of growth reflects the Government’s continued commitment to Budget repair and responsible financial management.

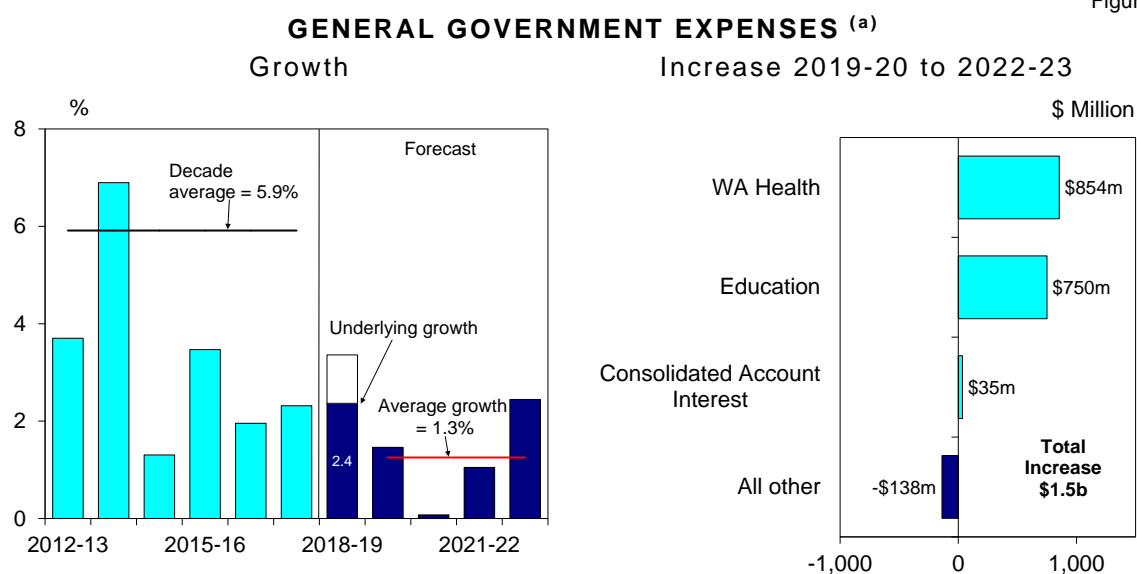
The largest increases in expenses over the forward estimates period are for WA Health (up \$854 million) and Education (up \$750 million). Consolidated Account interest expenses are now forecast to rise by only \$35 million to reach \$841 million by 2022-23, reflecting reduced borrowings across the period.

⁵ Includes the Metropolitan Region Improvement Tax.

⁶ Includes transfer and landholder duty.

⁷ Includes compensation grants for the Commonwealth’s 2008 decision to remove the exemption of condensate from crude oil excise.

Figure 2



(a) Data for years prior to 2019-20 adjusted for accounting standards changes.

Excluding the impact of accounting standards changes, recurrent spending by the general government sector has been revised up since the Mid-year Review by \$1.4 billion over the period 2019-20 to 2021-22, with the majority of this spending allocated to meet demand for key services. Material movements include:

- higher payments for disability services (up \$176 million in 2019-20), primarily for payments to the National Disability Insurance Agency (funded by matching Commonwealth grant revenue noted earlier);
- higher spending by WA Health across 2019-20 to 2021-22, including:
 - hospital services up \$131 million, reflecting higher than expected hospital activity and costs;
 - non-hospital services up \$48 million, to meet forecast cost and demand for community health services, health prevention and promotion programs, aged care services and patient transport; and
 - Transition Care, Home Support and Aged Care Assessment Team programs partially funded by the Commonwealth, up \$61 million;
- a new Employer Incentive Scheme and extra training delivery spending of \$122 million over the three years to 2021-22, to stimulate growth in apprenticeships and traineeships;
- higher recurrent spending on Royalties for Regions (RfR) initiatives (up \$99 million across the three years to 2021-22), mainly reflecting the retiming of expenditure from 2018-19 and the continuation of existing RfR projects beyond 2018-19;
- an additional \$81 million across 2019-20 to 2021-22 for the Department of Primary Industries and Regional Development, following a capability review of the Department;

- revised costs for the Department of Justice's services, mainly reflecting growth in the adult prisoner population (up \$66 million over the three year period to 2021-22); and
- lower Consolidated Account interest costs (down \$351 million), reflecting lower forecasts for State borrowings, mainly resulting from the impact of the improved operating outcomes across the forward estimates period, combined with slightly lower interest rate forecasts.

A number of smaller spending changes and new initiatives across the general government sector are included in this Budget. Further detail on these changes is included in Chapter 5: *General Government Expenses*.

Salaries costs represent 42% of total general government expenses in 2019-20 and remain the single largest expense for the sector. Total salary costs (including increases in employee numbers as well as wage rates) are forecast to increase by 1.6% in 2019-20 and 1.9% on average across the four years to 2022-23. These rates of growth are well below the decade average of 5.8% per annum, and largely reflect the success of the Government's \$1,000 wages policy.

Balance Sheet

General government sector net worth (i.e. the value of the sector's assets less its liabilities) is forecast to increase by 1.8% over 2019-20, to stand at \$104 billion at 30 June 2020. This will be the first increase since 2014-15 following four consecutive annual declines in net worth, from \$120.7 billion at 30 June 2015 to an estimated \$102.1 billion at 30 June 2019. This decline has been driven by the declining value of land holdings and the impact on the balance sheet of a protracted period of operating deficits, partly offset by increases in other physical asset holdings and lower superannuation liabilities.

The net worth of the sector is projected to continue growing over the remainder of the forward estimates period, increasing to an estimated \$113.7 billion by 30 June 2023, as the general government sector returns to an operating surplus position, and as recent declining land values begin to reverse in line with property market trends underlying the Budget outlook.

General government sector assets are estimated to increase by \$10.5 billion between 30 June 2019 and 30 June 2023 (to a total of \$158 billion). This mainly reflects:

- an increase in the value of non-financial assets (up \$4.8 billion), mainly property, plant and equipment (up \$3.7 billion) and land (up \$1.3 billion), with increases reflecting Asset Investment Program spending for the period, and an expected return to modest growth in land values;
- a \$2 billion increase in investments, loans and placements, largely due to an expected improvement in the Consolidated Account cash position as operating outcomes recover over the forward estimates period; and
- a \$4.2 billion increase in the net worth of public corporations, reflecting forecast operating surpluses in both the financial and non-financial public corporations sectors and increased holdings of physical assets by non-financial public corporations over the forward estimates period⁸.

⁸ The net worth of public corporations is included as an equity asset holding for the general government sector. This represents the ownership interest of central government in the net value of public sector businesses.

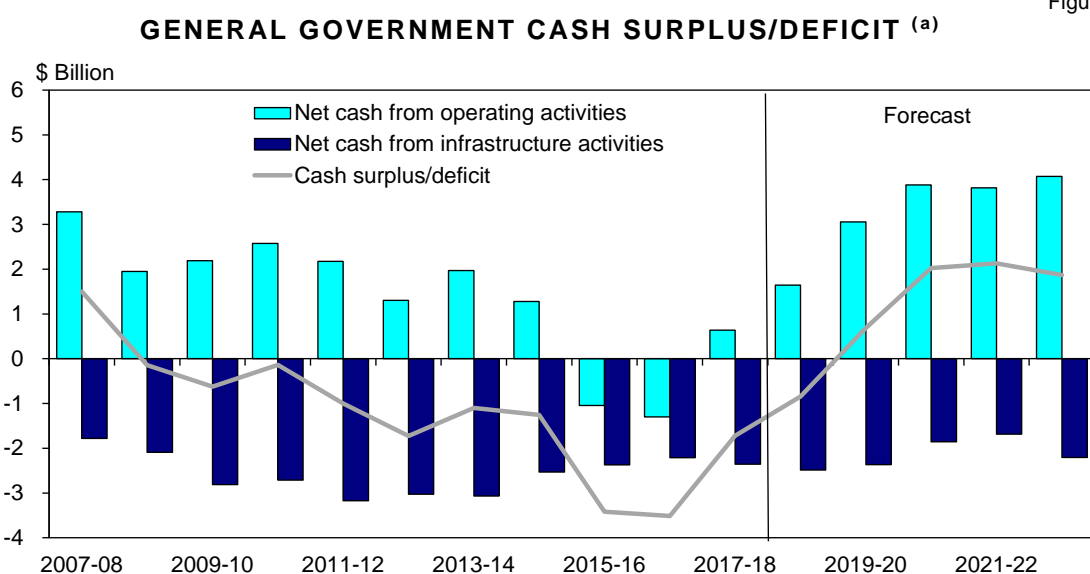
General government liabilities are forecast to be \$44.3 billion at 30 June 2023, a decrease of \$1.1 billion on the estimated outcome for 30 June 2019. State borrowings (excluding lease liabilities) are projected to increase by a net \$1.3 billion over this period, while forecasts for other liabilities such as deposits held, unfunded superannuation, lease liabilities and ‘other liabilities’ are all expected to decline.

Unfunded superannuation liabilities are forecast to decline to \$6.6 billion by 30 June 2023, a \$385 million reduction on the estimated outcome for 30 June 2019. Superannuation arrangements for most State employees are associated with fully-funded defined contribution schemes. As a result, unfunded superannuation liabilities will gradually decline as the sector’s unfunded entitlements are paid out over the next two decades. The lower forecast liability includes the impact of a 0.4 percentage point increase in the discount rate used to estimate the value of superannuation liabilities across the forward estimates⁹.

Including the impact of new accounting standards, general government sector net debt (i.e. gross debt liabilities less liquid financial assets) is forecast to peak at \$27.7 billion at 30 June 2020, before declining each year thereafter to \$25.1 billion by the end of the forward estimates period. Net debt for the total public sector is discussed in further detail later in this Chapter.

Cashflow Statement

A cash deficit of \$843 million is now expected for the general government sector in 2018-19, an improvement of \$1 billion since the Mid-year Review. This mainly reflects the impact on cash of the stronger operating outlook discussed earlier. Cash surpluses are expected for the period 2019-20 through to 2022-23. The forecast cash surplus for 2019-20 (\$687 million) is the first cash surplus for the general government sector since 2007-08.



(a) Data for years prior to 2019-20 adjusted for the impact of accounting standards changes.

⁹ Long term government bond rates are used by the actuary in year-end valuations of unfunded superannuation liabilities. A rate of 1.95% has been used for 2019-20 based on the long term bond rate at Budget cut-off, compared to the Mid-year Review assumption of 2.76%. Across the outyears, forecast bond rates are expected to rise marginally to 2.36% by 2022-23. An increase in the bond rate means that unfunded liabilities decrease in value (and vice versa).

Total Public Sector ¹⁰

The following table summarises the key financial aggregates for the total public sector.

TOTAL PUBLIC SECTOR ^(a)							Table 6
Summary Financial Statements							
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
	Actual	Estimated	Budget	Forward	Forward	Forward	
	\$m	\$m	Estimate	Estimate	Estimate	Estimate	
OPERATING STATEMENT							
Revenue	53,246	59,487	62,297	64,090	64,566	66,302	
Expenses	55,141	59,181	61,203	61,855	62,817	64,295	
Net Operating Balance	-1,895	305	1,094	2,235	1,749	2,006	
BALANCE SHEET AT 30 JUNE							
Assets	185,605	186,545	189,051	192,613	196,805	201,790	
Liabilities	83,252	84,340	85,073	85,460	86,609	88,125	
Net Worth	102,353	102,206	103,978	107,152	110,196	113,665	
STATEMENT OF CASHFLOWS							
Net Cash Flow s from Operating Activities	1,686	3,351	4,694	5,742	5,692	5,659	
Asset Investment Program	5,052	5,519	5,646	5,592	5,802	5,737	
Cash Surplus/Deficit	-2,799	-1,438	-248	954	747	729	
<i>Total Public Sector</i>							
Net Debt at 30 June							
- before AASB 16	34,606	36,281	36,970	36,384	35,983	35,604	
- impact of AASB 16	2,084	2,824	2,560	2,432	2,306	2,195	
Net Debt at 30 June	36,690	39,106	39,531	38,816	38,289	37,799	

(a) Data for 2017-18 and 2018-19 adjusted to be consistent with new accounting standards.

Note: Columns may not add due to rounding.

Operating Statement

An operating surplus of \$1.1 billion for the consolidated total public sector is forecast in 2019-20, up \$293 million on the \$801 million surplus projected in the Mid-year Review. This follows an expected \$305 million surplus in 2018-19, a significant turnaround on the \$1 billion deficit estimated in the Mid-year Review.

¹⁰ The total public sector (also known as the whole-of-government) consolidates the general government sector (discussed above), the public non-financial corporations sector (which includes entities operating on a predominantly cost recovery basis like the State's ports and the electricity and water utilities), and the public financial corporations sector (which includes agencies mainly engaged in financial activities, such as the Western Australian Treasury Corporation, the Insurance Commission of Western Australia, and Keystart).

Table 7

TOTAL PUBLIC SECTOR OPERATING BALANCE ^(a)
By Sector

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	Estimate	Estimate	Estimate	Estimate
Net Operating Balance						
General government sector	-942	553	1,533	2,579	2,133	2,554
Public non-financial corporations sector	458	882	639	852	850	682
Public financial corporations sector	320	166	128	94	104	110
<i>less</i>						
General government dividend revenue	1,718	1,289	1,203	1,288	1,338	1,343
Public non-financial corporations dividend revenue ^(b)	64	60	57	55	53	51
Agency depreciation costs on right of use assets leased from other government sectors ^(c)	-52	-53	-54	-52	-53	-54
Total public sector net operating balance	-1,895	305	1,094	2,235	1,749	2,006

(a) Data for 2017-18 and 2018-19 adjusted to be consistent with new accounting standards.

(b) Dividends received from Keystart (a PFC) by the Housing Authority (a PNFC).

(c) Depreciation costs incurred by agencies for right of use assets leased from other agencies within the same sub-sector of government are eliminated directly on consolidation. Equivalent costs between internal sectors of government contribute to expenses (and the operating balance) in the sector in which the lessee is classified, but is not matched by a 'depreciation revenue' by the sector in which the lessor is classified. This gives rise to an adjustment against equity for this unmatched internal cost when consolidating the total public sector.

Note: Columns may not add due to rounding.

Public Non-Financial Corporations (PNFC)

An operating surplus of \$639 million is forecast for the PNFC sector in 2019-20 (down from \$882 million in the 2018-19 Mid-year Review), with the sector expected to be in an operating surplus position in each year of the forward estimates.

In aggregate terms, PNFC operating outcomes are slightly weaker (down \$56 million) over the four-year period to 2021-22 compared to Mid-year Review estimates. Both revenue and expenses have been substantially revised upwards, largely due to the adoption of AASB 15: *Revenue from Contracts with Customers* and the associated impact this has on measurement of the Gold Corporation's revenue and expenses.

Movements in the operating outlook for other agencies relative to the 2018-19 Mid-year Review are expected to materially revise down both revenue and expenses by approximately \$1.3 billion over the four years to 2021-22. This reflects the net impact of:

- lower revenue (down \$702 million) and expenses (down \$672 million) for Racing and Wagering WA, due to reduced estimates for betting turnover as a result of broader economic conditions impacting on gaming activity;
- lower revenue (down \$283 million) and expenses (down \$440 million) for the Department of Communities (Housing Services), primarily due to the net impact of:
 - the new accounting standard for leases which revises down both revenue and expenses;
 - lower forecast inventory sales (and reduction in cost of goods sold), as a result of continuing soft property market conditions;

- an additional \$121 million of remote housing Commonwealth grant revenue and associated spending; and
- higher forecast revenue from developers in relation to projects being undertaken on Department-owned land;
- lower revenue (down \$211 million) for the Water Corporation, primarily due to lower projections for water consumption, lower developer contributions and lower operating subsidy revenue (reflecting a reduction in the Corporation’s cost of service in country regions);
- lower revenue (down \$142 million) for the Pilbara Ports Authority, largely due to lower throughput at Port Headland’s Utah Point facility;
- higher revenue (up \$114 million) and expenses (up \$112 million) for Lotterywest, primarily due to higher sales and associated increases in prize payments and statutory distribution forecasts across the forward estimates period;
- lower revenue (down \$102 million) for Synergy, largely due to the lower residential electricity tariff price path announced in this Budget; and
- higher revenue (up \$55 million) and lower expenses (down \$101 million) for Western Power, mainly reflecting the net impact of:
 - higher network tariff revenue as a result of the Economic Regulation Authority’s (ERA) final decision on Western Power’s fourth access arrangement (AA4)¹¹;
 - efficiencies resulting in lower operating expenditure achieved through Western Power’s Business Transformation Program; and
 - lower expenditure as a result of the ERA’s final decision on the AA4.

Public Financial Corporations (PFC)

An operating surplus of \$128 million is projected in 2019-20 (down \$103 million on the \$231 million surplus estimated in the Mid-year Review). In net terms, the operating outlook for the PFC sector is forecast to weaken by \$608 million over 2018-19 to 2021-22 relative to the Mid-year Review. This mainly reflects reclassification of investment gains from ‘other revenue’ (which impacts the PFC operating balance) to ‘net gains on assets’ (which does not affect the operating balance). This aligns the treatment of such gains in the forward estimates with the classification in audited outcomes each year. Other material movements in revenue and expenses in the PFC sector include:

- lower revenue (down \$528 million) and expenses (down \$510 million) from 2019-20 for the Western Australian Treasury Corporation, largely due to the interest revenue and expense impact of lower interest rates and an overall reduction in the Corporation’s borrowing program (on the back of stronger operating surpluses for the general government sector);

¹¹ Western Power is regulated by the ERA. Every five years, the ERA undertakes a review of Western Power’s proposed access arrangement, which is a requirement of the *Electricity Networks Access Code 2004*. The main outcome of the access arrangement review is the ERA’s determination on the total revenue Western Power can collect from its customers over the relevant period. The access arrangement also sets the parameters for Western Power’s Asset Investment Program and operating expenditure.

- lower expenses (down \$176 million) for the Insurance Commission of Western Australia, mainly reflecting lower actuarial projections for claims expenses;
- lower revenue and expenses (both down \$129 million) for Keystart, mainly due to lower than expected interest rates; and
- lower revenue (down \$80 million) for RiskCover, primarily reflecting a reduction in premiums charged to agencies based on actuarial assessment of the forecast number and size of workers' compensation claims.

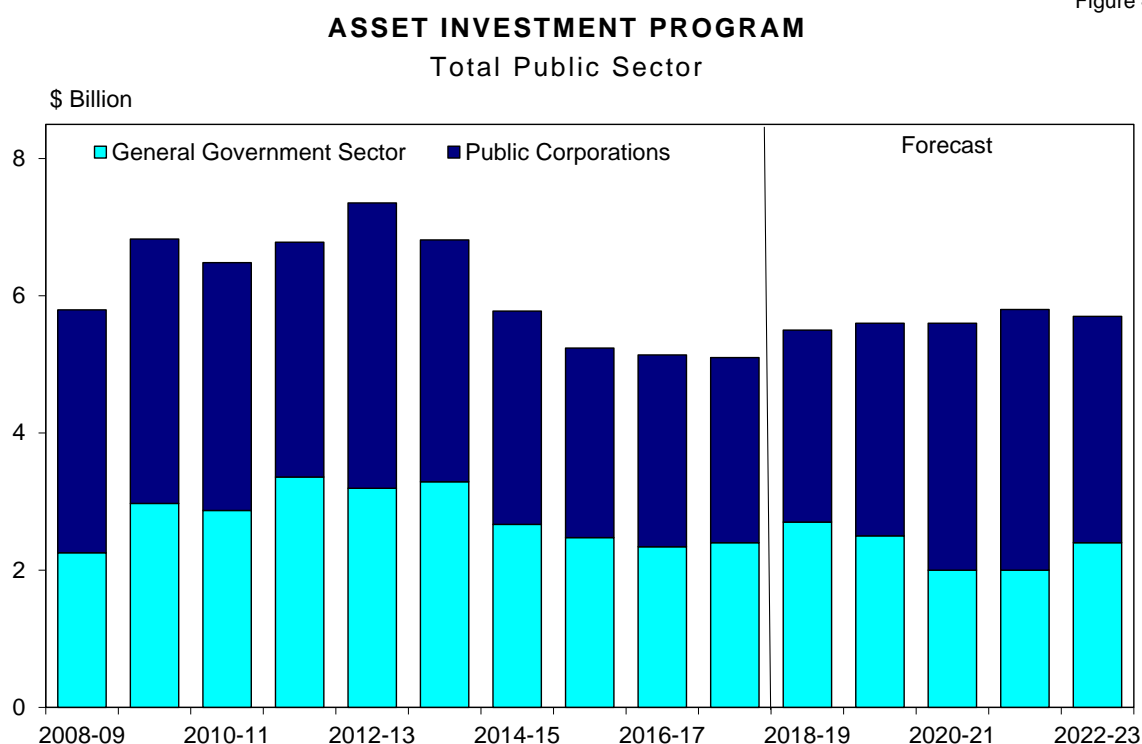
Capital Investment

Infrastructure spending is projected to total \$22.8 billion over the four years from 2019-20 to 2022-23.

- Asset investment by the general government sector is forecast to total \$8.8 billion across the four years to 2022-23, with nearly half of the sector's total infrastructure spending on road construction (\$4.2 billion).
- Infrastructure spending by the PNFC sector is projected to be \$14.3 billion over the period 2019-20 to 2022-23, with high levels of investment in METRONET (\$4.1 billion), electricity (\$3.6 billion) and water infrastructure (\$2.7 billion).

While spending on roads and public transport accounts for a large part of the Asset Investment Program (\$9.1 billion, or 40%), significant investment is also being made in public housing (\$1.3 billion), education (\$1 billion), hospitals (\$797 million), and community safety (\$679 million).

Figure 4



Relative to the Mid-year Review, infrastructure investment has been revised up by \$664 million over the period 2018-19 to 2021-22. This largely reflects the net impact of:

- a \$287 million increase in spending by Main Roads, reflecting new investment in projects jointly funded by the State and the Commonwealth, including Tonkin Highway Corridor upgrades, Swan River Crossing (Fremantle Road and Rail Bridge replacement) and the grade separation of Leach Highway and Welshpool Road;
- a \$191 million increase in expenditure by WA Health across a range of projects, including:
 - \$39 million to replace information and communication technology equipment at Fiona Stanley Hospital which is due to reach end-of-life or end-of-vendor support;
 - \$38 million on critical infrastructure projects, including remediation works on Rockingham Hospital cladding and infrastructure upgrades to King Edward Memorial, Bentley and Fremantle Hospitals, and for fire safety at the East Metropolitan Health Service;
 - \$24 million to complete the replacement of PathWest’s Laboratory Information System;
 - \$23 million to upgrade and refurbish the intensive care unit at Royal Perth Hospital;
 - \$23 million to replace a range of medical equipment that is approaching the end of its useful life; and
 - \$14 million to refurbish Fremantle Hospital’s B Block, including the development of a new 20 bed secure adult mental health unit;
- a \$189 million increase in expenditure by the Department of Justice, largely reflecting the construction of 344 additional beds at Casuarina Prison and an associated upgrade to services and support facilities;
- a net increase of \$114 million in Public Transport Authority expenditure, mainly driven by:
 - additional investment to remove level crossings at Mint Street, Oats Street and Welshpool Road on the Armadale Line;
 - additional spending for the ongoing development of business cases and project definition plans for METRONET projects under development and a reduction in the spending provisioned for METRONET projects under development, mainly due to changes in the timing of Commonwealth funding; and
 - cashflow timing changes on approved METRONET projects to align with the latest project schedules;
- a \$72 million increase in investment by the Western Australian Land Authority, mainly due to the bring-forward (from 2022-23) of works associated with the Ocean Reef Marina election commitment, acquisition of priority Latitude 32 hardship cases, and for Stage 2 of the Forrestdale Business Park West precinct; and

- a net reduction of \$266 million in infrastructure investment by Western Power, largely reflecting:
 - a \$392 million reduction as a result of the ERA’s final decision on Western Power’s capital expenditure on regulated assets;
 - a \$91.5 million underspend on various projects in 2017-18 being redistributed across the forward estimates period; and
 - \$62 million to be spent on Western Power’s Advanced Metering Infrastructure Project, which will improve network safety and reliability.

Further detail on infrastructure investment is available in Chapter 6: *Asset Investment* and Appendix 7: *Asset Investment Program – Summary of Expenditure and Source of Funds*.

Balance Sheet

Net worth of the total public sector is identical to that of the general government sector (discussed earlier in this Chapter). This is because the net worth of public corporations is reported as an asset in the general government sector balance sheet.

Total public sector net debt is discussed in more detail below.

Cashflow Statement

Consistent with Mid-year Review forecasts, cash deficits are expected for 2018-19 and 2019-20. However, the cash deficits of \$1.4 billion and \$248 million in 2018-19 and 2019-20 respectively, represent a \$1.4 billion improvement relative to the Mid-year Review. This is largely due to the impact on cash of the stronger operating outlook discussed earlier.

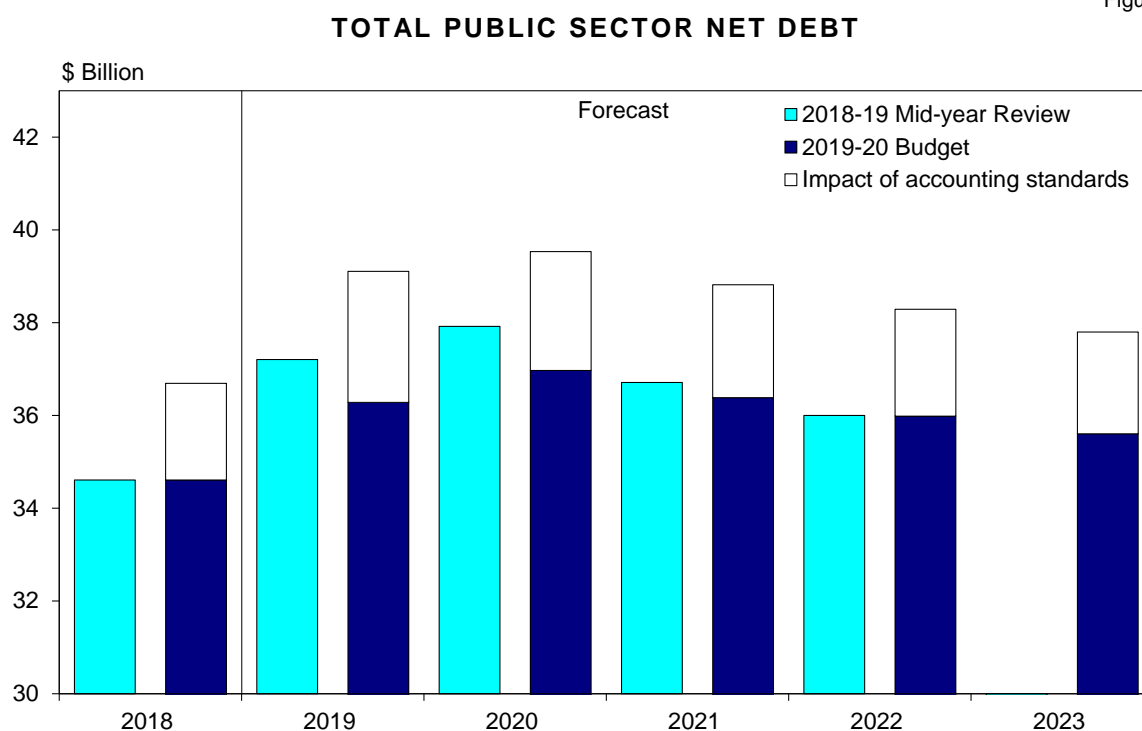
A turnaround to a cash surplus is forecast from 2020-21 onwards, with these outcomes mainly reflecting the flow-on impact of the stronger general government outlook, partly offset by the State’s increased infrastructure spending in these years. This is accompanied by the beginning of the decline in net debt (discussed in earlier feature box).

Net Debt

Abstracting from the impact of accounting standards changes implemented in this Budget, the outlook for net debt is broadly unchanged from the Mid-year Review. At the time of the Mid-year Review, total public sector net debt was forecast to peak at \$37.9 billion at 30 June 2020 before declining to \$36 billion by 30 June 2022. The equivalent projections in this Budget show that net debt is still forecast to peak at 30 June 2020 before declining to \$36 billion by 30 June 2022, with a further reduction to \$35.6 billion by 30 June 2023.

Implementation of AASB 16: *Leases* changes the measurement of leases, bringing operating lease arrangements onto the balance sheet for the first time (see feature box earlier in this Chapter). The impact of this measurement change is estimated at \$2.6 billion in the Budget year, reducing to \$2.2 billion by 30 June 2023 (with the reduction representing forecast lease repayments over the forward estimates period).

Figure 5



Importantly, while the measurement of net debt has changed as a result of AASB 16, the profile of the annual change in net debt is not substantially different. At the same time, the lease measurement changes have no impact on the timing of cash payments by the State, and it is expected that the credit rating agencies will ‘see through’ these changes in assessing Western Australia’s credit rating.

The following table summarises changes to projected net debt levels since the Mid-year Review.

Table 8					
NET DEBT OF THE TOTAL PUBLIC SECTOR AT 30 JUNE					
	2019	2020	2021	2022	2023
	\$m	\$m	\$m	\$m	\$m
2018-19 Mid-year Review - Total Public Sector Net Debt	37,203	37,919	36,711	35,997	
<i>Less change in net cash flows from operating activities and dividends paid</i>					
- general government	542.2	668.7	87.5	690.2	
- public non-financial corporations	167.6	-69.7	-17.6	21.0	
- public financial corporations	-23.7	-112.5	-84.5	-96.6	
<i>Total public sector</i>	<i>686.1</i>	<i>486.5</i>	<i>-14.6</i>	<i>614.6</i>	
<i>Plus purchases of non-financial assets ^(a)</i>					
Revisions to AIP underspends/slippage provisions	500.0	-200.0	-150.0	-350.0	
Revisions to Road Trauma Trust Account provision	-	-3.8	-14.6	-14.1	
METRONET Projects Under Development - Provision	-	-39.0	-58.2	-205.5	
METRONET - Public Transport Authority	-145.8	-106.6	64.5	519.0	
Other Public Transport Authority	-107.9	77.1	65.1	51.7	
Main Roads	-90.5	56.8	29.3	291.0	
WA Health	-88.5	94.4	133.7	51.1	
Justice	1.1	26.3	57.0	104.9	
WA Land Authority	13.4	25.1	14.4	19.5	
Education	-30.6	63.3	18.3	-3.1	
Water Corporation	-10.3	-63.2	82.3	35.4	
Metropolitan Redevelopment Authority	-22.1	28.0	16.4	12.6	
Fremantle Port Authority	-40.3	-28.6	25.2	36.5	
Communities	-42.4	-49.6	-28.9	58.4	
Western Power	-171.7	-16.0	-33.1	-44.9	
All other ^(b)	-80.2	178.7	49.0	104.4	
<i>Total purchase of non-financial assets</i>	<i>-316.0</i>	<i>42.8</i>	<i>270.5</i>	<i>666.7</i>	
<i>Less proceeds from sale of non-financial assets</i>					
Communities	-124.6	-56.9	53.6	115.4	
All other	-15.6	-16.3	-19.1	-13.4	
<i>Total sales of non-financial assets</i>	<i>-140.2</i>	<i>-73.2</i>	<i>34.5</i>	<i>102.0</i>	
<i>Plus all other financing</i>					
Lease repayments reclassified from operating payments	-	377.1	385.6	390.0	
All other ^(c)	-59.4	-34.3	-13.6	-27.7	
<i>Cumulative impact on net debt at 30 June</i>	<i>-921.3</i>	<i>-949.1</i>	<i>-326.6</i>	<i>-14.1</i>	
2019-20 Budget - Total Public Sector Net Debt (pre-AASB 16)	36,281	36,970	36,384	35,983	35,604
<i>Impact of AASB 16</i>	<i>2,824.2</i>	<i>2,560.4</i>	<i>2,432.3</i>	<i>2,306.0</i>	<i>2,195.1</i>
2019-20 Budget - Total Public Sector Net Debt (post-AASB 16)	39,106	39,531	38,816	38,289	37,799
(a) Material changes to infrastructure spending are outlined in Chapter 6.					
(b) Includes timing changes and other movements in agency infrastructure programs.					
(c) Includes other movements in net debt attributable to issues such as revaluations of investment assets and debt liabilities, net acquisitions of financial assets for liquidity purposes, etc. These transactions have no associated operating or infrastructure cash flows reflected in other items in this table.					
Note: Columns may not add due to rounding.					

In line with the Government's election commitment, a Debt Reduction Account was established in 2017-18 to facilitate the reduction of centrally-held State borrowings using windfall funds.

In 2017-18, an amount of \$98 million, sourced from surplus funds held by RiskCover and the residual sale proceeds from the 2017 sale of the Perth Market Authority, was used to repay centrally-held borrowings.

In 2018-19, an amount of \$437 million has been used to repay centrally-held borrowings. These funds were sourced from a large, one-off duty assessment (\$195 million), surplus funds returned to the Consolidated Account by RiskCover (\$162 million), and \$79 million of excess agency cash that was returned to the Consolidated Account prior to 30 June 2018.

The 2019-20 Budget includes a total of \$5.1 billion flowing through the Debt Reduction Account over the four years to 2022-23. Of this amount, an estimated:

- \$1.4 billion will be used to repay existing debt, sourced from the 2019-20 amount for GST top-up grants (\$1.2 billion) and a further \$163 million of funds from RiskCover across the four years to 2022-23; and
- \$3.7 billion will be used to reduce new borrowings, sourced from the currently estimated amounts for GST top-up grants to be received in 2020-21 (\$1.8 billion) and 2021-22 (\$1.9 billion).

The exact mix between repayment of existing debt and avoidance of new debt will be determined on an annual basis prior to the Budget being finalised, taking into account the optimal financing decision at the time.

The table below shows the current source of funds and timing of the associated flows through the Debt Reduction Account reflected in this Budget.

REDUCING CONSOLIDATED ACCOUNT DEBT							
Receipts and Payment of the Debt Reduction Account							
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Source of Funds</i>							
Unanticipated duty 'special'	-	195	-	-	-	-	-
RiskCover return of surplus capital	98	162	79	48	23	14	163
GST top-up grants	-	-	1,248	1,824	1,900	-	4,972
Return of surplus agency cash	-	79	-	-	-	-	-
<i>Total</i>	98	437	1,327	1,872	1,923	14	5,136
DEBT REPAYMENTS/AVOIDANCE	98	437	1,327	1,872	1,923	14	5,136

Note: Columns/rows may not add due to rounding.

Table 9

Government Financial Strategy Statement

The Government is committed to responsible financial management and repairing the State's finances, while delivering high quality services to the Western Australian community. Progress is reflected in the following whole-of-government financial targets.

Financial Targets

The following financial targets are unchanged from those in the 2018-19 Budget:

- progress towards a net operating surplus for the general government sector, measured by a reduction in the operating deficit outcome relative to the previous year;
- progress towards a cash surplus for the total public sector;
- maintain disciplined general government expense management by:
 - delivering public sector wages outcomes in line with Government wages policy; and
 - ensuring key service delivery agency recurrent spending outcomes are in line with budgeted expense limits in Resource Agreements; and
- reduce the proportion of total public sector net debt held by the general government sector.

The Government is on track to meet all of its financial targets by 2020-21.

Table 10

2019-20 BUDGET FINANCIAL TARGET COMPLIANCE

	2018-19 ^(a)	2019-20 Forward Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate
Progress towards a net operating surplus for the general government sector	Forecast				
- General government net operating balance (\$m)	466	1,533	2,579	2,133	2,554
- 2019-20 Budget compliance	Yes	Yes	Yes	Yes	Yes
Progress towards a cash surplus for the total public sector					
- Total public sector cash surplus/deficit (\$m)	-1,720	-248	954	747	729
- 2019-20 Budget compliance	Yes	Yes	Yes	Yes	Yes
Maintain disciplined general government expense management through:					
- delivering public sector wage outcomes in line with Government wages policy					
- 2019-20 Budget compliance	Yes	Yes	Yes	Yes	Yes
- ensuring key service delivery agency recurrent spending outcomes are in line with budgeted expense limits					
- 2019-20 Budget compliance	No	Yes	Yes	Yes	Yes
Reduce the proportion of total public sector net debt held by the general government sector					
- General government net debt as a share of total public sector net debt (%)	64.5	70.1	69.2	68.0	66.4
- 2019-20 Budget compliance	No	No	Yes	Yes	Yes

(a) In accordance with the requirements of the *Government Financial Responsibility Act 2000*, figures for 2018-19 are consistent with accounting standards applicable at the time of the 2018-19 Budget. The underlying 2018-19 estimates on the current accounting standards basis (i.e. not adjusted for comparability with new standards implemented from 2019-20 in this Budget) are shown in Note 9 in Appendix 1: *Detailed Financial Projections*.

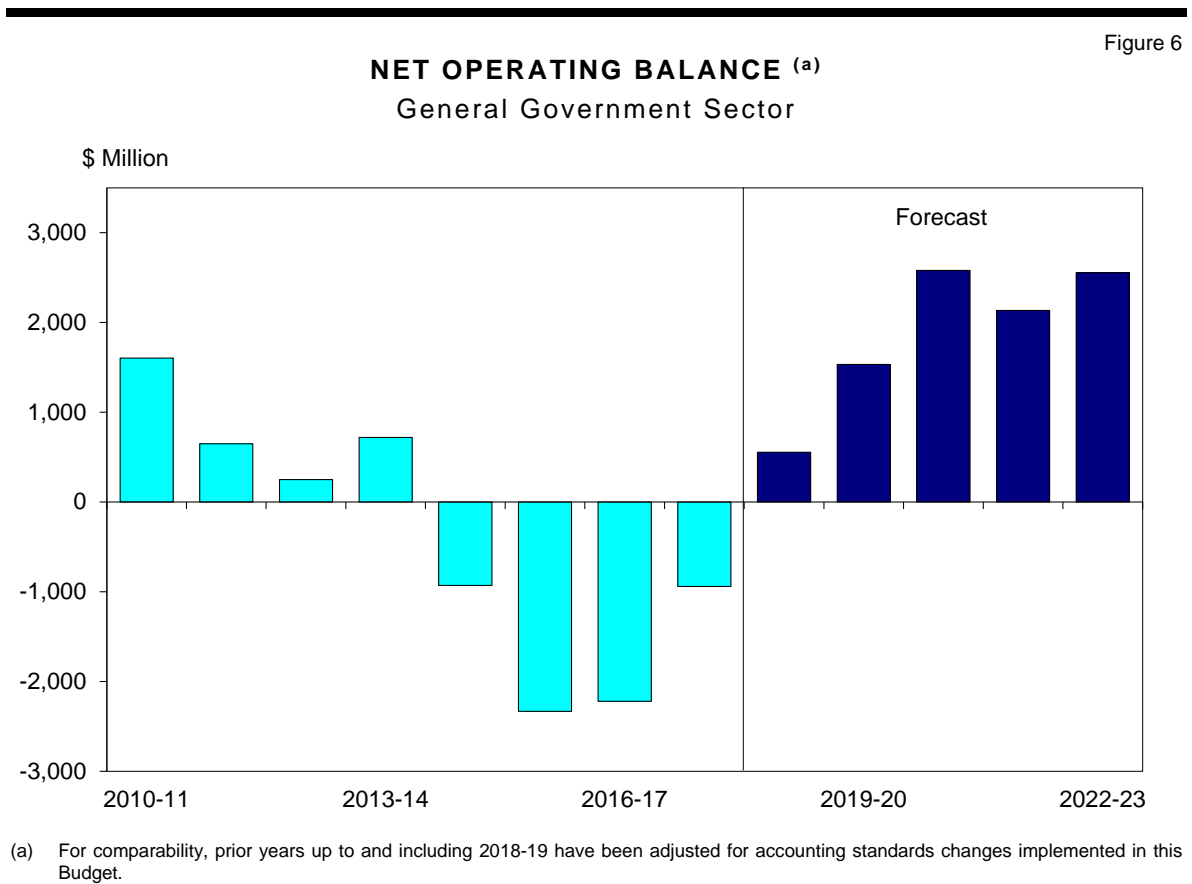
Progress Towards a Net Operating Surplus for the General Government Sector

The net operating balance for the general government sector is the State's headline Budget measure, with an operating surplus for the State indicating that it can deliver day-to-day services sustainably, financing them using revenue generated in that financial year.

This target is expected to be met in 2018-19, one year earlier than forecast in the 2018-19 Mid-year Review. This will be the first general government operating surplus in five years. The \$553 million estimated surplus for 2018-19 reflects a strengthening in royalties from a temporary boost in the iron ore price (due to supply disruptions in Brazil), and the bring-forward by the Commonwealth into 2018-19 of \$434 million of the State's 2019-20 GST top-up payment.

This target is also expected to be met in each year of the forward estimates period, with a \$1.5 billion surplus forecast for 2019-20, followed by surpluses in excess of \$2 billion from 2020-21 onwards (which are boosted in part by non-cash revenue adjustments for Commonwealth METRONET funding due to new accounting standards, and Commonwealth road funding).

The improved operating outlook also reflects the low rate of growth in general government expenditure, which averages just 1.3% per annum over the Budget period, compared to the 5.9% annual average over the last decade.



While returning the general government sector to net operating surpluses is crucial to repairing the State’s finances, operating surpluses do not represent ‘left-over’ money, but rather a source of funding for the Government’s Asset Investment Program. Operating surpluses therefore allow the Government to deliver crucial infrastructure while also limiting growth in net debt (further detailed in the *General Government Operating Surplus* feature box in Chapter 1).

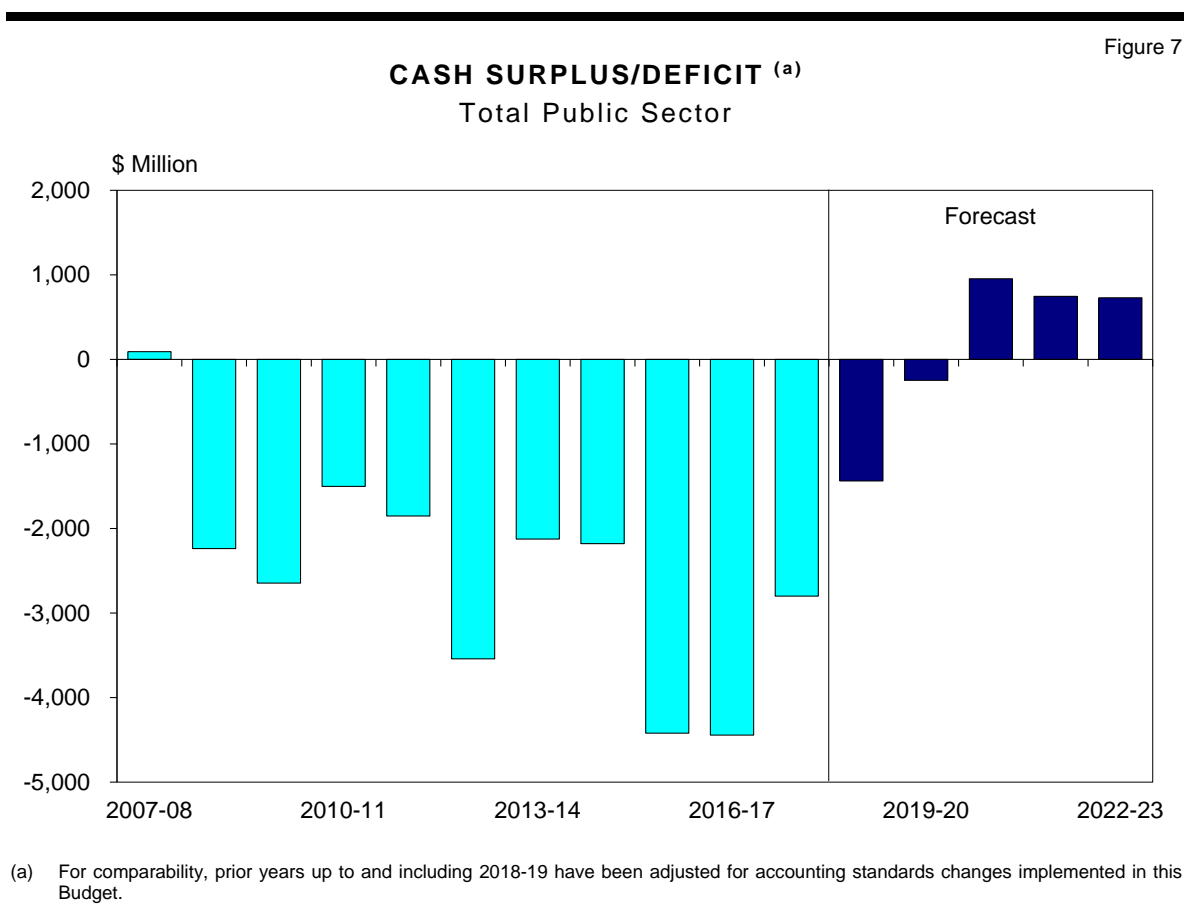
Progress Towards a Cash Surplus for the Total Public Sector

The total public sector cash surplus/deficit is a broad measure of financial performance, taking into account the impact of both operating and investing activities across all sectors of government, including public corporations. This measure provides a comprehensive indication of the borrowing requirement of the public sector.

This target is expected to be achieved in each year of the forward estimates period. The cash deficit of the total public sector is expected to decline from \$1.4 billion in 2018-19 to \$248 million in 2019-20. The deficits reflect net infrastructure spending (i.e. infrastructure spending less proceeds from the sale of surplus assets) more than offsetting net cash flows from operating activities (the cash impact of the net operating balance) in these years.

The improved general government operating outlook results in a forecast \$1 billion cash surplus in 2020-21, with average cash surpluses of around \$700 million projected for the remaining outyears.

Consistently achieving cash surpluses over a prolonged period is central to the Government's plan to gradually pay down debt to sustainable levels.



Maintain Disciplined General Government Expense Management

Disciplined management of recurrent spending in the general government sector is critical to returning the State's finances to a sustainable position. The Government's expense management target is measured by two criteria.

Deliver public sector wages outcomes in line with Government wages policy

Consistent with the outlook in the Mid-year Review, wage outcomes are forecast to be in line with the Government's wages policy in 2018-19, 2019-20 and each year of the forward estimates period.

Public sector wage agreements settled to date have been in line with the Government's wages policy (limiting increases in wages to \$1,000 per annum).

Table 11

EXPIRING KEY INDUSTRIAL AGREEMENTS ^(a)

Agreement	Employees	Expiry Date	Status
2018-19			
Enrolled Nurses	2,210	6 Oct 2018	Agreed in-principle
Registered Nurses	16,036	11 Oct 2018	Registered
PTA Salaried Officers	864	25 Oct 2018	Registered
Police Auxiliary Officers	302	1 Nov 2018	Agreed in-principle
Perth Theatre Trust	300	31 Dec 2018	Pending Registration
Education Assistants	12,307	31 Dec 2018	Registered
Government Services (miscellaneous)	4,934	31 Dec 2018	Registered
VenuesWest General Agreement	518	31 Dec 2018	Registered
Australian Workers Union ^(b)	500	25 Apr 2019	Under Negotiation
Public Service and General Government Officers	31,845	12 Jun 2019	Under Negotiation
School Support Officers	4,212	12 Jun 2019	Under Negotiation
Disability Services Social Trainers	564	12 Jun 2019	Under Negotiation
Insurance Commission (Government Officers)	360	12 Jun 2019	Under Negotiation
Western Australia Police Officers	6,370	30 Jun 2019	Under Negotiation
2019-20			
WA Health System (Medical Practitioners)	5,225	30 Sep 2019	Under Negotiation
School Education Act (Teachers and Administrators)	29,157	5 Dec 2019	Upcoming Agreement
WA TAFE Lecturers General Agreement	2,521	15 Dec 2019	Upcoming Agreement
Main Roads (Salaried Officers)	852	31 Jan 2020	Upcoming Agreement
West Australian Fire Service	1,236	9 Jun 2020	Upcoming Agreement
Department of Justice - Prison Officers	2,358	10 Jun 2020	Upcoming Agreement
WA Health PACTS (Health Salaried Officers)	16,341	30 Jun 2020	Upcoming Agreement

(a) Table does not include agreements that cover less than 300 employees.

(b) Covers multiple employee groups across a number of agencies.

Ensure key service delivery agency recurrent spending outcomes are in line with budgeted expense limits in Resource Agreements

This target is met when key service delivery agencies' recurrent spending outcomes are within 2% of the approved expense limits contained in their Resource Agreements set at the time of the Budget.

The target is not expected to be met in 2018-19, with unavoidable spending increases and the carry-over of previously approved spending from 2017-18, meaning that two agencies are expected to be above the 2% threshold. These are:

- Main Roads, due to the payment of eligible road repair claims for natural disasters that occurred in 2016-17, as part of the Western Australian Natural Disaster Relief and Recovery Arrangements; and
- Communities, mainly due to an increase in Commonwealth-funded disability services expenditure (primarily reflecting the on-payment of grants to the National Disability Insurance Agency), a delay in National Partnership on Remote Housing spending from 2017-18, plus a further increase in remote housing expenditure following a new \$121 million agreement reached with the Commonwealth in December 2018.

AGENCY RESOURCE AGREEMENTS ^(a)

Table 12

	2018-19 Budget Resource Agreement	Functional Transfers ^(b)	Revised Limit	Current Total Cost of Service	Variance from Revised Limit
	\$m	\$m	\$m	\$m	%
WA Health ^(c)	8,808	11	8,818	8,994	2.0
Education	5,091	- ^(d)	5,091	5,139	0.9
Communities	3,245	3	3,247	3,443	6.0
Western Australia Police Force	1,555	-	1,555	1,557	0.1
Justice	1,472	1	1,473	1,485	0.8
Public Transport Authority	1,491	-	1,491	1,479	-0.8
Finance	1,430	- ^(d)	1,431	1,380	-3.5
Commissioner of Main Roads	1,282	-	1,282	1,347	5.1
Mental Health Commission	918	-	918	918	-
Training and Workforce Development	561	1	562	555	-1.4
Primary Industries and Regional	518	1	518	468	-9.7
Biodiversity, Conservation and Attractions	396	- ^(d)	397	393	-0.9
Transport	436	- ^(d)	437	444	1.8
Fire and Emergency Services	430	- ^(d)	430	432	0.4
Mines, Industry Regulation and Safety	293	-1	292	286	-1.9

(a) The target is met when agencies' recurrent spending outcomes are no more than 2% higher than the amount specified in Resource Agreements signed for the Budget year.

(b) Detailed in Appendix 4: *The Consolidated Account and the Treasurer's Advance*.

(c) Variance of 1.997% falls within 2% threshold.

(d) Amount less than \$500,000.

Material changes to agency recurrent spending since the Mid-year Review are discussed in Chapter 5: *General Government Expenses*.

Reduce the Proportion of Total Public Sector Net Debt Held by the General Government Sector

The Government is committed to gradually paying down debt over time, with a particular focus on reducing net debt levels for the general government sector as a proportion of total public sector net debt.

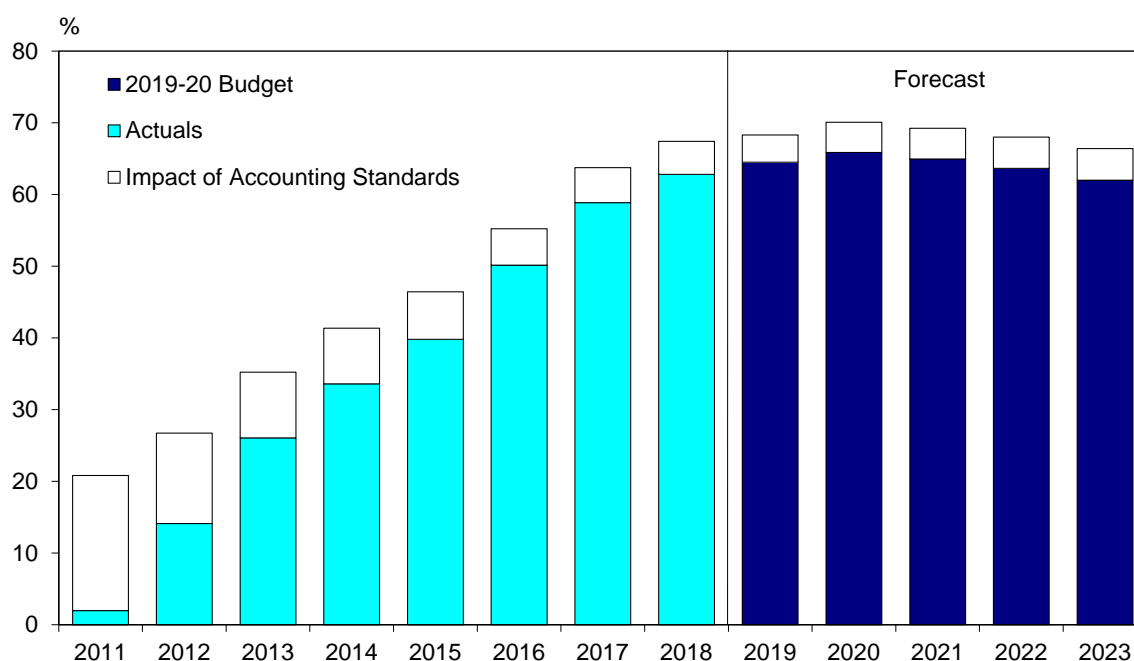
General government sector net debt accumulates when spending on centrally-funded services and infrastructure is unable to be funded through central revenue collections (such as taxation revenue and royalties). This has been the case in recent years, with general government net debt growing from a net asset position (when cash and other liquid assets exceed gross debt) of \$551 million at 30 June 2008 to an estimated \$26.7 billion net debt position at 30 June 2019. This accounts for more than 80% of the increase in total public sector net debt over this period.

Consistent with previous forecasts, the target to reduce the share of general government sector net debt is expected to be met from 2020-21, declining in each of the outyears to a forecast 66.4% by 30 June 2023¹².

The anticipated achievement of this target from 2020-21 reflects stronger general government sector operating results driving a return to cash surpluses for the sector from 2019-20. Net debt for both the general government and total public sectors is expected to peak at 30 June 2020, before reducing across the remaining forward estimate years.

Figure 8

GENERAL GOVERNMENT NET DEBT PERCENTAGE OF TOTAL PUBLIC SECTOR NET DEBT At 30 June



¹² Adjusted for accounting standards changes implemented in this Budget.

Statement of Risks

Forecasting Uncertainties

The inherent uncertainties associated with producing forecasts for an approximately \$270 billion economy and a general government sector recurrent budget in excess of \$30 billion mean that there will always be differences between the forecasts of key aggregates and the final audited results. This Statement of Risks provides an overview of the known issues that have the potential to materially affect the financial projections contained in this Budget.

Implementation of New Accounting Standards

First time adoption of accounting standards with complexity in measurement rules (such as AASB 16: *Leases*) raises the risk that further information may come to light and potentially result in material changes in forecast valuations over time.

In relation to the new revenue standards, volatility from changes in Commonwealth-funded spending may emerge for future rounds of forward estimates where spending profiles change and the recognition of Commonwealth funding is then required to be re-profiled to match spending under the new standards.

Revenue Estimates

The revenue estimates are highly sensitive to changes in key economic parameters, including the \$US/\$A exchange rate, commodity prices (especially iron ore), employment and wage growth, and house prices and transaction volumes. The volatility in the State's own-source revenue highlights the imperative for the Government to maintain a disciplined approach to managing recurrent expenses and deliver meaningful operating surpluses. Approximate annual impacts of changes in these variables are outlined in the following table.

Table 13

APPROXIMATE PARAMETER SENSITIVITY OF REVENUE ESTIMATES 2019-20

	Variability (\$m)	Detail
Royalty income and North West Shelf grants	±101	For each US1 cent decrease/increase in the \$US/\$A exchange rate (royalty income is inversely related to the \$US/\$A exchange rate) ^(a) .
Iron ore royalties	±81	For each \$US1 per tonne increase/decrease in the price of iron ore.
Petroleum royalties and North West Shelf grants	±11	For each \$US1 increase/decrease in the price of a barrel of oil.
Payroll tax	±38	For each 1% increase/decrease in taxable wages or employment growth (i.e. the total wages bill).
Underlying transfer duty		
• Prices	±12	For each 1% increase/decrease in average property prices.
• Transactions	±8	For each 1% increase/decrease in transaction levels.
(a) The sensitivity for each US1 cent change in the \$US/\$A exchange rate has increased from \$89 million at the 2018-19 Mid-year Review due to the magnitude of upward revisions to estimated royalty income and North West Shelf grants.		

Royalty Income (\$6,375 million in 2019-20)

Exchange Rate and Iron Ore Price

Movements in the \$US/\$A exchange rate and the iron ore price represent the largest risks (both upside and downside) to general government revenue. The majority of Western Australia's commodities are sold in international markets and are priced in US dollars.

To illustrate the sensitivity, if the \$US/\$A exchange rate were to immediately move to its long-run average of US76.2 cents across the forward estimates period, the revenue impact would be a downward revision of \$1.6 billion over the five years to 2022-23 relative to the Budget forecast (see following table).

Table 14

EXCHANGE RATE SCENARIO RELATIVE TO 2019-20 BUDGET						
	2018-19	2019-20	2020-21	2021-22	2022-23	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Return to long-run average	-94	-487	-391	-347	-324	-1,643

Source: Department of Treasury.

The iron ore price is significantly influenced on the demand side by economic conditions in China and the Chinese Government's policy actions. The timing and impact of these policies are difficult to predict. Prices are also influenced on the supply side by the start-up of new mines, mine expansions, mine depletions and scheduled shutdowns, as well as less predictable events such as weather disruptions.

The following table shows that if the iron ore price in each year of the Budget period were to equal the long-run average price of \$US63.6 per tonne, the revenue impact would be a downward revision of \$1.3 billion over the five years to 2022-23 relative to the Budget forecast.

Table 15

IRON ORE SCENARIO RELATIVE TO 2019-20 BUDGET						
	2018-19	2019-20	2020-21	2021-22	2022-23	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Return to long-run average	-289	-806	-159	-6	-9	-1,269

Source: Department of Treasury.

State Taxes (\$9,088 million in 2019-20)

Payroll Tax

The prevalence of the mining and related sectors in the payroll tax base means that any unexpected events that dampen demand for labour in the resources sector may pose a risk to the payroll tax outlook. For example, changes in the magnitude and timing of spending on construction and commissioning of scheduled projects could translate into lower payroll tax collections in the near term.

Total Duty on Transfers¹³

Residential property transactions are the largest contributor to total transfer duty. Both residential property transactions and prices are susceptible to fluctuations in market sentiment and are therefore inherently volatile and difficult to forecast.

The roll-out of comprehensive credit reporting could act to further tighten credit and weaken demand for residential properties, resulting in lower than anticipated transfer duty. Weaker demand through lower than expected migration levels to Western Australia could also delay the forecast recovery in the residential property market (and transfer duty).

A change in the number or size of high value commercial transactions (such as transfers of mining tenements or commercial property), which are inherently difficult to forecast, also presents risks (both upside and downside) to the transfer duty outlook.

Commonwealth Grants (\$10,549 million in 2019-20)

The estimates of Commonwealth grants in this Budget reflect assumptions that may differ from those of the Commonwealth. The Commonwealth Government released its 2019-20 Budget shortly before the 8 April 2019 cut-off for this Budget. The State Budget estimates of Commonwealth grants have been revised to incorporate the most significant elements of the Commonwealth Budget. However, there remain some differences in relation to the timing of some grants, the parameters used in some of the grant calculations, and in projected developments for some agreements (such as expectations of continued funding for expiring agreements, and/or finalisation of agreements). There will be some refinements to the outlook for Commonwealth grants in the State's 2019-20 Mid-year Review.

GST Grants and Commonwealth-funded 70% Floor Grants

Western Australia's GST grants and Commonwealth-funded 70% floor grants depend on national GST collections, the State's population share, and the Commonwealth Grants Commission's (CGC's) annual GST distribution recommendations based on States' relative costs of providing services and capacity to raise their own revenue.

For 2019-20, the GST revenue estimates incorporate the CGC's approved recommendation of Western Australia's GST relativity (i.e. 51.8% of Western Australia's population share). However, the Commonwealth has agreed to the payment of an additional grant to effectively provide Western Australia with 70% of its population share of national GST collections over the period 2019-20 to 2021-22.

The Western Australian Treasury's projections of GST relativities for 2020-21 onwards take account of projected changes in economic circumstances that are expected to be reflected in the CGC's calculations. However, any change in the relativities will be offset by the GST floor (funded by the Commonwealth prior to 2022-23 and by other States thereafter), unless Western Australia's relativity rises above the 70% floor.

¹³ The sum of transfer duty and landholder duty.

The State's aggregate GST and Commonwealth-funded 70% floor grants will still vary in response to variations in the national GST grant pool and the State's population share. Forecasts of these are from the Commonwealth's 2019-20 Budget¹⁴.

The CGC is currently undertaking a review of its methods for calculating the recommended distribution of GST grants. This review will be completed in February 2020 and apply from 2020-21 onwards. The review could significantly alter Western Australia's GST grant share in either direction (particularly in years outside the current forward estimates period), wherever Western Australia's relativity is above the GST floor. The GST estimates in this Budget have been prepared based on current CGC methods.

Expiring National Partnership Agreements

The Budget includes funding under nearly 30 National Partnership (NP) agreements with the Commonwealth Government over the period 2019-20 to 2022-23. These agreements relate to the delivery of specific projects, improvements in service delivery and/or reform. They are generally for a limited period and have specific conditions attached to funding.

The majority of NPs create increased service levels, which generate community expectations that such levels will continue despite the time limited nature of NPs. Other NPs develop capital projects that will require ongoing operational costs and maintenance. Unless another source of Commonwealth funding is found at the expiry of an NP, the State must either fund the increased service levels or allow service delivery to revert to pre-NP levels.

Some NP agreements have been rolled over for short-term periods (some more than once), without longer-term commitment. This creates Budget uncertainty for the State and significant uncertainty for service providers.

Given the uncertainty about expiring NPs, it is generally assumed that there is no continued funding past an NP's expiry date, and that the additional or enhanced services generated by the NP will cease¹⁵.

Further details are provided in Appendix 12: *Commonwealth Tied Grants*.

National Partnership on the Skilling Australians Fund (NPSAF)

The Commonwealth NPSAF funding reflected in this Budget aligns with the bilateral agreement signed with the Commonwealth Government in December 2018, providing funding over the period 2018-19 to 2021-22.

¹⁴ The Commonwealth population estimates have been used because Western Australia's population growth relative to national population growth is of importance when calculating GST grants. The Western Australian Treasury does not generate forecasts of the national population.

¹⁵ Due to their ongoing nature, funding is assumed to continue for the Legal Assistance Services NP, Natural Disaster Resilience NP, Essential Vaccines NP and Memorandum of Understanding for the Provision of Fire Services. Funding is also assumed to continue over the forward estimates period for the Land Transport Infrastructure Projects NP (which was not finalised at the cut-off date for this Budget), and for an additional year for the Universal Access to Early Childhood Education NP.

Commonwealth funding is tied to the provision of a matching State funding contribution, which will be met through the redirection of payroll tax revenue from reforms to the payroll tax exemption for new worker trainees (see Chapter 4: *General Government Revenue*). The redirected revenue will fund a new Employer Incentive Scheme to provide training support to employers of apprentices and trainees, and is dependent on the passage of amendments to the *Pay-roll Tax Assessment Act 2002*.

Under the bilateral agreement, NPSAF funding from 2019-20 onwards is also contingent on the revenue collected through the Commonwealth's skilled migration levy. The State will work with the Commonwealth Government to ensure sustainable funding levels for the duration of the agreement in order to deliver the agreed NPSAF training outcomes.

Spending Risks

Sensitivity to Recurrent Spending Changes

Average expense growth of 1.3% per annum is forecast across the forward estimates period in this Budget. This low rate of expense growth reflects the Government's commitment to achieving sustainable financial management outcomes. It incorporates significant reprioritisation of expenditure, the cumulative impact of Budget repair measures and ongoing commitment to the \$1,000 public sector wages policy.

With general government recurrent expenditure forecast to average around \$30 billion per annum over the next four years, even small variations in the rate of budgeted expense growth can have a material impact on the net operating balance and net debt projections contained in this Budget.

This demonstrates the imperative for the Government to maintain a sustained, disciplined approach to managing recurrent expenditure.

Highlighting the sensitivity of the general government operating balance to changes in recurrent spending, the following table shows the hypothetical impact of expense growth equivalent to long-run average growth of 5.9% per annum. It shows that by the end of the forward estimates period, an operating deficit of \$2.3 billion would be in prospect, compared to the \$2.6 billion operating surplus currently forecast.

LONG-RUN AVERAGE EXPENSE GROWTH SCENARIO				
Impact on General Government Operating Balance				
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
<i>2019-20 Budget</i>				
Expenses	29,801	29,823	30,136	30,873
Operating balance	1,533	2,579	2,133	2,554
<i>Expense growth at long-run average rate of growth ^(a)</i>				
Expenses	30,082	31,845	33,711	35,687
Operating balance	1,252	557	-1,442	-2,260
<i>Change</i>				
Expenses	281	2,022	3,575	4,814
Operating balance	-281	-2,022	-3,575	-4,814

(a) Long-run average growth of 5.9% per annum (from 1993-94 to 2018-19).

Table 16

Interest Rates

The Consolidated Account interest cost forecasts incorporated in the 2019-20 Budget are based on projections for Consolidated Account borrowings and the Western Australian Treasury Corporation's (WATC's) expected outlook for interest rates.

These interest rate expectations are anchored by an average of WATC's, and each of the 'Big 4' Australian bank's, expectations for the future path of the Reserve Bank of Australia's cash rate and Australian Government Bond 3 year and 10 year fixed rates. In addition, WATC also produces a 'high' scenario to allow sensitivities to be calculated. The approach to producing the 'high' path is to add an increasing spread to the 'expected' path for each point across the interest rate maturity curve (i.e. 90 days, 180 days, 3 years, 5 years and 10 years) at each successive quarter.

The table below provides a comparison of the interest rate outcomes under the 'expected' and 'high' interest rate paths. As indicated, average effective annual interest rates are between 12 and 68 basis points higher over 2019-20 to 2022-23, and annual Consolidated Account interest expenses are around \$175 million per annum higher by 2022-23, under the 'high' scenario.

CONSOLIDATED ACCOUNT INTEREST RATE SCENARIOS				
	2019-20	2020-21	2021-22	2022-23
'Expected' (%)	3.04	2.99	3.08	3.18
'High' (%)	3.16	3.33	3.59	3.86
<i>Variance (%)</i>	<i>0.12</i>	<i>0.34</i>	<i>0.51</i>	<i>0.68</i>
<i>Variance (\$m)</i>	<i>30</i>	<i>85</i>	<i>131</i>	<i>175</i>

Table 17

State-wide Building Cladding Audit

In late 2017, the Department of Mines, Industry Regulation and Safety contacted all State Government agencies regarding the risk presented by combustible building cladding and requested that they undertake audits of their respective property portfolios. The majority of audits are now complete and agencies have either finalised or are in the process of finalising risk mitigation actions where they were recommended. While there are a small number of agencies with assessments yet to be concluded, this is largely due to those agencies having a high number of building assets. Where more extensive remedial works are necessary, agencies are preparing scopes of works, the costings of which have not been finalised at this time.

Forrestfield-Airport Link Project

Contaminated soil is a risk to the approved budget of the Forrestfield-Airport Link project. Spoil (i.e. excavated soil) from tunnelling has been found to contain minor concentrations of poly-fluoroalkyl substances. There is a risk that some of this spoil may be unable to be reused and instead must be disposed of in landfill at an additional cost to the project.

Operating Costs for Thornlie-Cockburn Link and Yanchep Rail Extension

The cost of operating services on the new Thornlie-Cockburn Link and Yanchep Rail Extension has not been included in these financial estimates. The Public Transport Authority is currently undertaking a procurement process to construct the projects under a competitive alliance arrangement. Following completion of this process, the financial impacts of operating these new services will be included in the 2019-20 Mid-year Review or 2020-21 Budget.

Native Title Agreements

A number of Native Title Agreements are currently under negotiation and remain subject to finalisation. This potentially includes both cash and non-cash compensation.

The recent Timber Creek High Court ruling regarding cultural loss compensation associated with Native Title Agreements has the potential to create a significant legal precedent regarding compensation for non-economic aspects of Native Title, such as cultural and spiritual harm.

The State will continue to negotiate land use agreements with the traditional owners that better support the current and future needs of the claimants, as opposed to Court determined settlements, which can be costly and time consuming for all parties.

Remote Housing

With the expiration of the National Partnership on Remote Housing on 30 June 2018, and the subsequent funding contribution of \$121 million in 2018-19, the Commonwealth Government has ceased its longstanding support of remote communities, and has been unwilling to commit to the provision of ongoing funding. In the absence of an alternative Commonwealth funding contribution, the continuation of historical levels of service delivery to remote communities in Western Australia will deteriorate the State's financial position.

Law Reform Initiatives

The Government proposes to introduce a number of legislative amendments, in line with policy priorities and election commitments, to reform the criminal justice system, with a focus on improving community safety, the treatment of victims of crime, and the management and supervision of offenders.

As the relevant Bills are under development, the full cost impacts are yet to be quantified and recognised in relevant agencies' financial statements. There is a risk that implementation of these reforms will require an increase in spending by relevant justice and community-service sector agencies, in relation to an increase in demand for offender monitoring and programs, supporting court processes, and police responses. This will be determined in a future Budget process.

Government Trading Enterprises

Material risks to the operating outlook and infrastructure spending projections for GTEs are listed below.

- *Synergy's cost and demand outlook* – the rapidly changing market in which Synergy operates (including new sources of large scale renewable energy, softening electricity demand due to the growth in solar photovoltaic generation by residential and commercial customers, and fuel supply market conditions) is likely to continue to place pressure on Synergy's financial performance over the forward estimates period. Synergy will endeavour to respond to these challenges through Government approved initiatives, cost management and contractual arrangements where appropriate.
- *Water Corporation's cost and demand outlook* – the Water Corporation's expenditure is impacted by Western Australia's climate, economy and population. Fluctuations in the assumptions incorporated in the Budget forecasts for these items could drive potentially material changes in the Water Corporation's operating and capital expenditure requirements, including investment in the next major water source.
- *Government exposure to land and property markets* – the Metropolitan Redevelopment Authority, Western Australian Land Authority, Department of Communities and the Department of Planning, Lands and Heritage are all engaged in significant land sales and land development programs. This exposure to the property market poses risks to the financial estimates given the continued subdued performance of these sectors.

Contingent Assets and Liabilities

Contingent assets usually consist of the potential settlement of lawsuits of contractual claims. Typically, contingent liabilities consist of guarantees, indemnities and sureties, as well as legal and contractual claims. They constitute a potential risk or benefit to the financial projections should they eventuate.

Contingent assets and liabilities were reported in full in the 2017-18 *Annual Report on State Finances* (ARSF), with any material changes noted in subsequent financial publications (including the 2018-19 Mid-year Review and quarterly financial reports). The State's contingent assets and liabilities will again be reported in full in the upcoming 2018-19 ARSF, to be released by 28 September 2019.

Since the release of the 2018-19 Mid-year Review, the following material changes to these contingencies are noted:

Perth Children's Hospital

Additional resources may be required in order to exercise contractual entitlements and resolve all outstanding matters with John Holland, the Managing Contractor at the Hospital.

Royalty Backpayment

The State Government is pursuing a major iron ore producer over the payment of past royalties. As at the 8 April 2019 Budget cut-off date, the State and the iron ore producer were still in negotiations on this matter. As a result, the financial estimates in this Budget do not include any additional royalty revenue relating to this matter. This represents an upside risk to the estimates contained in this Budget.

General Government Revenue

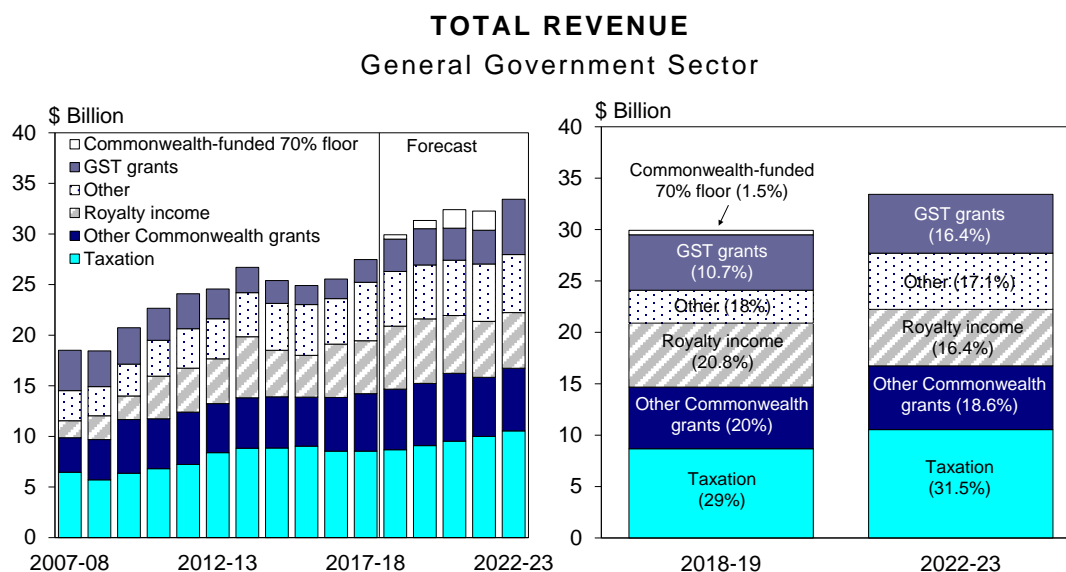
HIGHLIGHTS

- General government revenue is estimated to grow by an underlying 4.8% in 2018-19. Incorporating the one-off impact of accounting standards changes implemented in this Budget, and changes to Commonwealth funding arrangements, revenue is estimated to grow by 8.9% in 2018-19.
- General government revenue is forecast to increase by \$1.4 billion (or 4.7%) in 2019-20. The major source of revenue growth in 2019-20 is Commonwealth grants, primarily reflecting the GST distribution reforms secured by the State Government in 2018 and additional road funding reflected in the Commonwealth's 2019-20 Budget.
- Over the forward estimates, revenue is forecast to grow by an average 2.8% per year, below the 4% annual average increase over the last decade.
- Under the GST reforms, Western Australia will receive no less than 70% of its population share of the national GST pool, with top-up payments from the Commonwealth to ensure this outcome totalling an estimated \$5 billion over 2018-19 to 2021-22.
- After falling in 2017-18 and growing modestly in 2018-19, the State's taxation revenue is expected to continue recovering over the forward estimates period in line with an improving domestic economy.
- Royalty income is forecast to peak at \$6.4 billion in 2019-20 before falling to \$5.5 billion by 2022-23, largely reflecting an expected decline in the iron ore price from its currently elevated level.

Introduction

General government revenue is projected to increase by 4.7% in 2019-20 (to \$31.3 billion), largely due to an increase in GST revenue and the Commonwealth-funded 70% GST floor, the flow through of higher iron ore prices to royalty income, and a strengthening in payroll tax collections, particularly in mining-related industries.

Figure 1



Note: A Commonwealth-funded 70% floor remains in place in 2022-23 but is funded within-system, through reductions in other States' shares.
 Note: Percentages may not add due to rounding.

Revenue is expected to grow by an average of 2.2% per annum over the three years to 2022-23, as the State's GST and GST floor grants lift, and tax revenue picks up as the domestic economy continues to improve. Over this period, royalty income is forecast to fall to around \$5.5 billion by 2022-23 (from an estimated peak of \$6.4 billion in 2019-20) due to an expected moderation in the iron ore price from an average of \$US73.5 per tonne in 2019-20 to \$US63.7 per tonne in 2022-23. North West Shelf grants are also projected to decline over this period, reflecting a combination of forecast declines in oil and gas prices and lower assumed production within the North West Shelf project fields.

Table 1

GENERAL GOVERNMENT						
Operating Revenue						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated Actual	Budget Estimate	Forward Estimate	Forward Estimate	Forward Estimate
Level (\$m)						
Taxation	8,540	8,681	9,088	9,522	9,995	10,539
Commonwealth grants	7,935	9,627	10,549	11,701	11,080	11,667
Sales of goods and services	2,516	2,659	2,724	2,796	2,861	2,937
Interest income	170	175	160	165	177	184
Revenue from public corporations	2,395	1,950	1,844	1,975	2,077	2,084
Royalty income	5,231	6,226	6,375	5,714	5,531	5,497
Other	688	606	594	530	549	519
Total	27,475	29,925 ^(a)	31,334	32,402	32,270	33,427
Annual Growth (%)						
Taxation	-0.1	1.6	4.7	4.8	5.0	5.4
Commonwealth grants	9.5	21.3	9.6	10.9	-5.3	5.3
Sales of goods and services	8.5	5.7	2.4	2.6	2.3	2.7
Interest income	-13.7	3.4	-9.0	3.2	7.5	4.0
Revenue from public corporations	74.7	-18.6	-5.5	7.1	5.2	0.3
Royalty income	-0.8	19.0	2.4	-10.4	-3.2	-0.6
Other	14.0	-11.9	-2.0	-10.8	3.6	-5.4
Total	7.5	8.9 ^(a)	4.7	3.4	-0.4	3.6

(a) Abstracting from the impact of accounting standards changes implemented in this Budget and Commonwealth funding decisions, growth in revenue in 2018-19 is estimated at 4.8% in underlying terms.

Note: Columns may not add due to rounding.

Commonwealth grants (which include GST-related payments) are expected to increase as a share of the State's revenue, from 32.2% in 2018-19 to almost 35% in 2022-23. Taxation revenue as a share of the total revenue base is also expected to lift over the forecast period, from 29% in 2018-19 to 31.5% in 2022-23. A large proportion of the State's revenue remains subject to fluctuations in commodity prices, with royalty income forecast to contribute 20.8% of total revenue in 2018-19 and around 16% by 2022-23. Despite this downward trend, this share remains high by historical standards and its volatility remains an inherent risk to the revenue estimates.

A more detailed breakdown of general government revenue is provided in Appendix 2: *General Government Operating Revenue*.

The remainder of this Chapter focuses on the new revenue measures implemented in this Budget, and the detailed basis for the estimates through to 2022-23 in each of the major revenue categories.

Revenue Measures

New revenue measures implemented in the 2019-20 Budget, together with their estimated impact, are outlined in the table below. In addition to these measures, a number of tariffs, fees and charges have been increased in order to maintain or improve the recovery of costs associated with the underlying services. These are outlined in Appendix 8: *Public Corporations and Major Tariffs, Fees and Charges*.

Table 2

SUMMARY OF REVENUE MEASURES IN THE 2019-20 BUDGET					
	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	Total \$m
REVENUE MEASURES					
Remove the Payroll Tax Exemption for New Worker Trainees	12	28	33	36	109
Not Proceed with Extension of Metropolitan Region Improvement Tax	-5	-6	-6	-6	-22
TOTAL	7	22	27	30	87

Note: Columns may not add due to rounding.

Remove the Payroll Tax Exemption for New Worker Trainees

The payroll tax exemption for new worker trainees earning up to \$100,000 per annum will be removed from 1 July 2019. The exemption will, however, continue to apply for the nominal duration of training contracts registered with the Department of Training and Workforce Development before 1 July 2019. A payroll tax exemption will also continue to apply for all apprentices.

The estimated saving of \$109 million over the forward estimates period from removing the exemption will be redirected to a new Employer Incentive Scheme (refer to Chapter 5: *General Government Expenses* for further information on that scheme).

This measure follows a similar change made from 1 December 2017 to remove the payroll tax exemption for existing worker trainees and to limit the exemption for trainees to new workers earning up to \$100,000 per annum. These changes have been made to better target government assistance. Savings from this initiative were redirected to the funding of the training places.

Not Proceed with Extension of Metropolitan Region Improvement Tax

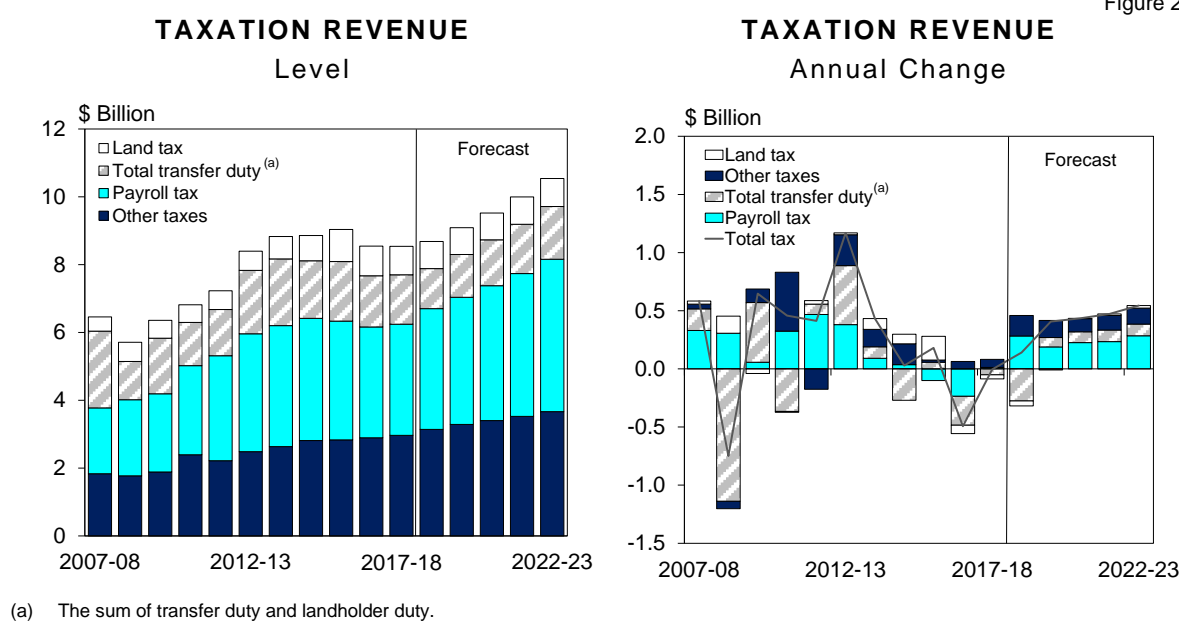
Revenue from the proposed extension of the Metropolitan Region Improvement Tax (MRIT) to the Peel and Greater Bunbury regions has been included in the forward estimates since the 2015-16 Budget, despite the previous Government not legislating the changes. The Government has decided to not proceed with this extension, and has removed \$22 million of embedded revenue from across the forward estimates.

Taxation Revenue

Summary

Taxation revenue is forecast to increase by 4.7% (or \$407 million) in 2019-20, following a slight decline in 2017-18 and modest estimated growth of 1.6% (or \$141 million) in 2018-19. The forecast pick-up in 2019-20 is primarily due to higher payroll tax collections from expected improvements in the labour market.

Figure 2



In line with a forecast recovery in domestic economic activity, taxation revenue is expected to lift over the three years to 2022-23, growing by an average of 5.1% per annum. Nonetheless, this rate of growth remains below long-run average growth of 5.9% per annum.

Detail

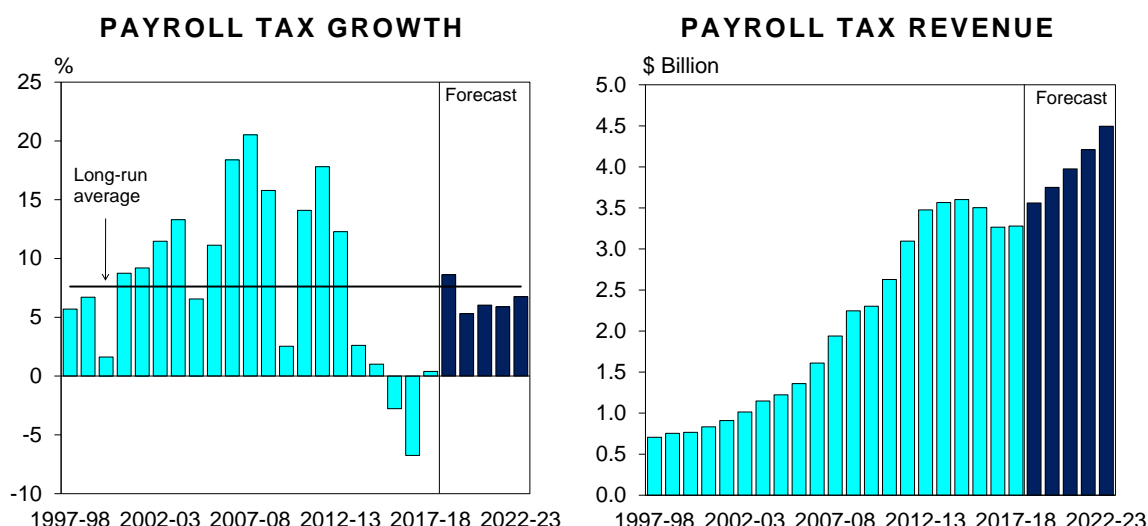
Payroll Tax

Payroll tax collections are forecast to grow by 5.3% (or \$189 million) in 2019-20, following estimated growth of 8.6% in 2018-19 (see following figure). The stronger growth in 2018-19 is largely due to improvements in mining and related industries and implementation of the temporary increase to the payroll tax scale for large employers (announced in the 2017-18 Budget). Excluding this policy change, payroll tax revenue is estimated to increase by a more subdued 4.5% in 2018-19.

The forecast lift in payroll tax collections in 2019-20 reflects ongoing activity in the resources sector and related services industries, and an easing in the rate of decline in payroll tax from the construction industry.

From 2020-21 onwards, payroll tax is expected to grow by an average of 6.2% per annum, underpinned by solid growth in the State's domestic economy, ongoing improvements in overall labour market conditions and an anticipated rise in private sector wages. However, growth is expected to remain below long-run average growth of 7.6% per annum.

Figure 3



Taxes on Property

Taxes on property include transfer duty (the State's second largest tax after payroll tax), landholder duty, land tax, the MRIT, the Emergency Services Levy, loan guarantee fees, the Perth Parking Levy, and the Building and Construction Industry Training Fund Levy.

*Total Transfer Duty*¹

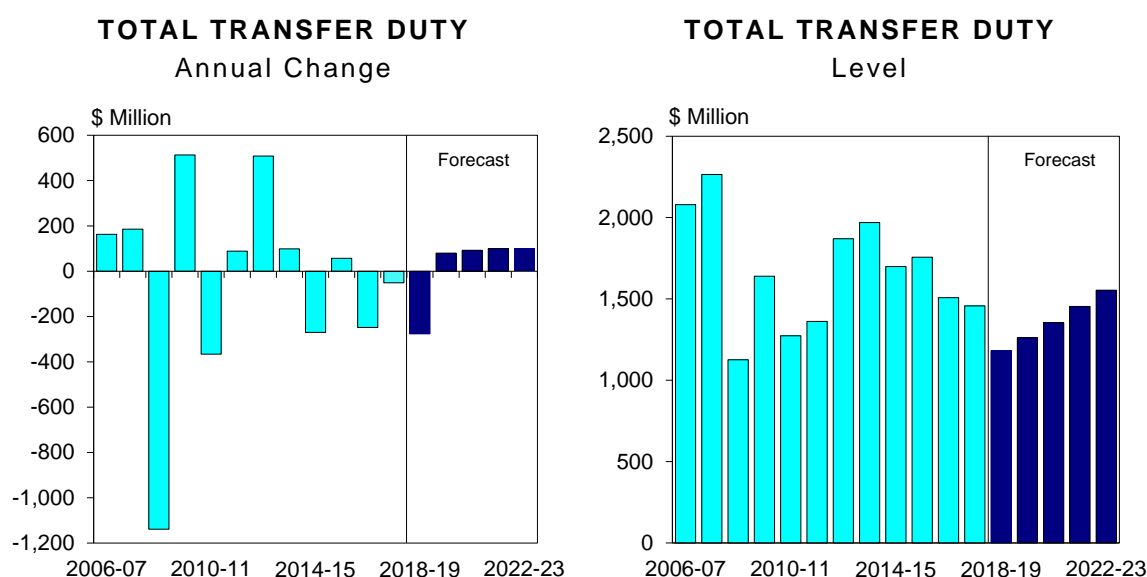
Total transfer duty is expected to decline by 19% (or \$276 million) in 2018-19, following a 3.4% reduction (or \$51 million) in 2017-18. Lower duty in 2018-19 reflects a fall in high-value commercial property transactions and weaker activity in the residential property market due to the ongoing effects of credit tightening in response to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Total transfer duty is forecast to grow by 6.8% (or \$80 million) in 2019-20, supported by the full-year impact of the Foreign Buyers Surcharge and a lift in dutiable transactions as a result of slightly higher population growth.

In 2020-21 and beyond, total transfer duty is projected to increase by around 7% per annum, as higher levels of migration to Western Australia and improved labour market conditions support a lift in transactions and prices. Nonetheless, total transfer duty by 2022-23 is still projected to be around 30% lower than at the height of the property cycle in 2007-08 (see figure on next page).

¹ The sum of transfer duty and landholder duty.

Figure 4



Land Tax and MRIT

Land tax collections are forecast to decline by \$9 million (or 1.2%) to \$789 million in 2019-20 due to a fall in taxable land values across Western Australia. This follows an estimated \$42 million (or 5%) reduction in 2018-19.

In 2020-21, land tax collections are forecast to increase by 0.3%, consistent with the expectation that land values will remain largely stable between August 2018 and August 2019². In 2021-22 and 2022-23, land tax revenue is forecast to grow by around 1.7% and 2.7% respectively, reflecting an expected modest recovery in Perth's property market and small increases in unimproved land values across the State.

Consistent with a fall in land taxes, MRIT is projected to contract by \$1 million (or 1.1%) to \$89 million in 2019-20, reflecting a fall in the value of taxable land in the metropolitan area. This follows an estimated decline of \$3 million (or 3.6%) in 2018-19. MRIT is expected to grow broadly in line with land tax estimates over the remainder of the forecast period.

Other Taxes on Property

Other taxes on property comprise revenue from the Perth Parking Levy, the Emergency Services Levy, Loan Guarantee Fees, and the Building and Construction Industry Training Fund Levy.

Other taxes on property are forecast to grow by \$24 million (or 3.8%) in 2019-20, following an estimated increase of \$52 million (or 9.3%) in 2018-19. The reasonably strong increase in 2018-19 largely reflects a 10.1% increase in the average residential charge for the Emergency Services Levy to support the State's fire and emergency services and improve rural firefighting capabilities. In 2020-21 and beyond, other taxes on property are estimated to grow by an average of 1% per annum.

² Land tax and MRIT revenue in 2020-21 is based on the unimproved value of land as assessed by the Valuer General's Office as at August 2019.

Taxes on Gambling

Gambling tax revenue is forecast to increase by 8.7% in 2019-20 following an estimated 11.6% increase in 2018-19. These fairly strong rates of growth largely reflect the impact of a point of consumption wagering tax (effective from 1 January 2019), which brings online bookmakers into the Western Australian wagering tax base for the first time.

Over the remainder of the forecast period to 2022-23, revenue from gambling is expected to grow more moderately, averaging 1.9% per annum.

Taxes on Insurance

Taxes on insurance mainly consist of duty on insurance policies (with a number of key exemptions, including health insurance and life insurance).

In 2019-20, insurance duty is projected to grow by \$30 million (or 4.7%). This follows an estimated increase of \$21 million (or 3.4%) in 2018-19, largely supported by increases in the prices of insurance products.

Over the remainder of the forecast period, taxes on insurance are expected to lift by an average of around 5% per annum.

Motor Vehicle Taxes

Motor vehicle taxes predominantly consist of duty from the transfer of vehicles (vehicle licence duty) and annual vehicle registration fees, with permit fees for oversize vehicles and loads contributing to a lesser degree.

In 2019-20, vehicle licence duty is projected to increase by \$5 million (or 1.3%) to \$373 million, following an estimated increase of \$13 million (or 3.7%) in 2018-19. Vehicle licence duty revenue is expected to grow in line with population estimates over the remainder of the forward estimates period.

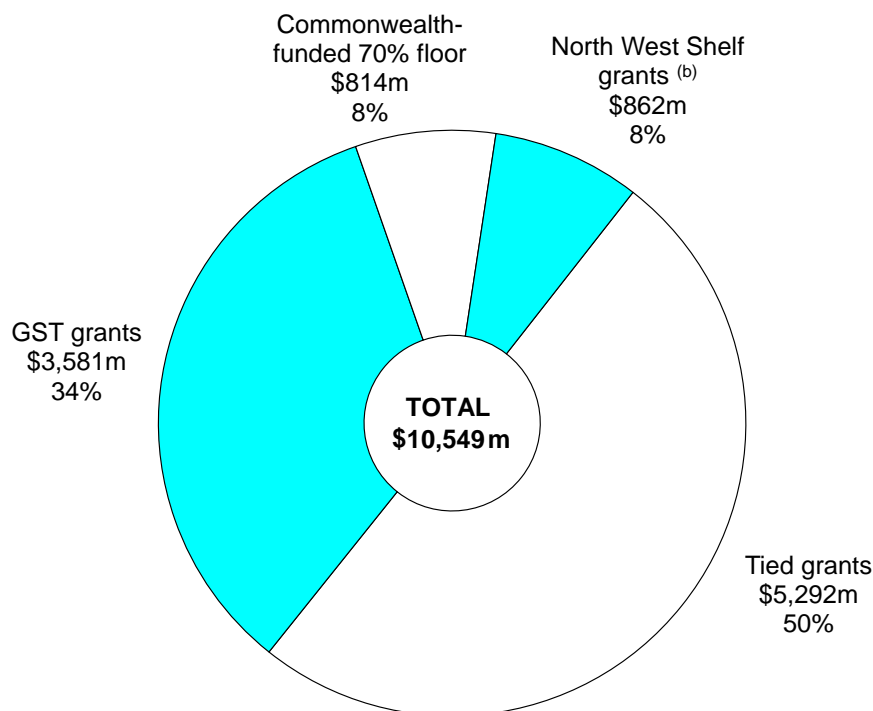
Revenue from annual vehicle registrations is expected to increase by \$36 million (or 3.6%) in 2019-20, and by an average of around 6.3% over the three years to 2022-23. These forecasts incorporate a 3% increase in motor vehicle registration fees in 2019-20, and planned increases of 3% in 2020-21 and 4% per annum from 2021-22. Revenue from motor vehicle registration fees is hypothecated to spending on roads.

Commonwealth Grants

Commonwealth grants are estimated to total \$10.5 billion in 2019-20 and account for 34% of the State's total revenue. There are no restrictions on the spending of GST grants, Commonwealth-funded 70% floor grants, or North West Shelf grants. Other grants ('tied grants') must be spent on specific activities (e.g. health, education, roads and social housing).

COMMONWEALTH GRANTS TO WESTERN AUSTRALIA ^(a)
2019-20

Figure 5



(a) Includes recurrent and capital grants.

(b) Includes Commonwealth compensation for the removal of the exemption of condensate from crude oil excise.

Note: Segments may not add due to rounding.

Over the forward estimates period, general purpose grants to Western Australia are forecast to increase by an average of 6.4% per annum. By comparison, the level of tied grants over this period is expected to be volatile, with growth averaging 3.5% per annum.

COMMONWEALTH GRANTS TO WESTERN AUSTRALIA (a)

Table 3

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated Actual	Budget Estimate	Forward Estimate	Forward Estimate	Forward Estimate
General Purpose Grants						
GST revenue (\$m)	2,249	3,200	3,581	3,165	3,338	5,466
Commonwealth-funded 70% floor (\$m)	-	434	814	1,824	1,900	-
North West Shelf grants ^(b) (\$m)	723	972	862	692	544	436
Total General Purpose Grants (\$m)	2,972	4,605	5,257	5,681	5,782	5,902
Tied Grants (\$m)	4,963	5,022	5,292	6,020	5,298	5,765
TOTAL COMMONWEALTH GRANTS (\$m)	7,935	9,627	10,549	11,701	11,080	11,667
Growth (%)	9.5	21.3	9.6	10.9	-5.3	5.3

(a) Includes recurrent and capital grants. Adjustments have been made, including the removal of grants through the State, in years prior to 2019-20 for consistency with new accounting standards (as detailed elsewhere).

(b) Includes Commonwealth compensation for the removal of the exemption of condensate from crude oil excise.

Note: Columns may not add due to rounding.

GST Revenue

Western Australia's GST grant is expected to increase by \$382 million to \$3.6 billion in 2019-20. This increase is largely the result of a lagged response of the GST grant calculations to Western Australia's weaker revenue capacity over the period 2015-16, 2016-17 and 2017-18.

The weaker revenue capacity increases Western Australia's GST relativity (i.e. the State's GST grant as a proportion of our population share of the GST pool), from 47.3% in 2018-19 to 51.8% in 2019-20, as recommended by the Commonwealth Grants Commission (CGC) in its 2019 Update report. However, as a result of recent GST reforms, the Commonwealth will now provide Western Australia with a GST floor grant to effectively bring the State's relativity up to 70% from 2019-20 to 2021-22.

ESTIMATED CHANGE IN WESTERN AUSTRALIA'S GST GRANT
2018-19 to 2019-20

Table 4

	\$m
Estimated 2018-19 GST Grant	3,200
Decrease in population share ^(a)	-26
Increase in the national GST pool	+76
Increase in GST relativity	+315
Exclude adjustment for overpayment in 2017-18	+16
Total change	+382
Estimated 2019-20 GST Grant	3,581

(a) This is the impact of the decrease in Western Australia's estimated population share from 2018-19 to 2019-20. It does not include the impact of population revisions in earlier years that have affected Western Australia's GST relativity.

Note: Totals may not add due to rounding.

Source: Department of Treasury estimates incorporating 2019-20 Commonwealth Budget estimates of the GST pool and State population shares.

In calculating States' relativities, the CGC applies a horizontal fiscal equalisation (HFE) principle. A State whose revenue bases have grown faster than other States, or whose relative costs of providing a standard level of services have declined, will have its grant share reduced (and vice versa).

Forecast of GST Shares

Estimates of Western Australia's GST grants across the forward estimates period are based on the Western Australian Department of Treasury's projections of Western Australia's GST relativity beyond 2019-20, and the Commonwealth's 2019-20 Budget projections of the national pool of GST grants and States' population shares.

Western Australia's GST relativity is expected to be lower in 2020-21 and 2021-22 than in 2019-20. This reflects the current strong royalty revenues and the CGC's recent assessment that Western Australia's relative wage pressures had decreased substantially, from 5% above the national average in 2016-17 to 1% below in 2017-18. These impact on GST grants with a time lag, reflecting that the CGC uses a three-year average of the latest available historical data on States' fiscal capacities.

PROJECTED GST RELATIVITY AND GST SHARE						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated Actual	Budget Estimate	Forward Estimate	Forward Estimate	Forward Estimate
WA GST relativity ^(a)	0.344	0.473	0.518	0.444	0.446	0.700
WA population share (%)	10.4	10.4	10.3	10.2	10.1	10.0
WA share of national GST pool (%) ^(b)	3.5	4.9	5.3	4.5	4.5	7.0

(a) This is the ratio of Western Australia's GST grant to Western Australia's population share of the GST. These figures do not include the Commonwealth-funded 70% GST floor, but do include the within-system GST floor in 2022-23.

(b) Western Australia's GST share equals Western Australia's population share multiplied by its relativity.

Although Western Australia's GST relativity is expected to decline, the Commonwealth will implement an effective 70% GST floor from 2019-20 to 2021-22, through the provision of additional untied funding. However, the Commonwealth has brought forward \$434 million of the 2019-20 floor grant to 2018-19.

The 70% floor continues in 2022-23, but is paid from the GST grant pool, through reductions in other States' shares. Hence, the within-system floor brings Western Australia's GST relativity in 2022-23 up to 70%.

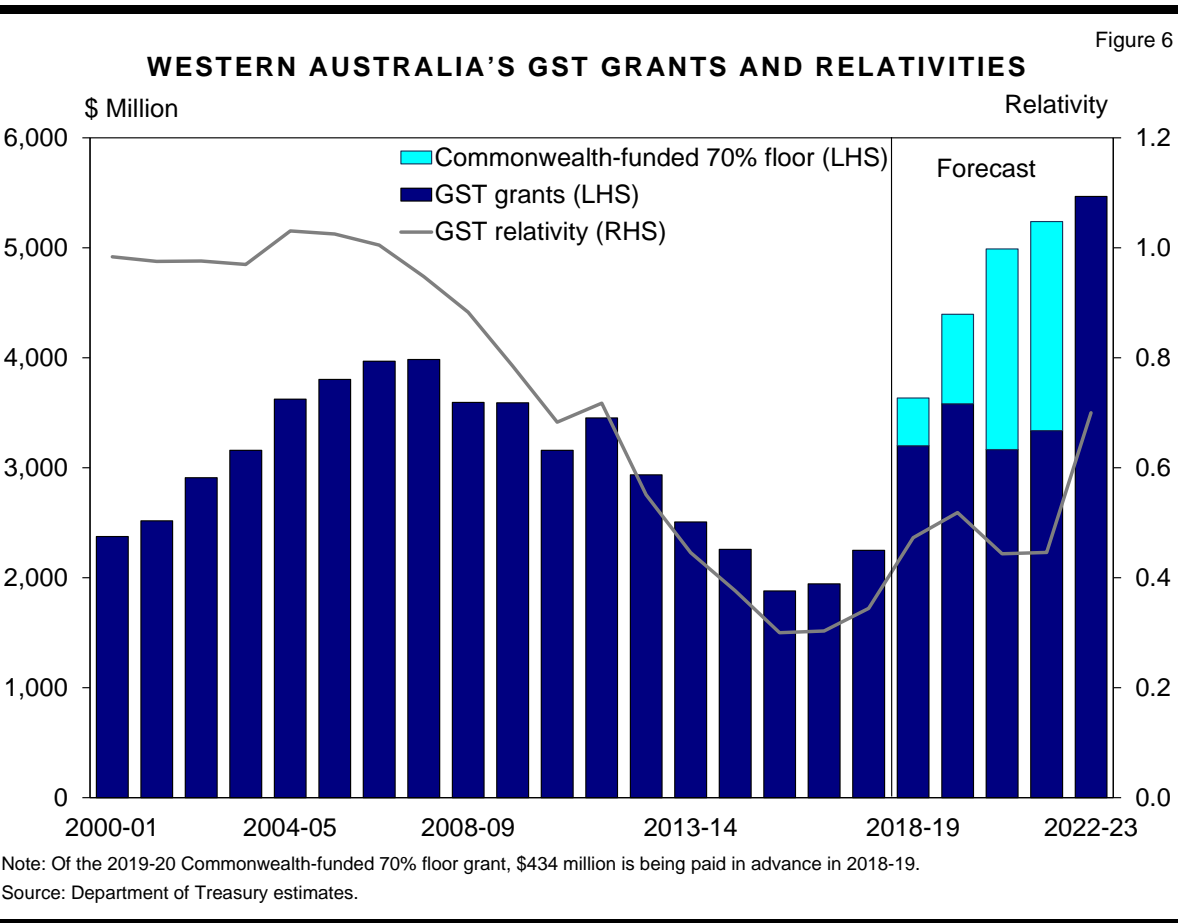
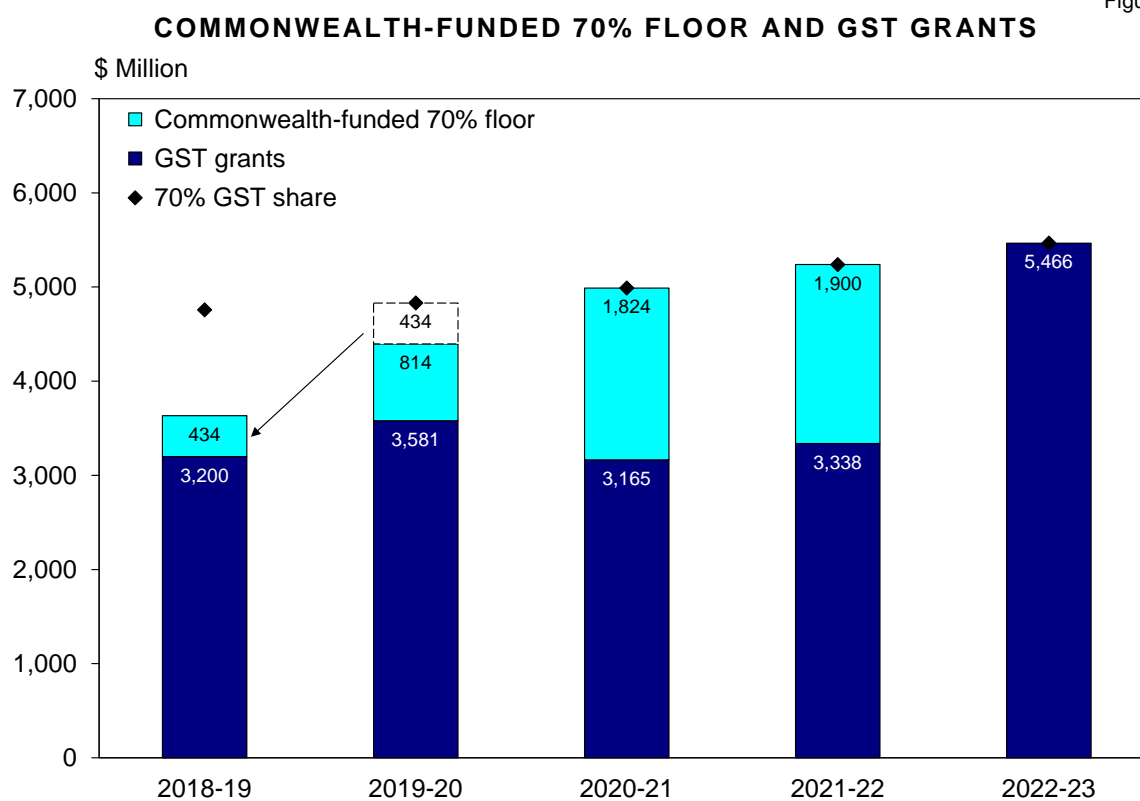


Figure 7



Source: Department of Treasury estimates.

Even with the reforms to the GST distribution, Western Australia will continue to receive less GST than is raised in the State. The GST subsidy from Western Australia to the other States is just one part of the State's overall annual net contribution to the Australian Federation, which stands at \$15.5 billion for 2017-18, according to the Department of Treasury's latest estimates (see Appendix 11: *Western Australia's Net Contribution to the Federation*).

GST Distribution Reform

The Commonwealth's GST distribution reforms provide an estimated \$8.3 billion for Western Australia over the period 2018-19 to 2022-23 (see table below).

The Western Australian Department of Treasury estimates that the Commonwealth will provide \$5 billion in untied grants under the commitment to an effective 70% GST relativity floor over the period to 2021-22.

The reforms also affect Western Australia's GST relativity (and GST grants) from 2021-22, largely by transitioning to a new equalisation benchmark (eventually ensuring Western Australia's GST relativity cannot fall below that of New South Wales or Victoria (whichever is lowest)).

In the absence of these reforms, Western Australia's GST relativity would be expected to decline to 36.6% in 2021-22 and 35.2% in 2022-23. Instead, under the reforms, Western Australian GST relativities are expected to be 44.6% in 2021-22 and 70% in 2022-23 (with the latter reflecting the GST within-system 70% floor that applies from 2022-23).

Table 6

WESTERN AUSTRALIA'S ESTIMATED GAINS FROM GST DISTRIBUTION REFORM

	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Commonwealth-funded 70% floor ^(a)	434	814	1,824	1,900	-	4,972
GST grant increases	-	-	-	619	2,737	3,356
Total	434	814	1,824	2,519	2,737	8,328

(a) Of the 2019-20 Commonwealth-funded 70% floor grant, \$434 million is being paid in advance in 2018-19. A 70% floor remains in place in 2022-23, but is funded within-system, through reductions in other States' shares.

Commonwealth Grants Commission Methodology Review

The CGC updates GST relativities annually for the latest available data. In addition, every five or six years the CGC undertakes a major review of the methods it uses to calculate the GST distribution.

The CGC is required to provide a draft report for consideration by the Commonwealth and State Treasurers, and has indicated this will be available in mid-2019. The final report will be available by 28 February 2020 and will affect GST relativities from 2020-21.

Western Australia is actively engaging in the review through correspondence and submissions to the CGC, and meetings with the Commissioners and CGC staff, to demonstrate the CGC's current inadequate recognition of Western Australia's costs and the need for change (despite the Commonwealth's reforms).

The GST relativity projections in this Budget assume no method changes as a result of the CGC's 2020 Review. However, the results of the 2020 Review could potentially impact Western Australia's GST grant from 2020-21 onwards, particularly if Western Australia's GST relativity is above the 70% floor.

North West Shelf Grants

The Commonwealth provides general purpose financial assistance to Western Australia from ad valorem wellhead royalties in respect of the North West Shelf oil and gas project. The Commonwealth collects these royalties because it has jurisdiction over offshore areas. These royalties are shared between the Commonwealth (approximately one third) and Western Australia (approximately two thirds).

The Commonwealth also provides compensation to Western Australia for the loss of North West Shelf royalty revenue resulting from the removal of the exemption of condensate from crude oil excise in the Commonwealth's 2008-09 Budget.

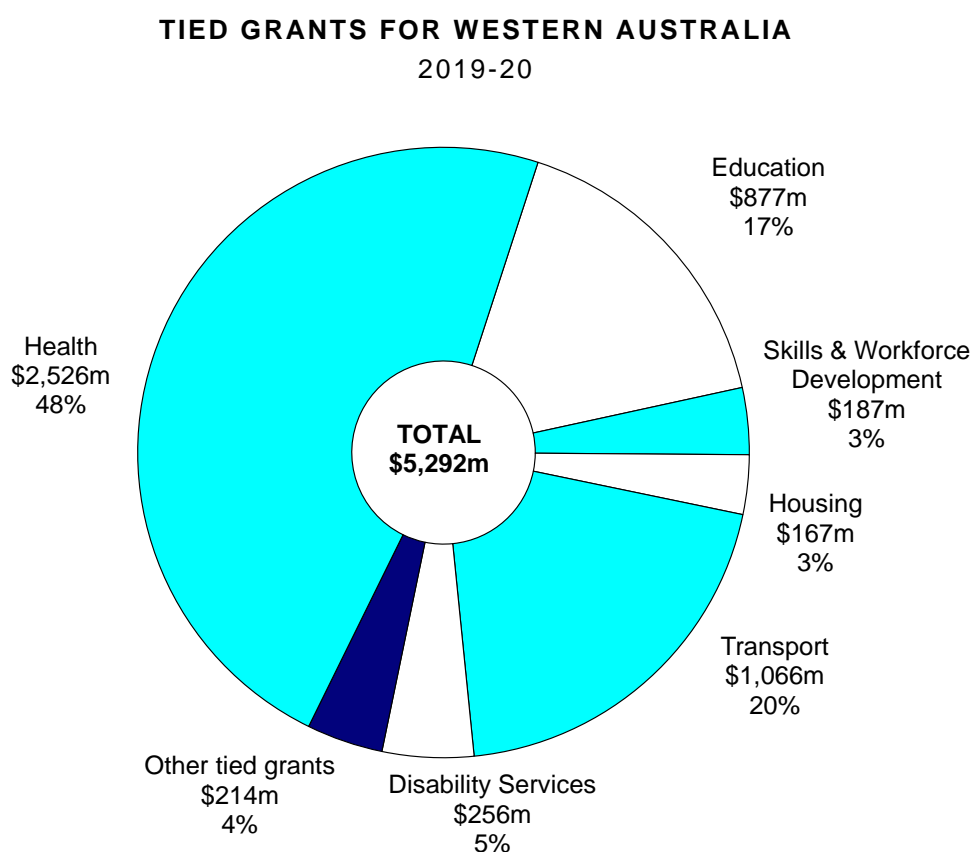
In 2019-20, North West Shelf grants are expected to reach \$862 million, a decrease of 11.3% from the estimated outcome in 2018-19. This is largely due to lower projected oil and gas prices and a modest decline in projected production volumes.

Revenue from North West Shelf grants is projected to continue to decline by 49.4% from 2019-20 to 2022-23 as a result of lower expected oil and gas prices and an assumed decline in sales volumes that are subject to the wellhead royalties. It is expected that by the end of the forward estimates period, the North West Shelf oil and gas project will be processing higher volumes of gas sourced from outside the area covered by the revenue sharing agreement with the Commonwealth.

Tied Grants

Tied grants for specific activities (e.g. health, education, roads and social housing) are received under a variety of Commonwealth-State agreements. Some specific activities (such as health) may have multiple agreements. Western Australia is estimated to receive \$5.3 billion in tied grants in 2019-20, \$270 million more than in 2018-19. This largely reflects a substantial increase in transport funding. A significant increase in education funding is more than offset by a decrease in housing grants due to the cessation of the National Partnership on Remote Housing.

A break-down of tied grants by functional activity is provided in the following figure. Further detail is provided in Appendix 2: *General Government Operating Revenue*.



Note: Segments may not add due to rounding. Includes grants that the Commonwealth characterises as its own purpose expenditure.

Tied grants in 2019-20 comprise:

- National Specific Purpose Payments (NSPPs) for vocational education and training, and disability services³;
- National Housing and Homelessness Agreement funding;
- National Health Reform Agreement funding linked to the level of services delivered in public hospitals;
- Quality Schools payments under the National School Reform Agreement;
- National Partnership (NP) payments that are provided for one-off reforms and a range of infrastructure and service delivery projects and are usually contingent on the achievement of milestones or targets; and
- payments from the Commonwealth in relation to its own-purpose spending programs.

Western Australia will continue to receive payments under the Disability Services NSPP until 30 June 2020. These payments, for existing State specialist disability services clients, will increasingly be redirected to the National Disability Insurance Agency (NDIA), as clients transition to the National Disability Insurance Scheme (NDIS). From 1 July 2020, following the expiration of the NSPP, the Commonwealth will provide its funding direct to the NDIA.

This Budget also includes \$872 million in grants from the Commonwealth's DisabilityCare Australia Fund (funded by a 0.5% Medicare levy surcharge) over the period 2018-19 to 2022-23.

A new National Housing and Homelessness Agreement (NHHA) was signed by all jurisdictions in 2018, replacing the National Affordable Housing NSPP and the Homelessness NP from 2018-19. The new NHHA maintains previous funding and provides ongoing homelessness funding.

Public hospitals receive Commonwealth funding on an activity basis through the National Health Reform Agreement (NHRA), under which growth in Commonwealth funding reflects a proportion of the growth in the cost of hospital services at the national efficient price. An addendum to the NHRA, which applies from 2017-18 to 2019-20, specifies that the Commonwealth's proportion of the growth in the cost of hospital services is 45% and caps national growth in its funding at 6.5% per annum.

Funding for hospital services beyond 2019-20 is the subject of a new addendum to the NHRA, currently being negotiated. Most jurisdictions, including Western Australia, have signed a Heads of Agreement for a new five-year agreement that will continue hospital funding on largely the same terms as the existing NHRA (but with more emphasis on long-term reforms to improve the quality of health services). This is reflected in the Budget.

³ The only condition attached to these payments is the requirement to spend them in the relevant sector.

A new six-year National School Reform Agreement was signed by all jurisdictions in 2018. Under the agreement, Commonwealth funding to Western Australia will transition from around 14% of the Schooling Resource Standard (SRS)⁴ in 2017 to 20% of the SRS over the six years to 2023. As a condition of receiving Commonwealth specific purpose payments, Western Australia is required to meet annual State funding targets, which are specified in its bilateral agreement and reflected in the current forward estimates.

The framework for NP payments is provided by the Intergovernmental Agreement on Federal Financial Relations, agreed by COAG in November 2008. NP payments can vary substantially from year to year. This Budget includes substantial new Commonwealth transport funding announced by the Commonwealth, including funding for:

- Tonkin Highway Corridor upgrades;
- the Bunbury Outer Ring Road;
- the Albany Ring Road;
- level crossing removals on the Armadale Line at Mint Street, Oats Street and Welshpool Road; and
- the Swan River Crossing (Fremantle Road and Rail Bridge replacement).

Appendix 12: *Commonwealth Tied Grants* provides further information on tied grants agreements, including when they are scheduled to expire and the average Commonwealth funding per annum.

Royalty Income

Summary

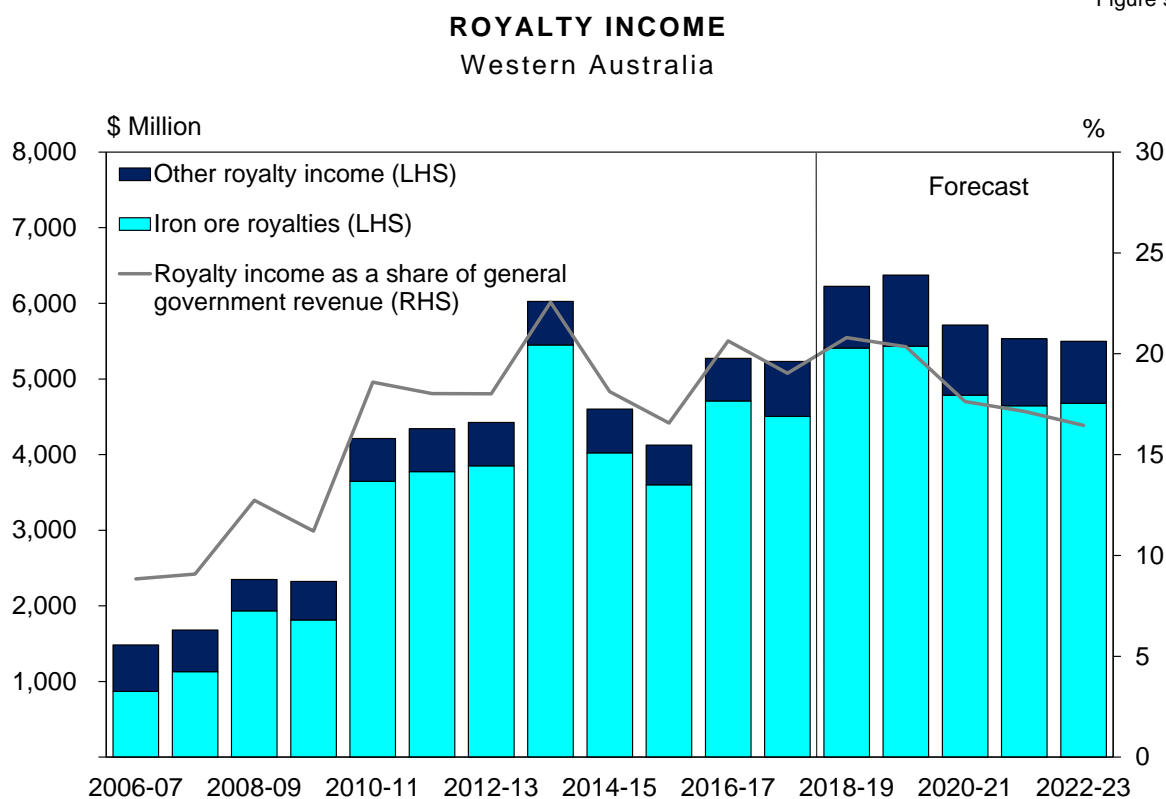
In 2019-20, royalty income is projected to increase by \$149 million (or 2.4%) as a result of higher royalties from lithium, gold, iron ore, copper, mineral sands, and nickel. This follows a \$995 million (or 19.0%) estimated increase in royalty income in 2018-19, largely a result of higher than anticipated iron ore royalties.

Royalty income is projected to decrease by \$661 million in 2020-21, with smaller decreases also expected in 2021-22 and 2022-23 as the iron ore price is forecast to return to the low to mid- \$US60s per tonne, and gold royalties decline. Volatility in commodity prices is an ongoing risk as outlined in the Statement of Risks in Chapter 3.

For further discussion regarding commodity markets, refer to Chapter 2: *Economic Outlook*.

⁴ The SRS is a national resourcing benchmark, consisting of a base per student amount with loadings for disadvantage and school characteristics.

Figure 9



Source: Department of Treasury estimates.

Iron Ore Royalty Income

Iron ore royalty income is estimated to increase by \$903 million to \$5.4 billion in 2018-19. This increase is largely due to higher iron ore prices after the collapse of a tailings dam at Vale's Córrego do Feijão mine in Brazil resulted in a tightening of global supply (see Chapter 2 for more detail). The 62%Fe benchmark price is expected to average \$US76.5 per tonne in 2018-19, up from \$US68.8 per tonne in 2017-18. A lower than forecast \$US/\$A exchange rate and lower shipping deductions have also contributed to higher iron ore royalties in 2018-19⁵.

These impacts are partly offset by a 26 million dry tonne reduction (relative to 2017-18) in Western Australian iron ore volumes in 2018-19 (to an estimated 799 million dry tonnes), largely due to the impact of Cyclone Veronica.

Iron ore revenue is projected to be relatively unchanged in 2019-20 at \$5.4 billion, with an expected decrease in price to \$US73.5 being offset by a 38 million dry tonne increase in iron ore volumes and a small decrease in the forecast \$US/\$A exchange rate.

Iron ore royalty revenue is expected to fall by \$648 million in 2020-21, and a further \$140 million in 2021-22, due to a moderating iron ore price as the impact of the Vale dam disaster unwinds.

⁵ The benchmark iron ore prices referenced in sales typically include cost and freight (CFR) for ore delivered to China, whereas royalties are calculated based on the free-on-board prices, excluding freight, from Western Australia. As such, projected shipping costs are deducted from benchmark CFR price forecasts.

Iron ore royalty income is forecast to account for around 85% of total royalty income over the forecast period.

For further discussion regarding the outlook for the iron ore market, refer to Chapter 2.

Other Royalty Income

Royalty income from all other commodities (excluding iron ore) is expected to rise by \$92 million (or 12.7%) to a record \$819 million in 2018-19, led by increases in gold and alumina (see table below).

Royalty revenue from other commodities is projected to increase again in 2019-20 (to \$941 million), up \$122 million (or 15%) from 2018-19. Around half the increase is due to a \$64 million increase in forecast lithium royalties as producers ramp-up, with the remainder reflecting smaller increases for a number of other commodities.

Royalties from other commodities are forecast to decline from 2020-21, primarily reflecting diminishing production volumes (due to depletions at existing mines) and declining lithium prices (with expected large increases in global supply over the Budget period). However, volumes are typically revised up over the forecast period as mines receive final investment approval.

Table 7

ROYALTY INCOME AND KEY ASSUMPTIONS Western Australia

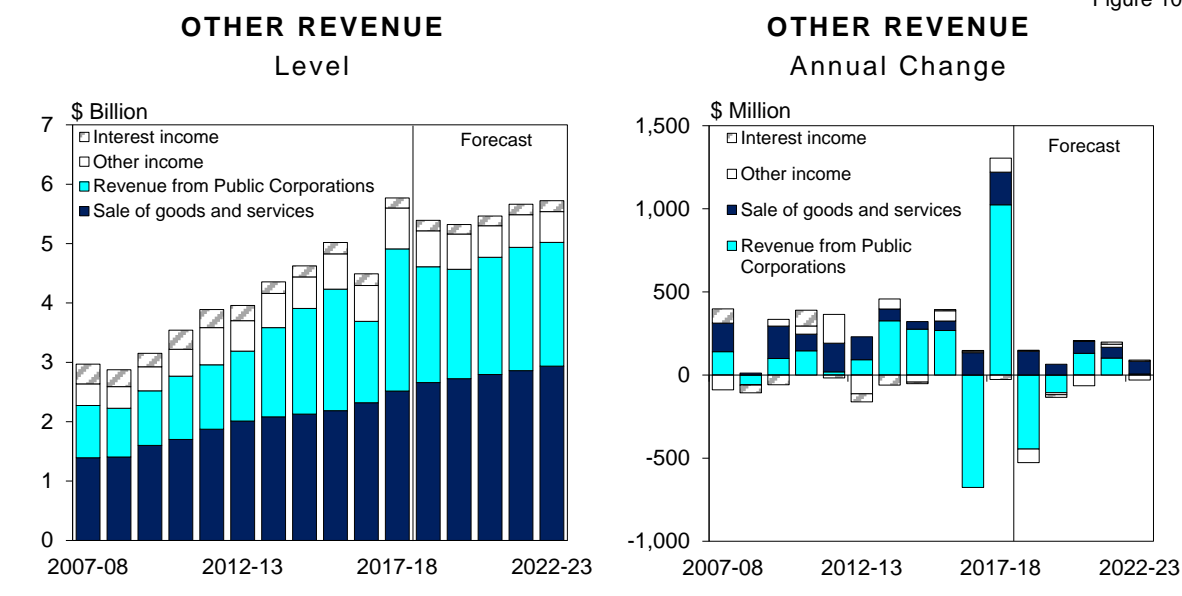
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated Actual	Budget Estimate	Forward Estimate	Forward Estimate	Forward Estimate
ROYALTY INCOME (\$m)						
Iron ore	4,504	5,407	5,433	4,785	4,645	4,680
Gold	279	317	344	304	289	230
Alumina	109	135	120	118	115	116
Lithium	94	94	157	192	198	202
Copper	64	65	81	80	65	49
Nickel	64	65	77	79	81	88
Mineral Sands	13	20	35	35	31	30
Diamonds	11	13	13	9	-	-
Petroleum - State component	7	6	8	4	3	3
Other	87	104	107	108	104	100
Total Royalty Income	5,231	6,226	6,375	5,714	5,531	5,497
KEY ASSUMPTIONS						
Exchange rate \$US/\$A (US cents)	77.5	71.8	71.4	71.8	72.1	72.3
Iron ore price (CFR, \$US per tonne)	68.8	76.5	73.5	65.6	63.7	63.7
Iron ore volumes (million dry tonnes)	825	799	837	847	853	858
Crude oil price (\$US per barrel)	63.7	68.5	67.1	64.5	62.4	61.0

Note: Columns may not add due to rounding.

Other Revenue

The majority of ‘other’ revenue is generated from sales of goods and services by general government agencies, and revenue from public corporations (in the form of dividends and revenue from the Tax Equivalent Regime⁶).

Figure 10



Sales of Goods and Services

Revenue from the sale of goods and services is forecast to increase by 2.4% in 2019-20 and an average of 2.5% per annum across the outyears, rising from \$2.7 billion in 2018-19 to \$2.9 billion by 2022-23.

These forecast increases are lower than the 5.7% growth estimated for 2018-19, which largely reflects higher revenue for the Sports Centre Trust, including from the first full year of operation of Optus Stadium.

Interest Income

The general government sector earns interest income from investments in cash and other liquid asset holdings. Interest revenue is forecast to total \$160 million in 2019-20, down from an estimated \$175 million in 2018-19 (reflecting lower Public Bank Account investment balances). Interest revenue is forecast to grow steadily across the outyears in line with movements in underlying investment assets, reaching \$184 million by 2022-23.

⁶ The National Tax Equivalent Regime (TER) arrangements ensure that public sector corporations do not have a competitive advantage over private sector entities as a result of their tax-free status. The TER arrangements impose the equivalent of company tax and local government rates on public sector corporations.

Revenue from Public Corporations

The general government sector receives revenue from the State's corporatised public corporations (through dividends and tax equivalent payments).

Revenue from public corporations is forecast to total \$1.8 billion in 2019-20, comprising \$1.2 billion in dividends, \$616 million in income tax equivalent revenue and \$25 million in local government rates equivalent revenue. This represents a \$106 million (or 5.5%) reduction on the almost \$2 billion estimated for 2018-19, due mainly to lower revenue from the Insurance Commission of Western Australia (down \$51 million), the Western Australian Land Authority (down \$27 million), and the Pilbara Ports Authority (down \$24 million).

Further information on revenue from, and payments to, individual public corporations is available in Appendix 8.

Other Income

Revenue from all other sources (which includes fines for traffic infringements, court fines and penalties, penalty tax, donations and gifts from private organisations, asset transfers, and mining-related lease rental revenue) is forecast to total \$594 million in 2019-20, broadly unchanged from an estimated \$606 million in 2018-19. This includes \$262 million for contributions from third parties (such as industry funding), \$201 million for fines, \$105 million for mining-related lease rentals, and \$27 million from donations.

Across the forward estimates period, other income is forecast to decrease to \$519 million by 2022-23, largely reflecting lower private sector contributions following completion of the Onslow Water Infrastructure Upgrade project.

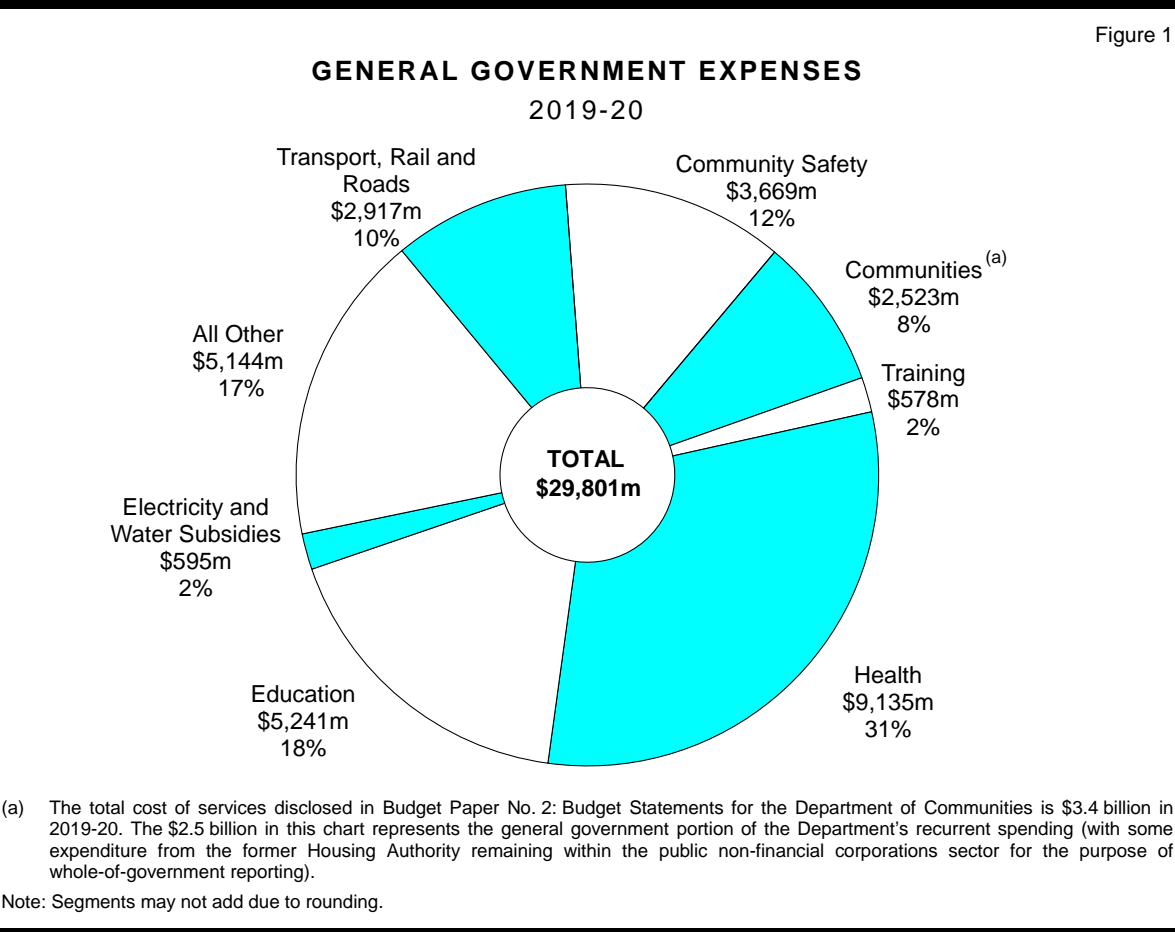
General Government Expenses

HIGHLIGHTS

- General government expenses are estimated to grow by an underlying 2.4% in 2018-19. Incorporating the one-off impact of accounting standards changes implemented in this Budget and changes to Commonwealth funding arrangements that impact State expenditure, expenses are estimated to grow by 3.4% in 2018-19.
- The 2019-20 Budget maintains the Government's focus on disciplined expenditure management, with expenses forecast to increase by \$429 million or 1.5% in 2019-20, and an average of just 1.3% per annum across the forward estimates period. This compares to an annual average increase of 5.9% over the last decade.
- New recurrent spending in this Budget is focused on:
 - a range of job creation initiatives, including \$182.4 million for a new Employer Incentive Scheme and increased training delivery for apprenticeships and traineeships, and \$26.5 million for initiatives to boost international tourists and students;
 - continued delivery of the Government's election commitments, including \$52 million for a new Future Health Research and Innovation Fund and \$26.4 million for implementation of Sustainable Health Review recommendations; and
 - improved funding for key service delivery areas, such as health, education and community safety.

Introduction

Recurrent spending by the general government sector is estimated to total \$29.8 billion in 2019-20, with health, education, and community safety accounting for \$18 billion or 61% of this (see figure below).



A Strong Economy

A major focus of this Budget is the Government's continued investment in programs that strengthen the economy and create jobs.

The Government will spend around \$182 million over the forward estimates period primarily on a new Employer Incentive Scheme, which will provide financial incentives for businesses to take on apprentices and trainees. Funded from changes to payroll tax exemptions for employers of trainees, the new incentive scheme will extend training support to small businesses in line with the State's workforce priorities. The scheme will allow better targeting of skills gaps to promote stable job opportunities across a range of industries.

Having undertaken a thorough review of the Department of Primary Industries and Regional Development to ensure its roles and responsibilities align with Government priorities, this Budget includes additional recurrent expenditure of \$116.3 million to enable the agency to build capacity and capability to support our primary industries and regional communities and maximise economic opportunities.

An additional \$12 million will be spent to boost the international destination marketing program with a further \$10 million for international aviation initiatives. These programs will increase international visitation to Western Australia and create over 5,000 jobs.

The Government has also allocated \$4.5 million for the StudyPerth International Education Action Plan. The Action Plan will implement initiatives focused on marketing Western Australia as the first-choice education destination, enhancing the experience of students studying in Perth and providing students with the knowledge, skills and connections to advance their career aspirations. The Action Plan is designed to increase international student numbers and visitation from family and friends.

Delivering Quality Health Care and Education

Recurrent health expenditure is estimated to total \$9.1 billion in 2019-20, or 31% of total general government expenditure. Annual expenditure is expected to grow by 2.6%¹ in 2019-20 and an average 2.8% per annum across the Budget period.

The Government will spend an additional \$316.4 million over 2018-19 to 2022-23 on the Western Australian health system so that it can meet increased demand for hospital and non-hospital services and continue to provide quality care. In addition, a further \$127.3 million (plus \$62.1 million in infrastructure investment as detailed in Chapter 6: *Asset Investment*) is to be spent on election commitments (see below).

Delivering Quality and Sustainable Health Care in Western Australia

Sustainable Health Review

The Government continues to deliver on its election commitments with the recent release of the Final Report of the Sustainable Health Review (SHR), which sets an ambitious blueprint for health system reform over the next 10 years. The Government has endorsed the Review's eight enduring strategies and 30 recommendations which focus on putting patients first and driving a cultural shift towards community-based care and hospital innovation.

As part of this Budget, the Government has committed an additional \$26.4 million towards SHR implementation and initial projects, including:

- the Home First model of care supporting people who do not require an acute hospital bed to return home for assessment by the right type of clinician at the right time;

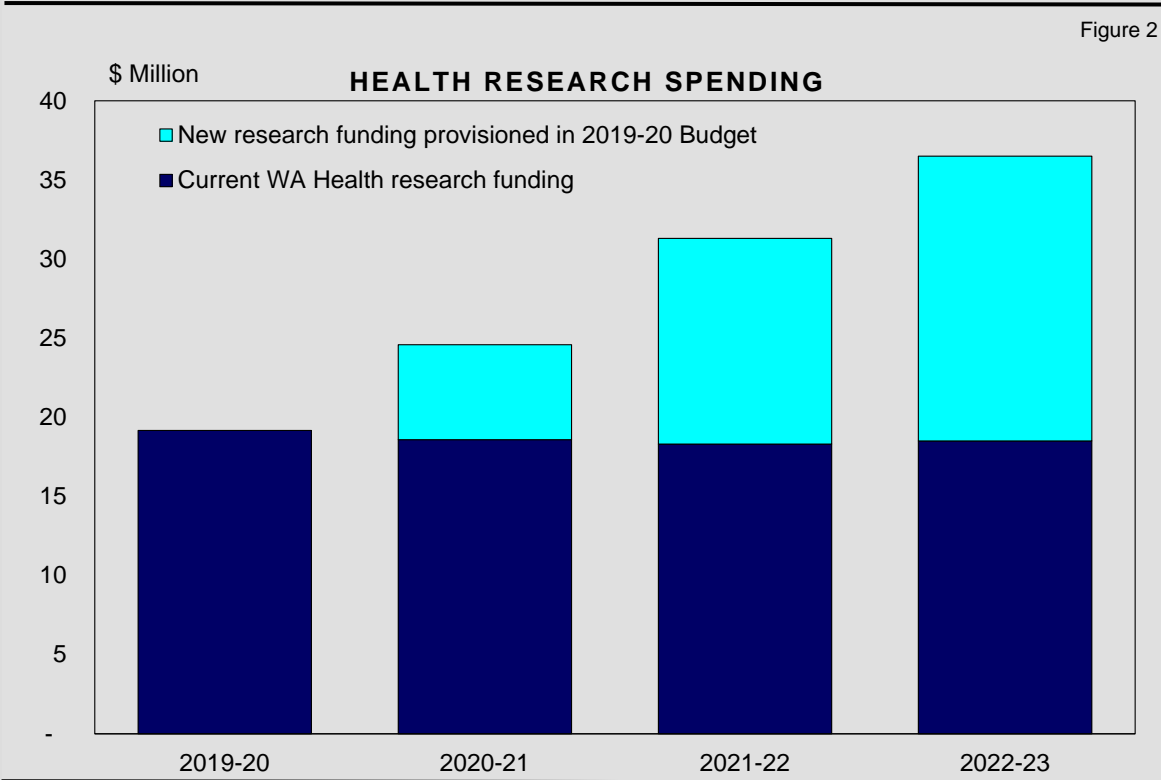
¹ Adjusted for time-limited expenditure such as the Home and Community Care program, various Commonwealth programs, and the net impact of AASB 16: *Leases*.

- a ‘one-stop-shop’ for children, young people and their families where they can access child health, development and mental health services, as well as other government services such as education and community services;
- a 20-bed medical respite centre to provide clinical care to homeless people who may otherwise be admitted to hospital; and
- a Mental Health Safe Haven Café where people with non-acute mental health issues can receive support and advice in a supportive environment, after hours.

Future Health Research and Innovation Fund

The Government is delivering on its election commitment to establish a Future Health Research and Innovation Fund to provide a secure source of funding for health and medical research, innovation and commercialisation.

Ahead of the required legislative changes, this Budget makes provision for \$52 million of additional expenditure for the creation of the Fund. As seen in the figure below, health and medical research expenditure will almost double by 2022-23 as a result of this commitment.



This significant and enduring investment will help build research capacity across the State, support the creation of new job opportunities, and help attract the best and brightest researchers to Western Australia.

Putting Patients First

While these investments will help set up the health system for the future, the Government also recognises the need to act now to address current pressure points in our health system. In this Budget the Government is delivering the following, including a number of election commitments:

- \$41 million for an end-of-life choices and palliative care package (which includes \$5 million in capital investment for a new aged and palliative care facility in Carnarvon);
- an additional \$22.7 million to expand and upgrade the Intensive Care Unit at Royal Perth Hospital to ensure the State's most critically ill patients get the very best care;
- \$15.6 million to develop a new 20-bed secure adult mental health unit at Fremantle Hospital;
- \$11 million to plan the redevelopment of Bunbury Hospital;
- \$6.3 million over 2019-20 to 2021-22 to purchase and install a Magnetic Resonance Imaging scanner at the Kalgoorlie Health Campus;
- \$1.6 million over 2019-20 and 2021-22 to support the establishment of culturally appropriate accommodation for Aboriginal patients visiting Perth metropolitan hospitals;
- \$1.3 million in 2020-21 to construct a renal unit at Newman Hospital; and
- \$1 million over 2019-20 and 2020-21 to improve renal dialysis services in the Kimberley.

Education spending is expected to total \$5.2 billion in 2019-20, or around 18% of total general government expenditure. This represents 2% year-on-year growth in education spending, and sees Western Australian students continue to be the best resourced of all States on a per student basis.

As part of this Budget, the Government has committed an additional \$40 million to provide further support to students diagnosed with a disability. In addition, the Budget includes new investment for expanded and improved learning facilities at Victoria Park Primary School, and for the remediation and replacement of plaster glass ceilings and damaged roofs in schools across Western Australia (see Chapter 6).

Community Safety

To support the delivery of safer communities across Western Australia, this Budget includes a number of initiatives to reduce crime, provide support services to our most vulnerable and reduce the harm caused by methamphetamine use.

To better equip police officers in the field, an additional \$34.6 million will be spent over the next four years to roll out 3,500 mobile devices under the Police Mobility program. This includes \$3.4 million in asset investment (see Chapter 6). The initiative will provide police officers with the technology to log incidents in real time, and access up-to-date intelligence, increasing time spent on the frontline and improving decision-making and police officer safety.

To address the harm caused by methamphetamine use to individuals, families and the community, \$42.5 million has been approved to implement the Government's response to the Methamphetamine Action Plan Taskforce Report. This comprises 18 initiatives, including the North West Drug and Alcohol Support Program, Alcohol and Other Drug Youth Service in the Kimberley, and refurbishment of the Midland Sobering-Up Centre.

For offenders who are managed in the community, \$52.3 million over 2019-20 to 2022-23 will be used to expand the use of electronic monitoring, improving community safety. This includes \$15.5 million for a trial to electronically monitor high risk domestic violence offenders.

An additional \$11.7 million will be spent over 2020-21 to 2022-23 to establish two One Stop Hubs (one metropolitan and one regional) in line with the Government's election commitment to support victims of family and domestic violence. The hubs will bring together a range of integrated services, including after-hours crisis response, bringing together wrap-around specialist support into the one location.

Major Expense Changes

Summary

The following information provides details of major changes in general government expenses by agency since the 2018-19 Mid-year Review. Any timing changes and accounting adjustments that are broadly net debt neutral across the forward estimates period, and changes to depreciation expense, are not included in this Chapter. Timing changes of a material nature are discussed in Chapter 3: *Fiscal Outlook and Strategy*.

A number of recurrent spending changes since the Mid-year Review are common to a number of agencies. These include incentive funding for smaller and low risk agencies under the Streamlined Budget Process, and the indexation of non-salary expenses in 2022-23.

Changes in total public sector infrastructure spending (i.e. the Asset Investment Program) since the Mid-year Review are outlined in Chapter 6.

PARLIAMENT

Table 1					
MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW					
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
LEGISLATIVE COUNCIL					
– Increased Number of Committees and Sitting Weeks	-	0.6	0.6	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
LEGISLATIVE ASSEMBLY					
– 2019-20 Streamlined Budget Process Incentive Funding	-	0.1	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
PARLIAMENTARY SERVICES					
– Remediation of the Eastern Wing Roof of Parliament House	-	0.4	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS					
Election Commitments					
– Royal Commission (Child Sexual Abuse) – Plan and Develop a Reportable Conduct Scheme	-	0.6	-	-	-
Other Spending					
– 2019-20 Streamlined Budget Process Incentive Funding	-	0.1	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)

(a) Amounts less than \$50,000.

Legislative Council

Increased Number of Committees and Sitting Weeks

To meet the costs of an additional four Legislative Council standing and select committees, and an increase in sitting weeks in 2019-20, the Government has committed a further \$1.2 million over 2019-20 and 2020-21.

Parliamentary Services

Remediation of the Eastern Wing Roof of Parliament House

To remediate the eastern roof of Parliament House to address occupational safety and health issues, protect heritage values and extend the roof's lifespan, \$366,000 will be spent in 2019-20.

Parliamentary Commissioner for Administrative Investigations

Election Commitments

Royal Commission (Child Sexual Abuse) – Plan and Develop a Reportable Conduct Scheme

In response to recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse, an amount of \$589,000 will be spent in 2019-20 to progress the planning and development of a Reportable Conduct Scheme. The Scheme will provide independent oversight of institutional responses to complaints of child abuse and neglect by providing scrutiny of systems and monitoring of the handling of complaints.

GOVERNMENT ADMINISTRATION

Table 2

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
PREMIER AND CABINET					
Election Commitments					
– Implementation Unit for the Our Priorities: Sharing Prosperity Program	-	1.4	1.4	1.4	1.4
– Brockman House Community Centre	-	0.5	2.0	2.2	-
– Royal Commission (Child Sexual Abuse) – Independent Oversight Strategy	-	0.6	-	-	-
– Fitzroy River Management Plan	-	0.3	0.2	-	-
Other Spending					
– Continuation of the Office of Digital Government	-	8.2	9.2	8.6	8.7
– Operating Costs	-	2.8	2.8	2.8	2.8
– Noongar Land Fund	-	2.8	-	-	-
– Kimberley Region Economic Development Projects	0.4	1.3	0.7	0.4	0.1
– Telethon Donation Increase	-	0.5	0.5	0.5	0.5
– Service Western Australia (ServiceWA) Pilot	-	0.9	-	-	-
– Resolution of Native Title in the South West of Western Australia (Settlement)	-	0.6	-	-	-
– Drafting Services to Minor Party Members in the Legislative Council	-	0.2	0.2	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.5
PUBLIC SECTOR COMMISSION					
– 2019-20 Streamlined Budget Process Incentive Funding	-	0.2	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.1
GOVERNOR'S ESTABLISHMENT					
– Additional Staffing	0.1	0.3	0.4	0.4	0.2
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
WESTERN AUSTRALIAN ELECTORAL COMMISSION					
– 2019-20 Streamlined Budget Process Incentive Funding	-	0.1	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
SALARIES AND ALLOWANCES TRIBUNAL					
– 2019-20 Streamlined Budget Process Incentive Funding	-	– (a)	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
COMMISSIONER FOR EQUAL OPPORTUNITY					
– 2019-20 Streamlined Budget Process Incentive Funding	-	– (a)	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
COMMISSIONER FOR CHILDREN AND YOUNG PEOPLE					
– 2019-20 Streamlined Budget Process Incentive Funding	-	– (a)	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
OFFICE OF THE INFORMATION COMMISSIONER					
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
REGISTRAR, WESTERN AUSTRALIAN INDUSTRIAL RELATIONS COMMISSION					
– 2019-20 Streamlined Budget Process Incentive Funding	-	0.1	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)

(a) Amounts less than \$50,000.

Premier and Cabinet

Election Commitments

Implementation Unit for the Our Priorities: Sharing Prosperity Program

The Government recently announced the Our Priorities: Sharing Prosperity Program, which is focused on twelve priorities for addressing key issues of importance to Western Australians in line with the Government's commitment to drive positive outcomes, \$5.5 million will be spent over 2019-20 to 2022-23 to enable the Department of the Premier and Cabinet to support efforts across government agencies to achieve these whole-of-government targets.

Brockman House Community Centre

A commitment to build the new Brockman House community centre in Beechboro will require \$4.7 million to be spent over 2019-20 to 2021-22. This is in addition to \$350,000 previously provided over 2017-18 and 2018-19 for a feasibility study, site investigation and design work.

Royal Commission (Child Sexual Abuse) – Independent Oversight Strategy

In response to recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse, \$627,000 will be spent in 2019-20 to develop a whole-of-government strategy for the independent oversight of institutions providing child-related services.

Fitzroy River Management Plan

To support engagement and consultation with Aboriginal people and communities in order to progress the Fitzroy River Management Plan, an additional \$516,000 will be provided over 2019-20 to 2020-21.

Other Spending

Continuation of the Office of Digital Government

Expenditure of \$34.7 million over 2019-20 to 2022-23 has been approved to continue the operation of the Office of Digital Government in delivering and supporting information and communication technology (ICT) policy and reform across the public sector. The role of the Office will include assisting agencies in transitioning to digital service delivery, developing increased cyber security standards, building data sharing and analytics capability, and implementing ICT procurement reforms.

Operating Costs

Additional expenditure of \$2.8 million per annum from 2019-20 to 2022-23 is required to provide ongoing funding for the Department to continue to engage with the Commonwealth to improve policy and financial outcomes for the State. Funding is also provided to reflect changes in employment arrangements for staff previously engaged on placement from other government agencies.

Noongar Land Fund

In accordance with the South West Native Title Settlement arrangements, with the anticipated establishment of the Noongar Boodja Trust in the latter half of 2019, the Department will provide \$2.8 million in 2019-20 to the Noongar Land Fund (which is required to be established within 60 days of the creation of the Trust).

Kimberley Region Economic Development Projects

To support social and economic outcomes for Aboriginal communities in the Kimberley region, \$2.8 million in existing funding will be redirected over 2018-19 to 2022-23 to three new programs, including the Dampier Peninsula Project, meeting Indigenous Land Use Agreement costs associated with the Plan for Our Parks program, and the Yawuru Strategic Economic Development project.

Telethon Donation

The annual Telethon donation has increased from \$500,000 to \$1 million per annum, resulting in additional expenditure of \$2 million over 2019-20 to 2022-23.

Service Western Australia (ServiceWA) Pilot

ServiceWA is a joint project with the Departments of Finance, Transport, and the Premier and Cabinet to pilot face-to-face and online service delivery reform to improve access to government transactional services, with the pilot site to be based in Bunbury. An amount of \$6.9 million will be spent over 2019-20 to 2021-22 by the three agencies (which includes \$1.7 million of capital expenditure by the Department of Transport, see Chapter 6).

The Department of the Premier and Cabinet will spend \$866,000 in 2019-20 to develop an online ServiceWA directory on the WA.gov.au website.

Resolution of Native Title in the South West of Western Australia (Settlement)

An amount of \$634,000 will be spent in 2019-20 to meet the implementation costs associated with finalisation of the Settlement, including coordinating activities and work related to the Settlement and associated governance and community development projects.

Drafting Services to Minor Party Members in the Legislative Council

The Government has allocated \$200,000 per annum in 2019-20 and 2020-21 to fund the cost of minor party members in the Legislative Council accessing the services of a parliamentary drafting provider.

Governor's Establishment

Additional Staffing

To support the Governor in meeting strategic advocacy and diplomacy outcomes, \$1.4 million will be spent over the period 2018-19 to 2022-23 on additional staffing required to host functions and hospitality-based events, conferences and seminars at Government House.

FINANCIAL ADMINISTRATION

Table 3

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
TREASURY					
– Energy Transformation Strategy	-	2.6	2.7	1.4	-
– Contributions to the Australian Energy Market Commission	-	1.1	1.1	1.2	1.2
– Government Trading Enterprises Governance and Oversight Unit	-	0.4	0.6	0.6	0.7
– Streamline WA	-	0.4	0.4	0.4	0.4
– Australian Energy Market Operator Deed of Indemnity	-	1.1	-	-	-
– Improving Energy Consumer Advocacy	-	0.3	0.3	0.3	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.1
OFFICE OF THE AUDITOR GENERAL					
– Local Government Audit Reform	-	1.1	1.1	1.2	1.2
– Information System Audits Program – Local Government Entities	-	0.5	0.5	0.5	0.5
– Information Systems Upgrade	-	0.9	0.4	0.4	0.4
– Indexation for Non-Salary Expenses	-	-	-	-	0.1
FINANCE					
– Digital Transformation Program	-	2.2	2.2	2.2	2.3
– Perth Children's Hospital – Contractual Entitlement Resolution	-	- (a)	-	-	-
– Carbon Offsets Program	-	0.4	0.4	0.4	0.4
– Service Western Australia (ServiceWA) Pilot	-	0.5	0.6	0.3	-
– Scitech Discovery Centre – Business Case	-	0.1	0.3	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.4

(a) Commercial-in-Confidence.

Treasury

Energy Transformation Strategy

A total of \$6.7 million will be spent over 2019-20 to 2021-22 on the establishment of a dedicated Energy Transformation Implementation Unit. The Unit will support the delivery of the Government's Energy Transformation Strategy and has been funded by a one-off special dividend applied to the electricity Government Trading Enterprises (GTEs).

Contributions to the Australian Energy Market Commission

To meet an increase in the State's contribution to the Commission, an additional \$4.6 million will be spent over 2019-20 to 2022-23. The Commission is responsible for developing Australia's energy markets under national electricity and gas laws.

Government Trading Enterprises Governance and Oversight Unit

The establishment of a GTE Governance and Oversight Unit within Treasury will require expenditure of \$2.3 million over 2019-20 to 2022-23. The Unit will be responsible for ensuring the prudent management of the Government's ownership interests within GTEs, in line with the recommendations of the Special Inquiry into Government Programs and Projects.

Streamline WA

To facilitate Treasury's ongoing contribution to the Government's regulatory reform initiative, Streamline WA, additional expenditure of \$1.6 million over 2019-20 to 2022-23 has been approved. This whole-of-government initiative aims to encourage more investment, growth and jobs through improvements to regulations and their administration.

Australian Energy Market Operator Deed of Indemnity

To satisfy a Deed of Indemnity related to the Electricity Market Review reform work program under the previous Government, expenditure of \$1.1 million will be required in 2019-20.

Improving Energy Consumer Advocacy

The Government has allocated \$300,000 per annum over 2019-20 to 2021-22 to support the establishment of dedicated energy consumer advocacy in Western Australia. Expenditure will include payments for consumer advocacy consultancies and staffing costs for a dedicated advisor on consumer issues.

Office of the Auditor General***Local Government Audit Reform***

An additional \$4.6 million will be spent over 2019-20 to 2022-23 to continue to implement the Local Government Audit Reform program in accordance with the *Local Government Amendment (Auditing) Act 2017*, to strive towards better financial management in the local government sector.

Information System Audits Program – Local Government Entities

An additional \$2.1 million will be spent over 2019-20 to 2022-23 to expand the annual information systems audit program to include the top 30 local government entities from 2019-20 onwards.

Information Systems Upgrade

A further \$2.1 million will be spent over 2019-20 to 2022-23 towards project management, software support and maintenance and increased software licence fees associated with replacement of the Office's Financial Management Information System and Audit Tool and Methodology Software.

Finance***Digital Transformation Program***

An amount of \$8.9 million will be spent over 2019-20 to 2022-23 on costs associated with the maintenance and enhancement of the Office of State Revenue's Revenue Collection Information System. An additional \$17 million will be invested on related capital costs (as detailed in Chapter 6). All expenditure is expected to be offset by additional revenue from improved taxation compliance.

Perth Children's Hospital – Contractual Entitlement Resolution

Additional funding has been provided to the Department in order to exercise contractual entitlements and resolve outstanding matters with John Holland, the Managing Contractor at the Hospital. The amount of funding is not disclosed in order to avoid prejudicing the State's position.

Carbon Offsets Program

To support the local carbon offset industry, the Department will purchase an increased number of local carbon offsets and satisfy its obligation under the *State Supply Commission Act 1991*, to offset greenhouse gas emissions of the Government's motor vehicle fleet. The additional cost of \$390,000 per annum will be met from implementation of a motor vehicle carbon levy on government agencies that utilise State Fleet vehicles.

Service Western Australia (ServiceWA) Pilot

ServiceWA is a joint pilot project with the Departments of the Premier and Cabinet and Transport to facilitate face-to-face and online service delivery reform of direct public access to government transactional services, with the pilot site to be based in Bunbury. An amount of \$6.9 million will be spent over the period 2019-20 to 2021-22 across the three agencies, which includes \$1.7 million of capital expenditure by the Department of Transport (as detailed in Chapter 6).

An amount of \$1.4 million will be spent by Finance over 2019-20 to 2021-22 on costs associated with project management and oversight of the pilot.

Scitech Discovery Centre – Business Case

A further \$405,000 will be spent by the Department over 2018-19 to 2019-20 to finalise a business case to investigate appropriate locations for a future Scitech facility.

JOBS AND ECONOMIC DEVELOPMENT

Table 4

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
JOBS, TOURISM, SCIENCE AND INNOVATION					
Election Commitments					
– StudyPerth International Education Action Plan	-	1.5	1.5	1.5	-
– Office of Defence West	-	-	3.0	-	-
Other Spending					
– National Research Infrastructure	-	4.6	3.0	2.9	-
– International Aviation Development	1.7	2.6	1.8	1.7	2.2
– International Marketing Boost	3.0	9.0	-	-	-
– Future Energy Exports Co-operative Research Centre	-	1.1	1.1	1.2	1.2
– Perth USAsia Centre	-	0.6	0.6	0.6	-
– Review of Overseas Trade and Investment Offices	0.7	0.4	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	1.1
PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT					
Election Commitments					
– Geraldton Marine Finfish Nursery Facility	-	-	0.5	1.8	1.8
– Fitzroy River Management Plan	-	0.7	0.7	-	-
– Withers Urban Renewal Project	-	0.7	-	-	-
– Thomas Little Memorial Hall (Our Lady of Lourdes) Restoration	0.3	0.2	-	-	-
Other Spending					
– Capability Review – Core Funding	-	8.5	24.5	43.0	45.5
– Albany Wave Energy Project	-2.9	-5.1	-5.1	-	-
– Ord-East Kimberley Expansion Project	4.0	4.0	1.0	1.0	-
– Surf Life Saving Western Australia – Aerial and Beach Patrols and Response	-	3.8	3.9	-	-
– Capability Review – Core Business Systems Replacement	-13.4	0.2	1.9	2.9	2.9
– Gascoyne Aboriginal Heritage and Culture Centre in Carnarvon – Gwoonwardu Mia	0.9	0.6	0.5	0.6	-
– Murujuga Aboriginal Corporation – Murujuga Living Knowledge Centre and Tourism Precinct Planning	0.3	1.0	-	-	-
– Koombana Bay Park Facilities	0.5	-	-	-	-
– Albany Artificial Surf Reef Project	-	0.3	-	-	-
– Jawun Partnership Agreement	-	0.3	-	-	-
– Shark Deterrent Initiatives	-	0.1	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.7
MINERALS RESEARCH INSTITUTE OF WESTERN AUSTRALIA					
– Grants Program Continuation	-	1.5	1.5	1.5	1.5
MINES, INDUSTRY REGULATION AND SAFETY					
– Resolution of Native Title in the South West of Western Australia (Settlement)	-	0.2	-	-	-
– 2019-20 Streamlined Budget Process Incentive Funding	-	1.2	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.4
ECONOMIC REGULATION AUTHORITY					
Election Commitments					
– Price Monitoring of the Container Deposit Scheme	0.1	0.6	0.5	-	-
Other Spending					
– Regulatory Functions – Additional Resourcing	-	1.0	1.0	1.0	1.0
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
FOREST PRODUCTS COMMISSION					
– Compensation for Retention of Pines at Dick Perry Reserve	-	0.2	-	-	-

Table 4 (cont.)

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
SMALL BUSINESS DEVELOPMENT CORPORATION					
– 2019-20 Streamlined Budget Process Incentive Funding	-	0.1	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.1
RURAL BUSINESS DEVELOPMENT CORPORATION					
– 2019-20 Streamlined Budget Process Incentive Funding	-	- (a)	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	- (a)
GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA					
– Racing Bets Levy	-0.1	-2.3	-3.3	-4.0	-4.3
WESTERN AUSTRALIAN GREYHOUND RACING ASSOCIATION					
– Stakemoney and Trophies	-2.8	-6.6	-9.2	-2.6	-2.8
BURSWOOD PARK BOARD					
– Grounds General Maintenance	-	3.4	0.2	0.2	0.2

(a) Amounts less than \$50,000.

JOBS, TOURISM, SCIENCE AND INNOVATION**Election Commitments***StudyPerth International Education Action Plan*

A total of \$4.5 million will be reprioritised over 2019-20 to 2021-22 for the implementation of the StudyPerth International Education Action Plan. The Action Plan will implement initiatives to promote Western Australia as the first-choice education destination, enhance the experience of students studying in Perth, and provide students with the knowledge, skills and connections to meet their career aspirations. StudyPerth will match the expenditure to further support the implementation of the Action Plan.

Office of Defence West

The Office of Defence West will spend \$3 million in 2020-21 to continue its current level of operations and deliver the six key strategies identified in the Western Australian Defence and Defence Industries Strategic Plan. The key strategies align to the objectives in delivering the vision, by 2030, for Western Australia to be internationally recognised as an advanced manufacturing hub that is the pre-eminent base of operations for the Australian Defence Force and Alliance activities in the Indian Ocean.

Other Spending*National Research Infrastructure*

A provision of \$10.5 million over the period 2019-20 to 2021-22 has been approved to enable the Department to co-invest with Western Australian Research Institutions and the Commonwealth. This will allow Western Australia to have the ability to access cutting-edge research infrastructure and attract leading researchers. Funding will be released once appropriate contractual arrangements are in place.

International Aviation Development

An amount of \$10 million has been committed from 2018-19 to 2022-23 to facilitate an increase in direct flights to Western Australia from countries such as Japan, China and India.

International Marketing Boost

To boost the international tourism marketing program, an additional \$12 million will be spent over 2018-19 and 2019-20 (\$2.2 million is funded through reprioritised expenditure). The program aims to increase international visitation to Western Australia by initially focusing on tourism promotion in South East Asian markets (Singapore, Malaysia, Indonesia and Hong Kong).

Future Energy Exports Co-operative Research Centre

Approval has been given to continue negotiations for a Future Energy Exports Co-operative Research Centre to be established in Western Australia. The Centre will develop the LNG Futures Facility, a micro-scale plant that can be used to develop and test new LNG and hydrogen production technologies and processes. A provision of \$4.6 million over 2019-20 to 2022-23 has been approved, with release of the funds subject to agreement between the respective parties.

Perth USAsia Centre

A total of \$1.8 million will be spent over the period 2019-20 to 2021-22 to enable the Perth USAsia Centre to continue its operations, which include the China Business Forum, In the Zone Conference, and the WA-ASEAN Trade and Investment Dialogue.

Review of Overseas Trade and Investment Offices

The Government has approved \$1 million over 2018-19 and 2019-20 for an independent review and a program of audits of the eight overseas trade and investment offices.

Primary Industries and Regional Development

Election Commitments

Geraldton Marine Finfish Nursery Facility

An amount of \$4.1 million (comprising \$1 million of State funding and \$3.1 million of external revenue) will be spent over 2020-21 to 2022-23 on four additional full-time equivalents and operational costs to manage a purpose-built marine finfish nursery and broodstock housing facility for yellowtail kingfish in Geraldton. Capital investment of \$6 million has also been allocated for this project (see Chapter 6).

Fitzroy River Management Plan

An additional \$1.4 million will be spent over 2019-20 and 2020-21 to complete the management plan for the Fitzroy River, to ensure the health of the river and provide a basis for sustainable economic development.

Withers Urban Renewal Project

To implement a number of initiatives in the Bunbury suburb of Withers, \$671,000 will be spent in 2019-20. These initiatives include the construction of new toilet/changing facilities at Des Ugle Park, a program for disadvantaged young people to access culturally appropriate driver training and education services, and a road from Minninup Road to Jacaranda Crescent.

Thomas Little Memorial Hall (Our Lady of Lourdes) Restoration

Conservation and restoration work will be undertaken on one of the State's most significant heritage listed assets, the Thomas Little Memorial Hall building, located within Dardanup's historic Our Lady of Lourdes school precinct. An amount of \$500,000 over 2018-19 and 2019-20 will be spent on this project, which will result in the enhancement of a valuable community facility and conservation of a historical Western Australian building.

Other Spending

Capability Review – Core Funding

The Government has approved additional recurrent expenditure totalling \$121.5 million over 2019-20 to 2022-23 to ensure the Department is better positioned to deliver on the Government's priorities in primary industries and regional development. This increased level of spending will be funded through a range of sources, including an increase in appropriation, the Royalties for Regions Program, and revenues from external parties.

Albany Wave Energy Project

A reduction in expenditure of \$13.1 million over 2018-19 to 2020-21 on the Albany Wave Energy Project follows the Government's decision to terminate the project. These funds will now be utilised to construct a facility at Albany Health Campus to house a linear accelerator, which will enable cancer patients in the Great Southern to receive essential radiotherapy closer to home.

Ord-East Kimberley Expansion Project

The Government has allocated \$10 million over 2018-19 to 2021-22 to ensure the State is positioned to deliver on its contractual, legislative and environmental obligations associated with the Ord-East Kimberley expansion project. This expenditure will facilitate economic development opportunities, including the disposal of Garrjang Workers Village, developing the Ord Stage One water strategy management solution and supporting further land releases. This expenditure will be met through a reduction in the existing administered provision held within the Royalties for Regions Program.

Surf Life Saving Western Australia – Aerial and Beach Patrols and Response

To continue the Government's partnership with Surf Life Saving Western Australia, an amount of \$7.7 million will be spent over 2019-20 and 2020-21. The funds will be used to undertake beach and aerial patrols in the Perth metropolitan area and the South West, coordinate services and emergency responses, and operate a jet ski response team and a drone program.

Capability Review – Core Business Systems Replacement

Expenditure of \$7.9 million will be incurred over 2019-20 to 2022-23 to meet depreciation and other expenses associated with the replacement of three core business systems – Human Resources Management Information System, Financial Management Information System, and Enterprise Document and Records Management System. The replacement of these systems will ensure a seamless integration of data and reliability in reporting of information. This increased expenditure is offset by a reduction in expenses of \$13.4 million in 2018-19 from savings identified across the Department. Capital investment of \$12.2 million has also been allocated for this project (see Chapter 6).

Gascoyne Aboriginal Heritage and Cultural Centre in Carnarvon – Gwoonwardu Mia

The Cultural Centre is strategically important to the Gascoyne region for social, cultural and historical reasons, and a further \$2.5 million will be spent over 2018-19 to 2021-22 to support its reopening and operation.

Murujuga Aboriginal Corporation (MAC) – Murujuga Living Knowledge Centre and Tourism Precinct Planning

An amount of \$1.3 million over 2018-19 and 2019-20 has been provided to the MAC to undertake planning and initial works required to progress the development of the Murujuga Living Knowledge Centre and Tourism Precinct at Conzinc Bay on the Burrup Peninsula.

Koombana Bay Park Facilities

The Government has allocated \$500,000 in 2018-19 towards planning for the future use of the Koombana Bay site, and for planning work related to the Withers and Glen Iris localities.

Albany Artificial Surf Reef Project

An additional \$250,000 will be spent in undertaking a feasibility study into the Albany Artificial Surf Reef project, bringing the total cost to \$500,000.

Jawun Partnership Agreement

An additional \$280,000 will be spent in 2019-20 to continue the Jawun Partnership Agreement, which will support capacity building in the East and West Kimberley.

Shark Deterrent Initiatives

An additional \$130,000 will be spent in 2019-20 on shark deterrent initiatives.

Minerals Research Institute of Western Australia

Grants Program Continuation

The Government has approved additional spending of \$6 million over 2019-20 to 2022-23 to continue the support of minerals research projects in Western Australia.

Mines, Industry Regulation and Safety

Resolution of Native Title in the South West of Western Australia (Settlement)

An amount of \$182,000 will be spent in 2019-20 on implementation costs associated with the finalisation of the Settlement, primarily on the assessment of statutory approvals for the creation of the Noongar Land Estate.

Economic Regulation Authority

Election Commitments

Price Monitoring of the Container Deposit Scheme

The Economic Regulation Authority has been tasked with monitoring the effect of the Container Deposit Scheme on beverage prices in Western Australia, with an amount of \$1.3 million to be spent undertaking this work over 2018-19 to 2020-21. The Scheme is being implemented by the Department of Water and Environmental Regulation, and is expected to commence in early 2020. Funding for this work will be sourced from the Waste Avoidance and Resource Recovery Account.

Other Spending

Regulatory Functions – Additional Resourcing

The Government has approved additional expenditure of \$3.9 million over 2019-20 to 2022-23 for an additional 7.9 full-time equivalent industry-funded staff to enable the Authority to meet its energy market monitoring and access responsibilities.

Forest Products Commission

Compensation for Retention of Pines at Dick Perry Reserve

Partial compensation of \$200,000 in 2019-20 will be provided to the Commission for the retention of mature pines at the Dick Perry Reserve. The retained pines provide a habitat for the endangered Carnaby's Cockatoo.

Gaming and Wagering Commission of Western Australia

Racing Bets Levy

Forecast Racing Bets Levy payments by the Commission to Racing and Wagering Western Australia have been revised down by \$14 million over 2018-19 to 2022-23. This follows an update to the Racing Bets Levy estimates, which are aligned with expected market outcomes within the wagering sector.

Western Australian Greyhound Racing Association

Stakemoney and Trophies

Forecast stakemoney and trophies payments have been revised down by \$24 million over 2018-19 to 2022-23 following an update to the Racing Bets Levy estimates, which are aligned with expected market outcomes within the wagering sector. The revised estimates are fully offset by a corresponding decrease in distributions from Racing and Wagering Western Australia.

Burswood Park Board

Grounds General Maintenance

Expenditure on general maintenance and upgrades at Burswood Park totalling \$4 million over 2019-20 to 2022-23 has been approved, including \$2.8 million to improve pedestrian access to Optus Stadium.

HEALTH

Table 5

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
WA HEALTH					
Election Commitments					
– Future Health Research and Innovation Fund	-	-	11.0	18.0	23.0
– End-of-Life Choices and Palliative Care Services	1.7	7.4	8.3	8.0	10.6
– Sustainable Health Review	-	9.9	12.0	4.5	-
– Response to the Methamphetamine Action Plan Taskforce Report	-	0.5	0.5	0.5	0.5
– Kimberley Mobile Dialysis Unit	-	0.3	0.7	-	-
– Culturally Appropriate Housing Facility	-	-	0.2	0.2	-
Other Spending					
– Hospital Services Expenditure	56.4	49.7	44.8	36.2	29.6
– Non-Hospital Services Expenditure	23.0	28.7	36.2	-17.2	29.0
– Commonwealth Transition Care Program	1.1	7.6	10.8	14.2	-
– Commonwealth Home Support Program	15.1	15.1	-	-	-
– Commonwealth Aged Care Assessment Program Agreement	12.8	13.1	-	-	-
– Pilbara Health Initiative	-	3.5	3.5	3.5	3.5
– Health Innovation Fund Stage 1 Agreement	3.0	3.4	3.4	3.5	-
– Enterprise Medical Imaging Platform (PACS-RIS)	-	0.9	3.6	4.2	4.4
– Graylands Decommissioning	-	1.8	1.3	-	-
– Indexation for Non-Salaries Expenses	-	-	-	-	1.7
MENTAL HEALTH COMMISSION					
Election Commitments					
– Response to the Methamphetamine Action Plan Taskforce Report ^(a)	-	1.7	9.9	12.9	16.1
– Western Australian Recovery Colleges	-	0.2	0.9	1.1	1.4
Other Spending					
– Suicide Prevention Strategy	-	5.4	2.7	-	-
– Road Trauma Trust Account – Alcohol Interlocks Assessment and Treatment	-	1.5	1.5	1.5	1.6
– Mental Health Court Diversion and Support Program ^(a)	-	2.9	3.0	-	-
– Indexation for Non-Salaries Expenses	-	-	-	-	0.2

(a) The expenditure includes payments to WA Health.

Note: Columns may not add due to rounding.

WA Health

Election Commitments

Future Health Research and Innovation Fund

Consistent with its election commitment, the Government will introduce legislation into Parliament in 2019 to re-purpose the Western Australia Future Fund and create the Future Health Research and Innovation Fund. This will provide a secure source of funding for health and medical research, innovation and commercialisation. A total of \$52 million over 2020-21 to 2022-23 has been provisioned for this purpose, pending passage of the legislation.

End-of-Life Choices and Palliative Care Services

The Government has allocated \$36 million in recurrent expenditure over 2018-19 to 2022-23 on an end-of-life choices and palliative care services package.

Sustainable Health Review

An amount of \$26.4 million will be spent over 2019-20 to 2021-22 on implementation of the Sustainable Health Review (SHR) recommendations. This comprises:

- \$7.5 million to create a SHR Implementation Support Unit to coordinate implementation of the SHR recommendations across the health system; and
- \$18.9 million to deliver four pilot projects, including the Mental Health Safe Haven Café, Child and Adolescent Health Service Co-location Hub, Frequent Flyers Program, Home First Model of Care, and planning for the co-location and integration of women's health services at King Edward Memorial Hospital to the Queen Elizabeth II Medical Centre.

Response to the Methamphetamine Action Plan Taskforce Report

As part of the whole-of-Government response to the Methamphetamine Action Plan (MAP) Taskforce Report, WA Health will spend an additional \$2 million over 2019-20 to 2022-23 to:

- establish a Needle Syringe Exchange Program (NSEP) service in the Great Southern region to help reduce the harm associated with injecting methamphetamine (\$1.1 million);
- expand the Bunbury fixed-site NSEP to enable service provision on weekends and to extend the mobile outreach van service to an additional regional location (\$400,000);
- expand the Hepatitis WA nurse-led program to support general practitioners to provide brief interventions to methamphetamine users (\$300,000); and
- implement a multi-media social marketing strategy to raise awareness of NSEP services and locations (\$150,000).

Kimberley Mobile Dialysis Unit

Renal dialysis services in the Kimberley region will be improved with \$1 million allocated over 2019-20 and 2020-21. This will assist patients who are currently required to travel within the Kimberley region or to Perth to receive treatment.

Culturally Appropriate Housing Facility

To support the establishment of culturally appropriate accommodation for Aboriginal patients and their carers visiting Perth metropolitan hospitals, a total of \$400,000 will be spent over 2020-21 and 2021-22. This is in addition to \$1.2 million in capital investment to deliver this election commitment (as detailed in Chapter 6).

Other Spending

Hospital Services Expenditure

An additional \$216.7 million will be spent over 2018-19 to 2022-23 on the delivery of public hospital services. This is largely due to higher than expected hospital activity and costs in 2018-19 and the flow-on impact of this across the Budget period. It also reflects higher than budgeted expenditure on block-funded hospital services, which includes teaching, training and research, and small rural hospitals.

Non-Hospital Services Expenditure

The Government has approved additional spending of \$99.7 million over 2018-19 to 2022-23 to meet the projected cost and demand for existing non-hospital services. This will enable WA Health to meet its contractual obligations and address the demand for services such as community health services, health prevention and promotion programs, aged care services, and patient transport.

Commonwealth Transition Care Program

An additional \$33.8 million will be spent over 2018-19 to 2021-22 to provide an additional 180 Transition Care Program places (60 permanent and 120 temporary). The Transition Care Program provides services such as physiotherapy and nursing support to older people to improve their functioning and give them more time to organise their longer-term care.

Commonwealth Home Support Program

The Commonwealth Home Support Program provides services to support older people to remain living independently in their community, and to support their carers in regional Western Australia. A total of \$30.2 million will be spent over 2018-19 and 2019-20 on this program.

Commonwealth Aged Care Assessment Program (ACAP) Agreement

An amount of \$25.9 million will be spent over 2018-19 and 2019-20 on the continuation of the Commonwealth ACAP Agreement. Under this agreement, WA Health employs assessors who evaluate the needs of frail older people and facilitate their access to appropriate Commonwealth aged care services.

Pilbara Health Initiative

An additional \$13.8 million will be spent over 2019-20 to 2022-23 to continue the Pilbara Health Initiative, which supports medical specialist and obstetric services at Karratha and women's health services at Tom Price and Newman.

Health Innovation Fund Stage 1 Agreement

Western Australia received \$13.3 million in Commonwealth funding under the Health Innovation Fund Project Agreement – Stage 1. This will be spent over 2018-19 to 2021-22 on:

- a four year pilot of emergency tele-psychiatry and tele-mental health services in regional areas;
- planning work to establish a Commonwealth and State joint commissioning model for the Kimberley region; and
- the development of a long-term digital strategy for the WA Health system.

Enterprise Medical Imaging Platform (PACS-RIS)

To support the replacement of the enterprise medical imaging platform, which has reached its end of life, an additional \$13.2 million in recurrent spending over 2019-20 to 2022-23 has been approved. A further \$15 million in capital investment over 2018-19 to 2022-23 has also been approved for this project (see Chapter 6).

Graylands Decommissioning

To finalise the detailed planning for the decommissioning and reconfiguration of mental health services and progression of divestment activities at the Graylands Hospital site, \$3 million will be spent over 2019-20 and 2020-21.

Mental Health Commission

Election Commitments

Response to the Methamphetamine Action Plan Taskforce Report

As part of the whole-of-Government response to the Methamphetamine Action Plan (MAP) Taskforce Report, a total of \$42.5 million will be spent over 2019-20 to 2022-23, with the Mental Health Commission spending \$40.5 million of this to:

- continue the North West Drug and Alcohol Support Program to reduce Alcohol and Other Drugs (AOD) harm in the Kimberley, Pilbara and the Mid West (\$20.1 million);
- establish a comprehensive AOD youth service in the Kimberley with residential rehabilitation, low medical withdrawal beds and a day program (\$9.2 million);
- procure four low medical withdrawal beds in the Kimberley (\$2.3 million);
- refurbish the currently vacant Midland Sobering-Up centre to establish a 5-10 bed, low medical withdrawal centre (\$4.8 million);
- continue the School Drug Education Program specifically focused on at-risk groups of non-mainstream students, school support staff and parents (\$1.1 million);
- ensure the current level of Strong Spirit Strong Mind training is maintained for the Aboriginal AOD workforce (\$914,000);
- expand the Transitional Housing and Support Program by 13 beds, providing additional community-based, supported living for people exiting residential treatment programs (\$631,000);
- continue to provide AOD training for frontline workers such as psychologists, social workers and counsellors to build the capacity of the workforce to respond to methamphetamine-related incidents (\$614,000);
- continue the Methamphetamine Peer Education Program providing harm reduction and support to individuals via peer support workers (\$457,000);
- plan for the expansion of the Mental Health Western Australia Police Co-Response Regional Program (\$200,000); and
- develop a business case for an alternative crisis response (aside from Emergency Departments and police detention) to methamphetamine and other drug users when they are in crisis (\$200,000).

Western Australian Recovery Colleges

Recovery Colleges will be established in Perth (and satellites) and across all regions in Western Australia, with an amount of \$3.6 million allocated over 2019-20 to 2022-23. Recovery Colleges use an educational approach to support recovery from mental health and alcohol and other drug issues.

Other Spending

Suicide Prevention Strategy

The Government has committed \$8.1 million over 2019-20 and 2020-21 to continue the Suicide Prevention Strategy for an additional 18 months. During this time the Commission will finalise the evaluation of current programs as it begins the development of a new suicide prevention strategy.

Road Trauma Trust Account (RTTA) – Alcohol Interlocks Assessment and Treatment

An additional \$6.1 million of RTTA funding will be spent over 2019-20 to 2022-23 on the continued delivery of Alcohol Assessment and Treatment services as part of the Alcohol Interlock Scheme, which applies to serious and repeat drink drivers.

Mental Health Court Diversion and Support Program

To support the continuation of the Mental Health Court Diversion and Support program, a further \$5.9 million will be spent by the Commission over 2019-20 and 2020-21. In total, additional expenditure of \$8.9 million has been approved for this program, with the remainder provided to the Western Australia Police Force, the Department of Justice and Legal Aid.

EDUCATION AND TRAINING

Table 6

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW					
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
EDUCATION					
– Universal Access to Early Childhood Education Extension	8.3	14.9	23.3	-	-
– Revision to Student Enrolments	-5.2	-9.4	-9.7	-10.0	-9.2
– Revision to Education Costs for Students with Disability	7.5	7.7	8.0	8.3	8.5
– National School Chaplaincy Program Extension	7.7	7.7	7.7	7.7	-
– Per Capita Grants to Non-Government Schools	1.3	3.1	3.0	3.3	3.6
– National Assessment Program – Literacy and Numeracy Online Implementation	0.7	1.4	-	-	-
TRAINING AND WORKFORCE DEVELOPMENT/TAFE COLLEGES					
– Employer Incentive Scheme and Additional Apprenticeship and Traineeship Training Places	4.7	24.2	44.6	53.4	55.5
– 2019-20 Streamlined Budget Process Incentive Funding	-	3.1	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	1.4

Education

Universal Access to Early Childhood Education (UAECE) Extension

Recurrent expenditure will increase by \$46.5 million over 2018-19 to 2020-21, reflecting a one-year extension to Commonwealth funding under the UAECE National Partnership in line with the 2019-20 Commonwealth Budget.

This will enable the Government to maintain the provision of 15 hours per week of kindergarten to all age-eligible children in the 2020 school year, with the State providing 11 hours and the Commonwealth providing four hours per week.

Revision to Student Enrolments

Recurrent expenditure for government schools has been revised down by a total of \$43.5 million over 2018-19 to 2022-23 as a result of lower than expected student enrolments in Semester 1, 2019. While the government schools share of total student enrolments has continued to increase, actual growth in Semester 1, 2019 was lower than previously forecast.

Despite this parameter adjustment to the forecast number of student enrolments, across the forward estimates Western Australian students are resourced at the highest share of the School Resourcing Standard when compared to any other State.

Revision to Education Costs for Students with Disability

An additional \$40 million will be spent over the period 2018-19 to 2022-23, reflecting an increase in the proportion of students diagnosed with a disability in public schools. This expenditure will provide additional support and facilities to deliver education services to students with a disability.

National School Chaplaincy Program Extension

A total of \$30.9 million will be spent over 2018-19 to 2021-22, reflecting a four-year extension to Commonwealth funding under the National School Chaplaincy Program. This expenditure will support the ongoing provision of pastoral care services in participating schools.

Per Capita Grants to Non-Government Schools

A further \$14.3 million will be spent on per capita grants to non-government schools over the period 2018-19 to 2022-23, due to higher than expected student enrolments in Semester 1, 2019.

National Assessment Program – Literacy and Numeracy (NAPLAN) Online Implementation

To support manual testing processes as a result of national delays in the implementation of NAPLAN Online, an amount of \$2.1 million will be spent over 2018-19 and 2019-20.

Training and Workforce Development/TAFE Colleges

Employer Incentive Scheme and Additional Apprenticeship and Traineeship Training Places

An additional \$182.4 million will be spent over the forward estimates period on a package of initiatives to stimulate growth in apprenticeships and traineeships. This is primarily the implementation of a new Employer Incentive Scheme, and the purchase of additional vocational education and training places.

The initiatives will be jointly funded through the Government's reform of payroll tax exemptions for new worker trainees (see Chapter 4: *General Government Revenue*), and the Commonwealth National Partnership on the Skilling Australians Fund.

The Employer Incentive Scheme will extend training incentives to include small businesses, and will enable the Government to target assistance to meet the State's workforce priorities.

COMMUNITY SAFETY

Table 7

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
WESTERN AUSTRALIA POLICE FORCE					
Election Commitments					
– Family and Domestic Violence Monitoring Unit	-	0.8	1.5	1.6	1.6
– Family and Domestic Violence Officer Training and Code of Practice	-	2.1	-	-	-
– Carnarvon Police and Community Youth Centre	-	0.5	0.6	-	-
– Royal Commission (Child Sexual Abuse) – Digitisation of Historical Criminal Records	-	0.3	-	-	-
Other Spending					
– Digital Policing – Mobility	-	8.4	6.1	8.2	8.4
– Cost and Demand Forecasts	-17.5	30.0	-	-	-
– Sustainability Funding for Police and Community Youth Centres	-	4.0	3.0	-	-
– GovNext-ICT and Cloud Transition	-	10.2	-	-	-3.6
– Kununurra Police and Community Youth Centre	-	0.7	0.6	0.6	-
– West Kimberley Youth and Resilience Hub	0.1	1.3	-	-	-
– Mental Health Court Diversion and Support Program	-	0.2	0.2	-	-
– Road Trauma Trust Account	-	-	-	-	-
• Infringement Management Operations	-	3.2	3.4	3.6	3.5
• Automated Traffic Enforcement – Camera Maintenance Program	-	2.7	2.7	2.7	2.8
• Road Safety Data	-	0.4	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	2.4
JUSTICE					
Election Commitments					
– Royal Commission (Child Sexual Abuse) – Civil Litigation Team	0.4	1.3	1.3	-	-
– Kimberley Juvenile Justice Strategy	-	0.3	0.3	0.3	-
Other Spending					
– Justice Services Expenditure	-3.8	32.7	17.3	15.8	27.9
– Expanded Electronic Monitoring	-	3.0	11.6	16.5	15.6
– Improved Access to Rehabilitation Programs	-	4.7	7.7	8.2	8.0
– RiskCover Premiums	1.9	10.3	-	-	-
– Criminal Enforcement Team	-	2.3	2.3	2.4	2.4
– Fines Diversion Trial	-	0.4	2.3	2.6	2.5
– Bail Support Program	-	1.1	1.9	1.8	1.8
– Coroner's Court Demand Pressures	-	1.3	1.4	1.4	1.4
– Enhanced Driver Training and Education for Regional and Remote Communities Program	-	0.2	1.5	1.5	1.5
– State Solicitor's Office Demand Pressures	-	1.0	1.0	1.0	1.0
– Mental Health Court Diversion and Support Program	-	1.0	1.1	-	-
– Resolution of Native Title in the South West of Western Australia	-	0.2	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	3.1
LEGAL AID COMMISSION OF WESTERN AUSTRALIA					
– Legal Aid Services Expenditure	-	3.5	4.1	4.8	5.2
– Bail Support Program	-	0.8	1.6	1.6	1.7
– Mental Health Court Diversion and Support Program	-	0.2	0.2	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.2
FIRE AND EMERGENCY SERVICES					
– Emergency Alert System Phase 4	-	1.1	0.3	0.3	0.2
– Multi-purpose Facility in Collie	-	0.5	1.2	1.8	1.8
– Local Government Grants Scheme	0.3	0.4	0.5	0.7	0.8
– Indexation for Non-Salary Expenses	-	-	-	-	0.1

Table 7 (cont.)

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS					
– Public Prosecutions Services Expenditure	0.7	3.6	4.3	4.9	6.0
– Special Prosecution Division	-	2.6	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.1
CORRUPTION AND CRIME COMMISSION					
– 2019-20 Streamlined Budget Process Incentive Funding	-	0.3	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.1
CHEMISTRY CENTRE (WA)					
– Cost and Demand Update	-	1.3	1.5	1.2	1.3
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES					
– 2019-20 Streamlined Budget Process Incentive Funding	-	– (a)	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)
PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION					
– Indexation for Non-Salary Expenses	-	-	-	-	– (a)

(a) Amounts less than \$50,000.

Western Australia Police Force**Election Commitments*****Family and Domestic Violence Monitoring Unit***

As part of the Government's \$15.5 million trial to electronically monitor high risk domestic violent offenders, the Western Australia Police Force will spend \$5.5 million over 2019-20 to 2022-23 to establish a dedicated Family and Domestic Violence Monitoring Unit in partnership with the Department of Justice. An additional 10 police officers will be provided for the unit, which will also accommodate Justice Offender Management staff, and provide for 24-hour electronic monitoring of offenders in the community (see also Justice – Expanded Electronic Monitoring).

Family and Domestic Violence Officer Training and Code of Practice

An amount of \$2.1 million will be spent in 2019-20 to provide specialist family and domestic violence training to all frontline police officers and develop a family violence Code of Practice and specific policies for Aboriginal victims.

Carnarvon Police and Community Youth Centre

Grants totalling \$1.1 million will be provided to the PCYC between 2019-20 and 2020-21 for upgrades to the Carnarvon centre, including gym renovations and the enclosure of an outdoor area to provide further air-conditioned space.

Royal Commission (Child Sexual Abuse) – Digitisation of Historical Criminal Records

In response to recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse, the Western Australia Police Force will spend \$299,000 to digitise and upload historical criminal records from prior to 1985 (mainly on paper or microfilm) to the criminal record database. This project will improve the coordination of Working with Children Checks.

Other Spending

Digital Policing – Mobility

The Government will spend an additional \$31.1 million to roll out 3,500 mobile devices to police officers, under the new Mobility program, to improve community and officer safety. The cost of the initiative includes the lease of devices, software development, and integration with existing systems. The Mobility program will support police officers to complete reporting in the field, allowing more time for frontline duties and strengthening community safety through increased responsiveness. GPS tracking and increased access to information in the field will support improved officer safety. An additional \$3.4 million in capital expenditure has also been approved for the program (see Chapter 6).

Cost and Demand Forecasts

The Western Australia Police Force's total cost of services has been increased by a net \$12.5 million over 2018-19 and 2019-20, following review of forecast costs and timing of expenses.

Sustainability Funding for Police and Community Youth Centres

The Western Australia Police Force will provide grants totalling \$7 million to the PCYC over two years, to enable the organisation to maintain service delivery, including programs targeted to at-risk youth. The grant funding will maintain the PCYC's operations while a review of the sustainability of the operational model is undertaken.

GovNext-ICT and Cloud Transition

To support the Western Australia Police Force's transition from owning information and communication technology (ICT) infrastructure to purchasing as a service under the whole-of-government GovNext-ICT program, a total of \$10.2 million will be spent in 2019-20. The cost will be offset by a \$3.6 million reduction in expenditure in 2022-23, and the reallocation of \$6.6 million in asset investment to recurrent expenditure (see Chapter 6). The initiative is internally funded by the Western Australia Police Force using existing budget allocations.

Kununurra Police and Community Youth Centre

Grants of \$2 million will be provided to the PCYC between 2019-20 and 2021-22 to establish a new centre in Kununurra. The centre will provide structured programs and intervention activities targeted to at-risk youth to support the community.

West Kimberley Youth and Resilience Hub

Commonwealth funding totalling \$1.3 million will be spent over 2018-19 and 2019-20 on grants to the PCYC to enable the redevelopment of the Broome Centre as the West Kimberley Youth and Resilience Hub.

Mental Health Court Diversion and Support Program

The Western Australia Police Force will spend \$471,000 over 2019-20 and 2020-21 to support the continuation of the Mental Health Court Diversion and Support program at the Central Law Courts in Perth.

RTTA – Infringement Management Operations

An additional \$13.6 million of RTTA funding will be spent from 2019-20 to 2022-23 to continue Infringement Management Operations within the Western Australia Police Force for the processing of speed and red light-related traffic infringements.

RTTA – Automated Traffic Enforcement – Camera Maintenance Program

Funding from the RTTA will continue to be directed to the maintenance and operation of existing cameras procured as part of approved camera expansion projects, with \$10.9 million to be spent over 2019-20 to 2022-23.

RTTA – Road Safety Data

An allocation of \$438,000 from the RTTA will be spent in 2019-20 to update and expand road safety data maintained by the Road Safety Commission and to support the development of the State's new Road Safety Strategy.

Justice

Election Commitments

Royal Commission (Child Sexual Abuse) – Civil Litigation Team

The State Solicitor's Office has been provided with additional resources totalling \$2.9 million over 2018-19 to 2020-21 to respond to the Government's reform to remove statutory limitation periods for historical child sexual abuse.

Kimberley Juvenile Justice Strategy

To improve youth justice outcomes in the Kimberley, the Government has approved \$900,000 to be spent over 2019-20 to 2021-22. The Strategy involves the development and implementation of initiatives to improve remand and sentencing options, and to divert youth from the justice system, including through more education and training opportunities.

Other Spending

Justice Services Expenditure

As a result of revised estimates of demand growth for the Department's services, including forecast growth in the adult prisoner population and offenders managed in the community, recurrent expenditure has been increased by \$89.9 million over 2018-19 to 2022-23.

Expanded Electronic Monitoring

The Government has committed an additional \$46.7 million over 2019-20 to 2022-23 to expand the monitoring of offenders in the community by increasing the use of GPS-based electronic monitoring. This includes \$10 million of the Government's \$15.5 million trial to electronically monitor high risk domestic violence offenders (see also Western Australia Police Force – Family and Domestic Violence Monitoring Unit).

Improved Access to Rehabilitation Programs

An additional \$28.6 million will be spent over 2019-20 to 2022-23 to increase access to rehabilitative programs offered to prisoners, with the aim of reducing reoffending and enhancing community safety.

RiskCover Premiums

To meet higher than budgeted RiskCover premium payments, an additional \$12.2 million has been approved over 2018-19 and 2019-20.

Criminal Enforcement Team

Expenditure of \$9.4 million over 2019-20 to 2022-23 will enable the continued operations of the Criminal Enforcement Team, which assists the Sheriff's Office to reduce the proportion of unresolved fines and infringements, increase collections, and reinforce fines as a viable sentencing option.

Fines Diversion Trial

A total of \$7.8 million will be spent over 2019-20 to 2022-23 to introduce a trial program to divert eligible offenders to culturally appropriate programs in the community as an alternative to issuing fines. This supports the Government's target to reduce the overrepresentation of Aboriginal people in custody.

Bail Support Program

An amount of \$6.6 million will be spent over 2019-20 to 2022-23 to assist individuals to meet their bail conditions through the introduction of a bail support program in the metropolitan area. This supports the Government's target to reduce the overrepresentation of Aboriginal people in custody.

Coroner's Court Demand Pressures

To address demand pressures in the Coroner's Court for forensic pathology (PathWest), toxicology (ChemCentre) and body removal services, an additional \$5.5 million over 2019-20 to 2022-23 has been allocated.

Enhanced Driver Training and Education for Regional and Remote Communities Program

The Government has allocated \$4.8 million over 2019-20 to 2022-23 to continue the Program, which provides culturally appropriate driver training and education to Aboriginal people residing in regional and remote communities, to reduce the recidivism rate of Aboriginal offenders imprisoned for driving and licence offences. This additional expenditure will also facilitate delivery of a pilot in Bunbury targeted at disadvantaged and disengaged youth.

State Solicitor's Office Demand Pressures

The Government has approved an additional \$3.9 million over 2019-20 to 2022-23 to address the growing demand for the State Solicitor's Office legal services.

Mental Health Court Diversion and Support Program

To continue the delivery of the Program, which specialises in offering customised responses for individuals whose offending is linked to mental illness, the Government has approved an additional \$2.1 million over 2019-20 and 2020-21.

Resolution of Native Title in the South West of Western Australia

An additional \$192,000 in 2019-20 has been allocated to meet costs to the State Solicitor's Office of providing advice on the Indigenous Land Use Agreement registration and implementation process.

Legal Aid Commission of Western Australia

Legal Aid Services Expenditure

Recurrent expenditure will increase by \$17.6 million over the period 2019-20 to 2022-23, reflecting revised estimates of demand growth for the legal aid assistance services delivered by the Commission.

Bail Support Program

A total of \$5.7 million will be spent over 2019-20 to 2022-23 to provide additional legal representation for prisoners on remand and introduce a bail support program in the metropolitan area. This will assist people in meeting their bail conditions and support the Government's target to reduce the overrepresentation of Aboriginal people in custody.

Mental Health Court Diversion and Support Program

As part of the extension of the Program, the Commission will spend \$468,000 over 2019-20 and 2020-21.

Fire and Emergency Services

Emergency Alert System Phase 4

The Government has committed to the development and ongoing costs of the Emergency Alert System (EAS) Phase 4 and a technical refresh of the EAS Phase 3. An additional \$1.9 million will be spent over 2019-20 to 2022-23, representing the State's contribution to the national scheme.

Multi-purpose Facility in Collie

Recurrent expenditure of \$5.3 million over 2019-20 to 2022-23 has been approved to operate a Multi-purpose Facility in Collie that will enhance the emergency management capability of Collie and surrounding areas. The Facility will comprise an emergency driving training school, an Incident Control Centre and will be able to maintain and manage up to 70 high fire season fleet appliances. An additional \$7.5 million in capital spending, funded from the Industry Attraction and Development Fund – Collie, will be invested over 2019-20 and 2020-21 to construct the Facility (see Chapter 6).

Local Government Grants Scheme

An additional \$2.7 million will be spent over 2018-19 to 2022-23 for increased grant payments to Local Government Authorities due to an increase in insurance premiums payable in respect of volunteer bushfire fighters insurance.

Office of the Director of Public Prosecutions

Public Prosecutions Services Expenditure

Recurrent expenditure will increase by a total of \$19.5 million over 2018-19 to 2022-23, reflecting updated growth in demand for core prosecution services and an increase in staff resources to improve the sustainability of State Prosecutors' workloads.

Special Prosecution Division

An additional \$2.6 million will be spent in 2019-20 to continue the operations of a special prosecution division assigned to prosecute the complex and high-profile case arising from the Western Australia Police Force's Macro Taskforce operation.

Chemistry Centre (WA)

Cost and Demand Update

As a result of revisions to the ChemCentre's cost and demand outlook, additional recurrent expenditure of \$5.3 million has been provided over 2019-20 to 2022-23.

COMMUNITY SERVICES

Table 8

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
COMMUNITIES					
Election Commitments					
– Family and Domestic Violence One Stop Hubs	-	-	3.8	3.9	4.0
– Royal Commission (Child Sexual Abuse) – Policy and Program Development	-	1.8	1.8	-	-
– Preventing Elder Abuse	-	0.3	0.3	0.3	0.3
– Pets in Crisis	-	0.1	0.1	0.1	0.1
Other Spending					
– On-payment of Commonwealth Grant Funding to the National Disability Insurance Agency	117.4	174.1	-	-	-
– Commonwealth-State Agreement on Remote Housing ^(a)	121.0	-	-	-	-
– National Rental Affordability Scheme	-	9.4	12.1	12.3	12.2
– Western Australian-administered National Disability Insurance Scheme	7.0	-	-	-	-
– Aboriginal Community Connectors	-	6.5	-	-	-
– Community and Neighbourhood Development Funding	-	1.0	1.0	-	-
– Remote Communities and Town Based Reserves Projects	-	2.0	-	-	-
– Geraldton Alternative Settlement Agreement – Implementation Costs	-	0.3	0.5	0.5	0.5
– Kimberley Family Domestic Violence Support Service	-	1.1	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	2.4
LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES					
Election Commitments					
– Kalgoorlie Motorsports	-	0.1	-	-	-
Other Spending					
– Regional Arts and Cultural Investment Program	-	5.0	5.0	5.0	4.9
– City of Perth Inquiry Panel	-	1.7	-	-	-
– 2019-20 Streamlined Budget Process Incentive Funding	-	1.6	-	-	-
– Indexation for Non-salary Expenses	-	-	-	-	0.9
WESTERN AUSTRALIAN SPORTS CENTRE TRUST					
– Optus Stadium – Revised Financial Forecasts	10.2	24.7	19.6	-	-
– Perth Motorplex Management	-	5.1	5.1	-	-
– VenuesWest Security Infrastructure Upgrades	-	0.3	-	0.1	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.1

(a) The general government sector expense impact of \$121 million in 2018-19 reflects the transfer of the Commonwealth grant revenue from the general government sector. This funding is budgeted to be spent by the Housing Services arm of the Department of Communities (part of the public non-financial corporations sector) over 2018-19 and 2019-20.

Communities

Election Commitments

Family and Domestic Violence One Stop Hubs

The Government has approved a total of \$11.7 million over 2020-21 to 2022-23 for the establishment and operation of one metropolitan and one regional One Stop Hub for victims of family and domestic violence. The hubs are intended to simplify and improve access to specialist family and domestic violence support services, and offer a comprehensive wrap-around approach which supports victims in multiple aspects of their lives.

Royal Commission (Child Sexual Abuse) – Policy and Program Development

Additional spending of \$3.6 million over 2019-20 and 2020-21 has been approved to employ additional staff to undertake policy and program development work in relation to a range of recommendations made by the Royal Commission into Institutional Responses to Child Sexual Abuse.

Preventing Elder Abuse

The Government has committed to fund advocacy and support services aimed at stopping elder abuse, with an additional \$1.2 million to be spent over 2019-20 to 2022-23.

Pets in Crisis

To continue the Government's support for the Pets in Crisis service, an allocation of \$415,000 over 2019-20 to 2022-23 has been approved. The service offers safe accommodation for pets from households experiencing family and domestic violence, while their owner finds a safe place to live.

Other Spending

On-payment of Commonwealth Grant Funding to the National Disability Insurance Agency

Expenditure will increase by \$117.4 million in 2018-19 and \$174.1 million in 2019-20 to reflect the on-payment of Commonwealth grant funding to the National Disability Insurance Agency (NDIA) for participants that transition to the Commonwealth-administered National Disability Insurance Scheme (NDIS).

Commonwealth-State Agreement on Remote Housing

The Commonwealth Government will provide a final payment of \$121 million in 2018-19 to fund housing for Aboriginal people living in remote communities. No further funding for 2019-20 and beyond has been allocated by the Commonwealth.

National Rental Affordability Scheme

A total of \$46 million over 2019-20 to 2022-23 has been allocated for incentive payments to participants in the Commonwealth Government's National Rental Affordability Scheme. Under the Scheme, the Commonwealth provides tax incentives, and the State provides direct financial incentives, to stimulate the supply of private affordable rentals.

Western Australian-administered NDIS

Additional expenditure of \$7 million, funded from Commonwealth package support contributions, will be spent on the Western Australian-administered NDIS in 2018-19. As a result of delays in the transfer of participants to the NDIA-administered scheme, the Western Australian-administered NDIS will continue until June 2019.

Aboriginal Community Connectors

To continue the operations of the Aboriginal Community Connectors program (formerly Aboriginal Community Patrols) in 14 communities across Western Australia, the Government has approved additional spending of \$6.5 million in 2019-20. The program aims to improve community safety, and reduce community consequences of alcohol and drug related 'at-risk' behaviours.

Community and Neighbourhood Development Funding

A total of \$2 million will be spent over 2019-20 and 2020-21 on the continuation of services from 15 community and childcare centres.

Remote Communities and Town Based Reserves Projects

The Department will spend \$2 million in 2019-20 to finalise implementation planning for Town Based Reserves, and develop a financially sustainable pathway forward for prioritisation of housing and essential and municipal services expenditure in remote communities.

Geraldton Alternative Settlement Agreement – Implementation Costs

An amount of \$1.8 million over 2019-20 to 2022-23 has been approved for the transfer of properties from the Department as part of the implementation of the Geraldton Alternative Settlement Agreement benefits package.

Kimberley Family Domestic Violence Support Service

An additional \$1.1 million will be spent in 2019-20 to continue supporting victims of family domestic violence.

Local Government, Sport and Cultural Industries

Election Commitments

Kalgoorlie Motorsports

An amount of \$50,000 has been allocated in 2019-20 to allow for detailed planning for the upgrade of existing motorsports infrastructure in the Kalgoorlie region.

Other Spending

Regional Arts and Cultural Investment Program

The Government has committed \$19.9 million over 2019-20 to 2022-23 to deliver a range of programs and strategic initiatives targeting business development training, venue activation, Aboriginal Arts and community participation, to support the creative and cultural industries in regional Western Australia.

City of Perth Inquiry Panel

A further \$1.7 million will be spent in 2019-20 to finalise the inquiry into the operations and affairs of the City of Perth.

Western Australian Sports Centre Trust

Optus Stadium – Revised Financial Forecasts

Financial forecasts for Optus Stadium have been revised following the receipt and assessment of data from the Stadium's first full year of operations. This has resulted in increased expenditure of \$54.5 million over 2018-19 to 2020-21, due to higher operating costs for the Stadium than previously forecast and additional event-related costs. This additional expenditure is partly offset by additional event revenue of \$37.7 million over the same period.

Perth Motorplex Management

An amount of \$10.2 million will be spent over 2019-20 and 2020-21 to meet the costs associated with the continued management and operation of the Perth Motorplex should the venue not be sold or leased out. These costs are partly offset by additional event revenue.

VenuesWest Security Infrastructure Upgrades

Following a review of security at VenuesWest's major sporting arenas, recurrent spending of \$311,000 over 2019-20 to 2021-22 has been approved to commence a program of security infrastructure upgrades at Optus Stadium and HBF Park. Capital investment of \$5.4 million has also been allocated for this project (see Chapter 6).

TRANSPORT

Table 9

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
TRANSPORT					
Election Commitments					
– Continuation of the Principal Shared Path Program	-	-	-	-	20.0
– Westport Planning	1.0	1.2	5.0	5.0	-
– Fremantle Container Rail Subsidy Increase	0.7	0.7	-	-	-
Other Spending					
– Enhanced Speed Enforcement Administration Costs	-	2.6	2.5	2.6	2.7
– On-demand Transport Reform – Assistance for Regional Taxi Operators	3.1	-	-	-	-
– Service Western Australia (ServiceWA) Pilot	-	1.4	2.6	0.3	-
– Public Transport Cost and Service Optimisation Program	-	0.5	0.6	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.1
COMMISSIONER OF MAIN ROADS					
Election Commitments					
– Reallocation to Fund Continuation of Principal Shared Path Program	-	-	-	-	-20.0
Other Spending					
– Priority Local Roads Expenditure	0.9	28.8	58.5	16.7	13.6
– Third Party Works	10.0	2.5	2.5	2.5	2.5
– State Road Funds to Local Government Agreement – Updated Funding	-	-4.3	-6.2	-6.7	8.5
– Indexation for Non-Salaries Expenses	-	-	-	-	7.1
PUBLIC TRANSPORT AUTHORITY ^(a)					
Election Commitments					
– METRONET Program Management Costs	0.2	0.2	-	-	-
Other Spending					
– Revised Interest Expenses	-0.7	-2.1	-5.4	-6.0	-10.3
– Planning for Platform Extensions on the Armadale Line	-	6.5	4.5	-	-
– School Bus Additional Service Days	-	-	2.0	2.7	1.4
– Public Transport Cost and Service Optimisation Program	0.1	1.3	0.9	-	-
– Transwa Services – Additional Operating Subsidy	-0.4	1.1	-	-	-
– Indexation for Non-Salaries Expenses	-	-	-	-	6.8
SOUTHERN PORTS AUTHORITY ^(a)					
– Government Support Package for Koolyanobbing Iron Ore	-6.4	-1.9	3.2	2.7	-

(a) Represented in general government expenses as grants and subsidies, sourced from the Consolidated Account and paid through the Department of Treasury.

Transport

Election Commitments

Continuation of the Principal Shared Path Program

To continue the Principal Shared Path (PSP) program, a further \$20 million has been allocated in 2022-23. This funding will continue progress towards the completion of the PSP cycling network within the 15 kilometre radius of the Perth central business district.

Westport Planning

The Department will spend an additional \$12.2 million over 2018-19 to 2021-22 to continue the Westport Strategy, including potential investment options for an Outer Harbour at Kwinana, and to develop business cases and undertake corridor planning. Funding of \$10 million will be provided by the Commonwealth.

Fremantle Container Rail Subsidy Increase

In January 2018 the Government increased the Fremantle Container Rail Subsidy from \$30 to \$50 per container. Due to the success of the policy, which aims to reduce freight on road, an additional \$1.3 million has been allocated over 2018-19 and 2019-20 to meet the cost of greater than forecast demand for rail freight services.

Other Spending

Enhanced Speed Enforcement Administration Costs

An additional \$10.4 million of RTTA funding will be spent over 2019-20 to 2022-23 to continue to meet the costs of processing on-the-spot and camera-related traffic infringements.

On-demand Transport Reform – Assistance for Regional Taxi Operators

Holders of existing taxi-car licences in regional Western Australia will be provided with one-off payments totalling \$3.1 million in 2018-19. These grants are to assist with the transition to the On-demand Transport Reform.

Service Western Australia (ServiceWA) Pilot

ServiceWA will deliver a pilot face-to-face and online service delivery reform to facilitate direct public access to government transactional services. Of the total \$6.9 million approved for the project, the Department will spend \$4.2 million over 2019-20 to 2021-22 on program design and delivery of an expanded range of services at the pilot site in Bunbury. In addition, \$1.7 million in capital investment has been approved for this initiative over 2019-20 and 2020-21 (see Chapter 6).

Public Transport Cost and Service Optimisation Program

The new Public Transport Cost and Service Optimisation Program will analyse patronage trends, route utilisation and undertake customer and market analysis to develop options to improve the efficiency and effectiveness of public transport services in Western Australia. Of the total \$3.4 million allocated for the project, the Department will spend \$1 million over 2019-20 and 2020-21 and will work with the Public Transport Authority and Department of Treasury in delivering the program.

Commissioner of Main Roads

Election Commitment

Reallocation to Fund Continuation of Principal Shared Path Program

A total of \$20 million in 2022-23 has been reprioritised towards the continuation of the PSP program of works administered by the Department of Transport (see above).

Other Spending

Priority Local Roads Expenditure

An amount of \$118.5 million will be spent over 2018-19 to 2022-23, with a further \$72.9 million to be spent outside the forward estimates period, on upgrades to local government roads, including:

- Duncan Road and Gordon Downs Road (\$51 million);
- Abernethy Road (\$26.5 million);
- Lloyd Street Extension (\$20 million);
- Wheatbelt Secondary Freight Routes (\$16 million); and
- upgrades to the intersection of Shorehaven Boulevard and Marmion Avenue (\$5 million).

This expenditure is jointly funded by the Commonwealth and the State.

Third Party Works

Main Roads has updated its estimates for works that are funded from external revenue sources (for example, local government authorities). As a result, an additional \$20 million is forecast to be spent over 2018-19 to 2022-23 on works conducted for third parties.

State Road Funds to Local Government Agreement – Updated Funding

Main Roads' expenditure on State-initiated local road projects under the *State Road Funds to Local Government Agreement* will be reduced by \$8.7 million over 2019-20 to 2022-23. This reduction in expenditure, compared to the 2018-19 Mid-year Review, is due to a forecast decrease in motor vehicle licence revenue hypothecated to Main Roads under the *Road Traffic (Administration) Act 2008*. Road grants from Main Roads to local governments are tied to motor vehicle licence revenues.

Public Transport Authority

Election Commitments

METRONET Program Management Costs

The METRONET Office will incur additional operating costs associated with whole-of-program oversight, coordination and stakeholder management totalling \$390,000 over 2018-19 and 2019-20. A further \$2.2 million in program management costs will be capitalised against METRONET projects under development (see Chapter 6).

Other Spending

Revised Interest Expenses

Changes in the timing of asset investment expenditure will reduce the Authority's debt servicing costs by \$24.5 million over the period 2018-19 to 2022-23.

Planning for Platform Extensions on the Armadale Line

A total of \$11 million will be spent over 2019-20 and 2020-21 by the Authority to undertake design and technical assessment work for platform extensions on the Armadale rail line. The platform extensions are required to cater for the future operation of six-car trains.

School Bus Additional Service Days

An additional \$6 million will be spent over 2020-21 to 2022-23 to provide regional school bus services for a greater annual number of school days relative to previous assumptions.

Public Transport Cost and Service Optimisation Program

The new Public Transport Cost and Service Optimisation Program will analyse patronage trends, route utilisation and undertake customer and market analysis to develop options to improve the efficiency and effectiveness of public transport services in Western Australia. Of the \$3.4 million allocated for the program, the Authority will spend \$2.3 million over the period 2018-19 to 2020-21 and will work with the Departments of Transport and Treasury in delivering the program.

Transwa Services – Additional Operating Subsidy

The Authority will receive an additional operating subsidy totalling \$713,000 over 2018-19 and 2019-20 to offset the revenue impact of lower patronage on Transwa services.

Southern Ports Authority

Government Support Package for Koolyanobbing Iron Ore

The timing of the payment of the operating subsidy to the Southern Ports Authority is being amended to reflect it being paid partly in arrears rather than in full in the year in which it accrues. This reduces the value of the operating subsidy paid from 2018-19 to 2021-22 by \$2.5 million. However, over the full term of the Government support package, the value of the subsidy is unchanged.

ENVIRONMENT

Table 10

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
WATER AND ENVIRONMENTAL REGULATION					
Election Commitments					
– Container Deposit Scheme	-	0.9	1.1	0.6	0.6
Other Spending					
– Resourcing for Water Licensing Service	-	0.5	0.5	0.5	1.2
– Native Vegetation Offsets Account	-	3.0	-	-	-
– Revitalising Geopraphe Waterways	-	1.6	-	-	-
– National On-Farm Drought Infrastructure Rebate Scheme	1.6	1.4	1.6	-	-
– Murujuga Rock Art Strategy	-	0.7	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.2
BIODIVERSITY, CONSERVATION AND ATTRACTIONS					
– Rottnest Island Authority – Forecast Update	4.3	5.2	6.0	6.4	6.8
– Plan for Our Parks – Ningaloo Coastal Reserve – Public Recreation and Joint Management	-	1.3	1.3	1.3	1.3
– Gibson Desert Nature Reserve	-	0.2	0.2	-	-
– Plan for Our Parks – Helena and Aurora Range	-	0.2	0.4	0.4	0.4
– Plan for Our Parks – Houtman Abrolhos Islands National Park Management	-	0.6	0.8	1.2	1.2
– Enhanced Prescribed Burning Program	-	5.5	5.5	5.5	5.5
– Ngari Capes Marine Park	-	1.2	1.2	1.2	1.2
– Geraldton Alternative Settlement Agreement – Implementation Costs	-	0.1	2.3	2.3	2.4
– Plan for Our Parks – Indigenous Land Use Agreements	-	2.5	2.5	-	-
– Internal Reallocation to Fund Plan for Our Parks Commitments	-	-5.0	-	-	-
– Collie Adventure Trails	-	0.1	0.1	0.2	0.2
– Indexation for Non-Salary Expenses	-	-	-	-	0.8

Water and Environmental Regulation

Election Commitments

Container Deposit Scheme

The Government has approved \$3.1 million over 2019-20 to 2022-23 for implementation and oversight of the container deposit scheme. The expenditure will be used to deliver and oversee the scheme and provide grants to refund point operators.

Other Spending

Resourcing for Water Licensing Service

To improve timeliness in the water licensing service and address the current backlog of water license and permit applications, \$2.7 million will be spent over 2019-20 to 2022-23 on employing additional staff.

Native Vegetation Offsets Account

A further \$3 million will be spent in 2019-20 to acquire appropriate vegetated land to offset the environmental impact of clearing land under approved permits.

Revitalising Geographe Waterways

An amount of \$1.6 million will be spent on the Revitalising Geographe Waterways project to finalise the strategy, governance model and future funding requirements of the Geographe catchment beyond 2019-20.

National On-Farm Drought Infrastructure Rebate Scheme

The Department has entered into the On-Farm Drought Infrastructure Rebate Scheme Agreement with the Commonwealth. The project agreement allocates \$4.6 million over 2018-19 to 2020-21 (recouped from the Commonwealth) towards water infrastructure for farms and communities in drought affected areas that enables a targeted response to animal welfare.

Murujuga Rock Art Strategy

The Government has committed \$650,000 to the Murujuga Rock Art Strategy in 2019-20, which will allow for the design and implementation of a rock art monitoring and analysis program to monitor, evaluate and report on changes and trends in the integrity of the rock art on Murujuga.

Biodiversity, Conservation and Attractions

Rottnest Island Authority – Forecast Update

Due to increased visitor growth, the Authority's expenses (and revenue) have been revised up by \$28.8 million over the period 2018-19 to 2022-23, reflecting expected higher spending on staffing-related costs (\$11.6 million), building maintenance (\$2.9 million) and services and contracts (\$12.3 million).

Plan for Our Parks – Ningaloo Coastal Reserve – Public Recreation and Joint Management

The continuation of joint management (with the Gnulli Native title claimants) and Aboriginal ranger arrangements along the Ningaloo Coast will require additional expenditure of \$5.2 million over 2019-20 to 2022-23.

Gibson Desert Nature Reserve

The Government has allocated \$388,000 over 2019-20 and 2020-21 to support Mantjiltjarra land management activities and capacity. This includes the employment of 10 rangers on a casual basis.

Plan for Our Parks – Helena and Aurora Range

To meet management costs associated with the establishment of the Helena and Aurora Range National Park, \$1.4 million will be spent over 2019-20 to 2022-23. This includes the employment of three Aboriginal rangers.

Plan for Our Parks – Houtman Abrolhos Islands National Park Management

Additional recurrent expenditure of \$3.8 million over 2019-20 to 2022-23 has been approved for management costs associated with the establishment of the Houtman Abrolhos Islands National Park, including the employment of a senior operations officer and two national park rangers.

Enhanced Prescribed Burning Program

With additional expenditure of \$22 million over 2019-20 to 2022-23, the Government has approved continuation of the Enhanced Prescribed Burning Program in forest areas and lands managed by the Department of Biodiversity, Conservation and Attractions in the South West.

Ngari Capes Marine Park

To continue park operations (including the employment of a marine park coordinator, a marine scientist and rangers), and for implementation of the management plan, the Government has allocated \$4.6 million over 2019-20 to 2022-23.

Geraldton Alternative Settlement Agreement – Implementation Costs

To support the Geraldton Alternative Settlement Agreement benefits package, including the employment of 13 Aboriginal rangers and management plan implementation costs, an amount of \$7 million will be spent over 2019-20 to 2022-23.

Plan for Our Parks – Indigenous Land Use Agreements

Additional expenditure of \$5 million over 2019-20 and 2020-21 has been approved to meet the cost of future Indigenous Land Use Agreements associated with the delivery of Plan for Our Parks initiatives.

Internal Reallocation to Fund Plan for Our Parks Commitments

Savings totalling \$5 million in 2019-20 from the Great Kimberley Marine Park and the New Kimberley National Park projects will be reprioritised towards meeting the cost of future Indigenous Land Use Agreements associated with delivery of Plan for Our Parks initiatives.

Collie Adventure Trails

To promote recreational, sport and tourism activities in the Collie region, recurrent expenditure of \$495,000 has been allocated from the Industry Attraction and Development Fund – Collie over the four years to 2022-23 to develop and maintain high quality mountain bike and walk trails. Additional capital expenditure of \$9.5 million has also been approved for this project (see Chapter 6).

PLANNING AND LAND USE

Table 11

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
PLANNING, LANDS AND HERITAGE					
Election Commitments					
– Divestment of the Aboriginal Affairs Planning Authority and Aboriginal Lands Trust Estate	-	3.0	1.4	1.5	1.5
– METRONET Precinct Planning	-	2.5	2.5	2.5	-
Other Spending					
– Geraldton Alternative Settlement Agreement – Implementation Costs	-	1.8	5.6	5.3	4.9
– Resolution of Native Title in the South West of Western Australia	-	1.2	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.3
WESTERN AUSTRALIAN PLANNING COMMISSION					
– 2019-20 Streamlined Budget Process Incentive Funding	-	0.1	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.1
WESTERN AUSTRALIAN LAND AUTHORITY (LANDCORP) ^(b)					
– Forrestdale Business Park West	-	19.5	-	-	-
WESTERN AUSTRALIAN LAND INFORMATION AUTHORITY (LANDGATE)					
– Strategic Development Plan ^(c)	-0.3	1.4	2.4	0.9	0.2
– Landgate Partial Commercialisation Project	0.8	0.4	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	0.1
METROPOLITAN REDEVELOPMENT AUTHORITY ^(b)					
– Princess Margaret Hospital Security and Maintenance	-	2.5	-	-	-
– Armadale City West of Rail	-	2.1	-	-	-
– East Perth Power Station	1.0	-	-	-	-
HERITAGE COUNCIL OF WESTERN AUSTRALIA					
– 2019-20 Streamlined Budget Process Incentive Funding	-	- (a)	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	- (a)
NATIONAL TRUST OF AUSTRALIA (WA)					
– 2019-20 Streamlined Budget Process Incentive Funding	-	- (a)	-	-	-
– Indexation for Non-Salary Expenses	-	-	-	-	- (a)

(a) Amounts less than \$50,000.

(b) Represented in general government expenses as grants and subsidies, sourced from the Consolidated Account and paid through the Department of Treasury.

(c) Increase in expenditure excludes National Tax Equivalent regime and dividends.

Planning, Lands and Heritage

Election Commitments

Divestment of the Aboriginal Affairs Planning Authority and Aboriginal Lands Trust Estate

An additional \$7.4 million will be spent over 2019-20 to 2022-23 to complete the divestment of 33 properties from the Aboriginal Lands Trust and to manage the remainder of the Aboriginal Lands Trust and Aboriginal Affairs Planning Authority's estates.

METRONET Precinct Planning

An amount of \$7.5 million will be spent over 2019-20 to 2021-22 on the expansion of the dedicated team to deliver station precinct planning for METRONET.

Other Spending

Geraldton Alternative Settlement Agreement – Implementation Costs

Additional expenditure of \$17.6 million over 2019-20 to 2022-23 has been approved to undertake the Land and Aboriginal heritage survey works required to support implementation of the Agreement.

Resolution of Native Title in the South West of Western Australia (Settlement)

Additional expenditure of \$1.2 million in 2019-20 has been approved for Land and Aboriginal heritage survey works to support implementation of the Settlement.

Western Australian Land Authority (LandCorp)

Forrestdale Business Park West

The operating subsidy paid to LandCorp will increase by \$19.5 million in 2019-20 to fund the Forrestdale Business Park West precinct (see Chapter 6).

Western Australian Land Information Authority (Landgate)

Strategic Development Plan

Due to changes in professional services and accommodation expenses, Landgate's approved expenditure has been increased by \$4.6 million over 2018-19 to 2022-23.

Landgate Partial Commercialisation Project

Additional expenditure of \$1.2 million over 2018-19 and 2019-20 has been approved for staffing costs associated with the commercialisation of a restricted part of Landgate's automated land titling functions.

Metropolitan Redevelopment Authority

Princess Margaret Hospital Security and Maintenance

An amount of \$2.5 million will be spent in 2019-20 for security and maintenance costs associated with the Princess Margaret Hospital site.

Armadale City West of Rail

To complete land assembly, design and undertake detailed civil and landscape works in the Armadale City West of Rail precinct, the Government has approved additional expenditure of \$2.1 million in 2019-20.

East Perth Power Station

Detailed planning work for the East Perth Power Station precinct will require recurrent expenditure of \$1 million in 2018-19. Capital expenditure of \$28 million has also been approved for this project (see Chapter 6).

UTILITIES

Table 12

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
HORIZON POWER ^(a)					
– Non-Tariff Adjustment Payment Operating Subsidy	-	-	-1.6	-1.6	-1.6
– Tariff Adjustment Payment Operating Subsidy	-	8.0	5.9	6.0	6.5
WATER CORPORATION ^(a)					
– Operating Subsidy	-44.2	-20.5	-30.0	-6.4	3.3

(a) Represented in general government expenses as grants and subsidies, sourced from both the Royalties for Regions Fund and the Consolidated Account and paid through the Department of Treasury.

Horizon Power

Non-Tariff Adjustment Payment Operating Subsidy

The non-tariff adjustment payment operating subsidy paid to Horizon Power will reduce by \$1.6 million per annum from 2020-21 onwards due to a reduction in the cost of power in remote communities. This follows the installation of modular centralised solar power generation, which minimises the use of more expensive diesel powered generation.

Tariff Adjustment Payment Operating Subsidy

The Tariff Adjustment Payment operating subsidy paid to Horizon Power has been revised up by \$26.4 million over 2019-20 to 2022-23 to enable lower than previously assumed electricity tariff increases for households.

Water Corporation

Operating Subsidy

The Water Corporation's overall operating subsidy has been revised down by \$97.9 million over 2018-19 to 2022-23, driven by lower than forecast operating and capital expenditure, 2017-18 subsidy outcomes, and revised customer and consumption forecasts. The Government continues to subsidise the price of water for regional Western Australia through its commitment to the Country Water Pricing Subsidy at a cost of \$1,147.2 million over the four years to 2022-23.

PROVISIONS

Table 13

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
Provisions					
– Provision for Recurrent Underspending	-	-300.0	175.0	125.0	-
– Revised Road Trauma Trust Account Spending	-	-1.6	-6.3	-6.0	-4.4
– Workers' Compensation for Western Australia Police Force	-	8.1	8.0	-	-
– Western Australia Police Force – Body Armour	-	3.6	7.4	4.4	-

Provisions

Provision for Recurrent Underspending

A \$300 million provision has been included in 2019-20 for anticipated agency recurrent underspending for the year. The provision is based on the average recurrent underspend for the general government sector over the past five years (which has averaged \$330 million and been as high as \$550 million between expected outturn and final outcomes). The underspending in 2019-20 is expected to be fully caught up by 2021-22 (i.e. net debt neutral within the forward estimates period).

Revised Road Trauma Trust Account Spending

The 2018-19 Mid-year Review included a \$62.8 million provision for anticipated spending from the RTTA over 2018-19 to 2021-22. This spending provision has been extended to cover 2022-23 and revised down to \$37.8 million over the forward estimates period. This reflects the allocation of RTTA spending to projects approved in the 2019-20 Budget, including traffic infringement processing, camera maintenance, and alcohol assessment and treatment services.

Of the remaining \$37.8 million provision, \$26.4 million is forecast to be used for infrastructure spending (see Chapter 6) and \$11.3 million for recurrent purposes. In 2019-20, RTTA spending is reflected in the budgets of the Western Australia Police Force, WA Health, the Mental Health Commission, Main Roads, and the Departments of Transport, Fire and Emergency Services, and Education.

Workers' Compensation for Western Australia Police Force

A provision of \$16.1 million for a police officers' workers' compensation scheme has been provided in this Budget. Consideration of the detailed design for the police officers' workers' compensation scheme is expected to progress in 2019-20.

Western Australia Police Force – Body Armour

A \$15.4 million provision has been included over 2019-20 to 2021-22 for anticipated expenditure on body armour vests for frontline police officers, to provide protection from edged weapons and ballistic threats. The total value of project expenditure will be finalised following completion of an evaluation of the body armour equipment.

Asset Investment

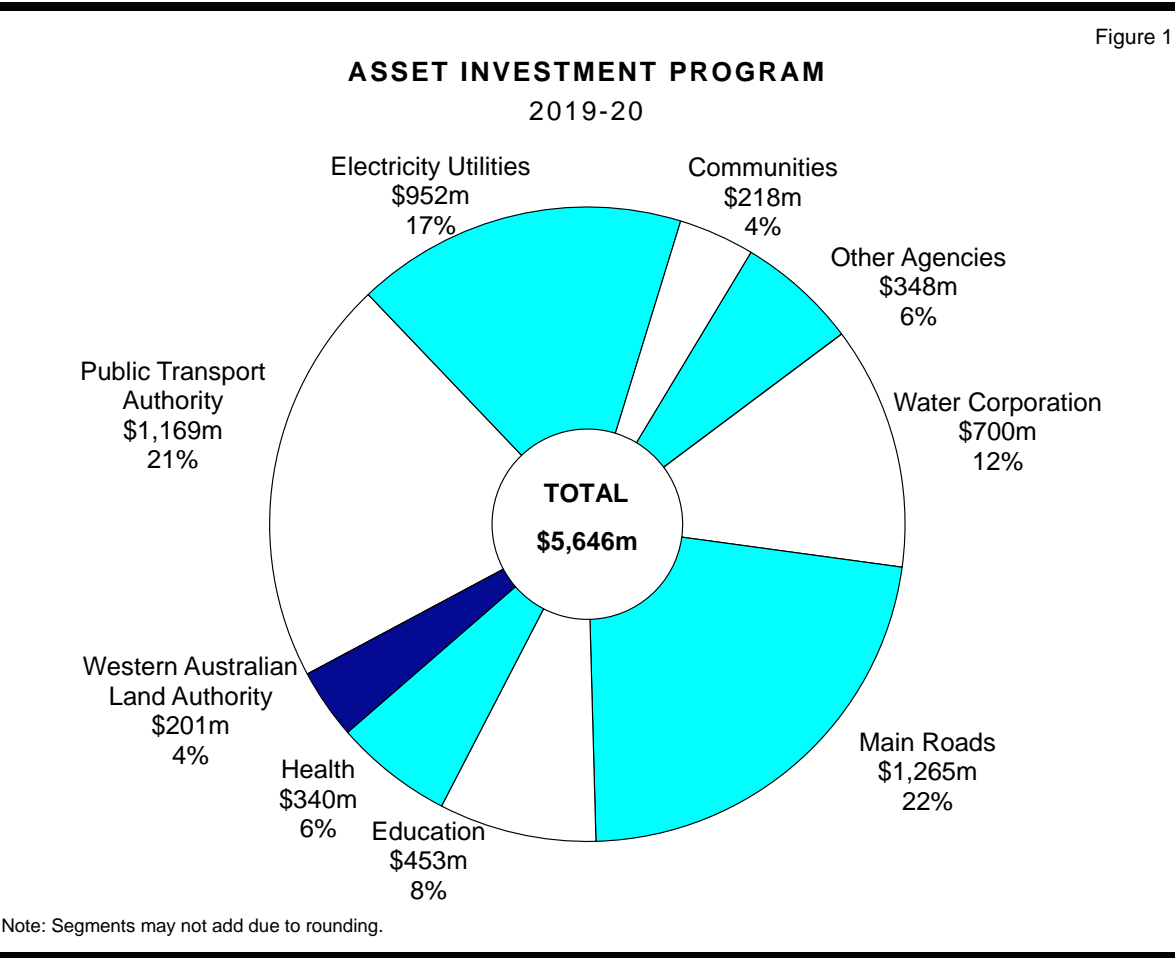
HIGHLIGHTS

- The Government is investing an estimated \$22.8 billion over the next four years building new – and upgrading existing – infrastructure across the State. This includes \$5.6 billion in 2019-20, with almost three quarters of this in roads, public transport, water and electricity infrastructure.
- This Budget includes new expenditure of \$1.3 billion¹ over the next four years on metropolitan and regional road projects that address congestion and improve transport linkages and road safety.
- An additional \$266.6 million has been provided for METRONET and other public transport projects, including removal of level crossings on the Armadale train line. This brings total investment in METRONET to \$4.1 billion over the next four years.
- The Government has minimised the net debt impact of new investment in this Budget by reprioritising existing funding and securing new funding sources, including significant additional Commonwealth funding for roads.

¹ Includes State Government funding of local government roads.

Introduction

Asset investment totalling \$22.8 billion over the next four years will continue the trend towards investment in large transport projects. In 2019-20, the largest contributors to the Asset Investment Program (AIP) are roads (22%), public transport (21%), electricity (17%) and water (12%) – see figure below.



The share of the AIP delivered by the State’s public corporations (as opposed to the general government sector) is expected to average 61% over the period 2019-20 to 2022-23. This investment, in areas such as public transport, electricity, water, and land development for housing and industry, is supporting job creation and growth in the State’s economy.

The key sources of funding for the AIP are borrowings, internally generated funds (such as the sale of surplus land), cash from agency operating surpluses, and Commonwealth grants.

Creating Jobs and Strengthening the State's Economy

Investment in roads and public transport totals \$2.5 billion in 2019-20 (up from an estimated \$1.7 billion in 2018-19) and \$9.1 billion over the four years to 2022-23, which represents 40% of the total AIP. This investment incorporates the Government's METRONET program and new roads spending funded by the Commonwealth. In total, the Budget allocates \$4.1 billion for METRONET projects over the forward estimates period.

Table 1

ASSET INVESTMENT IN ROADS AND PUBLIC TRANSPORT

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m	\$m
Main Roads	1,222	1,265	807	853	1,272
Public Transport Authority	483	1,169	1,117	1,079	426
Provision for METRONET Projects Under Development	-	61	192	495	292
Western Australian Planning Commission					
– METRONET-Yanchep Rail Extension Works	-	30	-	70	-
Total	1,706	2,525	2,115	2,496	1,991

Note: Columns may not add due to rounding.

METRONET

METRONET is the State Government’s long-term plan to connect our suburbs with world class public transport, reduce road congestion and meet Perth’s future planning needs. It is a job-creating program that will see transport investment as a catalyst for land use change in more than 5,000 hectares of land within walking distance of the new stations.

The 2019-20 Budget includes a commitment to invest \$5.8 billion in METRONET projects, with \$4.1 billion of this planned to be spent over the forward estimates period (see table below).

- It is expected the first trains will run on the Forrestfield-Airport Link lines in the second half of 2021.
- The successful tenderer for the manufacture of 246 new railcars, including 102 for new METRONET services, will be announced early in the second half of the 2019 calendar year, and commence with the design and construction of an assembly and commissioning facility at Bellevue.
- The Thornlie-Cockburn Link and Yanchep Rail Extension projects have both received positive evaluations by Infrastructure Australia, allowing for the Commonwealth to confirm its funding contribution to them. In addition, Royal Assent to the rail enabling legislation for both projects has been received and two construction consortiums will proceed through the detailed design stage of the tender process, with the contract to be awarded to the successful bidder in the second half of the 2019 calendar year. Construction is expected to commence shortly after.
- The Request for Proposal for the construction of the new \$146.2 million Bayswater Station has been issued and construction is planned to commence by the end of 2019. This station will accommodate new services on the Forrestfield-Airport Link and provide forward works for the planned Morley-Ellenbrook Line. It will also provide the impetus to a significant regeneration of the Bayswater Town Centre.
- The design and construct contracts for the removal of the level crossing at Denny Avenue (near the Kelmscott station) will be awarded, with rail, road and civic construction works expected to commence in 2019-20. The Denny Avenue level crossing will be removed by raising the railway and creating a safer and more efficient road underpass at Davis Road.
- In February 2019, as a result of extensive analysis by the METRONET team, Infrastructure Australia listed the resolution of transport connectivity between Morley and Ellenbrook as a priority initiative. The results of detailed analysis, confirming the preferred alignment and station locations in respect of the planned Morley-Ellenbrook Line, will be submitted to Infrastructure Australia in the third quarter of the 2019 calendar year.
- In addition, more than 260 hectares of land between Ellenbrook and Brabham has been rezoned from rural to urban. This will facilitate future housing along the proposed Morley-Ellenbrook Line. Further community input will be sought during the next stage, which will involve the preparation of a local structure plan for the area.

- This Budget includes \$415 million, including \$207.5 million over the forward estimates period, to remove level crossings at Mint Street, Oats Street and Welshpool Road on the Armadale Line between Victoria Park and Bentley. The removal of these crossings will reduce congestion, improve safety and provide new opportunities to create exciting station precinct communities. Planning for this project will continue in 2019-20, including detailed analysis to meet Infrastructure Australia requirements.
- Further planning is underway to address the removal of level crossings at Hamilton Street, Wharf Street and William Street (between Queens Park and Beckenham).
- Detailed planning of other METRONET projects, including the Byford Rail Extension, the Midland Station Redevelopment and Line Extension, the new Karnup Station, Automatic Train Control and the removal of the Caledonian Avenue level crossing, will continue in 2019-20.

Table 2

METRONET

	2018-19	2019-20	2020-21	2021-22	2022-23	Total 2019-20 to 2022-23
	\$m	\$m	\$m	\$m	\$m	\$m
Capital Expenditure						
Forrestfield-Airport Link	218.5	315.0	294.1	304.3	-	913.4
Bayswater Station (FAL services and Morley-Ellenbrook Line Forward Works)	4.7	17.0	69.5	54.9	-	141.5
Thornlie-Cockburn Link	18.8	158.9	150.1	201.7	-	510.8
Yanchep Rail Extension						
Public Transport Authority	12.5	119.2	199.4	83.7	-	402.4
Western Australian Planning Commission	-	30.0	-	70.0	-	100.0
Automatic Train Control - Planning	4.2	9.6	2.4	-	-	12.0
Rail Line Planning	16.6	18.4	1.3	-	-	19.6
Stations Upgrade	10.8	34.7	0.9	-	11.6	47.3
Railcar Acquisition	3.8	80.0	50.0	80.2	124.0	334.2
Level Crossing Removal Program	5.5	61.2	86.3	65.2	65.0	277.7
Bus Acquisition	-	-	-	44.5	-	44.5
Provision for Projects Under Development	-	61.0	191.8	494.5	292.0	1,039.3
Provision for Road Projects Under Development	-	60.2	8.4	46.1	94.5	209.1
Total	295.4	965.2	1,054.2	1,445.2	587.1	4,051.7
Capital Funding						
Commonwealth Funding	24.4	95.1	268.2	567.4	290.0	1,220.7
Land Sales	25.7	16.0	46.3	112.0	104.8	279.1
Metropolitan Region Improvement Fund	-	21.0	-	-	-	21.0
Consolidated Account	32.1	425.1	288.8	71.6	30.8	816.3
Public Transport Authority Borrowings	218.5	315.0	294.1	304.3	-	913.4
Motor Vehicle Licence Revenues	-	70.1	40.2	71.3	94.5	276.1
Interest Revenue	10.6	4.3	-	-	-	4.3
Recurrent Expenditure						
Operating Subsidy for METRONET Office	2.1	2.2	2.0	2.0	2.0	8.2
METRONET Precinct Planning	-	2.5	2.5	2.5	-	7.5
Total	2.1	4.7	4.5	4.5	2.0	15.7

ROADS INFRASTRUCTURE PACKAGE

By leveraging existing funding, the State Government has successfully made the case for increased Commonwealth investment for vital transport infrastructure. The 2019-20 Budget includes an increase in road expenditure² of \$1.3 billion over the next four years to undertake 25 priority projects jointly funded by the State and Commonwealth.

The roads infrastructure package will create a pipeline of projects for years to come, and is expected to reduce congestion, improve road safety and create some 28,000 jobs in both metropolitan and regional Western Australia.

Tonkin Highway Upgrades

Spending on Tonkin Highway Corridor Upgrades has increased by \$314.7 million over the forward estimates period. A total of \$1.2 billion will now be spent on these works, which will:

- widen Tonkin Highway between Guildford Road and Great Eastern Highway, accommodating the construction of the Morley-Ellenbrook Line as part of METRONET;
- extend Tonkin Highway from Thomas Road to South Western Highway; and
- construct grade separations at Hale Road, Welshpool Road and Kelvin Road.

These transformative upgrades will improve freight capacity and reduce urban congestion across Perth's eastern suburbs.

Regional Road Projects

An additional \$685 million will be spent on regional roads over the Budget period. The Government has secured new Commonwealth funding, leveraging existing State contributions, to deliver on its election commitments for roads in the regions, including:

- the construction of Albany Ring Road (increase of \$129 million to 2022-23);
- further sealing of Karratha – Tom Price Road (increase of \$56.3 million to 2022-23); and
- upgrades to the Coolgardie to Esperance Highway (increase of \$32 million to 2022-23).

The Government's continued investment in the Karratha – Tom Price Road upgrade and other regional projects, including the Alice Springs to Halls Creek Corridor and Great Northern Highway upgrades from Broome to Kununurra, provides ongoing employment and development opportunities for Aboriginal people and businesses.

Fremantle Road and Rail Bridge

This Budget also provides funding for the construction of a new Swan River Crossing (Fremantle Road and Rail Bridge), with \$78 million to be spent over the Budget period. Detailed planning work will be progressed throughout 2019-20. This project will improve freight rail access to the Fremantle Port inner harbour, and provide safe passage of vehicles, cyclists and pedestrians over the bridge and vessels under the bridge.

² Includes State Government funding of local government roads.

Delivering Quality Health Care and Education

Investment in the construction, refurbishment and expansion of the State's health infrastructure totals \$797 million over the next four years. This investment will address growing demand for hospital and health services, provide for refurbishment and replacement of ageing infrastructure and equipment, and deliver on election commitments, including the refurbishment of Royal Perth Hospital's Intensive Care Unit and planning for the redevelopment of Bunbury Hospital.

This Budget also includes investment totalling \$1 billion for the construction, refurbishment and expansion of public schools across Western Australia, including \$453 million in 2019-20. The delivery of education infrastructure will focus on additional student accommodation and school facilities, with four new primary schools and three new secondary schools scheduled to open in 2020. In addition, the Budget includes a funding boost for preventative maintenance, including the replacement of plaster glass ceilings and obsolete security and smoke alarm systems in schools.

Table 3

ASSET INVESTMENT IN HEALTH AND EDUCATION

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m	\$m
WA Health	245	340	251	143	63
Education	483	453	235	163	169
Total	728	793	486	307	232

Note: Columns may not add due to rounding.

Creating a Safer Community

This Budget includes significant new investment in custodial infrastructure, including expansion of Casuarina Prison to accommodate a further 344 beds, incorporating the State's first male alcohol and other drugs prison facility to focus on reducing illicit and harmful drug use, and fortifying and enhancing Greenough Regional Prison's existing female precinct.

The Budget also includes new investment to enhance the digital mobility of the Western Australia Police Force, and establish a Department of Fire and Emergency Services (DFES) Multi-purpose Facility in Collie to enhance the emergency management capability of surrounding areas.

Table 4

ASSET INVESTMENT IN COMMUNITY SAFETY

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m	\$m
Department of Justice	87	110	74	120	30
Western Australia Police Force	52	87	69	48	14
Fire and Emergency Services	33	51	27	20	27
Total	171	248	171	189	71

Note: Columns may not add due to rounding.

Shaping our State and Investing In Our Suburbs and Towns

The Government is committed to ensuring the safe and reliable provision of essential services, with asset investment of \$6.3 billion over the next four years for power and water infrastructure, including \$1.7 billion in 2019-20.

The Water Corporations will invest a total of \$2.7 billion across the forward estimates period including \$1.2 billion on projects to ensure its customers have access to reliable and high quality water, and \$846 million to develop and sustain facilities that adequately collect and treat the community's wastewater.

The Government has also allocated \$3.6 billion over the next four years for investment in power infrastructure. This includes \$1.1 billion for Western Power to maintain customer service levels in terms of network security and reliability, power quality, and regulatory compliance. A further \$1.1 billion will ensure the network is safe through the replacement and maintenance of key assets including poles, conductors, overhead service connections and transformers, and bushfire mitigation.

The Government has also allocated \$29 million in capital expenditure in this Budget for the relocation and accelerated decommissioning of electrical and gas infrastructure that has been a major impediment to the development of the East Perth Power Station site. This includes undergrounding of Western Power's nearby high voltage transmission lines.

As part of its broader economic plan for the Collie and South West region, the Government is investing \$60 million to help diversify and develop Collie's economy through the Industry Attraction and Development Fund – Collie. Funding has already been allocated from this Fund for the construction of the new Department of Fire and Emergency Services' Multi-purpose Facility in Collie and the Collie Adventure Trails.

The remainder of this Chapter details new asset investment decisions approved as part of the 2019-20 Budget by agency. Further information on the Government's expenditure in the regions is outlined in Chapter 7: *Investing in Regional Western Australia*.

Major Infrastructure Changes

Summary

The following tables provide details of major changes in total public sector infrastructure spending by agency since the 2018-19 Mid-year Review was released in December 2018. These include policy decisions made between the cut-off date for the Mid-year Review (3 December 2018) and the cut-off date for this Budget (8 April 2019), and other changes of a material nature affecting agency infrastructure spending over the forward estimates period.

The timing of cash flows for some previously announced projects may also have been revised but are not included in this Chapter as they are broadly net debt neutral across the forward estimates period. Further details on individual projects are contained in Budget Paper No. 2: *Budget Statements*.

FINANCIAL ADMINISTRATION

Table 5

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW					
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
FINANCE					
– Digital Transformation Program	-	3.0	4.6	4.7	4.7
– Government Office Accommodation	0.4	8.9	-	-	-
– <i>Strata Titles Act 1985</i> Reform Implementation Costs	-	1.2	-	-	-
GOLD CORPORATION					
– One-Future Project	-	4.6	-	-	-
– Electrolytic Gold Refinery Upgrade	1.1	-	-	-	-
– Extrusion Press	0.5	0.8	-	-	-

Finance

Digital Transformation Program

An amount of \$17 million will be spent over 2019-20 to 2022-23 on the maintenance and enhancement of the Office of State Revenue's Revenue Collection Information System. The expenditure is expected to be offset by additional revenue from improved taxation compliance.

Government Office Accommodation

A total of \$9.3 million will be spent over 2018-19 and 2019-20 on fit-outs to facilitate the consolidation of a number of government agencies at Gordon Stephenson House in Perth, leading to improved efficiencies and supporting ongoing accommodation savings. The expenditure will be offset by lease incentive payments to the Department as a result of negotiations to extend government office accommodation leases.

Strata Titles Act 1985 Reform Implementation Costs

As part of the implementation of the Government's strata title reforms, an amount of \$1.2 million will be spent in 2019-20 on changes to the Office of State Revenue's Revenue Collection Information System. These changes will accommodate the sharing of information between State Revenue and Landgate.

Gold Corporation

One-Future Project

The Corporation will spend an additional \$4.6 million in 2019-20 to upgrade its Enterprise Resource Planning System and its e-Commerce Systems (collectively referred to as the One-Future Project). This project supports the Corporation's ongoing operations and the development of new product offerings.

Electrolytic Gold Refinery Upgrade

An additional \$1.1 million will be invested in 2018-19 on upgrades to the Corporation's electrolytic gold room to increase its refining capacity.

Extrusion Press

The Corporation will spend an additional \$1.3 million over 2018-19 and 2019-20 on a new extrusion press. The replacement of existing press equipment, which is at the end of its useful life, will increase the production capacity and efficiency of the mint.

JOBS AND ECONOMIC DEVELOPMENT

Table 6

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT					
Election Commitments					
– Geraldton Marine Finfish Nursery Facility	-	2.0	4.0	-	-
Other Spending					
– Industry Attraction and Development Fund – Collie ^(a)	-	-	30.1	12.0	-
– Core Business Systems Replacement	0.2	9.1	2.7	0.1	0.1
– Refurbishment of Laboratory Facilities – Kensington Site	-	1.0	2.0	-	-
– Shark Monitoring Network	-	-	-	0.1	0.1

(a) These projects have been funded from the reprioritisation of other AIP funds.

Primary Industries and Regional Development

Election Commitments

Geraldton Marine Finfish Nursery Facility

The Government will invest \$6 million over 2019-20 and 2020-21 to establish a purpose-built marine finfish nursery and broodstock housing facility for yellowtail kingfish in Geraldton.

Other Spending

Industry Attraction and Development Fund – Collie

The Government has allocated \$60.1 million to an Industry Attraction and Development Fund – Collie, as part of a wider economic plan for the region. This funding had previously been set aside to meet the Government's Solar and Biomass election commitments.

Funds have already been allocated to the Department of Fire and Emergency Services for a Multi-purpose Facility in Collie (\$8 million) and to the Department of Biodiversity, Conservation and Attractions for Collie Adventure Trails (\$10 million), leaving \$42.1 million for future industry development projects.

Core Business Systems Replacement

A total of \$12.2 million will be spent over 2018-19 to 2022-23 (from recurrent expenditure savings identified in 2018-19) on the replacement of core business systems supporting human resources management, financial management and records management. This will allow the Department to integrate 10 separate systems, enable the amalgamation of data and increase reliability in the reporting of information.

Refurbishment of Laboratory Facilities – Kensington Site

An amount of \$3 million will be spent over 2019-20 and 2020-21 on upgrading laboratories at the Department's Kensington site to improve biosecurity/biosafety standards, maintain accreditation requirements and extend the life of the facilities by five to ten years.

Shark Monitoring Network

The Department will spend \$150,000 over 2021-22 and 2022-23 on continued maintenance and asset replacement of the shark monitoring network, consisting of 27 satellite receivers in State coastal waters.

HEALTH

Table 7

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
WA HEALTH					
Election Commitments					
– St John of God Midland Mental Health Emergency Centre	-	3.8	0.2	-	-
– Royal Perth Hospital Intensive Care Unit	-	3.4	11.3	7.9	-
– Kalgoorlie Health Campus Magnetic Resonance Imaging Suite	-	3.0	2.5	0.8	-
– Culturally Appropriate Housing Facility	-	0.5	0.3	0.3	-
– Redevelopment of Bunbury Hospital	-	1.9	1.9	2.8	4.4
– Fremantle Hospital Acute Mental Health Beds	-	1.9	3.5	8.2	2.1
– Renal Dialysis at Newman Hospital	-	-	1.3	-	-
Other Spending					
– Fiona Stanley Hospital Information and Communication Technology	-	39.3	-	-	-
– Minor Building Works	-	12.1	16.3	9.8	-
– PathWest Laboratory Information System	1.9	18.2	3.6	-	-
– Medical Equipment Replacement Program	-	-	22.5	-	-
– Enterprise Medical Imaging Platform (PACS-RIS)	1.6	-5.6	16.0	6.8	-3.9
– Albany Radiation Oncology	-	1.0	3.6	6.8	1.7
– Carnarvon Aged and Palliative Care Facility	-	4.5	0.5	-	-
– Laverton Hospital	-	0.9	3.1	-	-
HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE					
– Case Management System	-	0.3	-	-	-
ANIMAL RESOURCES AUTHORITY					
– Capital Upgrades and Maintenance	0.2	-	-	-	-

WA Health

Election Commitments

St John of God Midland Mental Health Emergency Centre

The Government is investing a further \$4 million over 2019-20 and 2020-21 for a new Mental Health Emergency Centre at the St John of God Midland Public Hospital, in addition to \$950,000 previously committed. The Centre will include a four-bed, two-bay Mental Health Observation Unit and a four-bed Urgent Care Clinic, which will improve the flow of patients who present to the Emergency Department.

Royal Perth Hospital Intensive Care Unit (ICU)

The 24-bed ICU at Royal Perth Hospital will undergo a \$22.7 million refurbishment over 2019-20 to 2021-22 to enhance existing facilities to deliver better patient care and meet accreditation requirements.

Kalgoorlie Health Campus Magnetic Resonance Imaging Suite

An amount of \$6.3 million will be spent over 2019-20 to 2021-22 to purchase and install a Magnetic Resonance Imaging (MRI) scanner at the Kalgoorlie Health Campus. This will improve health outcomes for the community and reduce the impacts on patients who will no longer be required to travel to Perth for an MRI.

Culturally Appropriate Housing Facility

A total of \$1.2 million will be spent over 2019-20 to 2021-22 to establish culturally appropriate accommodation for Aboriginal patients and their carers travelling from remote areas to Perth for health treatment. An additional \$400,000 in recurrent expenditure has also been approved for this election commitment (see Chapter 5).

Redevelopment of Bunbury Hospital

An amount of \$11 million has been allocated over the next four years to progress planning for the redevelopment of Bunbury Hospital.

Fremantle Hospital Acute Mental Health Beds

Fremantle Hospital's B Block will undergo a \$15.6 million refurbishment over the four years to 2022-23. This will include the development of a new 20-bed secure adult mental health unit, replacement of the asbestos roof and relocation of some general health services.

Renal Dialysis at Newman Hospital

The Government has allocated \$1.3 million in 2020-21 for the construction of a renal unit at Newman Hospital. The unit will assist patients who are currently required to travel to Port Hedland or Perth for treatment.

Other Spending***Fiona Stanley Hospital Information and Communication Technology (ICT)***

An amount of \$39.3 million will be spent in 2019-20 on the replacement of ICT equipment at Fiona Stanley Hospital that is reaching end-of-life or end-of-vendor support. High priority items identified for replacement include network infrastructure, servers, software and end user computers.

Minor Building Works

A total of \$38.2 million has been allocated over 2019-20 to 2021-22 for critical building works, including:

- remediation works for Rockingham Hospital cladding (\$3.2 million);
- infrastructure upgrades to King Edward Memorial Hospital (\$15.2 million), Bentley Hospital (\$7.3 million), East Metropolitan Health Service fire safety (\$7 million), and Fremantle Hospital Theatre and F Block (\$5.1 million); and
- refurbishment of existing premises to enable the relocation of a Fremantle Mental Health Community Services centre from leased premises (\$500,000).

PathWest Laboratory Information System

Additional spending of \$23.7 million over 2018-19 to 2020-21 will complete the replacement of PathWest's Laboratory Information Systems (LIS). This comprises \$10.1 million in additional capital expenditure, with the remaining \$13.6 million reprioritised from within the Department's current budget settings. Replacement of PathWest's current LIS with a contemporary solution will resolve stability, reliability, and vendor support issues and increase quality of patient care.

Medical Equipment Replacement Program

An amount of \$22.5 million in 2020-21 has been allocated to the Medical Equipment Replacement Program, which will enable Health Services to replace medical equipment that is approaching the end of its useful life. Medical equipment includes a wide range of items required for the delivery of medical treatment, including defibrillators, surgical equipment, ultrasounds, electrocardiographs, dialysis units and respirators.

Enterprise Medical Imaging Platform (PACS-RIS)

An additional \$15 million will be spent over 2018-19 to 2022-23 to replace the ageing enterprise medical imaging platform, which largely brings forward spending that was previously beyond the forward estimates period. This new system will provide clinicians with a stable platform for timely access to medical imaging records. An additional \$13.2 million in recurrent expenditure will also be applied to this project over the four years to 2022-23 (see Chapter 5).

Albany Radiation Oncology

The Government has approved investment totalling \$13.1 million over the next four years for the construction of a facility at Albany Health Campus to house a linear accelerator. This will enable cancer patients in the Great Southern region to receive essential radiotherapy close to home.

Carnarvon Aged and Palliative Care Facility

An additional \$5 million has been allocated to the development of a 38-bed Carnarvon Aged and Palliative Care Facility, increasing total investment in this project to \$16.6 million. This additional investment is part of the Government's \$41 million end-of-life choices and palliative care services package, which also includes recurrent expenditure of \$36 million (see Chapter 5).

Laverton Hospital

An amount of \$4 million will be spent over 2019-20 and 2020-21 to commence detailed planning and design of the new Laverton Hospital.

Health and Disability Services Complaints Office

Case Management System

A new case management system will be procured in 2019-20 at an estimated cost of \$300,000 to meet requirements under the National Code of Conduct for Health Care Workers. The new system will increase system efficiency, allow for data integration and satisfy reporting requirements under the National Code.

Animal Resources Authority

Capital Upgrades and Maintenance

A further \$179,000 will be spent in 2018-19 to meet increased costs associated with the design and installation of cooling towers (\$114,000), which are an integral part of the Animal Resources Authority's heating, ventilation and air conditioning system, and to address urgent maintenance works (\$65,000).

EDUCATION AND TRAINING

Table 8

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
EDUCATION					
– Land Acquisition	-	21.0	-	-	-
– Preventative Maintenance	-	13.2	-	-	-
– Victoria Park Primary School	-	3.5	3.2	0.4	-
– Transportable Classrooms	-	6.1	-	-	-

Education

Land Acquisition

The Department will spend \$21 million in 2019-20 to meet immediate land assembly costs for its current school building program. This includes the integration of new schools with local utilities and road infrastructure, as well as enabling land acquisition planning for future primary school construction.

Preventative Maintenance

The Government has approved an additional \$13.2 million in 2019-20 for the remediation and replacement of plasterglass ceilings and damaged roofs, as well as replacing and upgrading obsolete security and smoke alarm systems in schools.

Victoria Park Primary School

A total of \$7.1 million will be invested over 2019-20 to 2021-22 to provide increased permanent student accommodation at Victoria Park Primary School. The expansion to support the increased student population will include additional early childhood learning centres and general classrooms, as well as car parking and general amenities.

Transportable Classrooms

An additional \$6.1 million will be invested in 2019-20 to deliver increased temporary student accommodation capacity to meet projected enrolment growth, through the use of transportable classroom facilities in the 2020 school year.

COMMUNITY SAFETY

Table 9

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
WESTERN AUSTRALIA POLICE FORCE					
Election Commitments					
– Royal Commission (Child Sexual Abuse) – Child Interview Recording Equipment	-	0.4	-	-	-
Other Spending					
– GovNext-ICT and Cloud Services Transition	-	-	-	-	-6.6
– Digital Policing – Mobility	-	3.4	-	-	-
JUSTICE					
– Custodial Estate Capacity Increase	0.9	13.0	54.1	104.8	14.6
– Greenough Regional Prison Female Unit Upgrade	-	9.3	2.9	0.1	-
– Supreme Court (Stirling Gardens) Critical Works	-	2.2	-	-	-
– <i>Strata Titles Act 1985</i> Reform Implementation Costs	-	1.5	-	-	-
FIRE AND EMERGENCY SERVICES					
– DFES Multi-purpose Facility in Collie	-	5.1	2.4	-	-
OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS					
– Digitisation Strategy	-	1.0	0.5	0.8	0.1
CHEMISTRY CENTRE (WA)					
– Asset Replacement Program	-	1.5	1.5	1.5	1.5

Western Australia Police Force

Election Commitments

Royal Commission (Child Sexual Abuse) – Child Interview Recording Equipment

In response to recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse, \$442,000 will be spent in 2019-20 to purchase new fixed and mobile recording equipment for use during interviews.

Other Spending

GovNext-ICT and Cloud Services Transition

A total of \$6.6 million in existing Asset Investment Program spending in 2022-23 will be brought forward and repurposed as recurrent expenditure in 2019-20, to support the Western Australia Police Force's transition to the whole-of-government GovNext-ICT program (see Chapter 5).

Digital Policing – Mobility

As part of the Western Australia Police Force's new Mobility project, \$3.4 million will be invested in 2019-20 for upfront software development costs associated with providing mobile devices to 3,500 police officers to improve community and officer safety outcomes. This investment will support the additional \$31.1 million in recurrent expenditure over the forward estimates period on this initiative (see Chapter 5).

Justice

Custodial Estate Capacity Increase

The Government will invest a further \$187.4 million over 2018-19 to 2022-23 to meet forecast demand for adult prison beds across the custodial estate through:

- construction of 344 additional beds within the existing perimeter of Casuarina Prison, and upgraded services and support facilities, at a total cost of \$186 million; and
- commencement of site selection, forward planning and development of a new regional prison in Broome, at a cost of \$1.4 million.

Greenough Regional Prison Female Unit Upgrade

To address the recommendations of the Review into the Critical Incident at Greenough Regional Prison regarding women prisoners' safety and wellbeing, the Government will invest \$12.3 million over 2019-20 to 2021-22 to fortify and enhance the Prison's existing female precinct.

Supreme Court (Stirling Gardens) Critical Works

An amount of \$2.2 million will be spent in 2019-20 to undertake critical building repairs and asset replacement at the Supreme Court (Stirling Gardens).

Strata Titles Act 1985 Reform Implementation Costs

Legislative reforms have resulted in the State Administrative Tribunal (SAT) assuming responsibility for strata dispute resolutions. To enable the SAT to meet its broader responsibilities, the Department will invest \$1.5 million in 2019-20 to upgrade its online case management system.

Fire and Emergency Services

DFES Multi-purpose Facility in Collie

An amount of \$7.5 million (and an additional \$526,000 in recurrent expenditure) from the Industry Attraction and Development Fund – Collie will be spent over 2019-20 and 2020-21 to establish a Multi-purpose Facility that will enhance the emergency management capability of Collie and surrounding areas. The Facility will comprise an emergency driving training school and a Level 3 Incident Control Centre, and will be able to maintain and manage up to 70 high fire season fleet vehicles.

Office of the Director of Public Prosecutions

Digitisation Strategy

The Government will invest an additional \$2.5 million over 2019-20 to 2022-23 as part of a broader Digitisation Strategy to improve the efficiency of the Office's operations through automating existing manual processes.

Chemistry Centre (WA)

Asset Replacement Program

An additional \$6 million has been allocated over 2019-20 to 2022-23 to replace specialised scientific equipment which has reached the end of its economic life. This program will allow the agency to continue to provide expert chemical analysis to State government agencies and commercial customers.

COMMUNITY SERVICES

Table 10

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW					
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
COMMUNITIES					
Election Commitments					
– Royal Commission (Child Sexual Abuse) – National Reference System	-	0.1	-	-	-
WESTERN AUSTRALIAN SPORTS CENTRE TRUST					
– VenuesWest Security Infrastructure Upgrades	-	2.8	-	2.6	-
– Perry Lakes Maintenance Account	-	0.5	-	2.6	-
– Optus Stadium Design Build Finance Maintain Site Finalisation Works	1.2	0.2	-	-	-
– Perth Motorplex Management	-	0.4	0.5	-	-
LOTTERIES COMMISSION					
– Strategic Initiatives	-	2.0	2.3	-	-0.8

Communities

Election Commitments

Royal Commission (Child Sexual Abuse) – National Reference System

In response to recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse, \$114,000 will be spent in 2019-20 to modify the Working with Children Check application and assessment system to allow it to interface with a National Reference System.

Western Australian Sports Centre Trust

VenuesWest Security Infrastructure Upgrades

Following a review of security at VenuesWest's major sporting arenas, \$5.4 million will be spent over 2019-20 and 2021-22 to enhance security at Optus Stadium and HBF Park.

Perry Lakes Maintenance Account

An amount of \$3.1 million will be spent over 2019-20 and 2021-22 on various upgrades at the Western Australian Athletics Stadium, including the planned replacement of the athletics track in 2021-22.

Optus Stadium Design Build Finance Maintain Site Finalisation Works

An amount of \$1.3 million will be spent over 2018-19 and 2019-20 on site finalisation works at Optus Stadium, including landscaping and pedestrian management works.

Perth Motorplex Management

An additional \$910,000 will be spent over 2019-20 and 2020-21 on urgent and essential capital works associated with the continued management and operation of the Perth Motorplex.

Lotteries Commission

Strategic Initiatives

An amount of \$3.5 million will be spent over 2019-20 to 2022-23 to fund strategic initiatives and upgrade the Commission's information technology infrastructure to support gaming and business systems. Initiatives include retail channel and gaming product development, the integration of grants management with Healthway, and enhancing the integrity and security of business systems.

TRANSPORT

Table 11

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
TRANSPORT					
– On-demand Transport Business System Enhancement	1.7	3.5	1.9	-	-
– Service Western Australia (ServiceWA) Pilot	-	1.4	0.3	-	-
Road Trauma Trust Account					
– Learner Log Book Application Enhancement	-	0.5	-	-	-
– Integrated Cycling Incident Reporting Facility	-	0.1	0.1	-	-
COMMISSIONER OF MAIN ROADS					
Election Commitments					
– Bunbury Outer Ring Road – Stages 2 and 3	-6.7	-0.8	-	9.5	241.8
– Albany Ring Road	-	-18.3	35.3	62.0	50.0
– Karratha – Tom Price Road Stages 3 and 4	-20.5	24.8	8.0	22.0	22.0
– Coolgardie – Esperance Highway Upgrades	-4.9	7.0	24.9	4.9	-
– Tonkin Highway Corridor Upgrades	-	-2.0	37.9	98.7	180.1
Other Spending					
– Priority Projects	0.1	5.7	17.2	51.4	129.7
– Freight Network Projects	-	19.1	6.6	25.9	100.0
– METRONET – Provision for Road Projects Under Development	-	-	-17.4	-24.8	-26.7
PUBLIC TRANSPORT AUTHORITY					
Election Commitments					
– METRONET – Level Crossings Removal – Armadale Line	-	17.5	60.0	65.0	65.0
– METRONET – Projects Under Development (Planning Phase)	5.3	19.9	4.3	-	-
– Mandurah Station Car Park	-	-	16.0	-	-
– METRONET – Automatic Train Control Planning	-	9.0	2.4	-	-
– METRONET – Program Management Costs	1.1	1.1	-	-	-
FREMANTLE PORT AUTHORITY					
– Kwinana Bulk Terminal High Voltage Power Network Upgrade	-	3.0	3.0	-	-
– Reprioritisation of Existing Asset Investment Program	-40.3	-31.6	22.2	36.5	7.5
KIMBERLEY PORTS AUTHORITY					
– Crane Acquisition	-	5.9	-	-	-
MID WEST PORTS AUTHORITY					
– Port-Wide Firefighting System	-	2.0	1.6	-	-
PILBARA PORTS AUTHORITY					
– Port Improvement Rate Project Savings	-16.2	-15.9	-	-	-
SOUTHERN PORTS AUTHORITY					
– Port of Bunbury – Berth 8 Capacity Upgrade	-	8.9	-	-	-
– Port of Esperance – Shed 4 Upgrade	-	6.9	-	-	-
– Reprioritisation of other Asset Investment Program Funds	-5.6	-1.3	-	-	-

Transport

On-demand Transport Business System Enhancement

An additional \$7.2 million will be spent over 2018-19 to 2020-21 on the development of the business information systems required to regulate the On-demand Transport industry.

Service Western Australia (ServiceWA) Pilot

ServiceWA will deliver a pilot face-to-face site in Bunbury and online service delivery reform to facilitate direct public access to government transactional services. The \$6.9 million project includes capital expenditure of \$1.7 million over 2019-20 and 2020-21 to develop online connectivity and fit-out works at the pilot site (for more information, see Chapter 5).

Road Trauma Trust Account***Learner Log Book Application (App) Enhancement***

Following the introduction in early 2019 of a new Learner Log Book App for learner driver smart phones, an additional \$462,000 will be spent in 2019-20 to enhance the new App to strengthen compliance requirements for the recording of supervised driving hours.

Integrated Cycling Incident Reporting Facility

A total of \$240,000 will be invested over 2019-20 and 2020-21 to develop a new web-based platform that will allow all road users (including cyclists) to report cycling incidents.

Commissioner of Main Roads**Election Commitments*****Bunbury Outer Ring Road – Stages 2 and 3***

An additional \$243.9 million will be invested over 2018-19 to 2022-23 to progress construction of the northern and southern sections of Bunbury Outer Ring Road. The project will improve freight access to the Port of Bunbury, and reduce congestion and improve safety for all traffic. A further \$501.9 million will be invested outside the forward estimates period, with total project expenditure funded jointly by the Commonwealth and the State on an 80:20 basis.

Albany Ring Road

Building on the State's existing funding allocation of \$35 million, an additional \$129 million will be spent over the four years to 2022-23 to construct Albany Ring Road, with a further \$11 million to be invested outside the forward estimates period. This project will link the existing major arterial roads and highways radiating from Albany while bypassing urban areas, providing enhanced freight access and improving road safety outcomes for all road users. This expenditure is to be jointly funded by the Commonwealth and the State on an 80:20 basis.

Karratha – Tom Price Road Stages 3 and 4

A further \$56.3 million over 2018-19 to 2022-23 will be spent on the continued construction of the Karratha to Tom Price Road. This project will reduce travel times between Karratha and Tom Price, improve safety and reduce road closures. An additional \$203.7 million will be spent outside the forward estimates period, with total project expenditure of \$310 million funded jointly by the Commonwealth and the State on an 80:20 basis.

Coolgardie – Esperance Highway Upgrades

An additional \$32 million will be spent over 2018-19 to 2021-22 to complete the Coolgardie – Esperance Highway upgrades, which will improve freight efficiency and enhance safety for all road users. This builds on the State's existing funding allocation of \$8 million, bringing the total project expenditure to \$40 million, which is funded jointly with the Commonwealth on an 80:20 basis.

Tonkin Highway Corridor Upgrades

An additional \$314.7 million will be spent over the next four years on enhancements to the Tonkin Highway Corridor. This includes widening Tonkin Highway between Guildford Road and Great Eastern Highway Bypass, the extension from Thomas Road to South Western Highway, and grade separations at Kelvin Road, Welshpool Road and Hale Road. These corridor enhancements will improve freight capacity and reduce urban congestion. These projects have an estimated total cost of \$1.2 billion (including \$584.3 million outside the forward estimates period), and are jointly funded by the Commonwealth and the State on an 80:20 basis.

Other Spending

Priority Projects

A total of \$204.1 million will be invested over 2018-19 to 2022-23 on other priority road projects, including:

- Swan River Crossing (Fremantle Road and Rail Bridge replacement) (\$78 million);
- grade separation of Leach Highway and Welshpool Road intersection (\$73 million);
- grade separation of Great Eastern Highway Bypass at Roe Highway and Abernethy Road (\$29 million); and
- upgrades to the Great Northern Highway between Broome and Kununurra (\$24.1 million).

This expenditure is jointly funded by the Commonwealth and the State, with a further \$386.4 million to be spent outside the forward estimates period.

Freight Network Projects

Main Roads will invest \$151.6 million over 2019-20 to 2022-23 on upgrades to the road freight network, including:

- Pinjarra Heavy Haulage Deviation – Stage 1 (\$25.1 million);
- upgrades to Great Eastern Highway from Walgoolan to Southern Cross (\$18 million);
- Great Northern Highway – Bindoon Bypass (\$89.5 million); and
- upgrades to the intersection at Thomas Road and Nicholson Road (\$19 million).

Funding for these projects is jointly provided by the Commonwealth and the State, with an additional \$188.9 million outside the forward estimates period.

METRONET - Provision for Road Projects Under Development

The METRONET provision for road-related projects under development will be reduced by a total of \$68.9 million from 2020-21 to 2022-23. This is due to a forecast reduction in motor vehicle licence revenue, as a result of reduced increases in licence fees that are hypothecated to Main Roads under the *Road Traffic (Administration) Act 2008*.

Public Transport Authority

Election Commitments

METRONET – Level Crossings Removal – Armadale Line

An additional \$207.5 million will be spent over the four years to 2022-23 (with a further \$207.5 million beyond 2022-23) to remove level crossings on the Armadale rail line at Mint Street, Oats Street and Welshpool Road, which will improve community safety and reduce road congestion. This project is jointly funded by the State and Commonwealth on a 50:50 basis.

Further planning is underway to address the removal of level crossings at Hamilton Street, Wharf Street and William Street.

METRONET – Projects Under Development (Planning Phase)

Additional investment of \$29.5 million over 2018-19 to 2020-21 has been approved for planning costs for METRONET projects under development. The additional expenditure will allow the METRONET Office to complete robust business cases and project definition plans to meet desired timeframes and inform future investment decisions.

Mandurah Station Car Park

Additional Commonwealth funding of \$16 million will be invested in 2020-21 to construct a multi-storey car park at Mandurah Station. This brings the total allocation to the project to \$32.1 million.

METRONET – Automatic Train Control Planning

The Government has approved an additional \$11.4 million over 2019-20 and 2020-21 for procurement planning for future delivery of an Automatic Train Control (ATC) system. An ATC system would replace the existing rail network signalling system, components of which will approach obsolescence over the next decade, and allow for increased service frequencies to meet future rail demand.

METRONET – Program Management Costs

An additional \$2.2 million will be spent over 2018-19 and 2019-20 for METRONET Office costs associated with whole-of-program oversight, coordination and stakeholder management. A further \$390,000 will be expensed for program management costs (see Chapter 5).

Fremantle Port Authority

Kwinana Bulk Terminal High Voltage Power Network Upgrade

The Fremantle Port Authority will spend \$6 million over 2019-20 and 2020-21 to upgrade the high voltage power network at the Kwinana Bulk Terminal. The upgrade will increase safety through the installation of remote switching, reduce environmental risks and ensure compliance with regulations and standards.

Reprioritisation of Existing Asset Investment Program

The Authority has reprioritised its Asset Investment Program over 2018-19 to 2022-23 to reflect changing customer demands and risks.

Kimberley Ports Authority

Crane Acquisition

The Government has approved \$5.9 million in 2019-20 for the Kimberly Ports Authority to purchase a new marine crane. The new crane will replace an existing crane that is out of operation, benefiting the Port and its customers through improved operational efficiency and safety.

Mid West Ports Authority

Port-Wide Firefighting System

An amount of \$3.6 million will be invested over 2019-20 and 2020-21 for an upgrade of the Port's firefighting infrastructure, which includes commencing the installation of a Port-wide water storage, pump and distribution network, as well as improved fire detection, smoke management, and lighting.

Pilbara Ports Authority

Port Improvement Rate Project Savings

The Pilbara Ports Authority will reduce expenditure by \$16.2 million in 2018-19 and \$15.9 million in 2019-20 on Port Improvement Rate (PIR) funded projects, in line with expected outturns in current project costs. The PIR projects (comprising the Channel Marker Replacement program, Integrated Marine Operations Centre, and Channel Risk Optimisation Project), are scheduled to be completed during 2019-20.

Southern Ports Authority

Port of Bunbury – Berth 8 Capacity Upgrade

An amount of \$8.9 million will be spent in 2019-20 to expand the Port of Bunbury's Berth 8 capacity, which includes upgrades to the existing access road, conveyor infrastructure, lighting and environmental systems. The upgrade will reduce maintenance costs, improve environmental and operational safety impacts, and increase the capacity of Berth 8 to meet forecast growth in trade.

Port of Esperance – Shed 4 Upgrade

An amount of \$6.9 million will be spent in 2019-20 to upgrade Shed 4 at the Port of Esperance. The upgrade will provide for the storage and export of spodumene, gypsum and other commodities, and is being funded through the reprioritisation of other Asset Investment Program expenditure (see below).

Reprioritisation of other Asset Investment Program Funds

A total of \$6.9 million over 2018-19 and 2019-20 has been reprioritised from the Southern Ports Authority's minor capital works program and the Port of Esperance-Hughes Road project to fund the Port of Esperance-Shed 4 Upgrade.

ENVIRONMENT

Table 12

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
BIODIVERSITY, CONSERVATION AND ATTRACTIONS					
– Rottnest Island Jetty Upgrades	-	1.8	4.9	7.0	2.5
– Plan for Our Parks – Houtman Abrolhos Islands National Park	-	5.0	5.0	-	-
– Collie Adventure Trails	-	2.3	3.1	2.1	2.0
– Kalbarri Skywalk and National Park Tourist Infrastructure Project	2.0	2.0	-	-	-
– William Bay National Park Tourism Infrastructure	-	2.5	-	-	-
– Plan for Our Parks – Ningaloo Coastal Reserves – Public Recreation and Joint Management Operations	-	-	0.5	0.5	0.5
– Plan for Our Parks – Helena and Aurora Range National Park	-	0.3	0.3	-	-

Biodiversity, Conservation and Attractions

Rottnest Island Jetty Upgrades

To improve public safety and visitor amenity, an additional \$16.2 million will be spent over the four years to 2022-23 to upgrade jetties on Rottnest Island, including the Main Jetty, Fuel Jetty and the construction of a new barge ramp with cargo handling facilities.

Plan for Our Parks – Houtman Abrolhos Islands National Park

To better protect the Abrolhos Islands and create tourism opportunities, \$10 million will be spent over 2019-20 and 2020-21 to establish the Houtman Abrolhos Islands National Park. Approximately \$6.4 million will be spent on visitor management and infrastructure (mainly jetties) and \$3.1 million will be spent on shared operations and accommodation facilities, including utility services.

Collie Adventure Trails

To promote recreational, sport and tourism activities in the Collie region, an amount of \$9.5 million, funded from the Industry Attraction and Development Fund – Collie, will be spent over the next four years to develop high quality mountain bike and walk trails and establish a Trail Centre.

Kalbarri Skywalk and National Park Tourist Infrastructure Project

An additional \$4 million will be spent over 2018-19 and 2019-20 on additional roadworks, contractor costs and completion of visitor infrastructure at the Kalbarri Skywalk site, including a kiosk, toilets, shade shelters and landscape works.

William Bay National Park Tourism Infrastructure

An additional \$2.5 million will be spent in 2019-20 on the renewal of visitor infrastructure and visitor facilities, including works on roads and car parks.

Plan for Our Parks – Ningaloo Coastal Reserves – Public Recreation and Joint Management Operations

Starting in 2020-21, an additional \$500,000 per annum will be spent on the sustainable development of campsites and day use areas in accordance with the Management Plan and Recreational Master Plan for the Ningaloo Coastal Reserves.

Plan for Our Parks – Helena and Aurora Range National Park

An amount of \$570,000 will be spent over 2019-20 and 2020-21 to establish the Helena and Aurora Range National Park, which comprises the existing Mount Manning Range Nature Reserve and Mount Manning-Helena and Aurora Ranges Conservation Park.

PLANNING AND LAND USE

Table 13

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
PLANNING, LANDS AND HERITAGE					
– East Perth Power Station	1.0	-	-	-	-
WESTERN AUSTRALIAN LAND AUTHORITY (LANDCORP)					
Election Commitments					
– Ocean Reef Marina	0.5	-1.5	14.4	19.5	-31.0
Other Spending					
– Latitude 32 Hardship Cases	12.9	7.1	-	-	-
– Forrestdale Business Park West	-	19.5	-	-	-
WESTERN AUSTRALIAN LAND INFORMATION AUTHORITY (LANDGATE)					
– Titles Digital Lodgement Project	2.0	-	-1.0	-1.0	-
– <i>Strata Titles Act 1985</i> Reform Implementation Costs	0.9	10.1	0.3	1.2	0.4
METROPOLITAN REDEVELOPMENT AUTHORITY					
– East Perth Power Station	-	2.0	13.0	13.0	-
– Perth City Link Stamp Duty Payment	-	7.4	-	-	-

Planning, Lands and Heritage

East Perth Power Station

An amount of \$1 million in 2018-19 has been allocated to acquire land for the relocation of the Pressure Reduction Station currently operating at the East Perth Power Station site. The relocation is a key component of allowing the East Perth Power Station site to be deconstrained for future development.

Western Australian Land Authority (LandCorp)

Election Commitments

Ocean Reef Marina

An additional \$1.7 million will be spent over 2018-19 to 2022-23 on the development of works associated with the Ocean Reef Marina election commitment. Funding has also been moved forward to reflect updated delivery timeframes. The Marina will provide a range of recreational, tourism, residential and boating facilities.

Other Spending

Latitude 32 Hardship Cases

An amount of \$20 million will be spent over 2018-19 and 2019-20 to acquire higher priority Latitude 32 hardship cases.

Forrestdale Business Park West

An amount of \$19.5 million will be spent in 2019-20 on Stage 2 of the Forrestdale Business Park West precinct, which is being developed by LandCorp's Industrial Lands Authority. The Stage 2 funding will deliver critical road and service infrastructure and activate further development in the precinct.

Western Australian Land Information Authority (Landgate)***Titles Digital Lodgement Project***

An additional \$2 million will be spent in 2018-19 on improving Information and Communication Technology (ICT) platforms for electronic conveyancing services. This will be funded from reprioritisation of Landgate's existing Asset Investment Program.

Strata Titles Act 1985 Reform Implementation Costs

An amount of \$12.8 million will be spent over 2018-19 to 2022-23 on ICT systems upgrades required to operationalise the Government's strata reform policy (with \$5.3 million of this funded from reprioritisation of Landgate's existing Asset Investment Program). The upgrades are required to capture data and process transactions associated with new land tenure types.

Metropolitan Redevelopment Authority***East Perth Power Station***

An amount of \$28 million has been allocated for the relocation and accelerated decommissioning of electrical and gas infrastructure at the East Perth Power Station site, including the undergrounding of Western Power's nearby high voltage transmission lines which have been an impediment to development of the site.

Perth City Link Stamp Duty Payment

Creation of land titles to facilitate the sale of Perth City Link lots has resulted in the Authority incurring stamp duty liabilities. An amount of \$7.4 million has been allocated to meet these costs in 2019-20.

UTILITIES

Table 14

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW					
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
SYNERGY					
– Access Arrangement 4 and Advanced Metering Infrastructure	-	-	4.7	5.4	-
WESTERN POWER					
– Advanced Metering Infrastructure	21.3	15.0	16.4	8.8	-
– Align Asset Investment Program to the AA4 Final Decision	-70.9	-92.1	-118.7	-110.6	-
HORIZON POWER					
– Remote Communities Photovoltaics	-	11.6	-	-	-
WATER CORPORATION					
Election Commitments					
– Essential and Municipal Services Upgrade Program	7.7	3.7	5.2	2.6	2.9
Other Spending					
– Asset Investment Program	-18.0	-66.9	77.1	32.7	-12.3

Synergy

Access Arrangement 4 (AA4) and Advanced Metering Infrastructure

An amount of \$10.1 million will be spent over 2020-21 and 2021-22 to deliver system modifications required to:

- implement price changes as a result of the Economic Regulation Authority's final decision with respect to Western Power's AA4; and
- allow Synergy to effectively utilise data made available by Western Power's Advanced Metering Infrastructure project (see below).

Western Power

Advanced Metering Infrastructure

Additional investment totalling \$61.5 million over 2018-19 to 2021-22 has been approved for Western Power's Advanced Metering Infrastructure (AMI) project, which will install advanced communications-capable meters on the Western Power network, improving network safety and reliability. The AMI project is funded from savings resulting from the Economic Regulation Authority's final decision on Western Power's fourth access arrangement (AA4) (see below).

Align Asset Investment Program to the AA4 Final Decision

Western Power's Asset Investment Program has been reduced by a total of \$392.3 million over 2018-19 to 2021-22 as a result of the Economic Regulation Authority's final decision on Western Power's capital expenditure over the AA4 period. Despite this reduction, asset investment by Western Power is forecast to total \$3.9 billion over 2018-19 to 2022-23.

Horizon Power

Remote Communities Photovoltaics

Horizon Power will spend \$11.6 million in 2019-20 to install modular centralised solar powered electricity generation in Aboriginal and Remote Communities Power Supply Project communities. These systems will minimise the use of existing diesel powered generation, thereby reducing the cost of supply in the communities and the operating subsidy paid to Horizon Power.

Water Corporation

Election Commitment

Essential and Municipal Services Upgrade Program

The Essential and Municipal Services Upgrade Program is an initiative involving the Department of Communities and the Water Corporation to upgrade water and wastewater services in three remote Aboriginal communities in the Kimberley. The Corporation will spend \$22.2 million over 2018-19 to 2022-23 to upgrade water and wastewater services in Mowanjum, Bayulu and Bidyadanga to meet industry standards.

Other Spending

Asset Investment Program

A net additional \$12.6 million will be spent over 2018-19 to 2022-23 on the Water Corporation's Asset Investment Program. In addition, the Water Corporation has reprioritised its Asset Investment Program over the forward estimates period in response to evolving business continuity and service provision issues.

PROVISIONS

Table 15

MAJOR SPENDING CHANGES SINCE THE 2018-19 MID-YEAR REVIEW					
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
Provisions					
– 2022-23 Population Provision	-	-	-	-	800.0
– 2019-20 Slippage Provision Revision	-	-200.0	250.0	-250.0	200.0
– Removal of 2018-19 Slippage Provision	500.0	-	-400.0	-100.0	-
– METRONET Projects Under Development	-	-	6.8	3.2	-
– Revised Road Trauma Trust Account Spending	-	- 3.8	-14.6	-14.1	-10.4

Provisions

2022-23 Population Provision

An \$800 million provision for unidentified Asset Investment Program spending has been incorporated into the 2022-23 year for this Budget. The inclusion of this provision lifts the 2022-23 Asset Investment Program to \$5.7 billion, in line with the average spend forecast for the period 2019-20 to 2021-22.

2019-20 Slippage Provision Revision

Consistent with Budgets in previous years, this Budget includes a provision for ‘slippage’ in agency infrastructure programs. Agencies are generally not able to account for unforeseen and unavoidable issues that can delay project delivery (and associated expenditure). Spending budgeted for one year that does not take place due to slower than expected progress is termed ‘slippage’, with this amount normally carried over into a later year.

Removal of 2018-19 Slippage Provision

The slippage provision previously included for 2018-19 has been removed, with this retimed spending now being reflected in agency budgets.

METRONET Projects Under Development

Further investment of \$10 million over 2020-21 and 2021-22 has been provisioned for METRONET projects under development, funded by additional Commonwealth revenue.

Revised Road Trauma Trust Account Spending

The 2018-19 Mid-year Review included a \$62.8 million provision for anticipated spending from the Road Trauma Trust Account (RTTA) over 2018-19 to 2021-22. This spending provision has been extended to cover 2022-23 and revised down to \$37.8 million over the forward estimates period. This reflects the allocation of RTTA spending to projects approved as part of this Budget, including traffic infringement processing, camera maintenance and alcohol assessment and treatment services.

Investing in Regional Western Australia

HIGHLIGHTS

- The State Government is committed to supporting stronger regional communities, with spending to improve the delivery of quality health care, education and other services, and investment in infrastructure to encourage economic activity and boost jobs across a range of industries.
- A total of \$5.6 billion will be invested in regional infrastructure over the next four years, including \$2.2 billion on the State's regional roads.
- The Government remains committed to the Royalties for Regions Program, which totals \$4.2 billion over 2019-20 to 2022-23.

Creating Jobs and Strengthening the State's Economy

Continuing to diversify and strengthen the State's economy, which is integral to creating jobs in the regions, is a priority for the State Government.

As part of this Budget, the Government has committed to implementing a new Employer Incentive Scheme, which will support the creation of jobs and the retention of skilled local workers in the regions. Under this scheme, over \$45 million from 2019-20 to 2022-23 will be spent on incentive payments and training subsidies for employers of apprentices and trainees located in the regions. The scheme will also provide targeted financial assistance to employers in both regional and remote areas in recognition of the higher training costs in regional Western Australia.

The Government is investing \$131.5 million to strengthen the Department of Primary Industries and Regional Development, which includes upgrades to critical infrastructure and restore capability and funding, which were reduced in the forward estimates of the 2016-17 Budget. This investment recognises the key role of the Department in supporting regional communities, and particularly a strong and innovative agriculture and food sector.

This package includes \$40 million for the continued support of initiatives including Boosting Biosecurity Defences, Asian Market Success, and Grains Research and Development support. These programs support the Government's efforts to enhance the productivity of our agriculture sector, support research and development, and grow the sector to capitalise on strong demand for premium Western Australian produce both domestically and overseas.

The Government has also allocated \$60 million to an Industry Attraction and Development Fund – Collie, as part of a wider Economic Plan for the region. This funding has been redirected from monies previously set aside to meet the Government's Solar and Biomass election commitments. As part of this Budget, \$18 million of the new Fund has been allocated to the following initiatives:

- \$10 million to develop a network of mountain bike and walk trails, that will traverse Wellington National Park near Collie, putting the town on the pathway to becoming an internationally recognised Trail Town; and
- \$8 million for a Department of Fire and Emergency Services Multi-purpose Facility in Collie. The Facility will maintain high fire season vehicles and operate an emergency driving training school, which will create jobs and ensure the South West region has state-of-the-art resources to manage bushfires.

Notable new investments that benefit tourism and jobs in the regions include:

- \$11.8 million for destination marketing by Tourism WA to boost the number of overseas visitors across Western Australia;
- \$3.6 million to the Western Australian Indigenous Tourism Operators Council to deliver initiatives in support of Aboriginal tourism; and
- \$2.5 million for the renewal of visitor infrastructure and development of world class visitor facilities in the popular and iconic William Bay National Park, including work at the Greens Pool Elephant Rocks precinct.

The Government has also allocated \$7 million over 2019-20 to 2021-22 to establish a purpose-built marine finfish nursery and broodstock housing facility for yellowtail kingfish in Geraldton. This will help fast-track the growth of the Mid West aquaculture industry and create jobs in regional Western Australia.

Significant investment in regional ports has also been approved in this Budget, including:

- \$8.9 million to expand the capacity of Berth 8 at the Port of Bunbury, which includes upgrades to the existing access road, conveyor infrastructure, lighting and environmental systems;
- \$6.9 million to upgrade Shed 4 at the Port of Esperance to provide for the storage and export of spodumene, gypsum and other commodities;

- \$5.9 million for a new marine crane at the Port of Broome, to replace an existing crane that is out of operation and improve operational efficiency and safety; and
- \$3.6 million at the Port of Geraldton for an upgrade of the Port's firefighting infrastructure.

The Government has also approved the extension of port pricing relief for junior iron ore miners at Utah Point Bulk Handling Facility in Port Hedland to 30 June 2020, at an estimated cost of \$14.6 million.

Delivering Quality Health Care, Education and Community Services

Putting Patients First

The Sustainable Health Review sets out a long-term vision for the future of health care in Western Australia and includes a strong focus on improving the quality and sustainability of regional health services.

The Government is supporting this vision through its investment of approximately \$1.7 billion per annum on health services for regional Western Australians, including a range of new initiatives funded as part of this Budget. These include:

- an additional \$5 million for a new residential aged and palliative care facility in Carnarvon as part of a broader \$41 million over 2018-19 to 2022-23 for a State-wide end-of-life choices and palliative care services package;
- a total of \$13.8 million from 2019-20 to 2022-23 to continue support for medical specialists and obstetric services in Karratha and women's health services in Tom Price and Newman;
- a further \$13.1 million over 2019-20 to 2022-23 to construct a facility at Albany Health Campus to house a linear accelerator which will enable cancer patients in the Great Southern to receive essential radiotherapy closer to home;
- \$11 million over 2019-20 to 2022-23 to progress planning for the redevelopment of Bunbury Hospital;
- \$8.6 million over 2018-19 and 2019-20 to meet the costs of supporting Karlarra house, a Residential Aged Care Facility in Port Hedland; and
- an additional \$6.3 million over 2019-20 to 2021-22 to purchase and install a Magnetic Resonance Imaging (MRI) scanner at the Kalgoorlie Health Campus.

The Government has also committed an additional \$42.5 million from 2019-20 to 2022-23 as part of its response to the Methamphetamine Action Plan Taskforce Report, which includes the following commitments for the regions:

- \$20.1 million to continue the North West Drug and Alcohol Support Program to reduce alcohol and other drug (AOD) harm in the Kimberley, Pilbara and Mid West;

- \$9.2 million to establish a comprehensive AOD youth service in the Kimberley with residential rehabilitation, low medical withdrawal beds and a day program;
- \$2.3 million to procure four adult low medical withdrawal beds in the Kimberley;
- \$1.1 million to establish a Needle Syringe Exchange Program (NSEP) service in the Great Southern region to help reduce the harm associated with injecting methamphetamine; and
- a further \$400,000 to expand the Bunbury fixed-site NSEP to enable service provision on weekends and to extend the mobile outreach van service to an additional regional location.

Investing in Our Children's Education

The State Government will spend an estimated \$1.3 billion per annum to provide access to a quality education to over 84,000 students, enrolled in over 330 schools across regional Western Australia.

In addition, \$104.7 million will be invested in primary and secondary schools in regional areas across the forward estimates period for vital infrastructure, including refurbishments, upgrades, and new builds. In 2019-20, construction will commence for:

- new specialist facilities and increased student accommodation at Broome Senior High School (\$19.3 million);
- upgraded facilities at South Bunbury Primary School (\$5.5 million, including \$2.5 million to upgrade early childhood facilities);
- new science facilities at Eaton Community College (\$5 million); and
- new early learning facilities at Flinders Park Primary School (\$2.5 million).

New initiatives funded as part of this Budget include:

- \$4.4 million for the remediation and replacement of damaged roofs, as well as the replacement or upgrade of obsolete security and smoke alarm systems in regional schools in 2019-20; and
- an additional \$2.1 million to provide transportable classrooms at regional schools for the 2020 school year.

Over the Budget period, an estimated \$174 million per annum will be spent to deliver vocational education and training, career and employment advice, and TAFE support services across regional Western Australia.

A further \$21.9 million over 2019-20 to 2022-23 will be invested to refurbish and upgrade training facilities and infrastructure at regional TAFE campuses across the State.

In addition, construction of a replacement TAFE campus in Esperance will commence in 2019-20 (for completion in 2021) at a total cost of \$17.9 million. The new campus will be equipped with industry relevant training facilities to support the local community's training and workforce needs, particularly in the areas of trades, nursing and aged care.

Investing in Our Communities

The Department of Communities has 1,447 staff in 102 offices in regional Western Australia, providing access to disability, housing, child protection, and family supports and services. The Department also administers 5,087 Government Regional Officer Housing (GROH) properties across regional Western Australia, and will invest a further \$75 million in GROH housing stock from 2019-20.

To support the Government's commitment to protect regional communities, over \$340 million per annum will be spent on services provided by the Western Australia Police Force's regional districts. This encompasses 122 police stations and approximately 1,700 police officers and staff.

The Department of Justice will spend \$274 million per annum on court and tribunal administration in the regions, and the operation of the State's eight regional prisons (and workcamps) and community corrections. This investment supports access to justice across the whole of the State, including by allowing offenders to be secured and rehabilitated close to their community.

The Government is investing \$23.7 million to address capacity constraints at the Bunbury Regional Prison. This expansion is a pilot project under the Western Australian Industry Participation Strategy, ensuring local businesses have the greatest opportunity to benefit from capital projects in the regions.

In response to the 2018 riot, \$12.5 million will be provided to fortify the fence between male and female prisoners at Greenough Prison.

A further \$19.9 million will be spent over the Budget period to deliver a range of programs and initiatives targeting business development training, venue activation, Aboriginal Arts and community participation, to support the creative and cultural industries in regional Western Australia.

New initiatives funded as part of this Budget include:

- \$6.5 million to continue the operations of the Aboriginal Community Connectors program (formerly Aboriginal Community Patrols) in 14 communities across Western Australia;
- \$6.3 million over the Budget period to support the implementation, management and evaluation of a Family and Domestic Violence One Stop Hub in Kalgoorlie. The Hub is part of the Government's Stopping Family and Domestic Violence election commitments;
- an additional \$4.8 million over the forward estimates period to continue delivery of the Enhanced Driver Training and Education for Regional and Remote Communities Program. The program provides culturally appropriate driver training and education to Aboriginal people residing in regional and remote communities. The additional expenditure will also facilitate delivery of a pilot in Bunbury targeted at disadvantaged and disengaged youth;
- grants totalling \$4.3 million between 2019-20 and 2021-22 for Police and Community Youth Centres for upgrades to the Carnarvon and Broome centres and new services in Kununurra;
- \$2.5 million to reopen the Gwoonwardu Mia Gascoyne Aboriginal Heritage and Cultural Centre after it was closed in 2015;

- \$1.3 million for planning and initial works required to progress development of the Murujuga Living Knowledge Centre and Tourism Precinct, and a further \$650,000 for the Murujuga Rock Art Strategy; and
- \$900,000 over 2019-20 to 2021-22 to deliver the Government's election commitment for the Kimberley Juvenile Justice Strategy. The Strategy involves the development and implementation of initiatives to improve remand and sentencing options, and to divert youth from the justice system.

Shaping Our State, Investing In Our Suburbs and Towns

Investing in Roads

More than \$2.2 billion will be spent on the State's regional roads between 2019-20 and 2022-23. Major ongoing projects include:

- Great Northern Highway – Muchea to Wubin Stage 2, with a total cost of \$347.2 million for a range of upgrades including road widening, passing lanes and other safety treatments;
- Broome-Cape Leveque Road Project, with a total cost of \$65.7 million to complete the construction and sealing of the remaining 90 km section of unsealed road, as well as reconstruction and sealing of an existing 13.6 km section of narrow seal;
- Regional Road Safety Program, with a total cost of \$55.3 million and expenditure in 2019-20 of \$20.6 million for projects targeted at improving road safety across the regions, including projects on Great Eastern Highway, Indian Ocean Drive, Albany-Lake Grace Road and the Goldfields Highway;
- Safer Roads and Bridges Program, with \$42.6 million allocated in 2019-20 to projects across the State to address road safety priorities on key freight routes; and
- South Coast Highway Improvements between Albany and Jerramungup, with a total cost of \$30 million. This work includes the construction of passing lanes and road widening on the highest priority sections including Kojaneerup, Ravensthorpe East and Jerramungup.

This Budget includes \$684.9 million in new spending on regional roads (funded jointly by the Commonwealth and State Governments), including:

- \$243.9 million to progress construction of the northern and southern sections of Bunbury Outer Ring Road;
- \$129 million to construct Albany Ring Road;
- \$89.5 million to upgrade the Great Northern Highway – Bindoon Bypass;
- \$56.3 million on construction of the Karratha – Tom Price Road;
- \$51 million on upgrades to Duncan Road and Gordon Downs Road in the East Kimberley;

- \$32 million to complete the upgrade of the Coolgardie – Esperance Highway, bringing the total project expenditure to \$40 million;
- \$25.1 million to progress Stage 1 Pinjarra Heavy Haulage Deviation;
- \$24.1 million to upgrade the Great Northern Highway between Broome and Kununurra;
- \$18 million to upgrade Great Eastern Highway from Walgoolan to Southern Cross; and
- \$16 million to upgrade Wheatbelt Secondary Freight Routes.

Investing in Power and Water

The Government is committed to ensuring the safe and reliable provision of power, water, wastewater and drainage services in regional Western Australia, with asset investment totalling \$1.9 billion over the period 2019-20 to 2022-23. This includes Western Power's safety-related expenditure on poles and wires, maintenance of Synergy's generation assets located in the regions, Horizon Power's Asset Investment Program, and capital expenditure by the Water Corporation, Bunbury Water Corporation, and Busselton Water Corporation.

In addition, the Water Corporation is expected to receive subsidies totalling \$1.1 billion over the next four years in relation to services to regional Western Australia. This subsidy covers the difference between the cost of providing water, sewerage and drainage services to regional customers and the revenue recovered from these customers.

As part of this Budget:

- Horizon Power will spend \$11.6 million in 2019-20 to install modular centralised solar powered electricity generation in remote communities. Centralised solar generation will minimise the use of existing diesel powered generation, reducing the cost of supply in the communities and the operating subsidy paid to Horizon Power; and
- the Water Corporation will spend \$22.2 million over 2018-19 to 2022-23 to upgrade water and wastewater services in Mowanjum, Bayulu and Bidyadanga to meet industry standards as part of the Essential and Municipal Services Upgrade Program.

Investing in Our Environment

The Department of Biodiversity, Conservation and Attractions (DBCA) maintains a network of 100 national parks, 24 marine reserves, 73 conservation parks, 60 State forests and other lands and waters across the State. Total direct recurrent regional expenditure by the Department is estimated at \$175 million in 2019-20, employing around 920 regional staff. This expenditure delivers management of parks, prescribed burning and bushfire suppression, scientific research, threatened species conservation, and management of State forests in the regions. This is a significant commitment by the Government to regional economies, nature-based tourism and conservation of biodiversity.

The Plan for Our Parks initiative will create five million hectares of new national and marine parks and other conservation reserves across Western Australia over the next five years, with enhanced Aboriginal joint management and tourism opportunities. Spending approved in this Budget includes:

- \$13.8 million for the establishment and ongoing management of the Abrolhos Islands National Park;
- \$6.7 million for the joint management of, and public recreation facilities for, the Ningaloo Coastal Reserves; and
- \$2 million for the establishment and ongoing management of the proposed national park at the Helena and Aurora Range.

A further \$22 million will be provided from 2019-20 to 2022-23 to continue the Enhanced Prescribed Burning Program in forest areas and land managed by the DBCA in the South West.

The Department of Water and Environment Regulation will also spend \$1.6 million in 2019-20 on finalising the strategy, governance model and future funding requirements for revitalising the waterways in the Geographe catchment beyond 2019-20.

Royalties for Regions Program

Under this program, which is funded by 25% of the State's annual royalty income (up to a \$1 billion annual cap on the balance held in the Royalties for Regions (RfR) Fund), the Government will spend \$4.2 billion over the period 2019-20 to 2022-23 to support service delivery and infrastructure provision in regional Western Australia.

The 2019-20 Budget RfR program is detailed in the following table.

Table 1

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
INVESTING IN JOBS							
Aboriginal Tourism Development Program	1.2	1.2	-	-	-	-	-
Agricultural Sciences Research and Development Fund	4.9	7.3	4.4	-	-	-	4.4
Albany Middleton Beach Stage 2	-	1.0	1.5	1.1	-	-	2.6
Albany Wave Energy Project	-	4.2	1.1	1.1	-	-	2.2
Asia Market Success	1.6	1.6	1.7	1.5	1.5	1.5	6.2
Boost Grains Research and Development Support	8.2	3.0	5.9	2.9	2.9	2.9	14.5
Boosting Biosecurity Defences	3.8	5.5	5.8	5.5	5.5	5.5	22.4
Brand WA – Destination Marketing	-	3.5	5.5	5.5	5.5	5.5	22.0
Brand WA – Event Tourism	-	0.3	6.9	6.3	6.3	6.3	25.7
Brand WA – Stage 2	-	2.5	4.2	-	-	-	4.2
Building Western Australian Grains Research and Development Capacity	-	-	12.5	12.5	12.5	12.5	50.0
Caravan and Camping/Parks for People	3.1	-	-	-	-	-	-
Collie Adventure Trails	-	-	2.3	3.2	2.3	2.2	10.0
Multi-purpose Facility in Collie	-	-	5.5	2.5	-	-	8.0
Collie Futures Fund	-	5.0	5.0	5.0	5.0	-	15.0
Combined Pilbara Water Projects – West Canning Basin Sandfire	0.2	-	-	-	-	-	-
Develop Serviced Land at Shotts and Kemerton	-	5.3	5.2	-	-	-	5.2
Digital Farm	-	2.0	3.0	-	-	-	3.0
Doppler Radar Project	0.1	0.1	-	-	-	-	-
Exploration Incentive Scheme	10.4	4.6	-	-	-	-	-
Extension of Doppler Radar Coverage	4.1	0.6	0.3	-	-	-	0.3
Feasibility Study (Yara Pilbara and Sahara Forest)	0.1	-	-	-	-	-	-
Ferguson Valley Wellington Forest Marketing	-	0.3	-	-	-	-	-
Forest Product Development	0.3	-	-	-	-	-	-
Gascoyne Food Bowl	0.4	0.5	-	-	-	-	-
Geraldton Marine FinFish Nursery Facility	-	-	2.0	4.3	0.8	-	7.0
Goldfields Major Solar Feasibility	-	0.5	-	-	-	-	-
Grainbelt Digital Enhancement Project	-	0.6	-	-	-	-	-
Halifax Business Park	-	1.5	1.5	-	-	-	1.5
Help Grain Growers to Better Manage Risk (e-Connected Grainbelt)	2.2	2.7	1.3	-	-	-	1.3
Industry Attraction and Development Fund – Collie	-	-	-	30.1	12.0	-	42.1
Infrastructure Audit and Investment Fund – Administration	0.1	-	-	-	-	-	-
Jawun Indigenous Corporate Partnership Program	0.2	0.3	0.4	-	-	-	0.4
Kalbarri Skywalk and National Park Infrastructure	4.9	6.2	5.2	-	-	-	5.2
Kariyarra Indigenous Land Use Agreement	0.1	0.1	0.1	0.1	0.1	-	0.3
Karratha City of the North Project	0.2	2.7	-	-	-	-	-
Karratha Enterprise Hub/Business Centre	1.0	-	-	-	-	-	-
Local Projects Local Jobs	2.0	0.2	-	-	-	-	-
Middleton Beach Hotel Site	1.1	-	-	-	-	-	-
Modernising the Framework for WA's Crown Land	0.5	-	-	-	-	-	-
Murujuga Cultural Interpretive Centre – Burrup Peninsula	8.0	-	-	-	-	-	-

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Murujuga Tourism Project	-(a)	-	-	-	-	-	-
Myalup Primary Industry Reserve	3.5	-	-	-	-	-	-
Myalup-Wellington Water for Growth	-	3.0	9.0	9.0	7.5	8.5	34.0
Northern Beef Industry Strategy	1.9	1.8	0.8	-	-	-	0.8
Ord-East Kimberley Expansion Project	-	4.0	4.0	1.0	1.0	-	6.0
Pilbara Underground Power – Stage 2	10.1	5.2	-	-	-	-	-
Plan for Our Parks – Indigenous Land Use Agreements	-	-	0.5	0.2	0.2	0.1	1.0
Port Hedland Waterfront Revitalisation – Spoilbank Marina	0.2	0.3	4.5	20.0	40.0	-	64.5
Potato Marketing Board – Structural Readjustment	0.6	0.6	-	-	-	-	-
Premium Food Centre Manjimup	0.5	0.4	1.0	-	-	-	1.0
Rebuilding Our Agriculture Capability	-	10.0	-	-	-	-	-
Regional Events Program – Larger Events	8.6	10.0	0.3	-	-	-	0.3
Regional Local Content Initiative	-	0.1	0.1	0.1	-	-	0.2
Regional Natural Resource Management – State Barrier Fence	0.3	2.0	1.8	1.3	-	-	3.1
Regional Telecommunications Project	14.4	16.5	9.2	-	-	-	9.2
Regional Visitor Centres	1.4	-	-	-	-	-	-
Science and Agribusiness Connect Program	0.8	0.9	0.8	-	-	-	0.8
Sheep Industry Business Innovation	2.3	-	-	-	-	-	-
South Coast Aquaculture Development Zone	0.2	0.4	0.3	0.3	-	-	0.6
Southern Forests Irrigation Scheme	-	2.1	0.8	6.9	2.5	6.7	16.9
Specialist Food Centre Albany	-(a)	0.3	0.8	-	-	-	0.8
State Agricultural Telecommunications Infrastructure Improvement Fund	0.2	0.4	7.9	3.0	3.0	2.0	15.9
Sustainable Development of the Abrolhos Islands	-	-	5.0	5.0	-	-	10.0
Transform Peel – Phase 1	2.2	11.8	20.5	6.2	6.0	-	32.7
Transforming Agriculture in the Pilbara	0.3	1.2	2.7	1.7	-	-	4.4
Transforming Bunbury Waterfront	3.1	15.3	16.6	-	-	-	16.6
Victoria Hotel Redevelopment	1.0	-	-	-	-	-	-
WA Open For Business	1.5	3.3	6.6	6.2	6.2	5.2	24.1
WA Regional Small Business Awards	0.2	-(a)	-	-	-	-	-
Water For Food – Part II	7.4	1.0	-	-	-	-	-
Water For Food West Kimberley	1.7	0.8	-	-	-	-	-
Western Australian Regional Film Fund	4.0	3.0	3.0	-	-	-	3.0
Wild Dogs Action Plan	1.8	5.6	5.5	3.6	-	-	9.2
Yawuru Strategic Economic Development	-	-	0.3	0.3	0.2	-	0.8
TOTAL – INVESTING IN JOBS	126.9	163.0	183.2	146.4	120.9	58.8	509.2
PUTTING PATIENTS FIRST							
Digital Innovation, Transport and Access to Care	21.2	63.5	63.3	58.2	58.3	58.3	238.2
Emergency and Acute Workforce	33.2	20.1	22.8	20.5	20.5	20.5	84.3
Health Services							
Albany Radiation Oncology	-	-	1.0	3.6	6.8	1.7	13.1
Expand the Ear Bus Program	0.6	1.0	0.9	-	-	-	0.9
Find Cancer Early	0.4	0.4	0.4	0.4	0.4	0.4	1.6
Meet and Greet Service	0.1	0.3	0.6	0.5	0.5	0.5	2.1
Pilbara Health Initiatives	3.1	3.5	3.5	3.5	3.5	3.5	13.8
Renal Dialysis	0.8	2.4	5.1	-	-	-	5.1
Residential Aged and Dementia Care Investment Program	5.0	3.1	1.7	-	-	-	1.7

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Health Infrastructure							
Bunbury Hospital Redevelopment	-	-	1.9	1.9	2.8	4.4	11.0
Carnarvon Residential Aged Care Facility	-	-(a)	5.7	9.0	1.8	-	16.6
Derby Community Health Service	-(a)	-(a)	2.2	1.4	-	-	3.6
District Hospital Investment Program	84.5	23.0	5.2	-	-	-	5.2
Dongara Aged Care	-	-	0.5	0.5	-	-	1.0
Geraldton Health Campus Redevelopment	-	0.8	2.5	6.5	36.7	26.9	72.5
Kalgoorlie Health Campus Magnetic Resonance Imaging Suite	-	-	0.5	2.5	-	-	3.0
Karratha Health Campus	80.5	23.0	1.8	5.3	-	-	7.1
Kimberley Mobile Dialysis Unit	-	-	0.3	0.7	-	-	1.0
Newman Health Service Redevelopment Project	1.4	3.0	17.0	16.0	-	-	33.0
Nickol Bay Hospital Demolition and Remediation	-	0.5	7.3	-	-	-	7.3
Onslow Health Service Redevelopment Project	3.7	5.0	6.1	-	-	-	6.1
Primary Health Centres Demonstration Program	10.3	3.9	13.6	-	-	-	13.6
Remote Indigenous Health Clinics	0.4	3.0	2.9	1.2	-	-	4.1
Small Hospital and Nursing Post Refurbishment Program	33.3	7.5	11.4	-	-	-	11.4
Tom Price Hospital Redevelopment	-	-(a)	0.2	5.0	-	-	5.2
Valley View Aged Care Centre	-	0.5	-	-	-	-	-
Other Health Programs							
Ear, Eye and Oral Health	1.7	-	-	-	-	-	-
Growing the Capacity of Drug and Alcohol Detoxification and Rehabilitation Program	0.2	-	-	-	-	-	-
Newman Renal Dialysis Service	-	-	-	1.3	-	-	1.3
Rural Palliative Care Program	0.5	-	-	-	-	-	-
Mental Health Programs							
Geraldton Step Up/Step Down Facilities	-	-	1.5	4.2	2.0	2.5	10.2
Ice Breaker Program – Albany	0.2	0.2	-	-	-	-	-
Mental Health Step Up/Step Down Facilities – Kalgoorlie/Goldfields 10 beds	-	1.3	4.1	1.9	2.6	2.6	11.2
Methamphetamine Action Plan – Kimberly AOD Residential Rehabilitation and Treatment Service	-	0.2	-	-	-	-	-
Methamphetamine Action Plan – South West AOD Residential Rehabilitation and Treatment Service	-	1.3	2.6	2.7	2.7	-	9.3
North West Drug and Alcohol Support Program	5.7	6.3	6.5	-	-	-	6.5
North West Drug and Alcohol Support Program – Kimberley	-	-	-	6.5	6.7	6.9	20.1
North West Drug and Alcohol Support Program – Kimberley and Pilbara	0.1	-	-	-	-	-	-
Regional Men's Health	0.8	0.8	0.8	-	-	-	0.8
Sub-acute Mental Health Services in Bunbury	-	2.4	3.6	2.2	2.2	2.3	10.2
Sub-acute Mental Health Services in Karratha	-	1.6	5.4	2.5	2.6	2.7	13.2
Three Tier Youth Mental Health Program – GP Down South	0.1	0.1	0.1	-	-	-	0.1
TOTAL – PUTTING PATIENTS FIRST	288.1	178.8	203.0	158.1	150.1	133.1	644.4

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
INVESTING IN OUR CHILDREN'S EDUCATION							
Aboriginal and Islander Education Officers	0.4	2.6	3.5	3.6	3.6	3.6	14.3
Albany Secondary Education Support Centre and North Albany Senior High School	-	0.4	4.5	3.9	1.0	-	9.4
Better Beginnings – Early Literacy	0.3	0.3	0.3	-	-	-	0.3
Boarding Away From Home	1.1	-(a)	-	-	-	-	-
Broome Residential College – Stage 2	-	0.2	-	-	-	-	-
Broome Senior High School	-	1.0	6.0	9.3	3.0	-	18.3
Bunbury Senior High School – Upgrades	0.1	2.9	2.0	-	-	-	2.0
Cape Naturaliste College – Stage 2	4.4	17.6	8.1	-	-	-	8.1
Carnarvon Community College	15.4	17.6	3.5	2.0	-	-	5.5
Champion Bay Senior High School	10.6	8.0	-	-	-	-	-
Clontarf Colleges	0.7	2.4	1.5	1.5	1.5	1.5	6.2
Collie Senior High School – New Facilities	0.4	5.6	1.5	-	-	-	1.5
Collie TAFE – Major Upgrade	-	0.2	-	-	-	-	-
Curtin Jiji Program	0.5	0.3	0.5	0.2	-	-	0.8
Eaton Community College – New Facilities	-	0.5	4.0	0.5	-	-	4.5
Eaton Primary School	-	1.0	2.0	-	-	-	2.0
Feasibility Study Residential Colleges for Aboriginal Students in Newman	0.1	0.2	0.1	-	-	-	0.1
Flinders Park Primary School – Early Childhood	-	0.5	1.5	-	-	-	1.5
Future Development of Muresk	0.2	-	-	-	-	-	-
Geraldton Senior College	2.9	1.1	-	-	-	-	-
Glen Huon Primary School	0.1	1.4	-	-	-	-	-
Improving Teacher Quality	0.9	1.9	1.9	1.9	1.9	1.9	7.7
Independent Learning Co-ordinators	0.6	1.5	1.5	1.5	1.5	1.5	6.0
Investing in Science	0.3	0.3	0.3	0.3	0.3	0.3	1.3
Kalgoorlie-Boulder Community High School	4.9	0.2	-	-	-	-	-
Kimberley Schools Project	1.4	14.0	4.4	3.7	-	-	8.2
Lakelands Senior High School – Joint Use Sport Facility	2.5	-	-	-	-	-	-
Margaret River Senior High School	1.8	19.7	5.5	2.5	-	-	8.0
Mental Health Support	0.4	0.8	0.8	0.8	0.8	0.8	3.2
Mount Lockyer Primary School – Upgrade	-	-	3.0	-	-	-	3.0
Muresk Institute Agricultural Degree	0.7	0.7	0.7	0.7	-	-	1.4
Muresk Institute Agricultural Skills Development Pathway	1.4	1.6	-	-	-	-	-
Newton Moore Senior High School – STEM Centre	-	0.5	2.0	0.5	-	-	2.5
North Regional TAFE – Electrical Specialist Centre	1.1	-	-	-	-	-	-
North Regional TAFE – Upgrade and Expansion of South Hedland and Karratha Campus	0.6	-	-	-	-	-	-
Peel Workforce Development Centre	0.1	0.1	-	-	-	-	-
Pilbara Partnerships for Student Success	1.0	2.1	1.6	-	-	-	1.6
Pilbara Universities Centre	-	0.3	0.3	-	-	-	0.3
Preventative Maintenance Programs	-	3.4	1.5	-	-	-	1.5
Put Education Assistants Back in the Classroom	1.9	5.3	7.8	9.1	9.1	9.1	35.2

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
RAWA Aboriginal Independent Community School – Engagement Program	0.1	-	-	-	-	-	-
Regional Learning Specialists	-	1.1	1.5	1.5	1.5	1.5	6.0
Regional School Breakfast and Nutritional Education Program	0.2	0.2	0.2	0.2	0.2	0.2	0.9
Regional School Bus Services	-	-	-	-	79.9	79.9	159.9
South Bunbury Primary School – Upgrade	-	1.0	2.0	-	-	-	2.0
South Regional TAFE Esperance New Replacement Campus	-	-	6.0	4.0	-	-	10.0
The Strelly Community School – Engagement Program	0.1	-	-	-	-	-	-
Vocational Education Regional Subsidies	-	-	44.4	44.9	45.4	45.4	180.1
TOTAL – INVESTING IN OUR CHILDREN'S EDUCATION	57.4	118.2	124.3	92.9	149.9	145.9	512.9
INVESTING IN OUR COMMUNITIES							
Aboriginal Governance and Leadership Development Program	0.8	0.5	0.5	-	-	-	0.5
Aboriginal Tourism Initiatives	-	-	0.9	0.9	0.9	0.9	3.6
Aboriginal Youth Transitions	0.4	0.4	-	-	-	-	-
Additional Women's Refuge	-	1.5	2.1	1.1	1.1	-	4.3
Air-conditioning at Five Remote Multifunctional Policing Facilities	-	2.9	9.8	-	-	-	9.8
Albany Artificial Surf Reef Business Case	-	0.3	0.3	-	-	-	0.3
Albany Entertainment Centre	0.5	0.5	0.5	0.5	0.5	0.5	2.0
Armstrong Village Project – Dunsborough	-	0.5	2.0	-	-	-	2.0
Avon Well Aged Housing Project	-	-(a)	-	-	-	-	-
Balingup Town Hall	0.2	-	-	-	-	-	-
Batavia Coast Marina Stage 2	0.1	0.1	0.9	-	-	-	0.9
Beach Emergency Numbering System	-(a)	0.4	0.2	0.2	-	-	0.4
Bedingfeld Park Expansion – Stage 1	-	1.8	0.2	-	-	-	0.2
Bridge St. Affordable Housing Project – Donnybrook	-	1.8	0.2	-	-	-	0.2
Broome Aboriginal Short Stay Accommodation Facility	9.0	5.6	2.6	1.5	-	-	4.1
Brunswick River Cottages – Brunswick Junction	-	1.4	0.2	-	-	-	0.2
Bunbury Bowling Club – Wheelchair Access	0.2	-	-	-	-	-	-
Bunbury Regional Prison	-	12.4	11.3	-	-	-	11.3
Capacity Building – Regional Governance Services and Asset Management	2.5	-	-	-	-	-	-
Capel Police Station	-	0.6	7.4	-	-	-	7.4
Capel Town Centre Revitalisation	1.3	1.0	-	-	-	-	-
Carnarvon Fascine Revitalisation – Completion – Independent Project	-	-	-	-	-	-	-
Manager Advisor Services	-	0.1	-	-	-	-	-
Centennial Park Sporting and Event Precinct	3.0	3.4	0.5	-	-	-	0.5
Collie Crisis and Transitional Accommodation	-	0.4	-	-	-	-	-
Collie Mineworkers Memorial Pool Enclosure	0.2	-	1.9	-	-	-	1.9
Collie Motorplex	0.3	-	-	-	-	-	-

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Community Chest Grants Scheme	4.6	0.6	-	-	-	-	-
Community Pool Revitalisation	0.4	-	-	-	-	-	-
Community Resource Centres	13.0	13.0	13.0	13.0	13.0	13.0	52.0
Community Safety Network	13.3	15.2	9.5	8.5	8.5	8.5	34.9
Coral Bay Key Worker Housing – Headworks	0.9	2.0	-	-	-	-	-
Country Age Pension Fuel Card	28.6	34.1	34.1	34.1	34.1	34.1	136.4
Country Water Pricing Subsidy	-	-	191.5	274.5	292.8	299.3	1,058.1
Creative Regions Program	6.7	4.4	-	-	-	-	-
Culturally Appropriate Services to Victims of Domestic Violence	-	0.1	0.1	0.1	0.1	-	0.3
Dalyellup Family Centre	-	-	1.5	-	-	-	1.5
Dongara Age Appropriate Accommodation Facility	-	0.5	2.0	-	-	-	2.0
Donnybrook Town Centre Revitalisation	-	0.2	1.8	-	-	-	1.8
East Kimberley Transitional Housing	-	2.3	2.6	2.4	-	0.9	5.9
Eaton Bowling Club Upgrade	0.1	-	2.0	-	-	-	2.0
Eaton/Australind Waterfront Historic Walk Trail	0.3	0.3	-	-	-	-	-
Enhanced Driver Training and Education for Regional and Remote Communities	1.4	1.4	1.4	1.5	1.5	1.5	6.0
Enhanced Services for Victims of Crime within Regional and Remote Communities	-	-(a)	-	-	-	-	-
Entry Statement and Signage for Bunbury	-	0.2	-	-	-	-	-
Esperance Indoor Sports Stadium	-	4.1	-	-	-	-	-
Essential and Municipal Services Improvement in Remote Aboriginal Communities	1.3	9.8	12.3	16.6	8.1	4.0	40.9
Exmouth Service Worker Housing	-(a)	-	-	-	-	-	-
Expansion of Aged Care for the Esperance Community	1.0	0.6	-	-	-	-	-
Family and Domestic Violence Counselling Services – Peel	0.1	0.3	0.3	0.3	0.3	-	0.8
Fire Crew Protection	7.0	-	-	-	-	-	-
Fitzroy Crossing Courthouse	-	0.2	-	-	-	-	-
Goldfields Arts Centre	-	0.7	0.1	0.1	0.1	0.1	0.6
Goldfields Esperance Arts and Culture Trail	-	0.1	0.1	0.1	-	-	0.2
Great Southern Housing Initiative	-	2.3	0.3	-	-	-	0.3
Gwoonwardu Mia Aboriginal Heritage and Cultural Centre - Carnarvon	-	1.0	0.6	0.5	0.6	-	1.7
Hedland Transitional Housing	-	0.5	1.3	0.6	0.9	1.2	4.0
Hospital Site Remediation – Port Hedland	3.6	0.1	-	-	-	-	-
Indigenous Visitor Hostels	2.3	1.5	1.9	-	-	-	1.9
Kalgoorlie Motorsports Precinct	-	-	0.1	-	-	-	0.1
Karratha Arts and Community Precinct	5.0	5.0	-	-	-	-	-
Karratha City Centre Infrastructure Works Project	1.1	0.9	-	-	-	-	-
Karratha Government Office Co-Location Project (The Quarter)	0.1	-	-	-	-	-	-
Killarney Retirement Living	-	0.4	-	-	-	-	-
Kimberley Aboriginal Law and Cultural Centre to Document and Teach Traditional Languages	-	0.1	0.1	0.1	0.1	-	0.4
Kimberley Family Domestic Violence Support Services	1.1	1.1	-	-	-	-	-

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Kimberley Juvenile Justice Strategy	-	-	0.3	0.3	0.3	-	0.9
Koombana Bay Park Facilities	1.8	4.8	-	-	-	-	-
Kununurra, Broome and Karratha Courthouse	1.3	0.9	-	-	-	-	-
Laverton Aged Care Project	-	0.1	-	-	-	-	-
Leonora Ageing in Place Project	-	-(a)	-	-	-	-	-
Lock Hospitals Memorial	-	0.1	-	-	-	-	-
Mandurah Eastern Foreshore Redevelopment	-	-	5.0	5.0	-	-	10.0
Margaret River Hub of Entertainment Arts Regional Tourism Project	2.5	0.6	-	-	-	-	-
Margaret River Region Lighthouse Precincts Redevelopment	0.2	-	-	-	-	-	-
Minninup Pool	0.2	0.1	0.2	-	-	-	0.2
Miriuwung and Gajerrong Corporation	0.2	0.4	-	-	-	-	-
Motoring South West – Marketing Campaign	-	0.1	-	-	-	-	-
Motorplex Complex Albany	-	0.3	-	5.5	-	-	5.5
Multipurpose Outdoor Courts – Weatherproof Structure, Seating and Lighting	-	-	1.9	-	-	-	1.9
Murujuga Aboriginal Corporation – Living Knowledge Centre and Tourism Precinct	-	0.3	1.0	-	-	-	1.0
Newman Town Centre Revitalisation – Stage 3	0.9	0.3	-	-	-	-	-
NGO Housing Strategic Intervention – Stage 2	3.0	-(a)	-	-	-	-	-
Norseman: The Heart of the Great Western Woodlands	1.2	0.4	-	-	-	-	-
North West Aboriginal Housing Initiative	-	-	19.4	23.9	16.6	19.9	79.9
Performing Arts Regional Tours Boost	-(a)	-	-	-	-	-	-
Pilbara Aboriginal Town Based Reserves – Unallocated	-	1.0	2.0	4.0	6.0	6.3	18.3
Pilbara Aboriginal Town Based Reserves (Stage 1)	0.3	0.3	-	-	-	-	-
Police Radio Network	1.2	7.4	4.5	0.2	-	-	4.7
Regional Aged Accommodation Program	-	1.3	6.3	-	-	-	6.3
Regional Arts and Cultural Investment Program	-	-	5.0	5.0	5.0	4.9	19.9
Regional Athlete Support Program	0.9	1.1	1.0	-	-	-	1.0
Regional Centres Development Plan	0.3	-	4.5	-	-	-	4.5
Regional Community Childcare Development Fund	1.3	1.3	0.1	-	-	-	0.1
Regional Economic Development Grants	-	6.3	6.3	6.4	5.0	5.0	22.6
Regional Enforcement Unit	2.5	5.2	5.3	5.5	5.5	5.5	21.7
Regional Exhibition Touring Boost	0.5	0.5	1.8	1.8	1.8	1.8	7.0
Regional Grants Scheme	14.7	3.2	-	-	-	-	-
Regional Investment Initiative	-	-	1.0	0.9	-	-	1.9
Regional Museum Grants – Regional Collections Development Program	-	0.3	0.3	0.3	0.3	-	0.8
Regional Police Incentives	1.6	2.5	2.5	2.5	2.5	2.5	10.0
Regional Taxi Transition Fund	-	3.1	0.1	0.1	0.1	-	0.3
Regional Youth Justice Services	5.5	5.3	5.3	5.4	5.5	-	16.2
Reinstate funding to Financial Counselling Services	0.3	0.7	0.7	0.7	0.7	-	2.2
Remote and Essential Services	-	-	56.0	56.0	56.0	56.0	224.0
Remote Rural and Regional Women's Network	0.5	0.3	-	-	-	-	-
Remote Swimming Pools	0.1	8.7	6.1	0.6	0.6	0.6	8.0

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Respectful Relationship Programs in Schools	-	-	0.1	0.1	0.1	-	0.3
Responsible Parenting Support Services	3.6	-	-	-	-	-	-
Riverview Residence – Upgrade to Over 55's Estate	-	-	2.0	-	-	-	2.0
Shark Mitigation – SMART Drumline Trials	-	2.1	1.6	-	-	-	1.6
Social Service Worker Housing	3.1	-	-	-	-	-	-
South Hedland and CBD Revitalisation – Stage 2	0.6	0.8	0.7	-	-	-	0.7
South West Emergency Rescue Helicopter Service	8.3	5.1	-	-	-	-	-
Southern Forests Food Council	-	0.6	0.5	0.4	-	-	0.9
Stockton Lake	0.2	0.1	-	-	-	-	-
Thomas Little Memorial Hall	-	0.3	0.3	-	-	-	0.3
Upgrade Surf Life Saving Club – Dalyellup	-	0.3	-	-	-	-	-
Upgrades to Hay Park – Bunbury	0.2	2.5	1.4	-	-	-	1.4
Volunteer Fuel Card	0.6	1.1	1.0	1.0	1.0	1.0	4.0
Waroona Housing Options Village	1.8	-	-	-	-	-	-
Water Playground Kununurra	-	-	0.6	-	-	-	0.6
Wellington Dam Walk Trails	0.1	0.1	-	-	-	-	-
West Kimberley Transitional Housing Program	0.4	-	-	-	-	-	-
Wheatbelt South Aged Housing Alliance	-	-(a)	-	-	-	-	-
TOTAL – INVESTING IN OUR COMMUNITIES	169.9	207.7	462.3	482.1	469.5	467.6	1,881.5
INVESTING IN OUR ROADS AND PORTS							
AgLime Routes	-	6.8	3.2	-	-	-	3.2
Albany Ring Road – Design, Preconstruction and Construction Activities	0.4	0.6	1.0	10.0	2.0	10.0	23.0
Bidyadanga Road (Kimberley) – Seal 13km	0.1	3.9	-	-	-	-	-
Boodarie Entrance Road	-(a)	-	-	-	-	-	-
Broome Boating Facilities Upgrade	-	8.4	1.3	-	-	-	1.3
Broome Marina Planning	-(a)	0.7	0.3	-	-	-	0.3
Broome-Cape Leveque Road	1.6	1.1	5.0	1.8	-	-	6.8
Bunbury Outer Ring Road Design and Technical Assessment	2.5	-(a)	-	-	-	-	-
Bunbury Port Planning	-	0.5	-	-	-	-	-
Collie Preston Region – Upgrades Over Multiple Local Roads	-	3.1	6.2	5.7	-	-	11.9
Coolgardie-Esperance Highway (Goldfields) – Widen, Overlay and Reconstruction	-(a)	-	2.0	5.0	1.0	-	8.0
Dongara Road Alignment	-	0.7	-	-	-	-	-
Duncan Road and Gordon Downs Road Upgrade	-	-	4.0	4.0	2.2	-	10.2
Exmouth Boat Harbour	2.2	-	-	-	-	-	-
Geraldton Airport Runway Pavement Renewal	-	6.5	-	-	-	-	-
Gibb River Road	6.2	9.7	-	-	-	-	-
Great Eastern Highway – Dual Anzac Road to Gatacre Drive, Kalgoorlie	0.5	9.1	4.4	-	-	-	4.4
Great Eastern Highway Passing Lanes	0.1	-	-	-	-	-	-
Great Northern Highway – Bow River Bridge	3.8	-	-	-	-	-	-

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Great Northern Highway – Muchea to Wubin	38.8	-	-	-	-	-	-
Great Northern Highway – Ord River North (Turkey Creek)	-	7.8	2.7	-	-	-	2.7
Great Northern Highway – Wyndham Spur and Maggie's Jump Up	4.3	4.2	-	-	-	-	-
Karratha-Tom Price Road – Sealing of 50km to Millstream	0.5	3.0	1.5	6.0	20.0	19.0	46.5
Local Government Commodity Freight Roads Fund	-	-	10.0	-	-	-	10.0
Mandurah Train Station – New Parking Bays	-	-	2.6	13.5	-	-	16.1
Marble Bar Road – Coongan Gorge	0.5	6.4	-	-	-	-	-
Margaret River Perimeter Road	29.7	3.2	-	-	-	-	-
Moonamang Road	-	5.0	10.0	1.3	-	-	11.3
Outback Way – Seal Priority Sections	-	0.1	4.3	2.3	-	-	6.5
Planning for the Upgrade of Bremer Bay Boat Harbour	-	0.3	-	-	-	-	-
Port of Broome Dredging	1.1	9.5	-	-	-	-	-
Rail Future Fund	0.2	2.0	12.3	12.4	5.1	-	29.8
Rail to Kemerton Industrial Park	-	1.5	3.0	5.5	-	-	8.5
Recreational Boating Facilities Scheme	0.9	0.1	-	-	-	-	-
Replacement of the TransWA Road Coach Fleet	-(a)	-	-	-	-	-	-
South Coast Highway – Widening Pfeiffer Road Manypeaks to Jerramungup Road	0.2	10.8	19.0	-	-	-	19.0
Square Kilometre Array Roads	1.1	2.8	15.4	13.2	2.5	-	31.1
Trial of Subsidised Perth-Derby Regular Public Transport Air Services	-	-	-	1.0	-	-	1.0
TOTAL – INVESTING IN OUR ROADS AND PORTS	94.6	108.0	108.2	81.6	32.8	29.0	251.6
INVESTING IN OUR ENVIRONMENT							
Aboriginal Ranger Program	1.3	3.2	6.6	4.8	4.2	-	15.6
Bushfire Mitigation on Crown Land Regional Townsites	3.4	5.0	5.8	-	-	-	5.8
Carnarvon Flood Mitigation Works – Stage 2	-	0.3	2.8	-	-	-	2.8
Collie River Revitalisation	0.1	0.1	-	-	-	-	-
Dampier Peninsula Project	-	0.4	0.5	0.2	-	-	0.7
Enhanced Prescribed Burning Program	6.3	3.4	5.5	5.5	5.5	5.5	22.0
Fitzroy River Catchment	-	0.4	-	-	-	-	-
Fitzroy River Management Plan	-	-	1.0	0.9	-	-	1.9
Great Kimberley Marine Park	-(a)	1.3	0.3	-	-	-	0.3
Kimberley Science and Conservation Strategy	0.9	-	-	-	-	-	-
Lake Kepwari	0.2	0.4	2.5	-	-	-	2.5
Living Lakes	2.0	1.4	-	-	-	-	-
Lucky Bay Campground Redevelopment Stage 2	0.9	-	-	-	-	-	-
Managing Western Australia's Natural Resources: Supporting Community Involvement	6.4	2.9	-	-	-	-	-
Marine Parks Management	2.0	2.2	0.5	-	-	-	0.5
Murujuga Joint Management	0.7	1.1	1.2	1.0	-	-	2.2
Natural Resource Management Program	-	6.2	6.2	6.2	6.2	6.2	24.8
New Kimberley National Park	-	-	1.1	-	-	-	1.1
Ngari Capes Marine Park	-	-	1.2	1.2	1.2	1.2	4.6
Ningaloo Coastal Reserve	-	-	1.3	1.8	1.8	1.8	6.7
Oyster Reef Habitat Restoration – Albany	-	0.3	0.6	0.1	-	-	0.7

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2017-18 Actual	2018-19 Estimated Actual	2019-20 Budget Estimate	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Peel-Harvey – Estuary Protection Plan	0.5	0.5	0.5	-	-	-	0.5
Peel-Harvey Estuary 1 FTE	0.1	0.1	0.1	-	-	-	0.1
Plan for Our Parks – Indigenous Land Use Agreement	-	-	2.5	2.5	-	-	5.0
Preston River to Ocean Regional Park and Leschenault Regional Park	-	2.0	2.6	3.3	2.6	-	8.5
Public Recreation and Joint Management Arrangements for the Ningaloo Coast	2.0	1.6	1.3	-	-	-	1.3
Regional Estuaries Initiative	5.4	4.6	4.0	-	-	-	4.0
Regional Water Availability, Planning and Investigation	0.2	-	-	-	-	-	-
Revitalising Waterways of Geographe Bay	2.0	1.3	1.6	-	-	-	1.6
Watering Western Australia	2.1	2.5	1.9	-	-	-	1.9
William Bay National Park Infrastructure Project	-	-	2.5	-	-	-	2.5
Yawuru Joint Management	0.7	1.1	1.1	1.1	-	-	2.2
TOTAL – INVESTING IN OUR ENVIRONMENT	37.2	42.1	55.2	28.4	21.5	14.7	119.7
ADMINISTRATION AND ADMINISTERED ITEMS							
Administration ^(b)	68.5	78.0	75.3	71.5	70.3	70.2	287.4
Administered Items ^(c)	-	0.2	22.9	50.8	32.0	29.4	135.0
TOTAL – ADMINISTRATION AND ADMINISTERED ITEMS	68.5	78.2	98.3	122.3	102.3	99.6	422.4
Underspend Provision	-	-67.0	-119.1	-	-	-	-119.1
TOTAL – ROYALTIES FOR REGIONS FUND	842.7	829.0	1,115.4	1,111.8	1,046.9	948.7	4,222.8
Regional Reform Fund Special Purpose Account Transfer ^(d)	-	-	-	16.0	-	-	16.0

(a) Amounts less than \$50,000.

(b) Funding for costs associated with the administration of the Royalties for Regions Fund.

(c) Funding mainly for election commitments where further planning is required to deliver the proposals.

(d) Total Royalties for Regions contributions are forecast to be \$150 million.

Note: Columns/rows may not add due to rounding.

Source: Department of Primary Industries and Regional Development.

Detailed Financial Projections

This appendix contains detailed financial projections for the various sectors of the total public sector defined by the Government Finance Statistics (GFS) framework. The tables in this section satisfy Uniform Presentation Framework (UPF) requirements applicable for all States, Territories and the Commonwealth, and are also consistent with Australian Accounting Standards, in particular, AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.

For reporting periods commencing on or after 1 January 2019 (i.e. from 2019-20 in this Budget), three new accounting standards have an impact on the forecasts contained in this appendix (see feature box in Chapter 3 of this Budget Paper).

Data for prior years used in the analytical chapters of this Budget Paper and in the following financial statements have been adjusted to align with the impact of the new standards to aid the reader with comparative and trend information.

Data for 2017-18 and 2018-19 compiled on the basis of the prevailing accounting standards are shown in Note 9 to the backcast financial statements in this appendix.

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Table 1.1

GENERAL GOVERNMENT **Operating Statement**

	Note	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
		Actual	Estimated	Budget	Forward	Forward	Forward
		\$m	\$m	Estimate	Estimate	Estimate	Estimate
<i>Results from Transactions</i>							
REVENUE							
Taxation		8,540	8,681	9,088	9,522	9,995	10,539
Current grants and subsidies ^(a)		7,013	8,744	9,607	10,626	10,234	10,565
Capital grants ^(a)		922	883	943	1,075	846	1,102
Sales of goods and services		2,516	2,659	2,724	2,796	2,861	2,937
Interest income		170	175	160	165	177	184
Revenue from public corporations							
Dividends from other sector entities		1,718	1,289	1,203	1,288	1,338	1,343
Tax equivalent income		677	662	641	687	739	741
Royalty income		5,231	6,226	6,375	5,714	5,531	5,497
Other		688	606	594	530	549	519
<i>Total ^(a)</i>	3	27,475	29,925	31,334	32,402	32,270	33,427
EXPENSES							
Salaries		12,193	12,322	12,520	12,598	12,828	13,287
Superannuation							
Concurrent costs		1,199	1,213	1,228	1,231	1,310	1,418
Superannuation interest cost		177	133	138	150	158	165
Other employee costs ^(a)		220	238	234	227	228	232
Depreciation and amortisation ^(a)		1,635	1,819	1,865	1,899	1,863	1,852
Services and contracts ^(a)		2,423	2,579	2,751	2,648	2,620	2,680
Other gross operating expenses ^(a)		5,619	5,663	5,704	5,861	6,022	6,153
Interest							
Interest on leases ^(a)		161	190	194	191	186	183
Other interest		818	861	811	841	872	919
Current transfers ^(a)	5	3,659	3,800	4,123	3,957	3,900	3,872
Capital transfers ^(a)	5	312	553	235	220	148	113
<i>Total ^(a)</i>	6	28,417	29,372	29,801	29,823	30,136	30,873
NET OPERATING BALANCE ^(a)	7	-942	553	1,533	2,579	2,133	2,554
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-132	130	-60	9	-5	96
Provision for doubtful debts		-51	-12	-14	-14	-14	-14
Changes in accounting policy/adjustment of prior periods ^(a)		-41	-	-	-	-	-
<i>Total other economic flows ^(a)</i>		<i>-224</i>	<i>118</i>	<i>-74</i>	<i>-4</i>	<i>-18</i>	<i>82</i>
OPERATING RESULT ^(a)		-1,166	671	1,459	2,574	2,115	2,636
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-713	13	861	728	887	860
Net actuarial gains/-loss - superannuation ^(b)		211	-800	-261	-218	-210	-228
Gains recognised directly in equity ^(a)		-9	-	-60	-59	-63	-57
Change in net worth of the public corporations sectors ^(a)		-1,638	-32	-120	149	314	257
All other		-	-	-	-	-	-
<i>Total all other movements in equity ^(a)</i>		<i>-2,149</i>	<i>-819</i>	<i>420</i>	<i>600</i>	<i>929</i>	<i>833</i>
TOTAL CHANGE IN NET WORTH ^(a)		-3,315	-148	1,879	3,174	3,044	3,469
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE ^(a)	7	-942	553	1,533	2,579	2,133	2,554
<i>Less: Net acquisition of non-financial assets</i>							
Purchase of non-financial assets	6	2,438	2,658	2,505	2,006	1,889	2,388
Changes in inventories		-3	-1	-	-	-	-
Other movement in non-financial assets		513	-5	-	-	-	-
Less:							
Sales of non-financial assets		82	174	137	151	204	184
Depreciation ^(a)		1,635	1,819	1,865	1,899	1,863	1,852
<i>Total net acquisition of non-financial assets ^(a)</i>		<i>1,232</i>	<i>659</i>	<i>502</i>	<i>-44</i>	<i>-178</i>	<i>352</i>
NET LENDING/-BORROWING ^(a)	7	-2,174	-106	1,030	2,623	2,311	2,202

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

(b) Net actuarial gains/-loss on superannuation reclassified from 'other economic flows' to 'all other movements in equity'.

Note: Columns may not add due to rounding.

Table 1.2

GENERAL GOVERNMENT
Balance Sheet at 30 June

Note	2018	2019	2020	2021	2022	2023
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	Estimate	Estimate	Estimate	Estimate
ASSETS						
<i>Financial assets</i>						
Cash and deposits	862	851	1,178	1,035	932	951
Advances paid	741	758	775	768	756	748
Investments, loans and placements	5,682	3,633	2,924	3,950	4,568	5,672
Receivables	3,212	3,519	3,127	2,889	2,829	2,784
Shares and other equity						
Investments in other public sector entities - equity method ^(a)	42,300	42,268	42,148	42,297	42,611	42,869
Investments in other public sector entities - direct injections	9,377	9,745	10,876	11,768	12,718	13,375
Investments in other entities	48	15	15	15	15	15
Other financial assets	8	8	8	9	9	9
<i>Total financial assets ^(a)</i>	<i>62,230</i>	<i>60,798</i>	<i>61,052</i>	<i>62,731</i>	<i>64,438</i>	<i>66,424</i>
<i>Non-financial assets</i>						
Land	36,406	36,120	36,185	36,432	36,886	37,447
Property, plant and equipment ^(a)	47,703	49,470	51,034	51,690	52,198	53,187
Biological assets	3	3	3	3	3	3
Inventories						
Land inventories	-	-	-	-	-	-
Other inventories	70	69	69	69	69	69
Intangibles	627	610	582	523	474	409
Non-current assets held for sale	125	40	34	34	34	34
Investment property	7	7	7	7	7	7
Other	248	382	378	383	390	379
<i>Total non-financial assets ^(a)</i>	<i>85,190</i>	<i>86,702</i>	<i>88,291</i>	<i>89,142</i>	<i>90,062</i>	<i>91,536</i>
TOTAL ASSETS ^(a)	147,420	147,500	149,343	151,873	154,500	157,959
LIABILITIES						
Deposits held	553	620	847	734	471	262
Advances received	360	368	377	360	342	324
Borrowings						
Lease liabilities ^(a)	4,179	4,475	4,551	4,407	4,266	4,131
Other borrowings	26,924	26,491	26,807	27,131	27,214	27,760
Unfunded superannuation	6,541	6,938	6,817	6,658	6,585	6,553
Other employee benefits	3,033	3,064	3,103	3,132	3,153	3,174
Payables	1,277	1,289	1,301	1,319	1,322	1,328
Other liabilities ^(a)	2,307	2,155	1,562	980	950	762
<i>TOTAL LIABILITIES ^(a)</i>	<i>45,174</i>	<i>45,401</i>	<i>45,365</i>	<i>44,721</i>	<i>44,304</i>	<i>44,295</i>
NET ASSETS ^(a)	102,246	102,099	103,978	107,152	110,196	113,665
<i>Of which:</i>						
Contributed equity	-	-	-	-	-	-
Accumulated surplus ^(a)	4,743	5,413	6,528	9,177	11,366	14,094
Other reserves ^(a)	97,503	96,686	97,450	97,975	98,830	99,571
NET WORTH ^(a)	7	102,246	102,099	107,152	110,196	113,665
MEMORANDUM ITEMS						
<i>Net financial worth ^(a)</i>	<i>17,057</i>	<i>15,397</i>	<i>15,687</i>	<i>18,010</i>	<i>20,134</i>	<i>22,129</i>
<i>Net financial liabilities ^(a)</i>	<i>34,668</i>	<i>36,631</i>	<i>37,352</i>	<i>36,070</i>	<i>35,210</i>	<i>34,130</i>
<i>Net debt</i>						
Gross debt liabilities ^(a)	32,016	31,954	32,582	32,633	32,293	32,477
Less: liquid financial assets	7,285	5,242	4,877	5,753	6,256	7,372
<i>Net debt ^(a)</i>	<i>24,731</i>	<i>26,712</i>	<i>27,705</i>	<i>26,879</i>	<i>26,037</i>	<i>25,105</i>

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

Note: Columns may not add due to rounding.

Table 1.3

GENERAL GOVERNMENT **Cash Flow Statement**

Note	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	Estimate	Estimate	Estimate	Estimate
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received	8,506	8,866	9,104	9,538	10,011	10,551
Grants and subsidies received	9,773	11,158	11,762	13,135	13,117	13,592
Receipts from sales of goods and services	2,723	2,678	2,750	2,817	2,872	2,974
Interest receipts	158	168	155	160	172	179
Dividends and tax equivalents	2,280	2,009	1,863	2,001	2,064	2,121
Other receipts	7,230	7,586	8,519	7,547	7,246	7,146
<i>Total cash received</i>	<i>30,670</i>	<i>32,465</i>	<i>34,153</i>	<i>35,198</i>	<i>35,483</i>	<i>36,564</i>
<i>Cash Paid</i>						
Wages, salaries and supplements, and superannuation	-13,801	-14,048	-14,233	-14,328	-14,557	-15,109
Payments for goods and services ^(a)	-8,378	-8,471	-8,693	-8,742	-8,888	-9,100
Interest paid ^(a)	-1,005	-1,117	-1,080	-1,104	-1,124	-1,157
Grants and subsidies paid	-5,125	-5,640	-5,519	-5,573	-5,512	-5,530
Dividends and tax equivalents	-	-	-	-	-	-
Other payments	-1,727	-1,547	-1,574	-1,570	-1,588	-1,596
<i>Total cash paid ^(a)</i>	<i>-30,035</i>	<i>-30,823</i>	<i>-31,099</i>	<i>-31,318</i>	<i>-31,669</i>	<i>-32,491</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES ^(a)	635	1,642	3,054	3,880	3,814	4,073
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-2,438	-2,658	-2,505	-2,006	-1,889	-2,388
Sales of non-financial assets	82	174	137	151	204	184
<i>Total cash flows from investments in non-financial assets</i>	<i>-2,357</i>	<i>-2,484</i>	<i>-2,367</i>	<i>-1,855</i>	<i>-1,685</i>	<i>-2,204</i>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	13	23	10	10	10	10
For liquidity purposes	76	236	65	13	13	8
<i>Cash paid</i>						
For policy purposes	-573	-810	-1,272	-969	-1,073	-685
For liquidity purposes	-57	-10	-33	-16	-16	-28
<i>Total cash flows from investments in financial assets</i>	<i>-541</i>	<i>-561</i>	<i>-1,230</i>	<i>-962</i>	<i>-1,067</i>	<i>-695</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-2,898	-3,046	-3,598	-2,817	-2,752	-2,898
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	16	17	17	17	18	18
Borrowings	4,318	121	1,750	470	189	638
Deposits received	-	-	-	-	-	-
Other financing receipts	156	235	181	78	75	21
<i>Total cash receipts from financing activities</i>	<i>4,490</i>	<i>373</i>	<i>1,948</i>	<i>566</i>	<i>281</i>	<i>677</i>
<i>Cash paid</i>						
Advances paid	-16	-17	-17	-17	-18	-18
Borrowings repaid	-182	-552	-1,434	-146	-106	-93
Deposits paid	-	-	-	-	-	-
Other financing payments ^(a)	-508	-484	-564	-478	-458	-436
<i>Total payments for financing activities ^(a)</i>	<i>-706</i>	<i>-1,053</i>	<i>-2,014</i>	<i>-642</i>	<i>-582</i>	<i>-546</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	3,784	-680	-66	-76	-301	130
Net increase in cash and cash equivalents	1,521	-2,084	-610	987	762	1,305
Cash and cash equivalents at the beginning of the year	4,839	6,360	4,276	3,666	4,653	5,415
Cash and cash equivalents at the end of the year	6,360	4,276	3,666	4,653	5,415	6,720
KEY FISCAL AGGREGATES						
Net cash flows from operating activities ^(a)	635	1,642	3,054	3,880	3,814	4,073
Net cash flows from investing in non-financial assets	-2,357	-2,484	-2,367	-1,855	-1,685	-2,204
Cash surplus/-deficit ^(a)	-1,721	-843	687	2,025	2,130	1,869

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).
Note: Columns may not add due to rounding.

Table 1.4

PUBLIC NON-FINANCIAL CORPORATIONS
Operating Statement

	Note	2017-18 Actual \$m	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
<i>Results from Transactions</i>							
REVENUE							
Current grants and subsidies		1,891	1,865	1,992	1,925	1,964	1,972
Capital grants		151	370	76	61	45	16
Sales of goods and services ^(a)		27,448	30,639	31,909	32,686	33,424	33,879
Interest income		149	174	193	212	227	245
Other		446	496	489	502	544	555
<i>Total ^(a)</i>		<i>30,086</i>	<i>33,544</i>	<i>34,658</i>	<i>35,387</i>	<i>36,203</i>	<i>36,666</i>
EXPENSES							
Salaries		1,044	1,178	1,208	1,214	1,231	1,253
Superannuation							
Concurrent costs		99	116	118	119	126	134
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		39	24	25	25	25	26
Depreciation and amortisation ^(a)		2,015	2,038	2,153	2,202	2,262	2,332
Services and contracts		893	714	667	553	626	582
Other gross operating expenses ^(a)		22,986	25,973	27,195	27,695	28,258	28,761
Interest							
Interest on leases ^(a)		113	110	107	99	91	83
Other interest		691	731	745	805	862	943
Tax equivalents		560	604	599	643	690	686
Current transfers		1,120	1,167	1,195	1,181	1,183	1,185
Capital transfers		67	7	7	-	-	-
<i>Total ^(a)</i>		<i>29,628</i>	<i>32,662</i>	<i>34,019</i>	<i>34,535</i>	<i>35,353</i>	<i>35,984</i>
NET OPERATING BALANCE	7	458	882	639	852	850	682
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		47	7	16	117	164	204
Provision for doubtful debts		-15	-35	-34	-30	-27	-28
Changes in accounting policy/adjustment of prior periods ^(a)		-1,043	-	-	-	-	-
<i>Total other economic flows ^(a)</i>		<i>-1,010</i>	<i>-28</i>	<i>-17</i>	<i>87</i>	<i>137</i>	<i>176</i>
OPERATING RESULT ^(a)		-553	853	622	939	986	858
<i>Other non-owner movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-957	164	127	296	433	486
Net actuarial gains/-loss - superannuation ^(b)		-6	-10	1	2	2	2
Gains recognised directly in equity		1,143	3	1	-1	3	-
All other		-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>		<i>179</i>	<i>157</i>	<i>130</i>	<i>297</i>	<i>438</i>	<i>488</i>
<i>Movements in owner equity</i>							
Dividends		-1,560	-1,162	-1,113	-1,206	-1,263	-1,262
Capital injections		444	416	1,158	914	965	668
<i>Total movements in owner equity</i>		<i>-1,116</i>	<i>-746</i>	<i>44</i>	<i>-291</i>	<i>-297</i>	<i>-595</i>
TOTAL CHANGE IN NET WORTH ^(a)		-1,489	265	796	945	1,127	751
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	7	458	882	639	852	850	682
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		2,621	2,879	3,194	3,629	4,049	3,447
Changes in inventories		-319	67	74	47	72	80
Other movement in non-financial assets		84	171	175	186	203	208
<i>Less:</i>							
Sales of non-financial assets		495	584	628	703	796	727
Depreciation ^(a)		2,015	2,038	2,153	2,202	2,262	2,332
<i>Total net acquisition of non-financial assets ^(a)</i>		<i>-124</i>	<i>495</i>	<i>662</i>	<i>958</i>	<i>1,266</i>	<i>676</i>
NET LENDING/-BORROWING ^(a)	7	582	387	-23	-105	-417	6

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

(b) Net actuarial gains/-loss on superannuation reclassified from 'other economic flows' to 'all other movements in equity'.

Note: Columns may not add due to rounding.

Table 1.5

PUBLIC NON-FINANCIAL CORPORATIONS
Balance Sheet at 30 June

Note	2018	2019	2020	2021	2022	2023
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	Estimate	Estimate	Estimate	Estimate
ASSETS						
<i>Financial assets</i>						
Cash and deposits	1,441	1,296	1,613	1,574	1,384	1,210
Advances paid	-	-	-	-	-	-
Investments, loans and placements ^(a)	4,898	5,205	5,670	5,613	5,551	5,511
Receivables	1,825	1,969	1,968	1,930	1,874	2,000
Shares and other equity						
Investments in other public sector entities - equity method	-	-	-	-	-	-
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	-	6	17	38	40	43
Other financial assets	743	673	518	404	301	220
<i>Total financial assets ^(a)</i>	<i>8,906</i>	<i>9,150</i>	<i>9,786</i>	<i>9,559</i>	<i>9,150</i>	<i>8,984</i>
<i>Non-financial assets</i>						
Land	9,115	8,660	8,517	8,517	8,645	8,861
Property, plant and equipment ^(a)	55,732	56,468	57,591	58,800	60,406	61,532
Biological assets	329	321	319	317	316	313
Inventories						
Land inventories	1,902	1,987	2,025	2,243	2,438	2,610
Other inventories	3,661	3,727	3,801	3,848	3,920	4,000
Intangibles	451	397	381	368	348	340
Non-current assets held for sale	59	59	59	59	59	59
Investment property	70	60	54	52	52	50
Other	158	124	122	127	126	126
<i>Total non-financial assets ^(a)</i>	<i>71,476</i>	<i>71,804</i>	<i>72,869</i>	<i>74,331</i>	<i>76,309</i>	<i>77,890</i>
TOTAL ASSETS ^(a)	80,382	80,954	82,655	83,890	85,459	86,874
LIABILITIES						
Deposits held	-	-	-	-	-	-
Advances received	372	343	327	310	292	274
Borrowings						
Lease liabilities ^(a)	1,367	1,327	1,322	1,200	1,071	946
Other borrowings	21,940	22,262	23,052	23,476	24,000	24,711
Unfunded superannuation	90	83	66	47	31	20
Other employee benefits	354	359	364	362	368	371
Payables ^(a)	5,247	5,357	5,479	5,534	5,632	5,720
Other liabilities ^(a)	1,556	1,501	1,421	1,391	1,367	1,383
TOTAL LIABILITIES ^(a)	30,926	31,232	32,030	32,319	32,762	33,426
NET ASSETS ^(a)	49,456	49,722	50,625	51,570	52,697	53,448
<i>Of which:</i>						
Contributed equity	9,477	9,894	11,052	11,966	12,931	13,599
Accumulated surplus ^(a)	18,301	18,688	18,161	17,807	17,491	17,035
Other reserves	21,677	21,140	21,413	21,797	22,275	22,815
NET WORTH ^(a)	7	49,722	50,625	51,570	52,697	53,448
MEMORANDUM ITEMS						
<i>Net financial worth ^(a)</i>	<i>-22,019</i>	<i>-22,083</i>	<i>-22,244</i>	<i>-22,761</i>	<i>-23,612</i>	<i>-24,442</i>
<i>Net debt</i>						
Gross debt liabilities ^(a)	23,679	23,933	24,701	24,985	25,364	25,931
Less: liquid financial assets	6,339	6,501	7,282	7,187	6,935	6,721
<i>Net debt ^(a)</i>	<i>17,340</i>	<i>17,432</i>	<i>17,418</i>	<i>17,798</i>	<i>18,429</i>	<i>19,211</i>

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

Note: Columns may not add due to rounding.

Table 1.6

PUBLIC NON-FINANCIAL CORPORATIONS
Cash Flow Statement

Note	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	Actual	Estimate	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Grants and subsidies received	2,048	2,226	2,082	1,991	2,014	1,993
Receipts from sales of goods and services ^(a)	18,366	20,018	20,951	21,516	22,149	22,240
Interest receipts ^(a)	135	163	196	215	228	246
Dividends and tax equivalents	78	64	60	57	55	53
Other receipts	1,453	1,199	1,237	1,223	1,232	1,264
<i>Total cash received</i>	<i>22,078</i>	<i>23,669</i>	<i>24,526</i>	<i>25,002</i>	<i>25,678</i>	<i>25,796</i>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-1,234	-1,321	-1,340	-1,356	-1,369	-1,395
Payments for goods and services ^(a)	-13,210	-14,400	-15,097	-15,176	-15,679	-16,200
Interest paid ^(a)	-756	-793	-852	-912	-973	-1,039
Grants and subsidies paid	-663	-698	-711	-711	-736	-736
Tax equivalents	-516	-606	-618	-670	-677	-723
Other payments ^(a)	-3,202	-3,282	-3,381	-3,377	-3,402	-3,168
<i>Total cash paid ^(a)</i>	<i>-19,581</i>	<i>-21,101</i>	<i>-21,999</i>	<i>-22,201</i>	<i>-22,836</i>	<i>-23,262</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES ^(a)	2,497	2,569	2,526	2,801	2,842	2,534
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-2,621	-2,879	-3,194	-3,629	-4,049	-3,447
Sales of non-financial assets	495	584	628	703	796	727
<i>Total cash flows from investments in non-financial assets</i>	<i>-2,126</i>	<i>-2,295</i>	<i>-2,566</i>	<i>-2,926</i>	<i>-3,253</i>	<i>-2,720</i>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	100	30	26	5	5	1
<i>Cash paid</i>						
For policy purposes	-21	-5	-52	-22	-49	-4
For liquidity purposes	-19	-50	-32	-32	-12	-9
<i>Total cash flows from investments in financial assets</i>	<i>60</i>	<i>-25</i>	<i>-58</i>	<i>-49</i>	<i>-56</i>	<i>-12</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-2,065	-2,320	-2,624	-2,975	-3,309	-2,732
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	13	-	-	-	-	-
Borrowings	12,475	5,179	6,778	5,755	5,253	6,589
Deposits received	-	-	-	-	-	-
Other financing receipts	623	870	1,417	1,073	1,166	756
<i>Total cash received</i>	<i>13,110</i>	<i>6,049</i>	<i>8,195</i>	<i>6,828</i>	<i>6,419</i>	<i>7,345</i>
<i>Cash paid</i>						
Advances paid	-16	-29	-17	-17	-18	-18
Borrowings repaid	-12,201	-5,247	-6,543	-5,337	-4,719	-5,874
Deposits paid	-	-	-	-	-	-
Other financing payments ^(a)	-51	-65	-154	-137	-139	-147
Dividends paid	-1,560	-1,162	-1,113	-1,206	-1,263	-1,262
<i>Total cash paid ^(a)</i>	<i>-13,827</i>	<i>-6,503</i>	<i>-7,827</i>	<i>-6,697</i>	<i>-6,139</i>	<i>-7,301</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES ^(a)	-717	-454	368	131	280	44
Net increase in cash and cash equivalents	-285	-206	270	-42	-187	-154
Cash and cash equivalents at the beginning of the year	2,174	1,889	1,683	1,953	1,910	1,723
Cash and cash equivalents at the end of the year	1,889	1,683	1,953	1,910	1,723	1,570
KEY FISCAL AGGREGATES						
Net cash flows from operating activities ^(a)	2,497	2,569	2,526	2,801	2,842	2,534
Net cash flows from investing in non-financial assets	-2,126	-2,295	-2,566	-2,926	-3,253	-2,720
Dividends paid	-1,560	-1,162	-1,113	-1,206	-1,263	-1,262
Cash surplus/-deficit ^(a)	-1,188	-889	-1,153	-1,331	-1,674	-1,448

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

Note: Columns may not add due to rounding.

Table 1.7

TOTAL NON-FINANCIAL PUBLIC SECTOR

Operating Statement

	Note	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
		Actual	Estimated	Budget	Forward	Forward	Forward
		\$m	\$m	Estimate	Estimate	Estimate	Estimate
<i>Results from Transactions</i>							
REVENUE							
Taxation		8,057	8,173	8,565	8,984	9,450	9,986
Current grants and subsidies ^(a)		7,013	8,744	9,607	10,626	10,234	10,565
Capital grants ^(a)		922	883	943	1,075	846	1,102
Sales of goods and services ^(a)		29,517	32,865	34,170	35,037	35,757	36,348
Interest income		284	314	318	343	371	397
Royalty income		5,231	6,226	6,375	5,714	5,531	5,497
Dividend and tax equivalents		340	244	189	181	177	186
Other		1,032	1,010	1,001	951	1,011	995
Total ^(a)		52,395	58,460	61,166	62,911	63,378	65,076
EXPENSES							
Salaries		13,237	13,500	13,727	13,812	14,059	14,539
Superannuation							
Concurrent costs		1,299	1,329	1,346	1,350	1,436	1,551
Superannuation interest cost		177	133	138	150	158	165
Other employee costs		261	252	258	252	253	257
Depreciation and amortisation ^(a)		3,589	3,865	3,965	4,050	4,072	4,130
Services and contracts ^(a)		3,258	3,245	3,422	3,205	3,250	3,266
Other gross operating expenses ^(a)		28,033	30,979	32,220	32,891	33,533	34,223
Interest							
Interest on leases ^(a)		253	302	291	281	271	261
Other interest		1,484	1,567	1,532	1,621	1,708	1,835
Current transfers ^(a)		2,573	2,776	2,989	2,863	2,762	2,723
Capital transfers ^(a)		224	185	166	158	102	97
Total ^(a)		54,388	58,134	60,054	60,634	61,605	63,049
NET OPERATING BALANCE ^(a)	7	-1,992	326	1,112	2,277	1,773	2,028
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-85	137	-44	127	160	300
Provision for doubtful debts		-66	-48	-47	-44	-41	-42
Changes in accounting policy/adjustment of prior periods ^(a)		-551	-	-	-	-	-
Total other economic flows ^(a)		-702	89	-92	83	118	258
OPERATING RESULT ^(a)		-2,694	415	1,020	2,359	1,891	2,286
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-1,670	473	667	1,068	1,351	1,367
Net actuarial gains/-loss - superannuation ^(b)		204	-810	-260	-216	-208	-226
Gains recognised directly in equity ^(a)		1,134	3	-112	-111	-113	-111
Change in net worth of the PFC sector		123	23	80	74	123	153
All other		-	-	-	-	-	-
Total all other movements in equity ^(a)		-208	-312	375	815	1,152	1,183
TOTAL CHANGE IN NET WORTH ^(a)		-2,903	104	1,395	3,174	3,044	3,469
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE ^(a)	7	-1,992	326	1,112	2,277	1,773	2,028
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		5,049	5,509	5,638	5,585	5,796	5,730
Changes in inventories		-321	66	74	47	72	80
Other movement in non-financial assets		596	166	175	186	203	208
<i>Less:</i>							
Sales of non-financial assets		566	729	704	804	857	806
Depreciation ^(a)		3,589	3,865	3,965	4,050	4,072	4,130
Total net acquisition of non-financial assets ^(a)		1,169	1,147	1,218	965	1,141	1,082
NET LENDING/-BORROWING ^(a)	7	-3,161	-821	-106	1,312	632	946

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

(b) Net actuarial gains/-loss on superannuation reclassified from 'other economic flows' to 'all other movements in equity'.

Note: Columns may not add due to rounding.

Table 1.8

TOTAL NON-FINANCIAL PUBLIC SECTOR
Balance Sheet at 30 June

Note	2018	2019	2020	2021	2022	2023
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	Estimate	Estimate	Estimate	Estimate
ASSETS						
<i>Financial assets</i>						
Cash and deposits	1,777	1,542	1,959	1,890	1,860	1,914
Advances paid	368	415	449	458	464	474
Investments, loans and placements	10,327	8,585	8,342	9,364	9,975	11,096
Receivables	4,907	5,343	4,986	4,733	4,611	4,725
Shares and other equity						
Investments in other public sector entities - equity method	2,221	2,292	2,399	2,495	2,633	2,796
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	48	21	32	53	55	58
Other financial assets	8	8	8	9	9	9
<i>Total financial assets</i>	<i>19,657</i>	<i>18,207</i>	<i>18,175</i>	<i>19,002</i>	<i>19,606</i>	<i>21,072</i>
<i>Non-financial assets</i>						
Land ^(a)	45,521	44,780	44,701	44,949	45,531	46,307
Property, plant and equipment ^(a)	102,375	105,304	107,505	109,401	111,554	113,706
Biological assets	332	324	322	320	319	316
Inventories						
Land inventories	1,902	1,987	2,025	2,243	2,438	2,610
Other inventories	3,731	3,797	3,870	3,918	3,989	4,069
Intangibles	1,079	1,007	963	891	822	749
Non-current assets held for sale	183	99	93	93	93	93
Investment property	77	67	61	59	59	57
Other	405	506	499	510	516	505
<i>Total non-financial assets ^(a)</i>	<i>155,605</i>	<i>157,872</i>	<i>160,040</i>	<i>162,385</i>	<i>165,320</i>	<i>168,412</i>
TOTAL ASSETS ^(a)	175,262	176,079	178,215	181,387	184,927	189,484
LIABILITIES						
Deposits held	24	12	12	12	12	12
Advances received	360	368	377	360	342	324
Borrowings						
Lease liabilities ^(a)	4,055	4,739	4,474	4,269	4,070	3,885
Other borrowings	48,864	48,753	49,859	50,607	51,214	52,470
Unfunded superannuation	6,631	7,021	6,883	6,705	6,616	6,574
Other employee benefits	3,386	3,423	3,467	3,494	3,521	3,545
Payables ^(a)	6,402	6,509	6,673	6,770	6,865	6,991
Other liabilities ^(a)	3,061	2,671	2,493	2,019	2,090	2,018
<i>TOTAL LIABILITIES ^(a)</i>	<i>72,783</i>	<i>73,496</i>	<i>74,237</i>	<i>74,235</i>	<i>74,731</i>	<i>75,819</i>
NET ASSETS ^(a)	102,479	102,583	103,978	107,152	110,196	113,665
<i>Of which:</i>						
Contributed equity	-	-	-	-	-	-
Accumulated surplus ^(a)	23,147	24,203	24,671	26,943	28,794	31,047
Other reserves ^(a)	79,332	78,380	79,307	80,209	81,402	82,618
NET WORTH ^(a)	7	102,479	102,583	107,152	110,196	113,665
MEMORANDUM ITEMS						
<i>Net financial worth ^(a)</i>	<i>-53,126</i>	<i>-55,289</i>	<i>-56,062</i>	<i>-55,232</i>	<i>-55,124</i>	<i>-54,748</i>
<i>Net financial liabilities ^(a)</i>	<i>55,395</i>	<i>57,602</i>	<i>58,494</i>	<i>57,780</i>	<i>57,812</i>	<i>57,602</i>
<i>Net debt</i>						
Gross debt liabilities ^(a)	53,303	53,872	54,722	55,248	55,638	56,692
Less: liquid financial assets	12,473	10,542	10,749	11,713	12,299	13,483
<i>Net debt ^(a)</i>	<i>40,830</i>	<i>43,330</i>	<i>43,973</i>	<i>43,535</i>	<i>43,340</i>	<i>43,209</i>

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

Note: Columns may not add due to rounding.

Table 1.9

TOTAL NON-FINANCIAL PUBLIC SECTOR

Cash Flow Statement

	Note	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
		Actual	Estimated	Budget	Forward	Forward	Forward
		\$m	\$m	Estimate	Estimate	Estimate	Estimate
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		8,020	8,349	8,574	8,992	9,457	10,001
Grants and subsidies received ^(a)		9,773	11,158	11,762	13,135	13,117	13,592
Receipts from sales of goods and services		20,551	22,200	23,184	23,831	24,438	24,686
Interest receipts		267	305	316	342	368	394
Dividends and tax equivalents		282	305	191	183	178	188
Other receipts		8,315	8,367	9,393	8,414	8,128	8,062
<i>Total cash received ^(a)</i>		<i>47,208</i>	<i>50,684</i>	<i>53,420</i>	<i>54,897</i>	<i>55,686</i>	<i>56,923</i>
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-15,035	-15,369	-15,573	-15,684	-15,927	-16,504
Payments for goods and services ^(a)		-20,681	-21,991	-23,037	-23,191	-23,773	-24,572
Interest paid ^(a)		-1,776	-1,900	-1,897	-1,983	-2,064	-2,163
Grants and subsidies paid		-3,711	-4,091	-4,128	-4,272	-4,211	-4,251
Dividends and tax equivalents		-	-	-	-	-	-
Other payments ^(a)		-4,419	-4,291	-4,425	-4,400	-4,434	-4,212
<i>Total cash paid ^(a)</i>		<i>-45,622</i>	<i>-47,642</i>	<i>-49,060</i>	<i>-49,531</i>	<i>-50,409</i>	<i>-51,702</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES ^(a)		1,586	3,042	4,360	5,365	5,277	5,221
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-5,049	-5,509	-5,638	-5,585	-5,796	-5,730
Sales of non-financial assets		566	729	704	804	857	806
<i>Total cash flows from investments in non-financial assets</i>		<i>-4,482</i>	<i>-4,780</i>	<i>-4,934</i>	<i>-4,781</i>	<i>-4,938</i>	<i>-4,924</i>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		13	10	10	10	10	10
For liquidity purposes		175	266	70	18	17	9
<i>Cash paid</i>							
For policy purposes		-16	-10	-10	-10	-10	-10
For liquidity purposes		-76	-60	-44	-48	-28	-37
<i>Total cash flows from investments in financial assets</i>		<i>96</i>	<i>206</i>	<i>26</i>	<i>-30</i>	<i>-11</i>	<i>-29</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-4,386	-4,573	-4,907	-4,811	-4,949	-4,952
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		16,793	5,300	8,528	6,226	5,442	7,227
Deposits received		-	-	-	-	-	-
Other financing receipts		156	230	129	56	26	17
<i>Total cash received</i>		<i>16,949</i>	<i>5,530</i>	<i>8,657</i>	<i>6,282</i>	<i>5,467</i>	<i>7,244</i>
<i>Cash paid</i>							
Advances paid		-16	-17	-17	-17	-18	-18
Borrowings repaid		-12,383	-5,799	-7,977	-5,484	-4,825	-5,966
Deposits paid		-	-	-	-	-	-
Other financing payments ^(a)		-514	-473	-456	-391	-378	-378
<i>Total cash paid ^(a)</i>		<i>-12,913</i>	<i>-6,289</i>	<i>-8,450</i>	<i>-5,891</i>	<i>-5,221</i>	<i>-6,362</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES ^(a)		4,036	-759	207	390	247	882
Net increase in cash and cash equivalents		1,236	-2,291	-340	945	575	1,151
Cash and cash equivalents at the beginning of the year		7,012	8,248	5,958	5,618	6,563	7,138
Cash and cash equivalents at the end of the year		8,248	5,958	5,618	6,563	7,138	8,289
KEY FISCAL AGGREGATES							
Net cash flows from operating activities ^(a)		1,586	3,042	4,360	5,365	5,277	5,221
Net cash flows from investing in non-financial assets		-4,482	-4,780	-4,934	-4,781	-4,938	-4,924
Cash surplus/-deficit ^(a)		-2,896	-1,738	-573	584	339	298

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

Note: Columns may not add due to rounding.

Table 1.10

PUBLIC FINANCIAL CORPORATIONS
Operating Statement

	Note	2017-18 Actual \$m	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
<i>Results from Transactions</i>							
REVENUE							
Current grants and subsidies		-	-	-	-	-	-
Capital grants		-	-	-	-	-	-
Sales of goods and services		1,231	1,157	1,191	1,225	1,281	1,335
Interest income		1,799	1,964	1,998	2,109	2,155	2,255
Other		10	89	100	104	112	121
Total		3,040	3,210	3,290	3,438	3,548	3,712
EXPENSES							
Salaries		59	56	60	61	62	63
Superannuation							
Concurrent costs		6	6	6	6	6	7
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		2	3	3	3	3	3
Depreciation and amortisation		8	8	10	11	11	10
Services and contracts		10	11	11	11	11	12
Other gross operating expenses		961	1,121	1,217	1,291	1,343	1,397
Interest							
Interest on leases		1	1	1	1	1	1
Other interest		1,540	1,768	1,800	1,904	1,948	2,045
Tax equivalents		117	58	42	44	49	55
Current transfers		4	4	5	5	5	5
Capital transfers		11	8	8	7	6	6
Total		2,721	3,045	3,161	3,344	3,445	3,602
NET OPERATING BALANCE	7	320	166	128	94	104	110
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		196	134	155	162	177	195
Provision for doubtful debts		-	-	-	-	-	-
Changes in accounting policy/adjustment of prior periods		-108	-	-	-	-	-
Total other economic flows		88	134	155	162	177	195
OPERATING RESULT		408	300	283	256	281	305
<i>Other non-owner movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		1	6	-2	-2	-	-
Net actuarial gains/-loss - superannuation ^(a)		2	-	-	-	-	-
Gains recognised directly in equity		107	-	-	-	-	-
All other		-	-	-	-	-	-
Total other non-owner movements in equity		110	6	-1	-2	-	-
<i>Movements in owner equity</i>							
Dividends		-223	-186	-147	-137	-128	-131
Capital injections		-86	-48	-27	-22	-15	-11
Total movements in owner equity		-309	-235	-174	-159	-143	-142
TOTAL CHANGE IN NET WORTH		209	71	108	96	138	163
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	7	320	166	128	94	104	110
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		3	10	8	7	7	7
Changes in inventories		-	-	-	-	-	-
Other movement in non-financial assets		-	-	-	-	-	-
<i>Less:</i>							
Sales of non-financial assets		-	-	-	-	-	-
Depreciation		8	8	10	11	11	10
Total net acquisition of non-financial assets		-6	1	-1	-5	-4	-4
NET LENDING/-BORROWING	7	325	164	129	99	108	113

(a) Net actuarial gains/-loss on superannuation reclassified from 'other economic flows' to 'all other movements in equity'.

Note: Columns may not add due to rounding.

Table 1.11

PUBLIC FINANCIAL CORPORATIONS
Balance Sheet at 30 June

Note	2018	2019	2020	2021	2022	2023
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	Estimate	Estimate	Estimate	Estimate
ASSETS						
<i>Financial assets</i>						
Cash and deposits	306	274	271	281	289	297
Advances paid	3,980	4,397	4,927	4,927	4,918	4,913
Investments, loans and placements	59,075	58,906	60,235	61,281	62,473	64,103
Receivables	705	720	727	735	742	751
Shares and other equity						
Investments in other public sector entities - equity method	-	-	-	-	-	-
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	1,806	1,901	2,051	2,222	2,412	2,620
Other financial assets	5	5	5	5	5	5
Total financial assets	65,877	66,203	68,216	69,451	70,839	72,689
<i>Non-financial assets</i>						
Land	-	-	-	-	-	-
Property, plant and equipment ^(a)	28	32	32	27	23	19
Biological assets	-	-	-	-	-	-
Inventories						
Land inventories	-	-	-	-	-	-
Other inventories	-	-	-	-	-	-
Intangibles	6	9	11	11	11	11
Non-current assets held for sale	-	-	-	-	-	-
Investment property	-	-	-	-	-	-
Other	3	10	10	10	10	10
Total non-financial assets ^(a)	37	50	53	48	44	40
TOTAL ASSETS ^(a)	65,914	66,254	68,269	69,499	70,883	72,729
LIABILITIES						
Deposits held	-	-	-	-	-	-
Advances received	3	2	2	2	2	2
Borrowings						
Lease liabilities ^(a)	28	28	28	24	20	15
Other borrowings	59,214	59,349	60,962	61,746	62,608	63,886
Unfunded superannuation	5	7	8	9	10	12
Other employee benefits	11	12	12	12	12	13
Payables	234	100	69	44	35	30
Other liabilities	4,198	4,464	4,790	5,167	5,562	5,975
TOTAL LIABILITIES ^(a)	63,693	63,962	65,870	67,004	68,250	69,932
NET ASSETS	2,221	2,292	2,399	2,495	2,633	2,796
<i>Of which:</i>						
Contributed equity	-100	-148	-176	-198	-213	-223
Accumulated surplus	2,292	2,402	2,513	2,611	2,738	2,883
Other reserves	28	38	62	82	107	136
NET WORTH	7	2,292	2,399	2,495	2,633	2,796
MEMORANDUM ITEMS						
<i>Net financial worth ^(a)</i>	<i>2,183</i>	<i>2,241</i>	<i>2,346</i>	<i>2,447</i>	<i>2,589</i>	<i>2,756</i>
<i>Net debt</i>						
Gross debt liabilities ^(a)	59,245	59,379	60,992	61,772	62,630	63,903
Less: liquid financial assets	63,361	63,578	65,433	66,490	67,680	69,313
Net debt ^(a)	-4,116	-4,199	-4,441	-4,718	-5,050	-5,410

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).
Note: Columns may not add due to rounding.

Table 1.12

PUBLIC FINANCIAL CORPORATIONS
Cash Flow Statement

	Note	2017-18 Actual \$m	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Grants and subsidies received		-	5	5	5	5	5
Receipts from sales of goods and services		1,216	1,308	1,294	1,355	1,426	1,495
Interest receipts		1,797	1,964	1,998	2,109	2,155	2,255
Dividends and tax equivalents		-	-	-	-	-	-
Other receipts		149	157	162	165	172	178
<i>Total cash received</i>		3,162	3,434	3,460	3,634	3,758	3,934
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-66	-60	-64	-65	-67	-68
Payments for goods and services		-751	-858	-906	-935	-973	-1,011
Interest paid		-1,770	-1,768	-1,801	-1,905	-1,948	-2,045
Grants and subsidies paid		-	-	-	-	-	-
Tax equivalents		-46	-114	-42	-44	-49	-55
Other payments		-150	-159	-163	-169	-176	-183
<i>Total cash paid</i>		-2,783	-2,960	-2,976	-3,118	-3,213	-3,362
NET CASH FLOWS FROM OPERATING ACTIVITIES		379	474	483	516	545	572
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-3	-10	-8	-7	-7	-7
Sales of non-financial assets		-	-	-	-	-	-
<i>Total cash flows from investments in non-financial assets</i>		-3	-10	-8	-6	-7	-7
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		-	-	-	-	-	-
For liquidity purposes		6,014	6,541	7,148	7,230	7,347	7,366
<i>Cash paid</i>							
For policy purposes		-99	-164	-80	-49	-24	-15
For liquidity purposes		-7,173	-7,132	-7,884	-7,490	-7,631	-7,681
<i>Total cash flows from investments in financial assets</i>		-1,258	-754	-815	-309	-308	-330
NET CASH FLOWS FROM INVESTING ACTIVITIES		-1,260	-764	-824	-315	-314	-336
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		30,393	25,727	27,875	26,987	27,050	28,094
Deposits received		-	-	-	-	-	-
Other financing receipts		13	31	19	-	-	-
<i>Total cash received</i>		30,406	25,758	27,895	26,987	27,050	28,094
<i>Cash paid</i>							
Advances paid		-	-	-	-	-	-
Borrowings repaid		-30,969	-25,356	-27,375	-26,987	-27,061	-28,099
Deposits paid		-	-	-	-	-	-
Other financing payments		-1	-1	-1	-1	-2	-1
Dividends paid		-236	-191	-149	-139	-130	-133
<i>Total cash paid</i>		-31,206	-25,548	-27,526	-27,127	-27,192	-28,234
NET CASH FLOWS FROM FINANCING ACTIVITIES		-800	210	369	-141	-143	-140
Net increase in cash and cash equivalents		-1,682	-79	29	60	88	95
Cash and cash equivalents at the beginning of the year		4,008	2,326	2,247	2,275	2,335	2,424
Cash and cash equivalents at the end of the year		2,326	2,247	2,275	2,335	2,424	2,519
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		379	474	483	516	545	572
Net cash flows from investing in non-financial assets		-3	-10	-8	-6	-7	-7
Dividends paid		-236	-191	-149	-139	-130	-133
Cash surplus/-deficit		140	274	326	371	409	432

Note: Columns may not add due to rounding.

Table 1.13

TOTAL PUBLIC SECTOR Operating Statement

	Note	2017-18 Actual \$m	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
<i>Results from Transactions</i>							
REVENUE							
Taxation		8,053	8,169	8,561	8,980	9,446	9,982
Current grants and subsidies ^(a)		6,689	8,820	9,607	10,626	10,234	10,565
Capital grants ^(a)		1,246	807	943	1,075	846	1,102
Sales of goods and services ^(a)		30,410	33,710	35,028	35,919	36,678	37,311
Interest income		585	657	685	722	709	730
Royalty income		5,231	6,226	6,375	5,714	5,531	5,497
Other		1,031	1,098	1,099	1,054	1,122	1,116
Total ^(a)		53,246	59,487	62,297	64,090	64,566	66,302
EXPENSES							
Salaries		13,297	13,556	13,787	13,873	14,121	14,602
Superannuation							
Concurrent costs		1,305	1,335	1,352	1,356	1,443	1,558
Superannuation interest cost		177	133	138	150	158	165
Other employee costs		263	255	261	255	256	260
Depreciation and amortisation ^(a)		3,593	3,869	3,974	4,060	4,083	4,140
Services and contracts ^(a)		3,269	3,245	3,422	3,205	3,250	3,266
Other gross operating expenses ^(a)		28,651	31,803	33,114	33,850	34,526	35,258
Interest							
Interest on leases ^(a)		253	301	291	282	271	262
Other interest		1,526	1,715	1,700	1,795	1,838	1,957
Current transfers ^(a)		2,573	2,776	2,989	2,864	2,763	2,723
Capital transfers ^(a)		235	193	174	165	108	103
Total ^(a)		55,141	59,181	61,203	61,855	62,817	64,295
NET OPERATING BALANCE ^(a)	7	-1,895	305	1,094	2,235	1,749	2,006
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		111	271	111	289	336	495
Provision for doubtful debts		-66	-48	-47	-44	-41	-42
Changes in accounting policy/adjustment of prior periods ^(a)		-1,185	-	-	-	-	-
Total other economic flows ^(a)		-1,140	223	63	245	295	453
OPERATING RESULT ^(a)		-3,035	529	1,157	2,480	2,044	2,460
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-1,669	188	988	1,022	1,321	1,346
Net actuarial gains/-loss - superannuation ^(b)		206	-810	-260	-216	-208	-226
Gains recognised directly in equity ^(a)		1,183	-55	-113	-112	-114	-111
All other		-	-	-	-	-	-
Total all other movements in equity ^(a)		-280	-677	615	694	999	1,009
TOTAL CHANGE IN NET WORTH ^(a)		-3,315	-148	1,773	3,174	3,044	3,469
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE ^(a)	7	-1,895	305	1,094	2,235	1,749	2,006
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		5,052	5,519	5,646	5,592	5,802	5,737
Changes in inventories		-321	66	74	47	72	80
Other movement in non-financial assets		596	166	175	186	203	208
<i>Less:</i>							
Sales of non-financial assets		567	730	705	804	858	807
Depreciation ^(a)		3,593	3,869	3,974	4,060	4,083	4,140
Total net acquisition of non-financial assets ^(a)		1,167	1,152	1,217	960	1,137	1,078
NET LENDING/-BORROWING ^(a)	7	-3,062	-847	-123	1,274	612	928

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

(b) Net actuarial gains/-loss on superannuation reclassified from 'other economic flows' to 'all other movements in equity'.

Note: Columns may not add due to rounding.

Table 1.14

TOTAL PUBLIC SECTOR
Balance Sheet at 30 June

	Note	2018	2019	2020	2021	2022	2023
		Actual	Estimated	Budget	Forward	Forward	Forward
		\$m	\$m	Estimate	Estimate	Estimate	Estimate
ASSETS							
<i>Financial assets</i>							
Cash and deposits		2,079	1,813	2,229	2,171	2,148	2,210
Advances paid		4,345	4,810	5,373	5,384	5,380	5,385
Investments, loans and placements ^(a)		16,733	14,558	14,034	15,351	16,555	18,052
Receivables		4,976	5,545	5,225	4,987	4,877	4,998
Equity - Investments in other entities		1,854	1,922	2,084	2,275	2,467	2,678
Other financial assets		13	13	13	14	14	14
Total financial assets ^(a)		30,001	28,661	28,959	30,180	31,441	33,337
<i>Non-financial assets</i>							
Land		45,508	44,767	44,701	44,949	45,531	46,307
Property, plant and equipment ^(a)		102,378	105,311	107,535	109,428	111,576	113,725
Biological assets		332	324	322	320	319	316
Inventories							
Land inventories		1,902	1,987	2,025	2,243	2,438	2,610
Other inventories		3,731	3,797	3,870	3,918	3,989	4,069
Intangibles		1,085	1,016	974	902	833	759
Non-current assets held for sale		183	99	93	93	93	93
Investment property		77	67	61	59	59	57
Other ^(a)		408	517	510	520	526	516
Total non-financial assets ^(a)		155,604	157,885	160,092	162,432	165,364	168,452
TOTAL ASSETS ^(a)		185,605	186,545	189,051	192,613	196,805	201,790
LIABILITIES							
Deposits held		23	11	11	11	11	11
Advances received		360	368	377	360	342	324
Borrowings							
Lease liabilities ^(a)		4,055	4,739	4,501	4,292	4,089	3,901
Other borrowings		55,408	55,168	56,278	57,059	57,930	59,209
Unfunded superannuation		6,636	7,028	6,891	6,714	6,626	6,586
Other employee benefits		3,398	3,435	3,478	3,506	3,534	3,558
Payables		6,473	6,504	6,612	6,684	6,771	6,893
Other liabilities ^(a)		6,898	7,087	6,925	6,835	7,305	7,643
TOTAL LIABILITIES ^(a)		83,252	84,340	85,073	85,460	86,609	88,125
NET ASSETS ^(a)		102,353	102,206	103,978	107,152	110,196	113,665
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus ^(a)		25,439	26,605	27,184	29,554	31,533	33,930
Other reserves ^(a)		76,914	75,600	76,794	77,598	78,663	79,735
NET WORTH ^(a)	7	102,353	102,206	103,978	107,152	110,196	113,665
MEMORANDUM ITEMS							
<i>Net financial worth ^(a)</i>		-53,251	-55,679	-56,114	-55,280	-55,168	-54,787
<i>Net financial liabilities ^(a)</i>		55,105	57,601	58,198	57,555	57,635	57,465
<i>Net debt</i>							
Gross debt liabilities ^(a)		59,847	60,286	61,167	61,722	62,372	63,446
Less: liquid financial assets		23,157	21,181	21,636	22,905	24,083	25,647
Net debt ^(a)		36,690	39,106	39,531	38,816	38,289	37,799

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).
Note: Columns may not add due to rounding.

Table 1.15

TOTAL PUBLIC SECTOR Cash Flow Statement

	Note	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
		Actual	Estimated	Budget	Forward	Forward	Forward
		\$m	\$m	Estimate	Estimate	Estimate	Estimate
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		8,017	8,340	8,565	8,983	9,448	9,992
Grants and subsidies received		9,773	11,158	11,762	13,135	13,117	13,592
Receipts from sales of goods and services ^(a)		21,487	23,190	24,145	24,843	25,502	25,809
Interest receipts		604	685	689	724	700	735
Dividends and tax equivalents		-	-	-	-	-	-
Other		8,460	8,517	9,548	8,574	8,295	8,236
<i>Total cash received ^(a)</i>		<i>48,340</i>	<i>51,890</i>	<i>54,711</i>	<i>56,259</i>	<i>57,062</i>	<i>58,365</i>
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-15,101	-15,429	-15,637	-15,749	-15,993	-16,572
Payments for goods and services ^(a)		-21,229	-22,483	-23,610	-23,783	-24,384	-25,210
Interest paid ^(a)		-2,052	-2,104	-2,073	-2,162	-2,189	-2,295
Grants and subsidies paid		-3,712	-4,087	-4,123	-4,268	-4,206	-4,246
Dividends and tax equivalents		-	-	-	-	-	-
Other payments ^(a)		-4,561	-4,435	-4,573	-4,556	-4,597	-4,383
<i>Total cash paid ^(a)</i>		<i>-46,654</i>	<i>-48,539</i>	<i>-50,017</i>	<i>-50,517</i>	<i>-51,370</i>	<i>-52,705</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES ^(a)		1,686	3,351	4,694	5,742	5,692	5,659
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-5,052	-5,519	-5,646	-5,592	-5,802	-5,737
Sales of non-financial assets		567	730	705	804	858	807
<i>Total cash flows from investments in non-financial assets</i>		<i>-4,485</i>	<i>-4,789</i>	<i>-4,942</i>	<i>-4,787</i>	<i>-4,945</i>	<i>-4,930</i>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		13	10	10	10	10	10
For liquidity purposes		6,189	6,807	7,219	7,248	7,364	7,374
<i>Cash paid</i>							
For policy purposes		-16	-10	-10	-10	-10	-10
For liquidity purposes		-7,249	-7,191	-7,928	-7,538	-7,659	-7,718
<i>Total cash flows from investments in financial assets</i>		<i>-1,063</i>	<i>-384</i>	<i>-709</i>	<i>-290</i>	<i>-294</i>	<i>-343</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-5,548	-5,173	-5,651	-5,078	-5,239	-5,274
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		18,015	19,929	19,900	21,505	22,227	22,130
Deposits received		-	-	-	-	-	-
Other financing receipts		57	66	49	7	2	2
<i>Total cash received</i>		<i>18,072</i>	<i>19,996</i>	<i>19,949</i>	<i>21,513</i>	<i>22,229</i>	<i>22,132</i>
<i>Cash paid</i>							
Advances paid		-16	-17	-17	-17	-18	-18
Borrowings repaid		-14,181	-20,058	-18,849	-20,763	-21,622	-20,874
Deposits paid		-	-	-	-	-	-
Other financing payments ^(a)		-460	-470	-438	-392	-379	-379
<i>Total cash paid ^(a)</i>		<i>-14,657</i>	<i>-20,544</i>	<i>-19,303</i>	<i>-21,172</i>	<i>-22,018</i>	<i>-21,271</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES ^(a)		3,416	-548	646	341	211	861
Net increase in cash and cash equivalents		-446	-2,370	-311	1,005	663	1,246
Cash and cash equivalents at the beginning of the year		11,019	10,573	8,203	7,892	8,896	9,560
Cash and cash equivalents at the end of the year		10,573	8,203	7,892	8,896	9,560	10,806
KEY FISCAL AGGREGATES							
Net cash flows from operating activities ^(a)		1,686	3,351	4,694	5,742	5,692	5,659
Net cash flows from investing in non-financial assets		-4,485	-4,789	-4,942	-4,787	-4,945	-4,930
Cash surplus/-deficit ^(a)		-2,799	-1,438	-248	954	747	729

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

Note: Columns may not add due to rounding.

NOTE 1: STATEMENT OF COMPLIANCE

The projected public sector financial statements presented in this appendix have been prepared in accordance with Australian Accounting Standards and the Australian Bureau of Statistics' (ABS) *Government Finance Statistics Concepts, Sources and Methods 2015*.

The presentation in this appendix is consistent with AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements constitute general purpose financial reports for the total public sector (also known as the whole-of-government), general government sector, and each of the subsidiary public corporations sectors. The financial projections of the consolidated general government (centrally funded agencies such as the Department of Education and WA Health) and the public non-financial corporations (such as water and electricity utilities, and the ports) are also presented as the total non-financial public sector.

The financial projections are a requirement of the *Government Financial Responsibility Act 2000*.

(a) The reporting entity

The reporting entity is the Government of Western Australia (the public sector) and includes entities under its control.

(b) Basis of preparation

These financial projections do not include all the notes of the type normally included in an annual financial report. The accounting policies adopted in this publication are consistent with those outlined in the 2017-18 *Annual Report on State Finances* (ARSF), which are described in detail in Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2017-18 ARSF.

The projections are presented in Australian dollars and all amounts are rounded to the nearest million dollars (\$m).

(c) Unaudited data

These financial projections are not audited.

(d) Comparative figures

Comparative information has been restated where necessary to match changes in classification advised by the Australian Bureau of Statistics and for changes to applicable Australian Accounting Standards.

NOTE 3: GENERAL GOVERNMENT OPERATING REVENUE

A detailed dissection of general government revenue (which includes the UPF taxation disclosure) is included at Appendix 2: *General Government Operating Revenue*.

A comparison of estimated outturn to previous projected operating revenue for 2018-19 (using the accounting standards applicable to the presentation of the 2018-19 Budget) is shown at Appendix 3: *2018-19 General Government Operating Revenue*.

NOTE 4: GENERAL GOVERNMENT REVENUE FROM PUBLIC CORPORATIONS

The following table provides detail of general government revenue from public corporations (dividend and income tax equivalent income) in line with UPF disclosure requirements. A detailed disclosure by agency is included at Appendix 8: *Public Corporations and Major Tariffs, Fees and Charges*.

GENERAL GOVERNMENT REVENUE FROM PUBLIC CORPORATIONS						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated	Budget	Forw ard	Forw ard	Forw ard
	\$m	\$m	\$m	Estimate	Estimate	Estimate
<i>Dividends</i>						
From public non-financial corporations	1,560	1,162	1,113	1,206	1,263	1,262
From public financial corporations	159	127	89	82	75	80
<i>Total dividends</i>	<i>1,718</i>	<i>1,289</i>	<i>1,203</i>	<i>1,288</i>	<i>1,338</i>	<i>1,343</i>
<i>Tax equivalent income</i>						
From public non-financial corporations	560	604	599	643	690	686
From public financial corporations	117	58	42	44	49	55
<i>Total tax equivalent income</i>	<i>677</i>	<i>662</i>	<i>641</i>	<i>687</i>	<i>739</i>	<i>741</i>
Total revenue from public corporations	2,395	1,950	1,844	1,975	2,077	2,084

Note: Columns may not add due to rounding.

NOTE 5: GENERAL GOVERNMENT TRANSFER EXPENSES

Transfer expenses are defined as the provision of something of value for no specific return or consideration and include grants, subsidies, donations, transfers of assets free of charge, etc.

The following table provides detail of current and capital transfer expenses of the general government sector, in line with UPF disclosure requirements.

TRANSFER EXPENSES ^(a)						
General Government						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	Estimate	Estimate	Estimate	Estimate
CURRENT TRANSFERS						
Local government	356	365	389	306	306	301
Local government on-passing ^(b)	-	-	-	-	-	-
Private and not-for-profit sector	1,381	1,537	1,647	1,687	1,592	1,564
Private and not-for-profit sector on-passing ^(b)	-	-	-	-	-	-
Other sectors of government	1,922	1,898	2,087	1,964	2,002	2,008
<i>Total Current Transfers ^(b)</i>	<i>3,659</i>	<i>3,800</i>	<i>4,123</i>	<i>3,957</i>	<i>3,900</i>	<i>3,872</i>
CAPITAL TRANSFERS						
Local government	55	58	39	35	32	30
Local government on-passing ^(b)	-	-	-	-	-	-
Private and not-for-profit sector	107	126	121	123	70	68
Private and not-for-profit sector on-passing ^(b)	-	-	-	-	-	-
Other sectors of government	151	370	76	61	45	16
<i>Total Capital Transfers ^(b)</i>	<i>312</i>	<i>553</i>	<i>235</i>	<i>220</i>	<i>148</i>	<i>113</i>

(a) Includes grants, subsidies and other transfer expenses.

(b) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

Note: Columns may not add due to rounding.

NOTE 6: CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT

The following allocation of general government expenses and purchases of non-financial assets is consistent with the Classification of the Functions of Government (COFOG) introduced to the GFS framework in 2017-18 and published for the first time in Western Australia's whole-of-government disclosures in the 2017-18 *Annual Report on State Finances*. The COFOG presentation has replaced the Government Purpose Classification (GPC). The COFOG disclosure is in line with reporting by all States and Territories under the UPF.

CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT (a) General Government

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual ^(b)	Estimated Actual	Budget Estimate	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
<i>Expenses</i>						
General public services ^(c)	1,455	1,396	1,653	1,731	1,765	1,952
Public order and safety	3,425	3,468	3,534	3,452	3,440	3,470
Economic affairs	1,313	1,338	1,336	1,112	1,057	1,043
Environmental protection	392	393	397	386	382	381
Housing and community amenities	1,167	1,453	1,204	1,191	1,145	1,144
Health	8,917	9,245	9,341	9,506	9,767	10,062
Recreation, culture and religion	700	756	736	742	715	720
Education ^(c)	6,210	6,369	6,463	6,623	6,858	7,152
Social protection	2,636	2,531	2,747	2,444	2,438	2,501
Transport ^(c)	2,203	2,424	2,690	2,462	2,444	2,447
Provisions not allocated ^(d)	-	-	-300	175	125	-
Total General Government Expenses	28,417	29,372	29,801	29,823	30,136	30,873
<i>Purchases of new non-financial assets</i>						
General public services	137	143	146	90	90	89
Public order and safety	143	173	246	174	193	77
Economic affairs	24	33	57	76	40	17
Environmental protection	37	39	48	40	37	31
Housing and community amenities	74	69	102	93	151	75
Health	346	246	342	256	148	63
Recreation, culture and religion	158	174	115	50	41	29
Education	419	515	481	261	186	192
Social protection	17	4	8	4	4	3
Transport	1,083	1,262	1,308	837	875	1,310
Provisions not allocated ^(d)	-	-	-350	125	125	500
Total Purchases of Non-financial Assets	2,438	2,658	2,505	2,006	1,889	2,388

(a) Data in this table are for consolidated general government aggregates and exclude internal transactions within the sector. In relation to purchases of non-financial assets, the information in this table represents spending by function on fixed assets by general government agencies, which may be different to agency totals in the Asset Investment Program.

(b) Since publication of the 2017-18 *Annual Report on State Finances*, there have been some re-allocations of spending to the various COFOG categories, based on data availability and correspondence with the Australian Bureau of Statistics. These refinements and improvements were also a feature of the previous GPC allocation process.

(c) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

(d) Includes provisions not allocated by COFOG.

Note: Columns may not add due to rounding.

NOTE 7: CONVERGENCE DIFFERENCES

Where possible, AASB 1049 harmonises GFS and accounting concepts into a single presentation. Where harmonisation cannot be achieved (e.g. the recognition of a doubtful debts provision is excluded from GFS net worth), a convergence difference arises. The standard requires that such differences are disclosed in annual outturn reports at the end of the financial year.

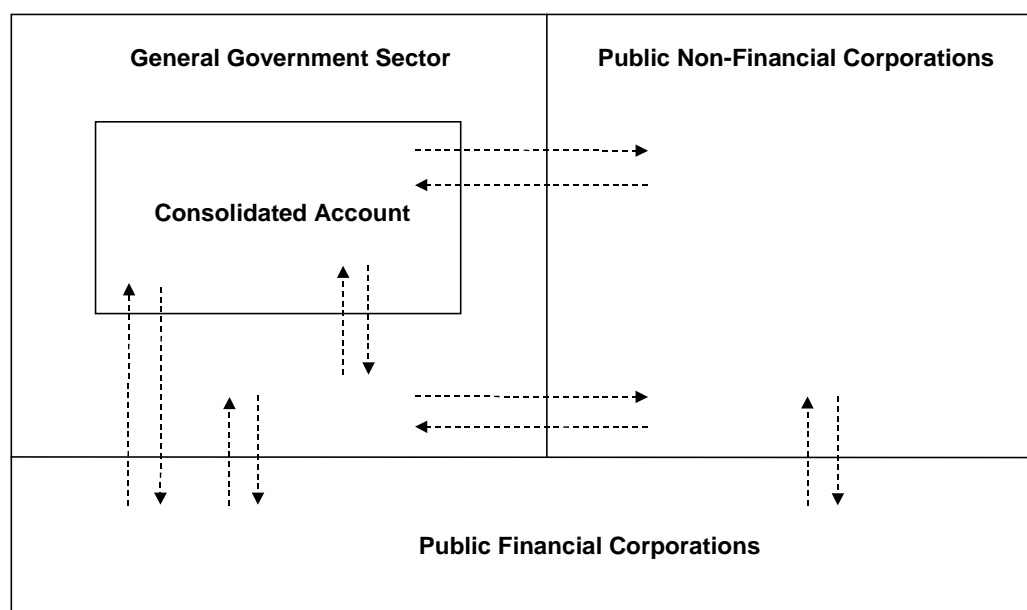
While most State and Territory jurisdictions only provide convergence notes in line with AASB 1049 requirements, Western Australia has included forecast convergence notes in its Budgets and Mid-year Reviews since AASB 1049 came into effect from 2008-09. This note usually details all convergence differences in the forward estimates. However, with the adoption of AASB 16: *Leases* in the 2019-20 Budget forecasts, the distinction between operating leases and finance leases as measured under previous accounting standards disappears from the Budget year. Accordingly, convergence data between the AASB 1049 key financial aggregates produced in this Budget and GFS concepts is not currently available. Convergence notes in the most recent audited financial results (included in the 2017-18 *Annual Report on State Finances*, released in September 2018) show that there have been very few convergence differences in Western Australia's AASB 1049 disclosures compared with equivalent data presented on a GFS basis.

The ABS is currently working with State and Territory jurisdictions to develop a methodological solution that will enable the ongoing distinction between operating and finance leases for GFS purposes.

NOTE 8: COMPOSITION OF SECTORS

The following diagram shows the sectors within which public sector agencies are classified by the Government Finance Statistics framework, and which are all included in the consolidated whole-of-government.

TOTAL PUBLIC SECTOR



All public sector controlled agencies, regardless of funding source or sector classification, have been included in these financial projections.

The agencies included within each sector are listed below. This list differs from the portfolio list that appears in Budget Paper No. 2: *Budget Statements* which includes only those agencies that receive appropriations and/or have an Asset Investment Program.

General Government

Agricultural Produce Commission	Mid-West Development Commission
Building and Construction Industry Training Board	North Metropolitan TAFE
Botanical Gardens and Parks Authority	North Metropolitan Health Service
Central Regional TAFE	North Regional TAFE
Chemistry Centre (WA)	Office of the Auditor General
Child and Adolescent Health Service	Office of the Director of Public Prosecutions
Combat Sports Commission	Office of the Information Commissioner
Commissioner for Children and Young People	Office of the Inspector of Custodial Services
Commissioner for Equal Opportunity	Office of the Parliamentary Inspector of the Corruption and Crime Commission
Commissioner of Main Roads	Parliamentary Commissioner for Administrative Investigations
Corruption and Crime Commission	Parliamentary Services Department
Department of Biodiversity Conservation and Attractions	Peel Development Commission
Department of Communities	Perth Theatre Trust
Department of Education	Pilbara Development Commission
Department of Finance	Professional Standards Council
Department of Fire and Emergency Services	Public Sector Commission
Department of Health (including public hospitals)	Quadruplegic Centre Board
Department of Jobs, Tourism, Science and Innovation	Racing Penalties Appeal Tribunal of Western Australia
Department of Justice	Rural Business Development Corporation
Department of Local Government, Sport and Cultural Industries	Salaries and Allowances Tribunal
Department of Mines, Industry Regulation and Safety	School Curriculum and Standards Authority
Department of Planning, Lands and Heritage	ScreenWest Inc.
Department of Primary Industries and Regional Development	Small Business Development Corporation
Department of Training and Workforce Development	South Metropolitan TAFE
Department of Transport	South Metropolitan Health Service
Department of Treasury	South Regional TAFE
Department of the Legislative Assembly	South West Development Commission
Department of the Legislative Council	The Aboriginal Affairs Planning Authority
Department of the Premier and Cabinet	The ANZAC Day Trust
Department of the Registrar, Western Australian Industrial Relations Commission	The Board of the Art Gallery of Western Australia
Department of Water and Environmental Regulation	The Burswood Park Board
Disability Services Commission	The Coal Miners' Welfare Board of Western Australia
East Metropolitan Health Service	The Library Board of Western Australia
Economic Regulation Authority	The National Trust of Australia (W.A.)
Gascoyne Development Commission	The Queen Elizabeth II Medical Centre Trust
Gaming and Wagering Commission of Western Australia	The Western Australia Museum
Goldfields Development Commission	Trustees of the Public Education Endowment
Governor's Establishment	Western Australia Police Force
Great Southern Development Commission	Western Australian Country Health Service
Health and Disability Services Complaints Office	Western Australian Building Management Authority
Health Support Services	Western Australian Electoral Commission
Heritage Council of Western Australia	Western Australian Energy Disputes Arbitrator
Independent Market Operator	Western Australian Greyhound Racing Association
Keep Australia Beautiful Council (W.A.)	Western Australian Health Promotion Foundation
Kimberley Development Commission	Western Australian Institute of Sport
Law Reform Commission of Western Australia	Western Australian Land Information Authority
Legal Aid Commission of Western Australia	Western Australian Meat Industry Authority
Legal Costs Committee	Western Australian Planning Commission
Local Health Authorities Analytical Committee	Western Australian Sports Centre Trust
Mental Health Commission	WorkCover Western Australia Authority
Minerals Research Institute of Western Australia	Wheatbelt Development Commission
	Zoological Parks Board

Public Non-Financial Corporations

Animal Resources Authority	Metropolitan Redevelopment Authority
Bunbury Water Corporation	Mid West Ports Authority
Busselton Water Corporation	Pilbara Ports Authority
Electricity Networks Corporation (Western Power)	Public Transport Authority of Western Australia
Electricity Generation and Retail Corporation (Synergy)	Racing and Wagering Western Australia
Forest Products Commission	Regional Power Corporation (Horizon Power)
Fremantle Port Authority	Rottne Island Authority
Gold Corporation and its subsidiaries	Southern Ports Authority
Housing Authority	Water Corporation
Kimberly Ports Authority	Western Australian Coastal Shipping Commission
Lotteries Commission	Western Australian Land Authority
Metropolitan Cemeteries Board	

Public Financial Corporations

Country Housing Authority	RiskCover
Insurance Commission of Western Australia	Western Australian Treasury Corporation
Keystart Housing Scheme, comprising	
Keystart Bonds Ltd	
Keystart Loans Ltd	
Keystart Support Pty Ltd	
Keystart Support (Subsidiary) Pty Ltd	
Keystart Housing Scheme Trust	
Keystart Support Trust	

Agencies Outside the State's Public Sector

Some State agencies are not covered in the whole-of-government reporting framework as defined under Australian Accounting Standards and/or the GFS framework. The entities listed below, which administer superannuation and like funds and/or hold private funds in trust or fidelity type funds, are examples of such agencies not included in the definition of the public sector used in the budget. This is because the assets are not available for the benefit of, and/or are not controlled by, the State.

Construction Industry Long Service Leave Payments Board	Legal Contribution Trust
Curtin University and its subsidiaries	Murdoch University and its subsidiaries
Edith Cowan University	Public Trustee
Fire and Emergency Services Superannuation Board	Parliamentary Superannuation Board
Government Employees Superannuation Board	The University of Western Australia and its subsidiaries

NOTE 9: 2017-18 AND 2018-19 FINANCIAL STATEMENTS UNDER EXISTING ACCOUNTING STANDARDS

The following tables summarise 2017-18 and 2018-19 financial statements for each sector of government on the basis of current accounting standards which apply to the financial reporting of these years. Final outcomes for 2018-19 will be reported in the *2018-19 Annual Report on State Finances*, due for release by 28 September 2019.

OPERATING STATEMENT

	General Government		Public Non-financial Corporations		Total Non-financial Corporations		Public Financial Corporations		Total Public Sector	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>										
REVENUE										
Taxation	8,540	8,681	-	-	8,057	8,173	-	-	8,053	8,169
Current grants and subsidies ^(a)	8,529	10,348	1,891	1,865	8,529	10,348	-	-	8,529	10,348
Capital grants ^(a)	1,263	825	151	370	1,263	825	-	-	1,263	825
Sales of goods and services ^(a)	2,516	2,660	18,311	19,994	20,239	22,081	1,231	1,157	21,128	22,920
Interest income	170	175	139	164	284	314	1,799	1,964	585	657
Revenue from public corporations										
Dividends from other sector entities	1,718	1,289	64	60	223	186	-	-	-	-
Tax equivalent income	677	662	-	-	117	58	-	-	-	-
Royalty income	5,231	6,226	-	-	5,231	6,226	-	-	5,231	6,226
Other	688	606	382	437	1,032	1,010	10	89	1,031	1,098
<i>Total ^(a)</i>	<i>29,332</i>	<i>31,471</i>	<i>20,938</i>	<i>22,889</i>	<i>44,974</i>	<i>49,220</i>	<i>3,040</i>	<i>3,210</i>	<i>45,819</i>	<i>50,243</i>
EXPENSES										
Salaries	12,193	12,322	1,044	1,178	13,237	13,500	59	56	13,297	13,556
Superannuation										
Concurrent costs	1,199	1,213	99	116	1,299	1,329	6	6	1,305	1,335
Superannuation interest cost	177	133	-	-	177	133	-	-	177	133
Other employee costs ^(a)	359	379	39	24	261	252	2	3	263	255
Depreciation and amortisation ^(a)	1,343	1,497	2,015	2,038	3,358	3,535	4	4	3,362	3,539
Services and contracts ^(a)	2,432	2,588	848	669	3,274	3,261	10	11	3,285	3,261
Other gross operating expenses ^(a)	5,852	5,932	13,908	15,388	19,113	20,685	966	1,126	19,726	21,503
Interest										
Interest on leases ^(a)	73	92	88	85	162	177	-	-	162	177
Other interest	818	861	691	731	1,484	1,567	1,540	1,768	1,526	1,715
Tax equivalents	-	-	560	604	-	-	117	58	-	-
Current transfers ^(a)	5,061	5,298	1,120	1,167	3,975	4,274	4	4	3,975	4,274
Capital transfers ^(a)	442	689	67	7	354	321	11	8	365	329
<i>Total ^(a)</i>	<i>29,949</i>	<i>31,005</i>	<i>20,480</i>	<i>22,007</i>	<i>46,693</i>	<i>49,035</i>	<i>2,721</i>	<i>3,045</i>	<i>47,442</i>	<i>50,078</i>
NET OPERATING BALANCE ^(a)	-618	466	458	882	-1,720	186	320	166	-1,623	165

OPERATING STATEMENT (CONT.)

	General Government		Public Non-financial Corporations		Total Non-financial Corporations		Public Financial Corporations		Total Public Sector	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
	Actual	Estimated	Actual	Estimated	Actual	Actual	Actual	Estimated	Actual	Estimated
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Other economic flows - included in the operating result</i>										
Net gains on assets/liabilities	-132	130	47	7	-85	137	196	134	111	271
Provision for doubtful debts	-51	-12	-15	-35	-66	-48	-	-	-66	-48
Changes in accounting policy/adjustment of prior periods ^(a)	-41	-	-1,043	-	-912	-	-108	-	-1,192	-
<i>Total other economic flows ^(a)</i>	<i>-224</i>	<i>118</i>	<i>-1,010</i>	<i>-28</i>	<i>-1,063</i>	<i>89</i>	<i>88</i>	<i>134</i>	<i>-1,147</i>	<i>223</i>
OPERATING RESULT ^(a)	-842	584	-553	853	-2,783	275	408	300	-2,769	388
<i>All other movements in equity</i>										
<i>Items that will not be reclassified to operating result</i>										
Revaluations	-713	13	-957	164	-1,670	274	1	6	-1,669	184
Net actuarial gains/-loss - superannuation ^(b)	211	-800	-6	-10	204	-810	2	-	206	-810
Gains recognised directly in equity ^(a)	-9	-	1,143	3	1,134	3	107	-	1,241	3
Change in net worth of the public corporations sectors ^(a)	-1,638	-32	-	-	123	23	-	-	-	-
All other	-	-	-	-	-	-	-	-	-	-
<i>Total all other movements in equity ^(a)</i>	<i>-2,149</i>	<i>-819</i>	<i>179</i>	<i>157</i>	<i>-209</i>	<i>-511</i>	<i>110</i>	<i>6</i>	<i>-222</i>	<i>-624</i>
<i>Movements in owner equity</i>										
Dividends	-	-	-1,560	-1,162	-	-	-223	-186	-	-
Capital injections	-	-	444	416	-	-	-86	-48	-	-
<i>Total movements in owner equity</i>	<i>-</i>	<i>-</i>	<i>-1,116</i>	<i>-746</i>	<i>-</i>	<i>-</i>	<i>-309</i>	<i>-235</i>	<i>-</i>	<i>-</i>
TOTAL CHANGE IN NET WORTH ^(a)	-2,991	-236	-1,489	265	-	-	209	71	-	-
KEY FISCAL AGGREGATES										
NET OPERATING BALANCE ^(a)	-618	466	458	882	-1,720	186	320	166	-1,623	165
<i>Less Net acquisition of non-financial assets</i>										
Purchase of non-financial assets	2,438	2,658	2,621	2,879	5,049	5,509	3	10	5,052	5,519
Changes in inventories	-3	-1	-319	67	-321	66	-	-	-321	66
Other movement in non-financial assets	513	-5	84	171	596	166	-	-	596	166
<i>Less:</i>										
Sales of non-financial assets	82	174	495	584	566	729	-	-	567	730
Depreciation ^(a)	1,343	1,497	2,015	2,038	3,358	3,535	4	4	3,362	3,539
<i>Total net acquisition of non-financial assets ^(a)</i>	<i>1,524</i>	<i>982</i>	<i>-124</i>	<i>495</i>	<i>1,400</i>	<i>1,477</i>	<i>-2</i>	<i>5</i>	<i>1,398</i>	<i>1,482</i>
NET LENDING/-BORROWING ^(a)	-2,141	-516	582	387	-3,119	-1,291	321	160	-3,021	-1,317

BALANCE SHEET AT 30 JUNE

	General Government		Public Non-financial Corporations		Total Non-financial Corporations		Public Financial Corporations		Total Public Sector	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
ASSETS										
<i>Financial assets</i>										
Cash and deposits	862	851	1,441	1,296	1,777	1,542	303	271	2,079	1,813
Advances paid	741	758	-	-	368	415	3,980	4,397	4,345	4,810
Investments, loans and placements ^(a)	5,682	3,633	4,648	4,955	10,327	8,585	59,075	58,906	16,733	14,558
Receivables	3,212	3,519	1,825	1,969	4,907	5,343	705	720	4,976	5,545
Shares and other equity										
Investments in other public sector entities - equity method ^(a)	42,406	42,375	-	-	2,221	2,292	-	-	-	-
Investments in other public sector entities - direct injections	9,377	9,745	-	-	-	-	-	-	-	-
Investments in other entities	48	15	-	6	48	21	1,806	1,901	1,854	1,922
Other financial assets	8	8	743	673	8	8	5	5	13	13
<i>Total financial assets ^(a)</i>	<i>62,337</i>	<i>60,905</i>	<i>8,656</i>	<i>8,900</i>	<i>19,657</i>	<i>18,207</i>	<i>65,874</i>	<i>66,200</i>	<i>30,001</i>	<i>28,661</i>
<i>Non-financial assets</i>										
Land ^(a)	36,406	36,120	9,102	8,647	45,508	44,767	-	-	45,508	44,767
Property, plant and equipment ^(a)	44,709	46,162	55,582	56,318	100,291	102,480	3	7	100,294	102,487
Biological assets	3	3	329	321	332	324	-	-	332	324
Inventories										
Land inventories	-	-	1,902	1,987	1,902	1,987	-	-	1,902	1,987
Other inventories	70	69	3,661	3,727	3,731	3,797	-	-	3,731	3,797
Intangibles	627	610	451	397	1,079	1,007	6	9	1,085	1,016
Non-current assets held for sale	125	40	59	59	183	99	-	-	183	99
Investment property	7	7	70	60	77	67	-	-	77	67
Other ^(a)	248	382	158	124	405	506	3	10	408	517
<i>Total non-financial assets ^(a)</i>	<i>82,196</i>	<i>83,394</i>	<i>71,313</i>	<i>71,641</i>	<i>153,508</i>	<i>155,035</i>	<i>12</i>	<i>25</i>	<i>153,520</i>	<i>155,061</i>
TOTAL ASSETS ^(a)	144,532	144,299	79,969	80,541	173,165	173,242	65,886	66,226	183,521	183,721

BALANCE SHEET AT 30 JUNE (CONT.)

	General Government		Public Non-financial Corporations		Total Non-financial Corporations		Public Financial Corporations		Total Public Sector	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
LIABILITIES										
Deposits held	553	620	-	-	24	12	-	-	23	11
Advances received	360	368	372	343	360	368	3	2	360	368
Borrowings										
Lease liabilities ^(a)	1,184	1,167	787	747	1,971	1,914	-	-	1,971	1,914
Other borrowings	26,924	26,491	21,940	22,262	48,864	48,753	59,214	59,349	55,408	55,168
Unfunded superannuation	6,541	6,938	90	83	6,631	7,021	5	7	6,636	7,028
Other employee benefits	3,033	3,064	354	359	3,386	3,423	11	12	3,398	3,435
Payables ^(a)	1,277	1,289	5,277	5,387	6,427	6,534	234	100	6,473	6,504
Other liabilities ^(a)	1,425	1,361	1,586	1,531	2,266	2,217	4,198	4,464	6,016	6,293
TOTAL LIABILITIES ^(a)	41,297	41,299	30,406	30,712	69,929	70,242	63,665	63,934	80,285	80,721
NET ASSETS ^(a)	103,236	103,000	49,563	49,829	103,236	103,000	2,221	2,292	103,236	103,000
<i>Of which:</i>										
Contributed equity	-	-	9,477	9,894	-	-	-100	-148	-	-
Accumulated surplus ^(a)	5,626	6,207	18,396	18,783	24,029	24,997	2,292	2,402	26,322	27,399
Other reserves ^(a)	97,610	96,793	21,689	21,152	79,206	78,003	28	38	76,914	75,600
NET WORTH ^(a)	103,236	103,000	49,563	49,829	103,236	103,000	2,221	2,292	103,236	103,000
MEMORANDUM ITEMS										
<i>Net financial worth ^(a)</i>	<i>21,040</i>	<i>19,606</i>	<i>-21,749</i>	<i>-21,813</i>	<i>-50,273</i>	<i>-52,035</i>	<i>2,208</i>	<i>2,266</i>	<i>-50,285</i>	<i>-52,061</i>
<i>Net financial liabilities ^(a)</i>	<i>30,792</i>	<i>32,529</i>	<i>-</i>	<i>-</i>	<i>52,541</i>	<i>54,348</i>	<i>-</i>	<i>-</i>	<i>52,139</i>	<i>53,983</i>
<i>Net debt</i>										
Gross debt liabilities ^(a)	29,022	28,646	23,099	23,353	51,219	51,048	59,217	59,351	57,763	57,462
Less : liquid financial assets	7,285	5,242	6,089	6,251	12,473	10,542	63,358	63,575	23,157	21,181
<i>Net debt ^(a)</i>	<i>21,737</i>	<i>23,404</i>	<i>17,010</i>	<i>17,102</i>	<i>38,746</i>	<i>40,505</i>	<i>-4,141</i>	<i>-4,224</i>	<i>34,606</i>	<i>36,281</i>

CASH FLOW STATEMENT

	General Government		Public Non-financial Corporations		Total Non-financial Corporations		Public Financial Corporations		Total Public Sector	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES										
<i>Cash received</i>										
Taxes received	8,506	8,866	-	-	8,020	8,349	-	-	8,017	8,340
Grants and subsidies received	9,773	11,158	2,048	2,226	9,773	11,158	-	5	9,773	11,158
Receipts from sales of goods and services ^(a)	2,723	2,678	18,366	20,018	20,471	22,120	1,216	1,308	21,407	23,110
Interest receipts	158	168	135	163	267	305	1,797	1,964	604	685
Dividends and tax equivalents	2,280	2,009	78	64	282	305	-	-	-	-
Other receipts	7,230	7,586	1,453	1,199	8,315	8,367	149	157	8,460	8,517
<i>Total cash received ^(a)</i>	<i>30,670</i>	<i>32,465</i>	<i>22,078</i>	<i>23,669</i>	<i>47,128</i>	<i>50,604</i>	<i>3,162</i>	<i>3,434</i>	<i>48,260</i>	<i>51,810</i>
<i>Cash Paid</i>										
Wages, salaries and supplements, and superannuation	-13,801	-14,048	-1,234	-1,321	-15,035	-15,369	-66	-60	-15,101	-15,429
Payments for goods and services ^(a)	-8,759	-8,903	-13,210	-14,400	-21,016	-22,331	-753	-860	-21,489	-22,872
Interest paid ^(a)	-860	-947	-756	-793	-1,591	-1,715	-1,769	-1,767	-1,899	-1,898
Grants and subsidies paid	-5,125	-5,640	-663	-698	-3,711	-4,091	-	-	-3,712	-4,087
Dividends and tax equivalents	-	-	-516	-606	-	-	-46	-114	-	-
Other payments ^(a)	-1,727	-1,547	-3,202	-3,282	-4,439	-4,311	-150	-159	-4,581	-4,455
<i>Total cash paid ^(a)</i>	<i>-30,271</i>	<i>-31,084</i>	<i>-19,581</i>	<i>-21,101</i>	<i>-45,792</i>	<i>-47,817</i>	<i>-2,784</i>	<i>-2,961</i>	<i>-46,782</i>	<i>-48,741</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES ^(a)	399	1,380	2,497	2,569	1,336	2,787	378	473	1,478	3,069
CASH FLOWS FROM INVESTING ACTIVITIES										
<i>Cash flows from investments in non-financial assets</i>										
Purchase of non-financial assets	-2,438	-2,658	-2,621	-2,879	-5,049	-5,509	-3	-10	-5,052	-5,519
Sales of non-financial assets	82	174	495	584	566	729	-	-	567	730
<i>Total cash flows from investments in non-financial assets</i>	<i>-2,357</i>	<i>-2,484</i>	<i>-2,126</i>	<i>-2,295</i>	<i>-4,482</i>	<i>-4,780</i>	<i>-3</i>	<i>-10</i>	<i>-4,485</i>	<i>-4,789</i>
<i>Cash flows from investments in financial assets</i>										
<i>Cash received</i>										
For policy purposes	13	23	-	-	13	10	-	-	13	10
For liquidity purposes	76	236	100	30	175	266	6,014	6,541	6,189	6,807
<i>Cash paid</i>										
For policy purposes	-573	-810	-21	-5	-16	-10	-99	-164	-16	-10
For liquidity purposes	-57	-10	-19	-50	-76	-60	-7,173	-7,132	-7,249	-7,191
<i>Total cash flows from investments in financial assets</i>	<i>-541</i>	<i>-561</i>	<i>60</i>	<i>-25</i>	<i>96</i>	<i>206</i>	<i>-1,258</i>	<i>-754</i>	<i>-1,063</i>	<i>-384</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-2,898	-3,046	-2,065	-2,320	-4,386	-4,573	-1,260	-764	-5,548	-5,173

CASH FLOW STATEMENT (CONT.)

	General Government		Public Non-financial Corporations		Total Non-financial Corporations		Public Financial Corporations		Total Public Sector	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM FINANCING ACTIVITIES										
<i>Cash received</i>										
Advances received	16	17	13	-	-	-	-	-	-	-
Borrowings	4,318	121	12,475	5,179	16,793	5,300	30,393	25,727	18,015	19,929
Deposits received	-	-	-	-	-	-	-	-	-	-
Other financing receipts	156	235	623	870	156	230	13	31	57	66
<i>Total cash receipts from financing activities</i>	4,490	373	13,110	6,049	16,949	5,530	30,406	25,758	18,072	19,996
<i>Cash paid</i>										
Advances paid	-16	-17	-16	-29	-16	-17	-	-	-16	-17
Borrowings repaid	-182	-552	-12,201	-5,247	-12,383	-5,799	-30,969	-25,356	-14,181	-20,058
Deposits paid	-	-	-	-	-	-	-	-	-	-
Other financing payments ^(a)	-271	-223	-51	-65	-264	-218	-	-	-251	-187
Dividends paid	-	-	-1,560	-1,162	-	-	-236	-191	-	-
<i>Total payments for financing activities ^(a)</i>	-469	-792	-13,827	-6,503	-12,663	-6,034	-31,205	-25,547	-14,448	-20,261
NET CASH FLOWS FROM FINANCING ACTIVITIES	4,020	-419	-717	-454	4,286	-504	-799	211	3,624	-266
Net increase in cash and cash equivalents	1,521	-2,084	-285	-206	1,236	-2,291	-1,682	-79	-446	-2,370
Cash and cash equivalents at the beginning of the year	4,839	6,360	2,174	1,889	7,012	8,248	4,008	2,326	11,019	10,573
Cash and cash equivalents at the end of the year	6,360	4,276	1,889	1,683	8,248	5,958	2,326	2,247	10,573	8,203
KEY FISCAL AGGREGATES										
Net cash flows from operating activities ^(a)	399	1,380	2,497	2,569	1,336	2,787	378	473	1,478	3,069
Net cash flows from investing in non-financial assets	-2,357	-2,484	-2,126	-2,295	-4,482	-4,780	-3	-10	-4,485	-4,789
Dividends paid	-	-	-1,560	-1,162	-	-	-236	-191	-	-
Cash surplus/-deficit ^(a)	-1,958	-1,104	-1,188	-889	-3,146	-1,993	139	273	-3,007	-1,720

(a) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

(b) Net actuarial gains/-loss on superannuation reclassified from 'other economic flows' to 'all other movements in equity'.

Note 6 in this appendix detailed general government expenses and purchases of non-financial assets consistent with the GFS COFOG, including data backcast for 2017-18 and 2018-19. The following allocations have been applied to 2017-18 and 2018-19 spending aggregates under the prevailing accounting standards, and are consistent with the COFOG and the Government Purpose Classification (which was included in the 2018-19 Budget forecasts and has been replaced by the COFOG).

CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT (a)

General Government

	2017-18	2018-19
	Actual ^(b)	Estimated
	\$m	Actual
		\$m
<i>Expenses</i>		
General public services ^(c)	1,624	1,577
Public order and safety	3,425	3,468
Economic affairs	1,313	1,338
Environmental protection	392	393
Housing and community amenities	1,167	1,453
Health	8,917	9,245
Recreation, culture and religion	700	756
Education ^(c)	7,460	7,704
Social protection	2,636	2,531
Transport ^(c)	2,316	2,541
Total General Government Expenses	29,949	31,005
<i>Purchases of new non-financial assets</i>		
General public services	137	143
Public order and safety	143	173
Economic affairs	24	33
Environmental protection	37	39
Housing and community amenities	74	69
Health	346	246
Recreation, culture and religion	158	174
Education	419	515
Social protection	17	4
Transport	1,083	1,262
Total Purchases of Non-financial Assets	2,438	2,658

(a) Data in this table are for consolidated general government aggregates and exclude internal transactions within the sector. In relation to purchases of non-financial assets, the information in this table represents spending by function on fixed assets by general government agencies, which may be different to agency totals in the Asset Investment Program.

(b) Since publication of the 2017-18 *Annual Report on State Finances*, there have been some re-allocations of spending to the various COFOG categories, based on data availability and correspondence with the Australian Bureau of Statistics. These refinements and improvements were also a feature of the previous GPC allocation process.

(c) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

Note: Columns may not add due to rounding.

GOVERNMENT PURPOSE CLASSIFICATION (a)**General Government**

	2017-18	2018-19
	Actual	Estimated
	\$m	\$m
<i>Expenses</i>		
General public services	374	303
Public order and safety	3,397	3,456
Education ^(b)	7,245	7,492
Health	8,917	9,247
Social security and welfare	2,225	2,143
Housing and community amenities	1,787	2,027
Recreation and culture	875	947
Fuel and energy	306	186
Agriculture, forestry, fishing and hunting	380	391
Mining and mineral resources other than fuels; manufacturing; and construction	242	309
Transport and communications ^(b)	2,343	2,563
Other economic affairs	609	673
Other purposes ^(b)	1,249	1,267
Total General Government Expenses	29,949	31,005
<i>Purchases of new non-financial assets</i>		
General public services	130	136
Public order and safety	140	172
Education	384	496
Health	346	246
Social security and welfare	18	3
Housing and community amenities	101	96
Recreation and culture	174	193
Fuel and energy	2	3
Agriculture, forestry, fishing and hunting	18	26
Mining and mineral resources other than fuels; manufacturing; and construction	4	3
Transport and communications	1,083	1,262
Other economic affairs	38	24
Total Purchases of Non-financial Assets	2,438	2,658

(a) Data in this table are for consolidated general government aggregates and exclude internal transactions within the sector. In relation to purchases of non-financial assets, the information in this table represents spending by function on fixed assets by general government agencies, which may be different to agency totals in the Asset Investment Program.

(b) Aggregate impacted by accounting standards applicable from 2019-20 in this Budget (see feature box in Chapter 3 of this Budget Paper).

Note: Columns may not add due to rounding.

APPENDIX 2

General Government Operating Revenue

This appendix contains general government revenue estimates prepared on an accrual basis consistent with Australian Accounting Standards and Government Finance Statistics frameworks.

For reporting years commencing on or after 1 January 2019 (i.e. from 2019-20 in this Budget), three new accounting standards have an impact on the forecasts contained in this appendix (see feature box in Chapter 3 of this Budget Paper).

Data for prior years have been adjusted to align with the impact of the new standards to aid the reader with comparative and trend information.

Data for 2017-18 and 2018-19 under the prevailing accounting standards are available in Appendix 3: *2018-19 General Government Operating Revenue*.

Table 2.1

OPERATING REVENUE
General Government

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	\$m	Estimate	Estimate	Estimate
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	3,279	3,561	3,750	3,976	4,210	4,495
Property taxes						
<i>Land tax</i>	840	798	789	791	805	827
Transfer duty	1,223	1,120	1,161	1,254	1,354	1,454
Landholder duty	234	61	100	100	100	100
<i>Total duty on transfers</i>	1,457	1,181	1,261	1,354	1,454	1,554
Metropolitan Region Improvement Tax	93	90	89	89	90	92
Perth Parking Levy	58	58	59	60	60	60
Emergency Services Levy	338	372	385	385	388	397
Loan guarantee fees	143	154	160	170	172	173
Building and Construction Industry Training Fund Levy	25	33	36	35	31	31
<i>Total other property taxes</i>	658	707	730	739	740	753
Taxes on provision of goods and services						
Lotteries Commission	156	164	164	166	167	168
Video lottery terminals	-	-	-	-	-	-
Casino tax	61	71	71	71	71	71
Betting tax	41	22	-	-	-	-
Point of Consumption tax	-	31	78	83	87	92
<i>Total taxes on gambling</i>	258	288	313	320	326	332
Insurance duty	625	647	677	711	746	784
Other	20	17	19	20	20	19
<i>Total taxes on insurance</i>	645	664	696	731	767	803
<i>On-demand Transport Levy</i>	-	3	30	30	30	28
Taxes on use of goods and performance of activities						
Vehicle licence duty	355	368	373	379	385	393
Permits - oversize vehicles and loads	7	8	8	8	8	8
Motor vehicle registrations	937	991	1,027	1,083	1,158	1,235
<i>Total motor vehicle taxes ^(a)</i>	1,299	1,366	1,407	1,469	1,551	1,635
<i>Mining Rehabilitation Levy</i>	29	30	30	30	30	30
<i>Landfill Levy</i>	75	83	83	83	83	83
Total Taxation ^(a)	8,540	8,681	9,088	9,522	9,995	10,539

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	\$m	Estimate	Estimate	Estimate
				\$m	\$m	\$m
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST grants	2,249	3,200	3,581	3,165	3,338	5,466
Commonwealth-funded 70% floor	-	434	814	1,824	1,900	-
North West Shelf grants	695	921	817	656	516	414
Commonwealth compensation for changed crude oil excise arrangements	28	51	45	36	28	23
National Specific Purpose Payment Agreement Grants						
National Agreement for Skills and Workforce						
Development	152	157	159	160	162	163
National Disability Services	158	171	173	-	-	-
National Housing and Homelessness Agreement	140	164	167	170	163	166
Quality Schools	660	740	826	918	1,014	1,114
National Health Reform	2,174	2,267	2,375	2,521	2,660	2,815
Other Grants/National Partnerships						
Health	386	188	128	98	97	81
Housing	14	4	-	-	-	-
Transport	74	102	153	148	90	93
Disability Services	96	76	54	609	109	113
Other ^(b)	187	271	316	321	157	118
Total Current Grants and Subsidies	7,013	8,744	9,607	10,626	10,234	10,565
CAPITAL GRANTS						
Other Grants/National Partnerships						
Housing	48	251	-	-	-	-
Transport ^(b)	854	608	913	1,012	799	1,076
Other ^(b)	19	24	29	62	48	25
Total Capital Grants	922	883	943	1,075	846	1,102

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	\$m	Estimate	Estimate	Estimate
SALES OF GOODS AND SERVICES						
WA Health	694	736	760	783	795	795
Department of Transport ^(a)	217	229	223	240	247	253
Department of Education	202	186	188	196	199	200
State Training Providers/TAFE Colleges	114	116	122	125	127	127
Department of Training and Workforce Development	40	34	36	37	39	39
Western Australian Land Information Authority	104	101	118	118	128	140
Department of Biodiversity, Conservation and Attractions	101	105	107	108	108	109
Department of Justice	136	135	142	146	149	153
Department of Mines, Industry Regulation and Safety	153	159	161	147	134	132
All Other	756	857	867	896	933	987
Total Sale of Goods and Services ^(a)	2,516	2,659	2,724	2,796	2,861	2,937
INTEREST INCOME	170	175	160	165	177	184
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	1,718	1,289	1,203	1,288	1,338	1,343
Tax Equivalent Regime	677	662	641	687	739	741
Total Revenue from Public Corporations	2,395	1,950	1,844	1,975	2,077	2,084
ROYALTY INCOME	5,231	6,226	6,375	5,714	5,531	5,497
OTHER						
Lease rentals	105	102	105	105	105	105
Fines	206	227	201	201	201	200
Revenue not elsew here counted	376	277	288	224	243	214
Total Other	688	606	594	530	549	519
TOTAL REVENUE	27,475	29,925	31,334	32,402	32,270	33,427

(a) The motor vehicle recording fee has been reclassified from taxes to sales of goods and services on advice from the Australian Bureau of Statistics. Prior periods have been restated for consistency.

(b) Includes a material adjustment to revenue recognised under this item as a consequence of new accounting standards (see feature box in Chapter 3 of this Budget Paper).

Note: Columns may not add due to rounding.

2018-19 General Government Operating Revenue

The data in this appendix are prepared on the prevailing accounting standards and are not impacted by the new standards noted in the introduction to Appendix 2.

This appendix contains general government revenue estimates for the 2018-19 financial year, comparing the original 2018-19 Budget estimates, 2018-19 Mid-year Review, and the estimated outturn contained in this Budget. Results for 2017-18 have also been included for comparative purposes.

For general government revenue in 2018-19, the difference between the estimated outturn included in this Budget (\$31,471 million) and the original 2018-19 Budget forecast (\$29,572 million) is a \$1.9 billion (or 6.4%) increase. This increase is due almost entirely to higher royalty income (up almost \$1.2 billion on the original Budget estimate) and Commonwealth grants (up \$685 million).

Table 3.1

2018-19 OPERATING REVENUE
General Government

	2017-18	2018-19	2018-19	2018-19
	Actual	Budget	Mid-year	Estimated
	\$m	\$m	\$m	\$m
TAXATION				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	3,279	3,460	3,511	3,561
Property taxes				
<i>Land tax</i>	840	803	798	798
Transfer duty	1,223	1,331	1,120	1,120
Landholder duty	234	101	101	61
<i>Total duty on transfers</i>	1,457	1,432	1,221	1,181
Metropolitan Region Improvement Tax	93	85	91	90
Perth Parking Levy	58	58	58	58
Emergency Services Levy	338	372	372	372
Loan guarantee fees	143	155	155	154
Building and Construction Industry Training Fund Levy	25	35	33	33
<i>Total other property taxes</i>	658	704	709	707
Taxes on provision of goods and services				
Lotteries Commission	156	160	160	164
Video lottery terminals	-	-	-	-
Casino tax	61	71	71	71
Betting tax	41	64	64	22
Point of Consumption tax	-	-	-	31
<i>Total taxes on gambling</i>	258	295	295	288
Insurance duty	625	645	647	647
Other	20	17	17	17
<i>Total taxes on insurance</i>	645	662	664	664
<i>On-demand Transport Levy</i>	-	3	3	3
Taxes on use of goods and performance of activities				
Vehicle licence duty	355	360	379	368
Permits - oversize vehicles and loads	7	8	8	8
Motor vehicle registrations	937	956	991	991
<i>Total motor vehicle taxes ^(a)</i>	1,299	1,325	1,377	1,366
<i>Mining Rehabilitation Levy</i>	29	28	28	30
<i>Landfill Levy</i>	75	83	83	83
Total Taxation ^(a)	8,540	8,794	8,689	8,681

Note: Columns may not add due to rounding.

Table 3.1 (cont.)

2018-19 OPERATING REVENUE
General Government

	2017-18	2018-19	2018-19	2018-19
	Actual	Budget	Mid-year	Estimated
	\$m	\$m	Revision	Actual
			\$m	\$m
CURRENT GRANTS AND SUBSIDIES				
<i>General Purpose Grants</i>				
GST grants	2,249	3,255	3,290	3,200
Commonwealth-funded 70% floor	-	-	-	434
North West Shelf grants	695	801	909	921
Commonwealth compensation for changed crude oil excise arrangements	28	44	50	51
<i>Grants Through the State</i>				
Schools assistance – non-government schools	1,233	1,301	1,288	1,318
Local government financial assistance grants	169	181	89	180
Local government roads	113	113	58	118
<i>National Specific Purpose Payment Agreement Grants</i>				
National Agreement for Skills and Workforce Development	152	159	157	157
National Disability Services	158	88	88	171
National Housing and Homelessness Agreement	140	145	164	164
<i>Quality Schools</i>	660	737	743	740
<i>National Health Reform</i>	2,174	2,252	2,234	2,267
<i>Other Grants/National Partnerships</i>				
Health	386	122	125	188
Housing	14	5	-	4
Transport	74	91	95	102
Disability Services	96	35	35	76
Other	187	224	218	259
Total Current Grants and Subsidies	8,529	9,552	9,542	10,348
CAPITAL GRANTS				
<i>Grants Through the State</i>				
Schools assistance – non-government schools	17	18	18	18
<i>Other Grants/National Partnerships</i>				
Housing	48	-	130	251
Transport	990	908	686	538
Other	208	10	22	17
Total Capital Grants	1,263	936	856	825

Note: Columns may not add due to rounding.

Table 3.1 (cont.)

2018-19 OPERATING REVENUE
General Government

	2017-18	2018-19	2018-19	2018-19
	Actual	Budget	Mid-year	Estimated
	\$m	Estimate	Revision	Actual
		\$m	\$m	\$m
SALES OF GOODS AND SERVICES				
WA Health	694	736	736	736
Department of Transport ^(a)	217	221	228	229
Department of Education	202	187	187	186
State Training Providers/TAFE Colleges	114	126	116	116
Department of Training and Workforce Development	40	42	34	34
Western Australian Land Information Authority	104	119	101	101
Department of Biodiversity, Conservation and Attractions	101	101	101	105
Department of Justice	136	136	136	135
Department of Mines, Industry Regulation and Safety	153	157	157	159
All Other	756	789	832	857
Total Sale of Goods and Services ^(a)	2,516	2,614	2,628	2,660
INTEREST INCOME	170	146	169	175
REVENUE FROM PUBLIC CORPORATIONS				
Dividends	1,718	1,229	1,314	1,289
Tax Equivalent Regime	677	636	655	662
Total Revenue from Public Corporations	2,395	1,865	1,969	1,950
ROYALTY INCOME	5,231	5,057	5,549	6,226
OTHER				
Lease rentals	105	99	99	102
Fines	206	198	202	227
Revenue not elsew here counted	376	310	307	277
Total Other	688	607	608	606
TOTAL REVENUE	29,332	29,572	30,010	31,471

(a) The motor vehicle recording fee has been reclassified from taxation to sales of goods and services on advice from the Australian Bureau of Statistics. Amounts for the 2017-18 actual, 2018-19 Budget and 2018-19 Mid-year Review have been restated for comparative purposes.

Note: Columns may not add due to rounding.

The Consolidated Account and the Treasurer's Advance

The Consolidated Account

The *Constitution Act 1889* (the Act) requires that all revenue of the Crown that is not permanently appropriated by legislation to another entity, shall be credited to the Consolidated Account. The Act also requires that payments out of the Consolidated Account must be appropriated by the Parliament.

Accordingly, Consolidated Account revenue is not available for use by agencies that collect it, and such receipts must be paid directly to the credit of the Account. Expenditure is authorised by the Parliament, with both the amount and the expressed purpose of the associated appropriation clearly specified.

The projected Consolidated Account accrual deficit at 30 June 2020 is \$18.8 billion. This includes \$14.5 billion associated with accrual (non-cash) appropriations for depreciation and leave entitlements, matched by equivalent non-cash balances in agency Holding Accounts (see following table).

In cash terms, the Consolidated Account is forecast to be overdrawn by \$4.3 billion at 30 June 2020, a \$694 million increase on the estimated \$3.6 billion overdrawn balance at 30 June 2019. Across the outyears, the size of the Consolidated Account overdraft held against the Public Bank Account is projected to narrow, falling in each year to stand at \$1.7 billion by 30 June 2023.

Consolidated Account borrowings are forecast to increase by a net \$402 million across the forward estimates period, with gross new borrowings of \$2.3 billion and gross repayments of \$1.8 billion. Centrally-held borrowings totalled \$26.4 billion at 30 June 2018, and following repayments of \$437 million in 2018-19, will total \$26 billion at 30 June 2019. By the end of the forward estimates period, centrally-held borrowings are projected to be \$26.8 billion. This remains below the \$34.5 billion cumulative limit approved by the *Loan Act 2017* and preceding *Loan Acts*¹. Further information on debt repayments and the Debt Reduction Account (established by the Government as part of the 2017-18 Budget) can be found in Chapter 3: *Fiscal Outlook and Strategy*.

¹ The *Loan Act 2017* received Royal Assent on 3 July 2017 and increased the cumulative loan limit under preceding *Loan Acts* from \$23.5 billion to \$34.5 billion. Consolidated Account borrowings cannot exceed the cumulative limit of these *Loan Acts*.

Table 4.1

CONSOLIDATED ACCOUNT TRANSACTIONS

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimated	Budget	Forward	Forward	Forward
	\$m	\$m	\$m	\$m	\$m	\$m
REVENUE						
<i>Operating Activities</i>						
Taxation	6,692	6,944	7,071	7,437	7,833	8,292
Commonwealth Grants	3,665	4,650	5,468	6,686	6,507	6,323
Government Enterprises	2,290	2,201	1,877	2,020	2,088	2,157
Revenue from other agencies	6,377	7,220	8,286	7,482	7,264	7,359
Other	773	591	471	405	436	328
<i>Total Operating Activities</i>	<i>19,797</i>	<i>21,606</i>	<i>23,173</i>	<i>24,030</i>	<i>24,128</i>	<i>24,459</i>
<i>Financing Activities</i>						
Repayments of Recoverable Advances	7	7	1	-	-	-
Transfers from the Debt Reduction SPA	-	-	-	1,824	1,900	-
Other Receipts	11	11	1	1	1	1
Borrowings	4,250	-	2,000	250	-	-
<i>Total Financing Activities</i>	<i>4,268</i>	<i>18</i>	<i>2,003</i>	<i>2,076</i>	<i>1,902</i>	<i>1</i>
TOTAL REVENUE	24,065	21,624	25,176	26,106	26,029	24,460
EXPENDITURE						
<i>Recurrent</i>						
Authorised by Other Statutes	2,481	2,642	2,686	2,731	2,733	2,699
Appropriation Act (No. 1)	19,367	19,006	20,316	19,807	20,017	20,449
Recurrent Expenditure under the Treasurer's Advance	43	387	-	-	-	-
<i>Total Recurrent Expenditure</i>	<i>21,891</i>	<i>22,035</i>	<i>23,002</i>	<i>22,537</i>	<i>22,749</i>	<i>23,148</i>
<i>Investing Activities</i>						
Authorised by Other Statutes	337	299	239	267	287	419
Appropriation Act (No. 2)	1,633	1,655	2,645	3,794	3,781	1,289
Investing Expenditure under the Treasurer's Advance	39	16	-	-	-	-
<i>Total Investing Activities</i>	<i>2,009</i>	<i>1,970</i>	<i>2,884</i>	<i>4,062</i>	<i>4,068</i>	<i>1,708</i>
<i>Financing Activities</i>						
Loan repayments	98	437	1,327	48	23	14
Other financing	10	60	64	57	55	55
<i>Total Financing Activities</i>	<i>108</i>	<i>497</i>	<i>1,391</i>	<i>105</i>	<i>78</i>	<i>69</i>
TOTAL EXPENDITURE	24,008	24,502	27,277	26,704	26,896	24,926
NET MOVEMENT (REVENUE LESS EXPENDITURE)	57	-2,878	-2,101	-598	-866	-465
Consolidated Account Balance						
Opening balance at 1 July	-13,925	-13,868	-16,746	-18,847	-19,445	-20,311
Closing balance at 30 June	-13,868	-16,746	-18,847	-19,445	-20,311	-20,777
<i>Of which:</i>						
Appropriations payable	-11,962	-13,124	-14,531	-16,047	-17,541	-19,049
Cash balance at 30 June	-1,906	-3,622	-4,316	-3,398	-2,771	-1,728

Note: Columns may not add due to rounding.

The Treasurer's Advance

Under the *Financial Management Act 2006* (FMA), the Treasurer's Advance provides the Treasurer with authorisation to make short-term recoverable advances to agencies for the temporary financing of works and services. In addition, new or supplementary funding can be provided during the year for extraordinary or unforeseen matters (also known as 'excesses and new items'), up to an approved limit.

The total amount forecast to be drawn against recoverable advances, excesses and new items in 2018-19 is \$423.1 million, which is within the \$652.2 million limit authorised by the FMA².

Table 4.2 shows the projected position of the Treasurer's Advance for the year ending 30 June 2019.

TREASURER'S ADVANCE AS AT 30 JUNE			Table 4.2
	2017-18 Actual	2018-19 Projection ^(a)	
	\$m	\$m	
AUTHORISED LIMIT	646.1	652.2	
<i>Total projected to be drawn against Treasurer's Advance authorisation</i>	126.4	423.1	
Comprising			
Net recoverable advances as at 30 June	45.1	20.0	
Overdraw n Special Purpose Accounts	-	-	
Excesses and New Items			
- recurrent	42.6	386.7	
- capital	38.7	16.4	

(a) Detailed disclosure of the final audited outcome for 2018-19 will be available in the 2018-19 *Annual Report on State Finances*, due to be released by 28 September 2019.

Note: Columns may not add due to rounding.

Transfers, Excesses and New Items

Table 4.4 details excesses and/or new items that are projected to occur during 2018-19 and the expected impact of these on the Treasurer's Advance under the authority of section 27 of the FMA.

The projections shown in Table 4.4 are subject to movements in agencies' appropriations through the remainder of 2018-19. Funding in excess of budget for appropriation items shown in the table will only occur if management responses do not achieve compensating shortfalls in other spending supported by these items prior to 30 June 2019.

Section 25 of the FMA allows appropriation originally allocated in the 2018-19 Budget to be transferred to other agencies for the provision of an appropriation-funded service that is now to be delivered by the other agency. These transfers have no impact on the Treasurer's Advance.

² Section 29 of the FMA authorises the Treasurer's Advance limit to be equivalent to 3% of the total amount appropriated for the previous year by the Appropriation Acts. For 2018-19, the \$652.2 million limit represents 3% of the total \$21.7 billion appropriated by Appropriation Bills 1 and 2 in the 2017-18 Budget.

Appropriation transfers approved since the presentation of the 2018-19 Budget include:

- \$24.3 million from the provision for the Voluntary Targeted Separation Scheme administered by Treasury to a number of agencies shown in the following table. These transfers reimbursed agencies for costs associated with separations finalised during the month of June 2018;

2018-19 VOLUNTARY TARGETED SEPARATION SCHEME			Table 4.3
Item	Agency	Transfer from Appropriation \$m	
5	Premier and Cabinet	0.4	
38	Finance	0.3	
42	Primary Industries and Regional Development	0.8	
44	Mines, Industry Regulation and Safety	0.4	
49	WA Health	10.7	
54	Education	0.8	
58	Justice (including Legal Aid Commission of Western Australia) ^(a)	1.3	
59	Fire and Emergency Services	0.1	
64	Office of the Inspector of Custodial Services	0.1	
66	Communities	2.6	
68	Local Government, Sport and Cultural Industries	0.6	
71	Library Board of Western Australia	0.3	
73	Western Australian Museum	0.1	
75	Western Australian Sports Centre Trust	0.1	
76	Transport	0.4	
80	Biodiversity, Conservation and Attractions	0.3	
81	Planning, Lands and Heritage	4.8	
Total		24.3	

(a) Transfer from appropriation for Justice has been revised down by \$0.3 million since the publication of the December 2018 *Quarterly Financial Results Report* due to the incorrect inclusion of Holding Account draw downs for accumulated leave in unaudited September quarter data.

Note: Columns may not add due to rounding.

- \$2.2 million from the Library Board of Western Australia to the Department of Local Government, Sport and Cultural Industries for the transfer of information and communication technology services;
- \$1.5 million from the Department of Mines, Industry Regulation and Safety to the Small Business Development Corporation for the transfer of the Building and Construction Code Monitoring Unit;
- \$0.9 million from the Department of Education to the Department of Training and Workforce Development for the transfer of the Training Accreditation Council Secretariat;
- \$0.2 million from the Public Sector Commission to the Department of Mines, Industry Regulation and Safety for costs associated with implementation of the new Public Service and Government Officers General Agreement and satellite industrial agreements;
- \$0.1 million from the Department of Planning, Lands and Heritage to the Department of Education for the transfer of the Oracle E-Business Suite Licensing;

- \$0.1 million from the Department of Education to the Department of Jobs, Tourism, Science and Innovation for the transfer of the Japanese Scholarship Program and Curtin Miri Scholarships; and
- \$0.1 million from the Department of Communities to the Department of Local Government, Sport and Cultural Industries for the transfer of staff costs associated with managing the Native Welfare Files (\$33,000) and the transfer of the Metropolitan Migrant Resource Centre (\$62,000).

Table 4.4

2018-19 TRANSFERS, EXCESSES AND NEW ITEMS

Item	Treasurer's Advance					Revised Appropriation Limit \$m	Draw n against Treasurer's Advance to date ^(b) \$m
	Budget \$m	Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m			
Recurrent Appropriations							
Premier and Cabinet							
Item 5: Delivery of Services	126.7	0.4	-	1.7	128.8	-	
Public Sector Commission							
Item 7: Delivery of Services	23.6	-0.2	-	-	23.5	-	
Commissioner for Equal Opportunity							
Item 11: Delivery of Services	3.5	-	-	0.3	3.8	-	
Treasury							
Item 15: Delivery of Services	61.1	-	-	3.2	64.4	-	
Operating Subsidy Payments							
Item 16: Bunbury Water Corporation	0.7	-	-	-(c)	0.7	-	
Item 22: Regional Pow er Corporation (Horizon Pow er)	9.7	-	-	1.3	11.0	-	
Item 23: Southern Ports Authority	0.3	-	-	15.4	15.7	9.0	
Item 25: Western Australian Land Authority	27.7	-	-	24.9	52.5	-	
Grants, Subsidies and Transfer Payments							
Item 28: Metropolitan Redevelopment Authority	10.4	-	-	33.1	43.4	24.9	
Item 30: Provision for Unfunded Liabilities in the Government Insurance Fund	1.9	-	-	2.5	4.4	1.4	
Item 31: Provision for Voluntary Targeted Separation Scheme	55.8	-24.3	-	-	31.5	-	
Item 36: All Other Grants, Subsidies and Transfer Payments	6.6	-	-	0.1	6.6	-	
New Item: National Redress Scheme for Survivors of Institutional Child Sexual Abuse	-	-	153.0	-	153.0	153.0	
Finance							
Item 38: Delivery of Services	151.1	0.3	-	1.3	152.8	-	
Jobs, Tourism, Science and Innovation							
Item 40: Delivery of Services	151.4	0.1	-	-	151.5	-	
Primary Industries and Regional Development							
Item 42: Delivery of Services	166.3	0.8	-	-	167.1	-	
Mines, Industry Regulation and Safety							
Item 44: Delivery of Services	125.1	-0.9	-	-	124.2	-	
Item 45: Administered Grants, Subsidies and Other Transfer Payments	43.6	-	-	56.6	100.2	-	
Small Business Development Corporation							
Item 46: Delivery of Services	11.9	1.5	-	-	13.4	-	

Note: Columns/rows may not add due to rounding.

Table 4.4 (cont.)

2018-19 TRANSFERS, EXCESSES AND NEW ITEMS

Item	Budget \$m	Transfers ^(a) \$m	New Items \$m	Treasurer's Advance		Revised Appropriation Limit \$m	Draw n against Treasurer's Advance to date ^(b) \$m
				Approved Excesses \$m			
Economic Regulation Authority							
Item 48: Delivery of Services	2.1	-	-	0.1		2.1	
WA Health							
Item 49: Delivery of Services	4,819.2	10.7	-	56.3		4,886.2	-
Mental Health Commission							
Item 52: Mental Health Tribunal	2.7	-	-	-(c)		2.7	-
Education							
Item 54: Delivery of Services	4,042.0	-0.1	-	21.1		4,063.0	-
Item 55: Administered Grants, Subsidies and Other Transfer Payments	451.2	-0.1	-	3.1		454.3	-
Training and Workforce Development							
Item 56: Delivery of Services	354.2	0.9	-	-		355.2	-
Justice							
Item 58: Delivery of Services	1,177.3	1.3	-	-		1,178.6	-
Fire and Emergency Services							
Item 59: Delivery of Services	22.8	0.1	-	-		22.9	-
Item 60: Western Australia Natural Disaster Relief and Recovery Arrangements	45.0	-	-	3.6		48.6	3.6
Office of the Director of Public Prosecutions							
Item 61: Delivery of Services	36.0	-	-	0.6		36.7	-
Office of the Inspector of Custodial Services							
Item 64: Delivery of Services	3.3	0.1	-	-		3.4	-
Communities							
Item 66: Delivery of Services	1,720.8	2.5	-	-		1,723.3	-
Local Government, Sport and Cultural Industries							
Item 68: Delivery of Services	110.3	3.2	-	3.5		116.9	-
Item 71: Library Board of Western Australia	31.4	-2.1	-	-		29.3	-
Item 72: Perth Theatre Trust	8.2	-	-	1.0		9.2	-
Item 73: Western Australia Museum	22.2	0.1	-	-		22.4	-
Western Australian Sports Centre Trust							
Item 75: Delivery of Services	80.0	0.1	-	2.9		83.0	-
Transport							
Item 76: Delivery of Services	77.3	0.4	-	-		77.7	-
Water and Environmental Regulation							
Item 79: Delivery of Services	82.4	-	-	0.2		82.6	-
Biodiversity, Conservation and Attractions							
Item 80: Delivery of Services	239.3	0.3	-	-		239.7	-
Planning, Lands and Heritage							
Item 81: Delivery of Services	92.3	4.7	-	-		97.0	-
Western Australian Land Information Authority							
Item 83: Delivery of Services	34.5	-	-	0.8		35.3	-
Total Recurrent		-	153.0	233.7			192.0

Note: Columns/rows may not add due to rounding.

Table 4.4 (cont.)

2018-19 TRANSFERS, EXCESSES AND NEW ITEMS

		Treasurer's Advance			Revised	Draw n
	Budget	Transfers ^(a)	New Items	Excesses	Appropriation	against
	\$m	\$m	\$m	\$m	Limit	Treasurer's
					\$m	Advance to
						date ^(b)
						\$m
Capital Appropriations						
Treasury						
<i>Government Equity Contributions</i>						
Item 88: Animal Resources						
Authority	0.8	-	-	1.3	2.1	0.1
Item 94: Electricity Networks						
Corporation (Western Power)	109.2	-	-	1.4	110.7	-
Item 96: Metropolitan Redevelopment						
Authority	100.2	-	-	6.1	106.4	3.8
Primary Industries and Regional						
Development						
Item 109: Capital Appropriation	0.3	-	-	0.2	0.5	-
Education						
Item 112: Capital Appropriation	251.8	-	-	-	251.8	-
Justice						
Item 114: Capital Appropriation	18.9	-	-	0.2	19.0	-
Chemistry Centre (WA)						
Item 115: Capital Appropriation	1.0	-	-	1.5	2.5	1.5
Communities						
Item 116: Capital Appropriation	2.1	-	-	0.7	2.8	-
Western Australian Sports Centre Trust						
Item 119: Capital Appropriation	13.8	-	-	0.8	14.6	-
Transport						
Item 120: Capital Appropriation	17.5	-	-	3.1	20.6	-
Planning, Lands and Heritage						
Item 126: Capital Appropriation	2.5	-	-	1.0	3.5	-
Total Capital		-	-	16.4		5.4
TOTAL		-	153.0	250.0		197.4

(a) Authorised under section 25 of the FMA.

(b) Budget cut-off date, 8 April 2019.

(c) Amount less than \$50,000.

Note: Columns/rows may not add due to rounding.

Special Purpose Accounts

Special Purpose Accounts (SPAs) are established under various sections of the *Financial Management Act 2006* or by specific legislation (e.g. Royalties for Regions Fund). Accounts established by legislation are governed by the relevant provisions of the statute, while accounts that are established administratively are governed by a special purpose statement (operating accounts) or a trust statement (trust accounts) that outlines the purpose of the account.

This appendix contains information on key SPAs. It is not an exhaustive list of all SPAs, but covers the major/material SPAs. The forecast SPA balances (and transactions in and out of these accounts) form part of the overall consolidated projections for 2019-20 outlined elsewhere in this Budget.

Disclosures for the Fiona Stanley Hospital Construction Account, Forrestfield-Airport Link Account and Royalties for Regions Southern Inland Health Initiative have been removed as these accounts have now been wound up.

Debt Reduction Account

In line with the Government's election commitment, a Debt Reduction Account was established in 2017-18 to apply windfall funds to the repayment of Consolidated Account borrowings.

In 2019-20, a total of \$1,327 million is expected to flow into the account from:

- GST top-up payments (\$1,248 million), with \$434 million of this amount expected to be received from the Commonwealth before 30 June 2019 and held in the Consolidated Account until the next available debt repayment in 2019-20; and
- surplus funds from RiskCover (\$79 million).

This follows debt repayments totalling \$437 million in 2018-19, sourced from a large, one-off duty assessment for a high value commercial property transaction, excess cash returned to the Consolidated Account by agencies in 2017-18, and surplus funds from RiskCover.

DEBT REDUCTION ACCOUNT

Table 5.1

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	-	-
Receipts	437	1,327
Payments	437	1,327
Closing Balance	-	-

Note: Columns may not add due to rounding.

METRONET Account

This SPA was established in August 2017 to support the delivery of METRONET transport infrastructure projects. Forecast receipts for 2019-20 reflect State funding (\$425 million, including \$185 million from the sale of Landgate's shareholding in Property Exchange Australia Limited), Commonwealth funding (\$360 million), proceeds from land sales (\$16 million) and interest earnings (\$13 million).

Funds are drawn down for project payments as works progress. In 2019-20, forecast payments include \$529 million for transport infrastructure and \$2 million for METRONET Office operating costs.

METRONET ACCOUNT

Table 5.2

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	10	264
Receipts	335	816
Payments	82	531
Closing Balance	264	548

Note: Columns may not add due to rounding.

METRONET Roads Account

This SPA was established in December 2018 to hold motor vehicle licence revenue allocated to METRONET road works, including projects under development. In 2019-20, funds will be drawn down for projects as works progress.

METRONET ROADS ACCOUNT

Table 5.3

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	-	-
Receipts	-	112
Payments	-	70
Closing Balance	-	42

Note: Columns may not add due to rounding.

Metropolitan Region Improvement Fund

This account was established under the *Metropolitan Region Improvement Tax Act 1959* to hold funds for the management of the Metropolitan Region Scheme, including receipts from the Metropolitan Region Improvement Tax (MRIT).

Receipts in 2019-20 include MRIT collections (\$89 million), rent and interest income (\$15 million) and proceeds from the sale of land and buildings (\$5 million). Forecast payments in 2019-20 are for the acquisition of land and buildings (\$50 million), METRONET Yanchep Rail Extension (\$30 million), service delivery costs (\$29 million), a contribution towards METRONET projects under development (\$21 million) and works in progress on a range of smaller infrastructure projects (\$2 million).

METROPOLITAN REGION IMPROVEMENT FUND			Table 5.4
	2018-19 \$m	2019-20 \$m	
<i>Balance at 1 July</i>	399	441	
Receipts	125	111	
Payments	83	132	
Closing Balance	441	420	

Note: Columns may not add due to rounding.

Mining Rehabilitation Fund

The Mining Rehabilitation Fund was established in July 2013 to hold levy collections under the *Mining Rehabilitation Fund Act 2012*.

Receipts reflect forecast levy contributions from mining operators. Funds can be used to undertake rehabilitation activities where a tenement operator fails to meet rehabilitation obligations, and all other options available to recover funds from the operator have been exhausted. Interest earnings are used to support administration of the Fund and for rehabilitation works at abandoned mine sites (up to an approved limit of \$5 million per year).

MINING REHABILITATION FUND			Table 5.5
	2018-19 \$m	2019-20 \$m	
<i>Balance at 1 July</i>	122	148	
Receipts	33	34	
Payments	7	2	
Closing Balance	148	180	

Note: Columns may not add due to rounding.

Municipal and Essential Services Account

This account was established in 2015 to administer the Commonwealth's final \$90 million contribution for essential and municipal services for remote Aboriginal communities in Western Australia.

Between 2015-16 and 2017-18, \$83 million of the funding provided by the Commonwealth was spent. The remaining funds are expected to be fully committed in 2018-19.

MUNICIPAL AND ESSENTIAL SERVICES ACCOUNT			Table 5.6
	2018-19 \$m	2019-20 \$m	
<i>Balance at 1 July</i>	7	-	
Receipts	-	-	
Payments	7	-	
Closing Balance	-	-	

Note: Columns may not add due to rounding.

National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account

This account was established in December 2018 to meet the cost of payments associated with the State's participation in the National Redress Scheme, and for civil litigation claims by victims of historical child sexual abuse. An initial allocation of \$153 million from the Consolidated Account was paid into the account in 2018-19 to meet payments to victims of abuse over the four years to 2021-22. The proceeds from the planned commercialisation of Landgate's automated land titling service will be used to repay the Consolidated Account for this initial contribution, and to provide additional funding to meet the cost of payments over the remaining life of the ten-year Scheme.

Payments from the account in 2019-20 comprise:

- \$81 million to the Department of Justice for Scheme payments to the Commonwealth (\$80 million) and to resource the Department to administer the Scheme (\$1 million); and
- \$1 million to the Department of Communities for resources to source, evaluate and provide relevant case records as part of the assessment process for the Scheme.

NATIONAL REDRESS SCHEME AND CIVIL LITIGATION FOR SURVIVORS OF INSTITUTIONAL CHILD SEXUAL ABUSE ACCOUNT			Table 5.7
	2018-19 \$m	2019-20 \$m	
<i>Balance at 1 July</i>	-	133	
Receipts	153	-	
Payments	20	82	
Closing Balance	133	51	

Note: Columns may not add due to rounding.

Perth Children's Hospital Account

This SPA was established in October 2010 to hold money for the construction and commissioning of the Perth Children's Hospital.

The Hospital achieved practical completion in April 2017 and fully opened on 10 June 2018. Project closure arrangements for the Hospital are expected to be finalised in 2020 to accommodate the extended defect liability period, with any remaining funds in the account to be returned to the Consolidated Account.

PERTH CHILDREN'S HOSPITAL ACCOUNT

Table 5.8

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	13	5
Receipts	-	-
Payments	7	5
Closing Balance	5	-(a)

(a) Amount less than \$500,000.

Note: Columns may not add due to rounding.

Perth Parking Licensing Account

This SPA was established in July 1999 to set aside funds to be used to encourage a balanced transport system for gaining access to the Perth city area. Receipts consist of licence fees, penalties and money appropriated by the Parliament.

Funds drawn from the account are spent on the Central Area Transit bus system, Free Transit Zone public transport services within central Perth, improving public transport access, enhancing the pedestrian environment, supporting bicycle access and for administration of the *Perth Parking Management Act 1999*.

PERTH PARKING LICENSING ACCOUNT

Table 5.9

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	54	91
Receipts	58	59
Payments	21	21
Closing Balance	91	129

Note: Columns may not add due to rounding.

Perth Stadium Account

This SPA was established in October 2011 to hold funds to be used for the construction of Optus Stadium and the surrounding sports precinct, including associated transport infrastructure. The stadium commenced operations in January 2018.

Forecast payments of \$1 million in 2019-20 reflect remaining minor transport infrastructure works. Following closure of the project, any remaining funds will be returned to the Consolidated Account.

PERTH STADIUM ACCOUNT

Table 5.10

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	13	4
Receipts	1	-
Payments	10	1
Closing Balance	4	3

Note: Columns may not add due to rounding.

Road Trauma Trust Account

This account was established to provide for road safety initiatives. Receipts reflect prescribed penalties paid during the year, other funds collected under the *Road Traffic (Administration) Act 2008*, and interest revenue earned on the account balance.

Total payments from the account in 2019-20 are forecast at \$118 million. This incorporates additional payments approved as part of the 2019-20 Budget, including:

- \$12 million for the continuation of infringement management administration and automated camera maintenance and operation functions within the Western Australia Police Force and the Department of Transport;
- \$1 million for Alcohol Assessment and Treatment Services administered by the Mental Health Commission; and
- \$1 million for projects to implement a Learner Log Book App and an Integrated Cycling Incident Reporting Facility, to be delivered by the Department of Transport.

ROAD TRAUMA TRUST ACCOUNT

Table 5.11

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	53	44
Receipts	103	102
Payments	111	118
Closing Balance	44	28

Note: Columns may not add due to rounding.

Royalties for Regions Fund

The Royalties for Regions (RfR) Fund was established in December 2008 to set aside a share of the State's annual royalty income to fund investment in regional Western Australia.

Receipts reflect interest on Fund balances and the statutory funding for the program based on 25% of royalty forecasts at the time of the 2019-20 Budget, adjusted for the \$1 billion legislated cap on the Fund balance. Payments from the Fund include transfers to agencies that deliver RfR projects.

Receipts and payments in 2018-19 have reduced by \$319 million compared to the 2018-19 Mid-year Review due to delays in project spending and associated revisions to the timing of payments.

Details of the RfR program and other regional spending are available in Chapter 7: *Investing in Regional Western Australia*.

ROYALTIES FOR REGIONS FUND

Table 5.12

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	1,000	1,000
Receipts	652	1,081
Payments	652	1,081
Closing Balance	1,000	1,000

Note: Columns may not add due to rounding.

Royalties for Regions Regional Reform Fund

This SPA was approved as part of the 2015-16 Budget to receive \$150 million, transferred from the RfR Fund, commencing in June 2015. The account funds strategic reform initiatives in regional Western Australia, with regional Aboriginal reform initiatives the first area of focus. To date, \$100 million has been transferred to this SPA, with the next contribution of \$16 million forecast to be made in 2020-21. Payments in 2019-20 are expected to fund the Kimberley Schools project, the North West Aboriginal Housing initiative, improvements to essential and municipal services in remote Aboriginal communities, and the East Kimberley and Hedland Transitional Housing projects.

ROYALTIES FOR REGIONS REGIONAL REFORM FUND

Table 5.13

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	96	70
Receipts	-	-
Payments	26	40
Closing Balance	70	30

Note: Columns may not add due to rounding.

Waste Avoidance and Resource Recovery Account

The Waste Avoidance and Resource Recovery Account was established in 2008 under section 79 of the *Waste Avoidance and Resource Recovery Act 2007* to hold revenue allocated from the waste levy. The purpose of the account is to fund nominated programs and other waste management initiatives approved by the Minister for Environment.

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT			Table 5.14
	2018-19 \$m	2019-20 \$m	
<i>Balance at 1 July</i> ^(a)	39	39	
Receipts	22	22	
Payments	21	22	
Closing Balance	39	39	

(a) The closing balance of \$39 million at 30 June 2018 (opening balance at 1 July) has been restated from the \$38 million reported in the 2017-18 *Annual Report on State Finances*, reflecting adjustment to the rounding of the closing balance at that time.

Note: Columns may not add due to rounding.

Western Australian Future Fund

The Western Australian Future Fund was established following the passage of the *Western Australian Future Fund Act 2012* in November 2012. The Act provides for an accruing balance over 20 years to 2032, after which the annual interest earnings can be drawn down to fund economic or social infrastructure across Western Australia.

Forecast receipts include 1% of the State's Budget-time forecast of royalty revenue (\$64 million) and interest earned on the account balance (\$41 million).

Consistent with its election commitment, the Government intends to introduce legislation into Parliament in 2019 to re-purpose the Western Australian Future Fund and allow the Fund's interest earnings to be accessed for health and medical research and innovation.

WESTERN AUSTRALIAN FUTURE FUND			Table 5.15
	2018-19 \$m	2019-20 \$m	
<i>Balance at 1 July</i>	1,215	1,306	
Receipts	91	105	
Payments	-	-	
Closing Balance	1,306	1,411	

Note: Columns may not add due to rounding.

State Government Social Concessions Expenditure Statement

Introduction

The State Government provides social concessions in the form of rebates, discounts and waivers for services, and subsidies to help reduce the cost of living for individuals and families in need.

This appendix reports the entire range of social concessions provided by State Government agencies. The information provided reflects actual expenditure on each social concession by agency in 2017-18, and estimated expenditure in 2018-19 and 2019-20.

The total value of State Government social concessions in 2019-20 is estimated at \$2.4 billion, including \$1.4 billion in operating subsidies for electricity, water, and public transport services¹.

General Notes on the Statement

For the purposes of this appendix, social concessions are defined as:

- discounts, rebates and waivers for services, and subsidies to improve access to, and affordability of, a range of services based on eligibility criteria related to factors such as age, income and special needs or disadvantage; and
- concessional prices for services provided by public non-financial corporations where the price charged to all consumers is less than the full cost of service provision, and grants paid to private and State training providers to subsidise the cost of training services.

The information in this appendix is compiled from information provided by relevant agencies.

¹ Operating subsidies for social concessions purposes form the vast bulk of operating subsidies reported in Table 8.5 in Appendix 8: *Public Corporations and Major Tariffs, Fees and Charges*.

The method of estimating the value of concessions varies. In some cases, the estimate reflects the amount of a good or service consumed at the concessional price or fare and is the difference between the concession and the otherwise applicable price or fare. In others, such as those involving a fixed annual charge, the estimates reflect the rebate or subsidy paid.

The estimated number of recipients is recorded against each social concession. Where the number of unique recipients is not recorded, the number of occasions the concession has been accessed is used instead.

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

Table 6.1

	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20
	Actual	Actual	Estimated	Estimated	Budget	Budget
	\$'000	Recipients	\$'000	Recipients	Estimate	Estimate
	\$'000	Recipients	\$'000	Recipients	\$'000	Recipients
BIODIVERSITY, CONSERVATION AND ATTRACTIONS						
Perth Zoo						
- Children Under Four – Free Entry	3,598	116,049	3,920	122,511	3,664	117,223
- Children's Discount	1,320	82,497	1,437	87,090	1,302	83,331
- Education Excursion Discount	764	40,155	839	42,391	789	40,561
- Seniors and Concessions Card Discounts	393	56,207	415	59,337	376	56,776
- Carers – Free Entry	123	3,962	134	4,183	125	4,002
National Park Entrance Fee Reductions	684	55,536	684	55,536	798	55,536
Camping Concessions	397	56,020	408	56,020	408	56,020
Valley of the Giants Tree Top Walk Concession	82	16,815	82	16,815	82	16,815
Monkey Mia Park Entry Fee Concessions						
Day Entry	50	11,766	53	11,766	53	11,766
Annual Park Pass	5	1,094	5	1,094	5	1,094
Geike Gorge Boat Trip Concessions	21	1,609	22	1,609	22	1,609
Penguin Island Concessions	12	8,943	12	8,943	12	8,943
Rottne Island						
- Tour Concessions	8	3,904	9	4,295	9	4,724
- Train/Bus/Bike Concessions	3	824	3	989	3	1,087
Yanchep National Park – Cave Concessions	9	2,869	9	2,869	10	2,869
Leeuw in-Naturaliste National Park – Cave Concessions	5	878	5	878	5	878
Barna Mia Dryandra Woodland Tour Fee Concession	3	587	3	587	3	587
Sub-Total	7,477		8,040		7,666	
BUNBURY WATER CORPORATION						
Pensioners and Seniors Consumption Rebate ^(a)	388	3,489	364	3,524	372	3,559
Pensioners and Seniors Supply Charge Rebate ^(a)	311	4,214	314	4,256	322	4,299
Ex-Gratia Water (Leak) Allowance	133	183	126	185	128	187
Pensioners Tenant Rebate ^(a)	14	138	14	139	15	140
Sub-Total	846		818		837	

Note: Columns may not add due to rounding. There are no sub-totals for recipient numbers due to the different methods used to calculate these values. Footnotes are on the last page of the table.

Table 6.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20
	Actual	Actual	Estimated	Estimated	Budget	Budget
	\$'000	Recipients	Actual	Actual	Estimate	Estimate
			\$'000	Recipients	\$'000	Recipients
BUSSELTON WATER CORPORATION						
Pensioners Supply Charge and Consumption Rebate ^(a)	523	2,115	469	2,530	450	2,427
Seniors Supply Charge and Consumption Rebate ^(a)	109	992	80	992	82	1,022
Pensioners Tenant Rebate ^{(a)(b)}	n/a	n/a	147	810	35	193
Ex-Gratia Water (Leak) Allowance	23	44	31	62	27	53
Sub - Total	655		727		594	
COMMUNITIES						
Rental Subsidy	259,766	30,365	251,745	30,107	258,165	30,236
Seniors Cost of Living Rebate	23,188	307,274	23,769	319,822	25,935	331,365
Bond Assistance Loans – Interest Foregone	454	61,242	430	57,706	404	55,054
Rental Sales Scheme Subsidy ^(c)	24	9	25	11	229	100
Homes for Carers – Placement Support Subsidy	99	10	93	13	111	13
Centenarian Initiative	110	7	80	10	81	9
Cash Assistance Grants	-	-	5	2	5	2
Sub - Total	283,641		276,147		284,930	
EDUCATION						
Secondary Assistance Scheme						
- Education Program Allowance	6,824	29,096	7,260	30,953	7,530	32,103
- Clothing Allowance	3,346	29,096	3,560	30,953	3,692	32,103
- Abstuday Supplement	38	486	40	510	42	529
Boarding Away from Home Allowance						
- Isolated Children and Students in Respite	3,006	1,456	2,836	1,484	2,665	1,517
- Agriculture College – Special Subsidy	538	263	554	293	500	287
- Gifted and Talented	57	28	66	35	60	35
Sub - Total	13,809		14,316		14,489	
FINANCE						
Seniors (25%) and Pensioners (50%) Rebates						
- Local Government Rates	96,667	228,638	100,000	231,382	107,900	234,621
- Emergency Services Levy	19,298	226,098	21,500	228,811	23,300	232,015
Energy Subsidies						
- Thermoregulatory Dysfunction	2,133	3,011	2,300	3,047	2,500	3,090
- Life Support Equipment	1,248	1,745	1,400	1,766	1,500	1,791
Energy Concession Extension Scheme	1,464	4,891	1,600	5,000	1,700	5,100
Sub - Total	120,810		126,800		136,900	

Note: Columns may not add due to rounding. There are no sub-totals for recipient numbers due to the different methods used to calculate these values. Footnotes are on the last page of the table.

Table 6.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20
	Actual	Actual	Estimated	Estimated	Budget	Budget
	\$'000	Recipients	\$'000	Recipients	Estimate	Estimate
	\$'000	Recipients	\$'000	Recipients	\$'000	Recipients
GOLD CORPORATION						
Perth Mint Admission Concessions	22	11,191	23	11,500	24	12,000
Sub - Total	22		23		24	
HEALTH						
Ambulance Services for Seniors	46,431	127,024	50,440	136,297	52,962	143,112
Patient Assisted Travel Scheme						
- WA Country Health Service	33,948	37,446	35,109	38,154	36,412	38,986
- Peel Health Service	31	49	35	50	35	51
Subsidised Dental Care						
- Dental Health Services	15,857	58,147	18,276	67,018	18,276	67,018
- Oral Health Centre of WA	13,664	13,438	13,910	13,500	14,001	13,500
Spectacle Subsidy Scheme	2,471	46,441	2,622	48,962	2,675	48,828
Dental Subsidy Schemes						
- Country Patients	3,474	15,306	2,558	11,272	1,746	7,694
- Metropolitan Patients	1,000	3,847	743	2,858	500	1,924
Child and Adolescent Health Service						
Concession Parking ^(d)	-	-	368	25,000	500	34,173
Home Haemodialysis Subsidy	53	116	64	99	77	120
Sub - Total	116,929		124,125		127,184	
HORIZON POWER						
Aboriginal and Remote Communities						
Project – Subsidy						
- Stage 1 ^(a)	6,861	858	5,520	708	5,477	729
- Stage 2 ^(a)	2,615	273	2,622	237	2,567	233
Tariff Adjustment Payment ^{(a)(e)}	6,197	47,168	207	37,389	6,097	42,624
Energy Assistance Payment ^(a)	1,367	7,176	1,258	4,632	1,260	4,612
Feed-In Tariff ^(a)	968	576	1,106	601	1,091	601
Air Conditioning Rebate – Electricity ^(a)	612	2,444	632	1,975	651	1,966
Dependent Child Rebate ^(a)	537	2,568	629	1,634	630	1,628
Tariff Migration (Caravan Park Subsidy) ^(a)	111	12	122	12	140	11
Sub - Total	19,268		12,096		17,913	
INSURANCE COMMISSION						
OF WESTERN AUSTRALIA						
Farm Vehicles – 50% Insurance Premium						
Rebate	1,090	6,789	1,155	7,017	1,205	7,104
Voluntary Emergency Vehicles	153	904	150	900	157	910
Sub - Total	1,243		1,305		1,362	
JUSTICE						
Legal Aid Concessions	24,749	74,979	24,917	71,819	24,917	71,819
Court and Tribunal Concessions	3,289	14,144	3,691	15,477	3,695	15,566
Public Trustee Concessions	301	1,378	305	1,337	310	1,340
Sub - Total	28,339		28,913		28,922	

Note: Columns may not add due to rounding. There are no sub-totals for recipient numbers due to the different methods used to calculate these values. Footnotes are on the last page of the table.

Table 6.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20
	Actual	Actual	Estimated	Estimated	Budget	Budget
	\$'000	Recipients	Actual	Actual	Estimate	Estimate
	\$'000	Recipients	\$'000	Recipients	\$'000	Recipients
KEYSTART HOUSING SCHEME TRUST						
Safety Net ^(f)	n/a	356	n/a	410	n/a	410
Sub - Total						
LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES						
KidSport Financial Assistance Vouchers	3,725	27,200	4,200	30,000	4,200	30,000
Museum Concessions	626	71,443	613	62,619	629	68,823
Perth Theatre Trust Concessions	185	6,869	187	6,945	189	7,021
Art Gallery Concessions ^(g)	104	22,448	-	-	-	-
Recreation Camp Fee Concessions	32	476	35	500	37	520
Sub - Total	4,672		5,035		5,055	
MINES, INDUSTRY REGULATION AND SAFETY						
District Court – Waiver, Reduction, Refund or Deferral of Court Fees	24	533	21	442	22	442
Building Commission – Complaint Fee Concessions	4	70	4	70	4	70
Sub - Total	28		25		26	
NATIONAL TRUST OF AUSTRALIA (WA)						
Seniors' Entry Fee Discount	13	4,272	13	4,315	13	4,358
Children's Entry Fee Discount	2	524	2	529	2	534
Sub - Total	15		15		15	
PLANNING, LANDS AND HERITAGE						
Fremantle Prison Entry Concessions	367	57,021	379	57,021	379	57,021
Seniors and Pensioners Rebates and Deferments Policy – Crown Land Lease Charges	2	2	3	1	3	1
Sub - Total	369		382		382	
PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT						
Recreational Fishing Licence Fee Concessions						
- Fishing from a Boat	631	34,783	758	36,500	758	36,500
- Rock Lobster	285	11,731	360	13,300	360	13,300
- Net Fishing	165	6,706	185	6,800	185	6,800
- Abalone	72	3,011	88	3,300	88	3,300
- Marron	66	2,765	80	3,000	80	3,000
- South West Freshwater Angling	54	2,264	63	2,350	63	2,350
Sub - Total	1,273		1,534		1,534	

Note: Columns may not add due to rounding. There are no sub-totals for recipient numbers due to the different methods used to calculate these values. Footnotes are on the last page of the table.

Table 6.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20
	Actual	Actual	Estimated	Estimated	Budget	Budget
	\$'000	Recipients	\$'000	Recipients	Estimate	Estimate
	\$'000	Recipients	\$'000	Recipients	\$'000	Recipients
PUBLIC TRANSPORT AUTHORITY OF WESTERN AUSTRALIA						
Transperth						
- General Fare Subsidy ^(a)	531,068	82,767,682	540,869	84,730,892	575,700	84,986,173
- Concession Fares ^(a)	75,626	35,027,744	78,124	36,069,943	78,535	35,879,031
- Pensioners, Seniors and Carers Free Travel ^(a)	19,859	5,733,463	20,732	5,907,023	21,319	5,936,345
- Free Transit Zone ^(a)	14,894	13,619,259	16,217	13,353,712	16,056	13,353,712
- Perth Stadium Special Events ^(a)	4,312	1,695,930	7,376	2,368,640	7,450	2,368,640
Regional Town Bus Services						
- General Fare Subsidy ^(a)	11,867	2,111,649	12,299	1,968,010	11,516	1,968,010
- Concession Fares ^(a)	4,013	1,909,226	3,829	1,767,737	3,932	1,767,737
- Pensioners, Seniors and Carers Free Travel ^(a)	399	137,405	430	144,926	442	144,926
Regional School Bus Services						
- General Fare Subsidy ^(a)	125,933	26,913	126,178	26,182	131,130	26,313
- Conveyance Allowance ^(a)	2,266	4,783	2,312	4,764	2,333	4,797
Transw a						
- General Fare Subsidy ^(a)	28,136	159,421	29,339	151,610	30,310	167,010
- Concession Fares ^(a)	4,010	190,112	4,068	194,668	4,108	194,668
- Annual Free Trip for Regional Pensioners ^(a)	1,899	23,633	1,999	24,922	2,019	24,922
Sub- Total	824,282		843,772		884,850	
SYNERGY						
Energy Assistance Payment ^(a)	64,202	274,215	68,444	277,506	70,617	281,391
Feed-In Tariff ^(a)	50,223	72,863	52,419	72,373	54,433	71,887
Dependent Child Rebate ^(a)	17,865	64,610	18,975	65,385	19,578	66,301
Account Establishment Fee Rebate ^(a)	1,002	30,824	1,045	31,194	1,060	31,631
Late Payment Waiver ^(a)	700	89,200	708	90,270	725	91,534
Air Conditioning Rebate – Electricity ^(a)	49	318	49	322	51	326
Tariff Adjustment Payment ^{(a)(h)}	139,914	1,023,173	-	-	-	-
Sub- Total	273,955		141,641		146,463	
TRAINING AND WORKFORCE DEVELOPMENT						
Tuition Fees – Vocational Education and Training Courses						
- General Subsidy	261,658	60,147	260,965	59,348	262,914	59,385
- Concession Card Holders (70% Course Fee Discount)	10,500	14,292	11,228	14,483	11,227	14,466
- Severe Financial Hardship (100% Course Fee Waiver) ⁽ⁱ⁾	6,016	3,161	4,476	2,646	4,520	2,650
South West Bus Service – Fare Concessions	331	107	320	102	310	97
Sub- Total	278,505		276,989		278,971	

Note: Columns may not add due to rounding. There are no sub-totals for recipient numbers due to the different methods used to calculate these values. Footnotes are on the last page of the table.

Table 6.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20
	Actual	Actual	Estimated	Estimated	Budget	Budget
	\$'000	Recipients	Actual	Actual	Estimate	Estimate
			\$'000	Recipients	\$'000	Recipients
TRANSPORT						
Light Vehicle Licence Fee Concessions						
- Seniors (50% discount)	28,163	195,276	31,280	205,062	33,800	215,339
- Pensioners (100% discount)	10,780	37,373	11,707	38,372	12,368	39,398
Travel Subsidy Schemes						
- Permanently Disabled – Taxi Subsidy	12,194	13,754	12,626	14,442	12,878	15,164
- Remote Boarding Students	1,345	1,739	1,179	1,812	1,202	1,903
- Seniors – Annual Free Trip South	1,062	1,115	1,077	1,193	1,077	1,253
- Seniors – Inter-Town Bus Services	311	13,148	321	13,411	350	13,477
- Seniors – Intra-Town Bus Services	93	51,534	147	52,565	162	52,822
Drivers Licence Fee Concessions						
- Pensioners (100% discount)	2,790	65,657	3,006	68,239	3,476	78,902
- Seniors (50% discount)	1,502	51,517	1,654	56,824	1,882	64,676
Perth Parking Licence Fee – Social Exemptions	1,026	1,002	1,066	1,026	1,062	1,017
Sub-Total	59,266		64,063		68,257	
WATER CORPORATION						
Country Customer Equity Policies						
- Country Water Pricing Subsidy ^(a)	244,683	231,642	256,093	233,197	275,374	235,128
- Drainage Charge Exemption ^{(a)(i)}	16,177		19,178		18,851	
Service Charge Rebates						
- Pensioner or State Concession Card Holders (up to 50%) ^(a)	60,090	142,724	63,083	145,293	65,744	147,763
- Dual Commonwealth Seniors Health Card and WA Seniors Card Holders (up to 50%) ^(a)	8,211	18,101	8,479	18,427	9,100	18,740
- WA Seniors Card Holders (up to 25%) ^(a)	4,604	62,347	4,539	63,469	4,662	64,548
- Rebates for Retirement Properties (up to 25%) ^(a)	5	61	5	62	5	63
Pensioners Consumption Concessions ^(a)	21,642	182,006	22,531	185,282	24,405	188,432
Ex-Gratia Water (Leak) Allowance ^(a)	7,930	10,560	8,580	10,560	8,792	10,560
Pensioners Rate Deferral Policy – Interest Costs ^(a)	334	17,522	642	17,837	516	18,140
Haemodialysis Allowance ^{(a)(k)}	-	-	65	100	65	100
Sub-Total	363,676		383,195		407,514	
WESTERN AUSTRALIAN GREYHOUND RACING ASSOCIATION						
Racecourse Entry Concessions ^(l)	1	478	1	202	-	-
Sub-Total	1		1		-	

Note: Columns may not add due to rounding. There are no sub-totals for recipient numbers due to the different methods used to calculate these values. Footnotes are on the last page of the table.

Table 6.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20
	Actual	Actual	Estimated	Estimated	Budget	Budget
	\$'000	Recipients	\$'000	Recipients	Estimate	Estimate
					\$'000	Recipients
WESTERN AUSTRALIAN SPORTS CENTRE TRUST – VENUESWEST						
Aquatic Centre Entry Concessions						
- Single-entry	42	30,246	39	30,246	39	30,246
- Multi-entry (Aqua Card)	34	1,940	35	1,940	32	1,940
Fitness Membership Concessions	40	403	40	407	41	414
Sub- Total	116		114		112	
Total	2,399,197		2,310,075		2,414,000	

- (a) Operating subsidies are reported in Appendix 8.
- (b) Busselton Water Corporation has been unable to make rebate payments in recent years due to difficulties acquiring eligibility information. These issues have recently been resolved and the Corporation's expenditure forecasts are expected to stabilise as payments become routine.
- (c) The forecast increase in the Rental Sales Scheme Subsidy in 2019-20 results from the Department seeking to transition willing and able tenants into home ownership to improve social outcomes.
- (d) This is a new concession reported by the Service. Rather than the number of recipients, only the estimated number of tickets issued can be provided. Total cost of concession and number of tickets issued for 2019-20 are estimated to increase by approximately 36% based on the estimated actuals for 2018-19.
- (e) The Tariff Adjustment Payment (TAP) is the difference between the long-run marginal cost of electricity supply in the South West Interconnected System and the revenue Horizon Power receives from its regulated customers. The TAP increase from 2018-19 to 2019-20 reflects updates to electricity price paths and an increase in the efficient cost to supply.
- (f) A value for the Safety Net concession cannot be identified as this program provides assistance to borrowers with reduced payments for three to six months. When the client comes out of the Safety Net, they resume making normal repayments.
- (g) Forecast recipient numbers fall to zero as major exhibitions are biennial and the major exhibition planned for 2019-20 has been delayed.
- (h) The Tariff Adjustment Payment operating subsidy paid to Synergy ceased from 2018-19.
- (i) In 2017, there was a spike in the number of fee waivers due to financial hardship being granted by private training providers. Since then, the Department has introduced more robust audit measures for claims, which has resulted in lower estimates from 2018-19 onwards.
- (j) The Water Corporation is reviewing its systems to determine current and potential beneficiaries of country drainage services provided free of charge.
- (k) This new initiative supports residential customers with the cost of the considerable water required to operate haemodialysis equipment, providing an allowance of up to 30 kilolitres per two-monthly bill.
- (l) The Western Australia Greyhound Racing Association removed entry fees at the Mandurah racecourse in December 2018.

Note: Columns may not add due to rounding. There are no sub-totals for recipient numbers due to the different methods used to calculate these values. Footnotes are on the last page of the table.

APPENDIX 7

Asset Investment Program – Summary of Expenditure and Source of Funds

Overview

This appendix summarises asset investment expenditure by agencies within portfolio groups, and the sources of funds for the aggregate Asset Investment Program by year.

Table 7.1

ASSET INVESTMENT PROGRAM

	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
PARLIAMENT					
Legislative Council	-	-	-	-	-
Legislative Assembly	-	-	-	-	-
Parliamentary Services	1.1	1.0	1.0	1.0	1.0
Parliamentary Commissioner for Administrative Investigations	0.2	0.2	0.2	0.2	0.2
GOVERNMENT ADMINISTRATION					
Premier and Cabinet	5.9	0.4	0.1	0.1	0.1
Public Sector Commission	0.1	0.1	0.1	0.1	0.1
Governor's Establishment	5.2	0.1	0.1	-	-
Western Australian Electoral Commission	0.3	0.3	0.3	0.3	0.3
Salaries and Allowances Tribunal	-	-	-	-	-
Commissioner for Equal Opportunity	- (a)	- (a)	0.1	0.1	0.1
Commissioner for Children and Young People	-	-	-	-	-
Office of the Information Commissioner	-	- (a)	-	-	-
WorkCover WA Authority	0.8	0.8	1.3	0.9	0.9
Registrar, Western Australian Industrial Relations Commission	0.2	0.2	0.2	0.2	0.2
FINANCIAL ADMINISTRATION					
Treasury	0.8	0.4	0.4	0.4	0.4
Western Australian Treasury Corporation	1.9	1.8	0.4	0.5	0.4
Office of the Auditor General	0.5	0.6	0.7	0.7	0.7
Finance	121.8	138.5	86.6	86.5	86.5
Insurance Commission of Western Australia	4.8	5.5	5.0	5.3	5.3
Gold Corporation	27.2	19.0	8.4	9.2	7.6
JOBS AND ECONOMIC DEVELOPMENT					
Jobs, Tourism, Science and Innovation	0.7	1.1	0.7	1.0	1.0
Primary Industries and Regional Development	1.8	25.7	88.2	42.5	15.2
Mines, Industry Regulation and Safety	5.0	4.7	1.2	1.2	0.9
Western Australian Meat Industry Authority	0.5	0.4	0.5	0.5	0.5
Small Business Development Corporation	0.3	0.1	0.1	0.1	0.1
Rural Business Development Corporation	-	-	-	-	-
Economic Regulation Authority	-	0.3	- (a)	-	-
Forest Products Commission	6.7	1.4	2.4	3.1	3.5
Racing and Wagering Western Australia	11.8	16.2	11.0	9.7	11.4
Western Australian Greyhound Racing Association	0.3	0.3	-	-	-
Burswood Park Board	0.3	0.2	0.6	0.4	0.6
HEALTH					
WA Health	245.2	339.9	251.3	143.3	63.0
Mental Health Commission	-	1.5	4.2	0.2	-
Western Australian Health Promotion Foundation	0.1	-	-	-	-
Health and Disability Services Complaints Office	-	0.3	-	-	-
Animal Resources Authority	1.7	0.2	0.2	0.2	0.2

ASSET INVESTMENT PROGRAM

Table 7.1 (cont.)

	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
EDUCATION AND TRAINING					
Education	483.0	452.8	234.8	163.3	169.2
Training and Workforce Development	19.3	21.3	19.3	15.3	15.3
TAFE Colleges	14.0	8.7	8.1	8.1	8.1
Building and Construction Industry Training Board	-	-	-	-	-
COMMUNITY SAFETY					
Western Australia Police Force	51.9	87.0	68.9	48.4	14.2
Justice	86.8	110.3	74.3	120.4	30.1
Legal Aid Commission of Western Australia	0.4	1.5	2.2	2.0	1.8
Fire and Emergency Services	32.5	50.8	27.4	20.4	27.0
Office of the Director of Public Prosecutions	0.4	2.3	1.1	1.4	0.8
Corruption and Crime Commission	2.2	1.7	1.7	1.7	1.7
Chemistry Centre (WA)	2.5	2.5	2.5	2.5	2.5
Office of the Inspector of Custodial Services	- (a)	-	-	-	-
Parliamentary Inspector of the Corruption and Crime Commission	-	-	-	-	-
COMMUNITY SERVICES					
Communities	211.8	218.1	329.1	370.2	364.7
Keystart Housing Scheme Trust	3.2	1.2	1.2	1.2	1.2
Local Government, Sport and Cultural Industries	158.7	95.4	29.9	16.7	10.0
Western Australian Sports Centre Trust	17.7	16.2	12.7	17.8	13.2
Western Australian Institute of Sport	0.1	0.1	0.1	0.1	0.1
Lotteries Commission	3.6	3.4	4.5	1.8	8.0
Metropolitan Cemeteries Board	9.6	4.3	4.3	9.3	9.7
TRANSPORT					
Transport	35.9	38.3	18.3	20.0	21.8
Commissioner of Main Roads	1,222.2	1,265.1	806.6	852.8	1,272.3
Public Transport Authority of Western Australia	483.4	1,169.4	1,117.0	1,078.9	426.3
Fremantle Port Authority	69.5	41.8	54.0	58.8	53.4
Kimberley Ports Authority	21.4	8.8	1.6	1.6	1.6
Mid West Ports Authority	12.6	8.9	7.1	5.5	5.5
Pilbara Ports Authority	163.1	56.8	26.4	27.0	19.2
Southern Ports Authority	10.6	23.1	9.0	9.0	9.0
ENVIRONMENT					
Water and Environmental Regulation	13.5	16.5	14.4	15.3	12.4
Biodiversity, Conservation and Attractions	41.6	51.7	41.6	37.5	32.5
PLANNING AND LAND USE					
Planning, Lands and Heritage	7.4	3.8	4.0	3.6	3.8
Western Australian Planning Commission	57.4	86.8	50.2	120.2	50.3
Western Australian Land Authority (LandCorp)	220.9	201.4	159.9	281.9	164.7
Western Australian Land Information Authority (Landgate)	14.1	20.8	11.8	9.8	10.8
Metropolitan Redevelopment Authority	46.0	44.7	28.9	20.9	2.0
Heritage Council of Western Australia	-	-	-	-	-
National Trust of Australia (WA)	1.6	1.3	1.2	0.7	0.7

Table 7.1 (cont.)

ASSET INVESTMENT PROGRAM

	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
UTILITIES					
Synergy	48.9	40.7	45.6	45.5	40.7
Western Power	716.5	849.7	771.4	785.2	811.6
Horizon Power	96.9	61.7	48.9	50.1	46.2
Water Corporation	706.1	700.0	679.3	656.9	665.2
Bunbury Water Corporation	7.9	13.3	3.0	4.5	2.7
Busselton Water Corporation	5.8	2.9	2.9	2.9	4.4
PROVISIONS					
METRONET Projects Under Development	-	61.0	191.8	494.5	292.0
Provision for Road Trauma Trust Account Spending	1.2	0.2	9.5	0.5	15.0
Provision for Hospital Upgrades	-	-	-	3.8	0.1
Inter-agency Purchases	-28.7	-61.0	-50.0	-143.0	-104.8
Provision for Slippage	-	-700.0	250.0	250.0	200.0
Provision for 2022-23 Program not yet allocated	-	-	-	-	800.0
TOTAL	5,518.6	5,646.4	5,591.7	5,802.5	5,736.9
<i>Funded by:</i>					
APPROPRIATIONS					
Capital Appropriation ^(b)	1,109.0	1,447.9	1,017.3	1,016.1	707.8
OTHER FUNDING					
Holding Account	204.8	286.3	209.1	203.0	169.8
Agency Borrowings	747.5	1,000.9	787.4	778.8	495.0
Royalties for Regions	269.5	285.8	244.2	166.9	73.5
Commonwealth Grants	797.8	491.4	379.5	392.4	734.7
Land and Property Sales	332.0	370.0	528.5	528.6	441.7
Internal Funds and Balances	1,960.0	1,609.0	2,231.4	2,521.9	3,042.3
Special Purpose Accounts ^(c)	98.0	154.8	194.2	194.7	72.0
TOTAL	5,518.6	5,646.4	5,591.7	5,802.5	5,736.9

(a) Amount less than \$50,000.

(b) Includes Commonwealth contributions to projects undertaken by agencies such as the Public Transport Authority and WA Health, which are paid to the agencies as capital appropriations. Includes METRONET and related projects.

(c) Funding held at the Department of Treasury for projects funded from Special Purpose Accounts and/or subject to business cases.

Note: Columns may not add due to rounding.

Public Corporations and Major Tariffs, Fees and Charges

Public Corporations

Corporatised public corporations (also known as Government Trading Enterprises or GTEs) are generally liable for income tax equivalent and dividend payments to the State. A number of public corporations are also liable for local government rate equivalent payments. These payments are levied by the State to ensure competitive neutrality (i.e. a level playing field) between public and private sector business activities.

The Government has a role in setting household tariffs, fees and charges to ensure an appropriate balance between cost recovery and impacts on households. Some public corporations also receive operating subsidies where the cost of providing a service is not fully recovered from customers, to assist with reducing the prices for consumers of electricity, water and public transport services. Some of these operating subsidies reflect lower than cost-reflective tariffs, fees and charges that benefit all households, while others are only targeted at particular groups such as pensioners, seniors or consumers in regional areas.

The general government sector will pay a net \$43 million to public corporations in 2019-20 (see following table). That is, gross subsidy payments to public corporations (almost \$1.9 billion) are expected to exceed tax equivalent and dividend revenue received from these corporations (around \$1.8 billion) by \$43 million. This is a \$207 million reduction on the \$164 million net amount estimated to be received in 2018-19, primarily driven by lower dividend revenue (down \$86 million) and higher operating subsidies (up \$110 million) in 2019-20 relative to 2018-19.

Table 8.1

PUBLIC CORPORATIONS		
Revenue to and Expenses from the General Government Sector ^(a)		
	2018-19 Estimated Actual \$m	2019-20 Estimated Actual \$m
Electricity Corporations		
Dividends, Tax Equivalents, and Local Government Rate Equivalents		
Horizon Power	34.5	18.8
Synergy	13.8	4.5
Western Power	392.4	379.5
<i>TOTAL</i>	<i>440.7</i>	<i>402.9</i>
Operating Subsidies		
Horizon Power	11.0	18.9
Synergy	119.5	122.3
Western Power	-	-
<i>Subtotal</i>	<i>130.5</i>	<i>141.2</i>
Other Subsidies		
Horizon Power	12.3	5.2
Synergy	12.6	7.9
Western Power	5.2	6.2
<i>Subtotal</i>	<i>30.2</i>	<i>19.3</i>
<i>Net Electricity Corporations</i>	<i>280.0</i>	<i>242.4</i>
Water Corporation		
Dividends, Tax Equivalents, and Local Government Rate Equivalents	966.4	981.0
Operating Subsidies	420.1	452.8
Other Subsidies	19.0	14.7
<i>Net Water Corporation</i>	<i>527.3</i>	<i>513.5</i>
Public Transport Authority ^(b)		
Operating Subsidies	830.0	872.4
Other Subsidies	21.5	21.3
<i>Net Public Transport Authority</i>	<i>-851.5</i>	<i>-893.7</i>
Other Public Corporations		
Dividends, Tax Equivalents, and Local Government Rate Equivalents	543.0	459.9
Operating Subsidies	56.3	80.4
Other Subsidies	278.2	284.5
<i>Net Other Public Corporations</i>	<i>208.5</i>	<i>95.0</i>
Total revenue from Public Corporations	1,950.2	1,843.7
Dividends	1,288.6	1,202.7
Tax Equivalents	637.3	615.9
Local Government Rate Equivalents	24.2	25.1
Total expense to Public Corporations	1,785.9	1,886.6
Operating Subsidies	1,436.9	1,546.8
Other Subsidies	348.9	339.9
Net impact on General Government Sector ^(c)	164.3	-42.9

(a) Revenue includes dividends, tax equivalent payments and local government rate equivalents. Expenses include operating subsidies and grants funded from the Consolidated Account and other subsidies funded from other sources such as Royalties for Regions (capital appropriations to public corporations are not included).

(b) The Public Transport Authority does not pay dividends or tax equivalent payments.

(c) A positive total for the net impact on the general government sector means that the sector receives more revenue from public corporations than it pays out in subsidies, and vice versa for a negative total.

Note: Columns may not add due to rounding.

Revenue

General government sector revenue from public corporations in 2019-20 is estimated to total around \$1.8 billion, comprising \$1.2 billion in dividend payments, \$616 million in income tax equivalent payments, and \$25 million in local government rate equivalent payments.

Revenue from public corporations in 2019-20 is expected to be \$107 million (or 5.5%) lower than in 2018-19. This is primarily the result of the dividend forecasts for the electricity corporations, Western Australian Land Authority, Insurance Commission of Western Australia and the Pilbara Ports Authority being collectively \$121 million lower than in 2018-19.

These reductions are partially offset by a \$26 million increase in the Water Corporation's 2019-20 dividend relative to 2018-19.

A detailed list of revenue items from individual public corporations to the general government sector is provided in the following table.

Table 8.2

GENERAL GOVERNMENT REVENUE FROM PUBLIC CORPORATIONS

	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
Details of Payment					
ELECTRICITY CORPORATIONS					
Horizon Power					
Income tax expense	14.2	6.2	6.7	8.2	7.3
Local Government Rates expense	0.7	0.7	0.7	0.7	0.7
Dividends	19.6	11.9	10.8	13.7	11.6
<i>Subtotal</i>	<i>34.5</i>	<i>18.8</i>	<i>18.1</i>	<i>22.6</i>	<i>19.5</i>
Synergy					
Income tax expense	-	-	-	-	-
Local Government Rates expense	1.6	1.6	1.7	1.7	1.8
Dividends	12.2	2.8	-	-	-
<i>Subtotal</i>	<i>13.8</i>	<i>4.5</i>	<i>1.7</i>	<i>1.7</i>	<i>1.8</i>
Western Power					
Income tax expense	93.2	100.8	88.8	103.4	81.9
Local Government Rates expense	1.7	1.7	1.8	1.8	1.7
Dividends	297.6	277.0	269.3	269.3	234.4
<i>Subtotal</i>	<i>392.4</i>	<i>379.5</i>	<i>359.9</i>	<i>374.6</i>	<i>318.0</i>
WATER CORPORATIONS					
Water Corporation					
Income tax expense	365.9	354.0	387.6	419.3	428.9
Local Government Rates expense	6.7	6.8	7.0	7.1	7.3
Dividends	593.8	620.1	694.5	751.4	778.6
<i>Subtotal</i>	<i>966.4</i>	<i>981.0</i>	<i>1,089.1</i>	<i>1,177.9</i>	<i>1,214.9</i>
Bunbury Water Corporation (Aqwest)					
Income tax expense	1.3	1.0	1.0	1.1	1.3
Local Government Rates expense	0.1	0.1	0.1	0.1	0.1
Dividends	1.9	1.8	1.4	1.4	1.5
<i>Subtotal</i>	<i>3.3</i>	<i>2.9</i>	<i>2.5</i>	<i>2.6</i>	<i>2.9</i>
Busselton Water Corporation					
Income tax expense	1.1	0.8	0.8	0.8	0.7
Local Government Rates expense	0.1	0.1	0.1	0.1	0.1
Dividends	1.5	1.2	1.1	1.1	1.0
<i>Subtotal</i>	<i>2.7</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>1.7</i>
PORT AUTHORITIES					
Fremantle Port Authority					
Income tax expense	20.2	24.2	24.8	24.6	26.0
Local Government Rates expense	0.6	0.6	0.7	0.7	0.7
Dividends	34.6	36.4	39.0	39.0	40.7
<i>Subtotal</i>	<i>55.4</i>	<i>61.3</i>	<i>64.5</i>	<i>64.3</i>	<i>67.5</i>
Kimberley Ports Authority					
Income tax expense	-	-	1.3	1.3	1.3
Local Government Rates expense	0.2	0.2	0.2	0.2	0.2
Dividends	-	-	2.0	2.3	2.4
<i>Subtotal</i>	<i>0.2</i>	<i>0.2</i>	<i>3.4</i>	<i>3.8</i>	<i>3.9</i>
Mid West Ports Authority					
Income tax expense	6.3	5.9	7.4	2.7	5.8
Local Government Rates expense	0.8	0.9	0.9	0.9	0.9
Dividends	13.0	14.1	16.3	7.9	9.0
<i>Subtotal</i>	<i>20.1</i>	<i>20.9</i>	<i>24.6</i>	<i>11.6</i>	<i>15.7</i>

Table 8.2 (cont.)

GENERAL GOVERNMENT REVENUE FROM PUBLIC CORPORATIONS					
	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
Details of Payment					
Pilbara Ports Authority					
Income tax expense	60.2	56.3	67.3	70.2	73.1
Local Government Rates expense	3.8	4.3	4.4	4.5	4.6
Dividends	119.0	98.2	112.0	121.8	127.6
<i>Subtotal</i>	<i>182.9</i>	<i>158.7</i>	<i>183.7</i>	<i>196.5</i>	<i>205.3</i>
Southern Ports Authority					
Income tax expense	9.2	14.5	18.3	15.6	15.6
Local Government Rates expense	0.6	0.6	0.7	0.7	0.7
Dividends	25.8	32.3	38.9	31.1	27.3
<i>Subtotal</i>	<i>35.7</i>	<i>47.4</i>	<i>57.8</i>	<i>47.4</i>	<i>43.5</i>
OTHER AGENCIES					
Western Australian Land Authority (LandCorp)					
Income tax expense	3.8	4.3	6.4	8.7	8.9
Local Government Rates expense	5.9	6.0	6.0	6.2	6.6
Dividends	37.9	10.1	10.0	11.1	15.2
<i>Subtotal</i>	<i>47.6</i>	<i>20.4</i>	<i>22.4</i>	<i>26.0</i>	<i>30.7</i>
Gold Corporation					
Income tax expense	4.1	5.6	5.9	6.2	6.6
Local Government Rates expense	1.2	1.2	1.3	1.3	1.4
Dividends	5.0	7.1	9.7	10.2	10.9
<i>Subtotal</i>	<i>10.3</i>	<i>13.9</i>	<i>16.9</i>	<i>17.8</i>	<i>18.9</i>
Western Australian Treasury Corporation					
Income tax expense	9.3	9.5	11.0	11.5	11.7
Dividends	18.3	16.2	16.6	19.2	20.1
<i>Subtotal</i>	<i>27.5</i>	<i>25.7</i>	<i>27.5</i>	<i>30.7</i>	<i>31.8</i>
Insurance Commission of Western Australia					
Income tax expense	48.6	32.7	33.0	37.2	43.2
Dividends	108.4	73.2	65.4	55.8	60.1
<i>Subtotal</i>	<i>157.0</i>	<i>105.9</i>	<i>98.3</i>	<i>93.0</i>	<i>103.3</i>
Forest Products Commission					
Income tax expense	-	-	1.2	1.7	1.3
Local Government Rates expense	0.3	0.3	0.3	0.4	0.4
Dividends	-	0.3	0.5	2.2	2.2
<i>Subtotal</i>	<i>0.3</i>	<i>0.6</i>	<i>2.1</i>	<i>4.3</i>	<i>3.9</i>
Subtotal Amounts					
Income tax expense ^(a)	637.3	615.9	661.4	712.6	713.9
Local Government Rates expense	24.2	25.1	25.6	26.3	27.0
Dividends	1,288.6	1,202.7	1,287.6	1,337.8	1,342.6
TOTAL	1,950.2	1,843.7	1,974.6	2,076.6	2,083.5

(a) Some general government sector agencies (e.g. the Chemistry Centre (WA) and the Western Australian Land Information Authority (Landgate)) pay income tax equivalent payments. As these agencies are not in the public non-financial corporations or public financial corporations sectors, they are not reflected in this table.

Note: Columns may not add due to rounding.

Dividends

Dividend Payout Ratios

Public corporation dividend payout ratios are considered as part of the annual Budget process to determine appropriate returns to the Government as the sole shareholder of these entities.

PUBLIC CORPORATION DIVIDEND PAYOUT RATIOS					
	2018-19	2019-20	2020-21	2021-22	2022-23
	%	%	%	%	%
Horizon Power	75	75	75	75	75
Synergy	75	75	75	75	75
Western Power	75	75	75	75	75
Water Corporation	85	85	85	85	85
Busselton Water Corporation	85	85	85	85	85
Bunbury Water Corporation	85	85	85	85	85
Fremantle Port Authority	75	75	75	75	75
Kimberley Ports Authority	75	75	75	75	75
Mid West Ports Authority	100	100	100	75	75
Pilbara Ports Authority	85	85	85	85	85
Southern Ports Authority	100	100	100	75	75
Western Australian Land Authority (LandCorp) ^(a)	n/a	125	100	75	75
Gold Corporation	75	75	75	75	75
Western Australian Treasury Corporation	75	75	75	75	75
Insurance Commission of Western Australia ^(b)	75	75	75	75	75
Forest Products Commission	75	75	75	75	75

(a) Western Australian Land Authority's dividend arrangement consists of a fixed component of \$31.07 million and project specific payments for 2018-19, before progressing towards a payout ratio of 75% by 2021-22.

(b) Annual ratio may be adjusted based on the need to maintain appropriate capital adequacy and any other factors or circumstances taken into account by the Board of the Insurance Commission of Western Australia.

Note: The Western Australian Land Information Authority (Landgate) pays dividends to Government, however as this agency is not in the public corporations sector, it is not included in this table.

Expenses

Total subsidies provided to public corporations in 2019-20 are estimated at almost \$1.9 billion, an increase of \$101 million (or 5.6%) from 2018-19. The general government sector is forecast to pay a total of \$7.3 billion across the four year period to 2022-23 to subsidise services provided by public corporations and reduce cost pressures on consumers.

Amongst other factors, the size of the operating subsidies paid to public corporations is affected by the Government's decisions on the tariffs, fees and charges to be paid by consumers. The approved tariff, fee and charge increases in 2019-20 are outlined in detail later in this Appendix.

Despite increases approved as part of this Budget, public transport fares and water tariffs in regional areas remain well below the cost of service delivery. In this regard:

- the expected cost recovery rate for metropolitan public transport services is 29.8% in 2019-20; and
- the Water Corporation is expected to receive operating subsidies totalling \$453 million in 2019-20, a significant portion of which (\$281 million) is to support the provision of water, sewerage and drainage services to regional areas, the cost of which is significantly under recovered.

Based on the approved electricity tariff increase in 2019-20, residential electricity tariffs are expected to be 5.5% below cost reflectivity in 2019-20.

Regional Utilities Pricing Subsidies

The provision of water and electricity services to regional areas, at the same or similar price levels to those in the metropolitan region, has a significant impact on the State's finances.

Water Corporation Country Water Pricing Subsidy

The Water Corporation's Country Water Pricing Subsidy totals \$1.1 billion over the forward estimates period.

Electricity Subsidies

Horizon Power receives the Tariff Equalisation Contribution (TEC) due to the Government's Uniform Tariff Policy, whereby all residential and small business customers pay the same regulated charges for electricity services.

The TEC funds the difference between the efficient costs of supply in the South West Interconnected System and Horizon Power's (higher regional) costs. The TEC is funded by Western Power's network distribution customers (i.e. all Synergy retail customers and non-Synergy retail customers).

In 2019-20, approximately 60% of the TEC will be funded by Synergy's residential and small business customers and the remaining 40% by other regulated tariff and contract (commercial) customers (both Synergy and non-Synergy).

The value of the Country Water Pricing Subsidy and the TEC (provided to the Water Corporation and Horizon Power respectively) over the forward estimates period is outlined below.

Table 8.4

REGIONAL UTILITIES PRICING SUBSIDIES						
	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	Total 2019-20 to 2022-23 \$m
Country Water Pricing Subsidy	254.0	280.6	274.5	292.8	299.3	1,147.2
Tariff Equalisation Contribution	198.0	171.0	167.0	163.0	162.0	663.0
TOTAL	452.0	451.6	441.5	455.8	461.3	1,810.2

A detailed list of expenses to individual public corporations from the general government sector is provided in the following table.

Table 8.5

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

Details of Payment	Funding Department	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
ELECTRICITY CORPORATIONS						
Horizon Power						
<i>Operating Subsidies ^(a)</i>						
Aboriginal and Remote Communities Project – Stage 1	Treasury	5.5	5.5	4.2	4.3	4.4
Aboriginal and Remote Communities Project – Stage 2	Treasury	2.6	2.6	2.2	2.2	2.3
Air Conditioning Allowance (North of 26th Parallel)	Treasury	0.6	0.7	0.7	0.7	0.7
Dependent Child Rebate	Treasury	0.6	0.6	0.7	0.7	0.7
WA Government Energy Assistance Payment	Treasury	1.3	1.3	1.3	1.3	1.4
Feed-In Tariff	Treasury	- ^(b)	- ^(b)	- ^(b)	- ^(b)	-
Tariff Adjustment Payment – Operating Subsidy	Treasury	0.2	8.1	5.9	6.0	6.4
Tariff Migration – Movement to L2 and A2 Tariff	Treasury	0.1	0.1	0.1	0.1	0.2
<i>Other Subsidies</i>						
Onslow Power Infrastructure Project ^(c)	JTSI ^(d)	12.0	5.0	-	-	-
Hardship Utility Grant Scheme	Communities ^(e)	0.3	0.2	0.2	0.2	0.2
Subtotal		23.3	24.1	15.3	15.5	16.2
Synergy						
<i>Operating Subsidies ^(a)</i>						
Air Conditioning Allowance	Treasury	- ^(b)	0.1	0.1	0.1	0.1
Late Payment Fee Waiver	Treasury	0.7	0.7	0.8	0.8	0.8
Account Establishment Fee Rebate	Treasury	1.0	1.1	1.1	1.2	1.2
Dependent Child Rebate	Treasury	19.0	19.6	19.4	20.3	20.7
WA Government Energy Assistance Payment	Treasury	68.4	70.6	69.7	72.5	73.9
Feed-In Tariff	Treasury	30.3	30.3	17.4	-	-
<i>Other Subsidies</i>						
Hardship Utility Grant Scheme	Communities ^(e)	12.6	7.9	7.9	7.9	7.9
Subtotal		132.2	130.2	116.4	102.8	104.6
Western Power						
<i>Other Subsidies</i>						
State Underground Power Program	Treasury	5.2	6.2	0.8	-	-
Subtotal		5.2	6.2	0.8	-	-

Table 8.5 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

Details of Payment	Funding Department	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
WATER CORPORATIONS						
Water Corporation						
<i>Operating Subsidies ^(a)</i>						
Country Water Pricing Subsidy	Treasury	254.0	89.1	-	-	-
Country Water Pricing Subsidy – Royalties for Regions	Treasury	-	191.5	274.5	292.8	299.3
Pensioner and Senior Concessions	Treasury	99.3	104.4	106.5	108.6	110.9
Concessional Lands ^(f)	Treasury	66.8	66.6	69.6	72.8	76.6
Metropolitan Operations	Treasury	-	1.1	1.1	1.2	1.2
<i>Other Subsidies</i>						
Hardship Utility Grant Scheme	Communities ^(e)	0.6	0.4	0.4	0.4	0.4
Burrup Water Supply System	JTSI ^(d)	10.3	10.6	10.9	11.1	11.4
National Water Infrastructure Development Fund – Ord Stage 3 Feasibility Study	DWER ^(g)	0.4	-	-	-	-
Onslow Water Infrastructure Upgrade Project ^(h)	JTSI ^(d)	-	-	-	-	-
Essential and Municipal Services Upgrade Program	Communities ^(e)	7.7	3.7	5.2	2.6	2.9
<i>Subtotal</i>		<u>439.1</u>	<u>467.5</u>	<u>468.1</u>	<u>489.6</u>	<u>502.8</u>
Bunbury Water Corporation (Aqwest)						
<i>Operating Subsidies ^(a)</i>						
Pensioner and Senior Concessions	Treasury	0.7	0.7	0.7	0.7	0.8
<i>Subtotal</i>		<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.8</u>
Busselton Water Corporation						
<i>Operating Subsidies ^(a)</i>						
Pensioner and Senior Concessions	Treasury	0.7	0.6	0.6	0.6	0.6
<i>Subtotal</i>		<u>0.7</u>	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>
PORT AUTHORITIES						
Mid West Ports Authority						
<i>Operating Subsidies ^(a)</i>						
Financial Assistance for Karara Mining Ltd	Treasury	2.4	-	-	-	-
<i>Subtotal</i>		<u>2.4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Table 8.5 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

	Funding Department	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
Details of Payment						
Pilbara Ports Authority						
<i>Other Subsidies</i>						
Dampier - Burrup Port Infrastructure	JTSI ^(d)	9.1	8.9	9.0	9.2	9.3
<i>Subtotal</i>		9.1	8.9	9.0	9.2	9.3
Southern Ports Authority						
<i>Other Subsidies</i>						
Government Support Package - Koolyanobbing Iron Ore	Treasury	15.4	27.6	30.1	17.9	9.8
Esperance Minerals Concentrate Circuit Unit – Debt Servicing	Treasury	0.3	0.2	0.1	-	-
<i>Subtotal</i>		15.7	27.8	30.2	17.9	9.8
LAND AGENCIES						
Western Australian Land Authority (LandCorp)						
<i>Operating Subsidies ^(a)</i>						
Australian Marine Complex – Rate of Return Stages 1 and 2	Treasury	19.0	19.0	19.0	19.0	19.0
Australian Marine Complex Technology Precinct	Treasury	0.6	0.6	0.7	0.7	0.7
Australian Marine Complex Common User Valve Replacement	Treasury	5.3	-	-	-	-
Subiaco East Demolition	Treasury	5.1	28.7	-	-	-
Karratha/Burrup Service Corridor	Treasury	2.3	-	-	-	-
Mangles Bay Tourist Precinct	Treasury	7.0	-	-	-	-
Kwinana Land – Holding Costs	Treasury	1.8	1.8	1.9	1.9	2.0
Forrestdale Business Park West	Treasury	7.5	19.5	-	-	-
Ocean Reef Marina	Treasury	-	5.5	10.0	14.5	-
Townsite Development Program	Treasury	4.0	4.0	4.0	4.0	4.0
<i>Other Subsidies</i>						
Royalties for Regions – Various Projects	Treasury	27.5	43.9	8.6	6.0	-
<i>Subtotal</i>		80.0	123.0	44.1	46.0	25.6

Table 8.5 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

	Funding Department	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
Details of Payment						
Metropolitan Redevelopment Authority						
<i>Other Subsidies</i>						
Sustainable Funding Model Principles	Treasury	16.3	15.9	16.4	16.0	15.9
Forrestdale Business Park East	Treasury	12.2	-	-	-	-
Curtin Medical School Midland	Treasury	9.8	-	-	-	-
Princess Margaret Hospital Security and Maintenance	Treasury	-	2.5	-	-	-
East Perth Power Station ⁽ⁱ⁾	Treasury	2.0	-	-	-	-
Armadale City West of Rail	Treasury	-	2.1	-	-	-
Yagan Square Place Management	Treasury	1.4	-	-	-	-
All Other	Treasury	1.7	0.5	0.5	-	-
<i>Subtotal</i>		<u>43.4</u>	<u>20.9</u>	<u>16.9</u>	<u>16.0</u>	<u>15.9</u>
OTHER						
Racing and Wagering Western Australia						
<i>Other Subsidies</i>						
Direct Grants – Various Racing Funding	Various ⁽ⁱ⁾	80.6	71.9	72.6	73.6	75.0
Point of Consumption Tax – Racing Funding	Treasury	9.3	23.5	24.8	26.2	27.7
<i>Subtotal</i>		<u>89.9</u>	<u>95.4</u>	<u>97.4</u>	<u>99.9</u>	<u>102.7</u>
Forest Products Commission						
<i>Other Subsidies</i>						
Relocation of Gngara Pines Harvesting	Treasury	1.7	-	-	-	-
Partial Compensation for Retention of a Portion of Gngara Pines	Treasury	-	0.2	-	-	-
<i>Subtotal</i>		<u>1.7</u>	<u>0.2</u>	<u>-</u>	<u>-</u>	<u>-</u>

Table 8.5 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

Details of Payment	Funding Department	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
Public Transport Authority ^(k)						
<i>Operating Subsidies ^(a)</i>						
Transperth and Regional Town Services						
Transperth – General	Treasury	540.9	575.7	594.6	623.2	637.1
Transperth – Concession Fares	Treasury	50.4	49.5	52.9	53.1	52.6
Transperth – Pensioners, Seniors and Carers Free Travel	Treasury	20.7	21.3	22.4	23.1	23.8
Transperth – School Children Fares	Treasury	27.7	29.0	31.4	32.9	34.0
Transperth – Perth Stadium Special Events	Treasury	7.4	7.5	7.5	7.5	7.5
Regional Town Bus Services	Treasury	16.6	15.9	16.0	16.0	15.9
Regional School Bus Services						
School Bus Services	Treasury	120.9	125.9	127.5	131.5	130.4
Conveyance Allowance	Treasury	2.3	2.3	2.4	2.4	2.4
Transwa						
General	Treasury	29.3	30.3	29.4	29.7	30.1
Concession Fares	Treasury	4.1	4.1	4.2	4.3	4.3
Annual Free Trip for Pensioners	Treasury	2.0	2.0	2.1	2.1	2.1
Freight Network – General	Treasury	7.7	8.9	9.3	9.4	9.8
<i>Other Subsidies</i>						
District Allowance Payments – Royalties for Regions	Treasury	- (b)	- (b)	- (b)	- (b)	- (b)
Regional School Bus Services – Intensive English Centres and Other Services	Education	5.3	5.3	5.3	5.3	5.3
Transperth Free Transit Zone – Recurrent Grant	Transport	16.2	16.1	15.3	15.3	15.3
Subtotal		851.5	893.7	920.3	955.8	970.5

Table 8.5 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS						
Details of Payment	Funding Department	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m
Department of Communities, Housing Services ⁽ⁱ⁾						
<i>Other Subsidies</i>						
Remote Essential and Municipal Services – Royalties for Regions	Treasury	1.8	62.1	56.6	56.6	56.6
Aboriginal Housing and Remote Essential Services	Treasury	71.1	4.3	4.2	4.0	4.0
National Rental Affordability Scheme	Treasury	4.4	9.4	12.1	12.3	12.2
Mental Health Step Up/Step Down Facilities	MHC ^(m)	7.5	6.9	0.3	-	-
North West Aboriginal Housing Fund – Royalties for Regions	Treasury	2.8	3.9	3.0	0.9	2.1
Various Programs – Royalties for Regions	Treasury	3.3	0.5	0.5	0.5	0.5
Geraldton Alternative Settlement Agreement Implementation Costs	Treasury	-	0.3	0.5	0.5	0.5
<i>Subtotal</i>		<i>90.9</i>	<i>87.4</i>	<i>77.2</i>	<i>74.7</i>	<i>76.0</i>
Total		1,785.9	1,886.6	1,797.1	1,828.6	1,834.8

- (a) Operating subsidies detailed in this Appendix are reported on an accrual basis and may differ to those disclosed in Budget Paper No. 2: *Budget Statements*, which are reported on a cash basis. Funding is from the Consolidated Account and other general government agencies. A further breakdown of some of these operating subsidies is contained as part of Appendix 6: *State Government Social Concessions Expenditure Statement*.
- (b) Amount less than \$50,000.
- (c) The Department of Jobs, Tourism, Science and Innovation's expense profile against this item is: 2018-19 – \$12 million; and 2019-20 – \$5 million. In accordance with the Australian Accounting Standards Board Interpretation 18, Horizon Power is recognising the revenue when the service is performed.
- (d) Department of Jobs, Tourism, Science and Innovation.
- (e) Department of Communities.
- (f) Includes concessions provided for non-rated and exempt properties.
- (g) Department of Water and Environmental Regulation.
- (h) The upgrades will be funded by Chevron Australia, and details of the project are subject to scope clarification and a competitive tender process. The value of the subsidy is not reflected in the Water Corporation's subtotal or the total reported in this table.
- (i) Does not include \$28 million for East Perth Power Station funded through equity contributions.
- (j) Gaming and Wagering Commission and the Department of Local Government, Sport and Cultural Industries.
- (k) Includes service appropriations authorised under the *Salaries and Allowances Act 1975*.
- (l) The Department of Communities (Housing Services) will also receive funding from the Commonwealth for affordable housing programs (\$496 million across 2019-20 to 2022-23) and remote housing programs (\$251 million in 2018-19), which are not included here as they have no net impact on the general government sector.
- (m) Mental Health Commission.
- Note: Columns may not add due to rounding.

Household Tariffs, Fees and Charges

For a number of years, the Department of Treasury (Treasury) has produced a model that estimates the costs incurred by a ‘representative’ household through the consumption of certain government goods and services.

Calculating the effects of changes in government tariffs, fees and charges for a single ‘representative’ household can never entirely capture the diversity in household structures or the widely differing patterns of usage of public sector goods and services.

Nonetheless, the model seeks to highlight the impact of changes in major government tariffs, fees and charges on a particular hypothetical household reflecting current average electricity and water consumption, an assumed level of public transport use, and specified consumption of a range of other public sector goods and services (including some specific taxes).

For the 2019-20 household model, Treasury undertook a review of the assumptions underpinning the ‘representative’ household, and incorporated some changes (which are reflected in the following table).

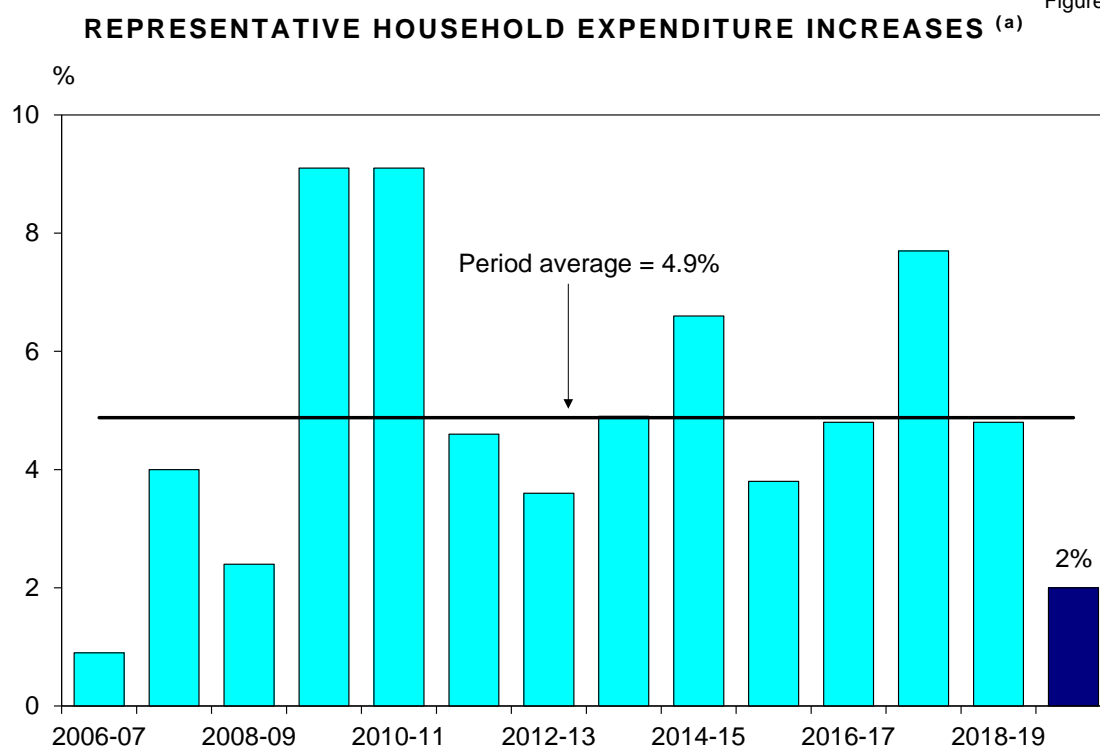
Results

The impact of changes in Government tariffs, fees and charges in 2019-20 on the 'representative' household is shown in the table below.

ESTIMATED IMPACT ON THE 'REPRESENTATIVE' HOUSEHOLD				
	2018-19 \$ level	% change	\$ change	2019-20 \$ level
Motor Vehicles ^(a)				
Vehicle licence charge	373.96	3.0	10.88	384.84
Recording fee	11.00	-6.4	-0.70	10.29
Drivers licence	88.10	-	-	88.10
Motor Injury Insurance (MII)	391.79	3.1	12.15	403.93
<i>Total</i>	<i>864.85</i>	<i>2.6</i>	<i>22.32</i>	<i>887.17</i>
Utility Charges ^(b)				
Electricity ^(c)	1,759.81	1.75	30.81	1,790.62
Water, sewerage and drainage ^{(d)(e)}	1,733.95	2.5	43.39	1,777.34
<i>Total</i>	<i>3,493.76</i>	<i>2.1</i>	<i>74.20</i>	<i>3,567.96</i>
Public Transport ^(f)				
Student fares ^(g)	280.00	-	-	280.00
Standard fares ^(h)	1,105.92	2.0	23.04	1,128.96
<i>Total</i>	<i>1,385.92</i>	<i>1.7</i>	<i>23.04</i>	<i>1,408.96</i>
Emergency Services Levy (ESL) ^(e)	304.00	2.7	8.21	312.21
Stamp Duty ⁽ⁱ⁾				
Stamp duty on general insurance ^(j)	178.75	-	-	178.75
Stamp duty on MII	40.39	-	-	40.39
<i>Total</i>	<i>219.14</i>	<i>-</i>	<i>-</i>	<i>219.14</i>
Total Expenditure	6,267.67	2.0	127.77	6,395.44
<p>(a) Based on a household with two drivers and owning one car (a sedan with tare weight of 1,600 kg – relevant for the purpose of determining the appropriate level of vehicle licence charge).</p> <p>(b) Assumes no access to concessions, rebates or hardship packages.</p> <p>(c) Consumes 4,904 kWh of electricity per annum, revised downwards from 5,198 kWh in the 2018-19 Budget based on updated consumption data. The declining trend in consumption is due to improvements in appliance efficiency, changes in consumer behaviour, and the uptake of small scale generation. Electricity charges shown in 2018-19 have been estimated using the 2019-20 average consumption in order to isolate the price increase.</p> <p>(d) Consumes 240 kL of water per annum, based on the current average consumption level for a household.</p> <p>(e) Owns and occupies a property that has an average gross rental value (GRV) (for calculation of sewerage, drainage and ESL charges).</p> <p>(f) Transperth fares are assumed to be purchased using the lowest cost means available (i.e. SmartRider Autoload) and increases are rounded to the nearest 10 cents.</p> <p>(g) Purchases 10 Transperth student fares in 40 weeks of the year, revised from 10 student fares in 52 weeks per year in the 2018-19 Budget. This revision reflects that travel on student fares occurs only during school term. Transport charges shown in 2018-19 have been estimated using the 2019-20 travel patterns in order to isolate the price increase.</p> <p>(h) Purchases six standard two zone Transperth fares in 48 weeks per year, revised from five standard two-zone fares in 52 weeks per year in the 2018-19 Budget. This revision reflects travel to attend work three days per week and accounts for annual leave provisions. Transport charges shown in 2018-19 have been estimated using the 2019-20 travel patterns in order to isolate the price increase.</p> <p>(i) Stamp duty in 2018-19 has been estimated using 2019-20 insurance premiums in order to isolate the price increase.</p> <p>(j) The 'representative' household pays average home and contents and motor vehicle insurance, based on information from the insurance industry.</p> <p>Note: Columns may not add due to rounding.</p>				

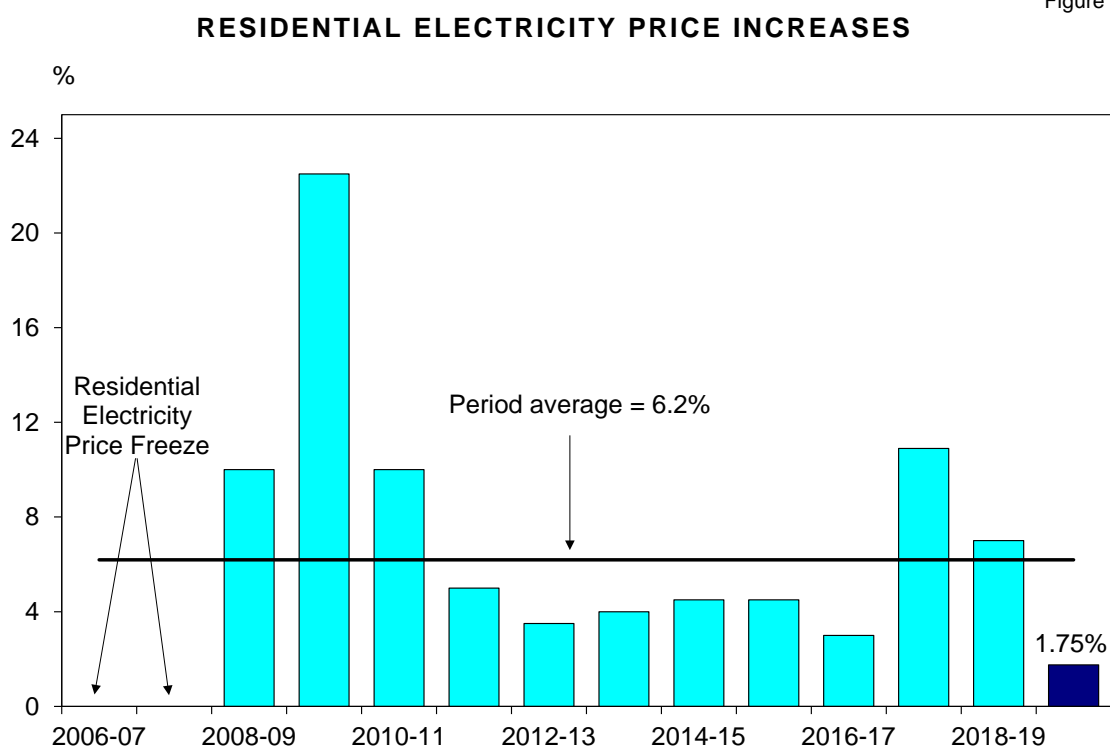
Total expenditure by the 'representative' household on this basket of public sector goods and services in 2019-20 is \$6,395.44. This represents an increase of \$127.77 (or 2%) on 2018-19 levels, which is the smallest year-on-year increase since 2006-07.

Figure 8.1



(a) Historical representative household increases as published in the relevant Budget Papers.

Figure 8.2



Electricity Tariffs

Approved electricity tariff increases for 2019-20, and assumed increases for Budget planning purposes from 2020-21 onwards, are outlined below.

2019-20 BUDGET ELECTRICITY TARIFF PRICE PATH				
	2019-20 %	2020-21 %	2021-22 %	2022-23 %
NON-CONTESTABLE TARIFFS				
Residential (A1/A2) ^(a)	1.75	2.0	2.5	2.5
Residential Hot Water (B1) ^(b)	1.6	1.6	1.6	1.6
Community and Charitable Organisations (C1/C2) ^(b)	2.5	2.5	2.5	2.5
Charitable Organisation Providing Residential Accommodation (D1/D2) ^(b)	1.8	1.8	1.8	1.8
Combined Residential/Business (K1/K2) ^(b)	3.1	3.1	3.1	3.1
Small Business (L1/L2) ^(b)	3.7	3.7	3.7	3.7
Small Business Time of Use (R1) ^(b)	2.1	2.1	2.1	2.1
Unmetered Supply (UMS) ^(b)	3.1	3.1	3.1	3.1
Traffic Lighting (W1/W2) ^(b)	3.3	3.3	3.3	3.3
Street Lighting (Z) ^(b)	2.0	2.0	2.0	2.0
CONTESTABLE TARIFFS ^(b)				
Medium Business (L3/L4)	8.1	8.1	8.1	8.1
Medium Business Time of Use (R3)	7.1	7.1	7.1	7.1

(a) This regulated tariff is not assumed to reach full cost-reflectivity within the forward estimates period.

(b) These regulated tariffs approximate cost-reflective levels and they have been smoothed over the forward estimates period in order to minimise large year-on-year movements in price.

The Government has limited the increase in residential (i.e. A1/A2) electricity tariffs in 2019-20 to 1.75%, which is consistent with the forecast rate of inflation.

For Budget planning purposes, residential tariffs are assumed to increase by 2% in 2020-21, 2.5% in 2021-22 and 2.5% in 2022-23. Residential electricity tariffs remain 5.5% below cost reflective levels in 2019-20.

Further to the rebalancing of all non-contestable electricity tariffs in the 2018-19 Budget, these tariffs have been smoothed from 2019-20 onwards to minimise large year-on-year movements in price.

Water Tariffs

The Government has approved a 2.5% increase to water consumption (fixed and variable), wastewater, and drainage tariffs for metropolitan and country customers in 2019-20.

A selection of key tariff changes from 2018-19 to 2019-20 is provided in the following table.

Table 8.8

WATER CORPORATION'S 2019-20 TARIFF CHANGES

	2018-19	2019-20	% Change
METROPOLITAN RESIDENTIAL TARIFFS			
Water			
Standard fixed service charge (\$)	257.9	264.4	2.5
Consumption charges (c/kL) ^(a)			
0-150kL	178.2	182.7	2.5
151-500kL	237.5	243.4	2.5
Over 500kL	444.2	455.3	2.5
Wastewater (c in \$GRV) ^(b)			
First \$20,500 Gross Rental Value (GRV)	4.4	n/a ^(c)	2.5
Over \$20,500 GRV	3.2	n/a ^(c)	2.5
Drainage			
Drainage charge (c in \$GRV) ^(d)	0.6	n/a ^(c)	2.5
METROPOLITAN NON-RESIDENTIAL TARIFFS			
Water			
Standard fixed service charge (\$)	265.4	272.1	2.5
Minimum charge (15 or 20 mm) ^(e)	265.4	272.1	2.5
Consumption charges (c/kL) ^(f)	245.7	251.8	2.5
Wastewater ^(g)			
First fixture (\$)	996.3	1,021.2	2.5
Volumetric charge (c/kL)	366.0	375.2	2.5
Drainage			
Drainage charge (c in \$GRV) ^(d)	0.3	n/a ^(c)	2.5

(a) Country residential water consumption charges are no more than metropolitan charges for the first 300kL.

(b) Country residential wastewater charges are subject to minimum and maximum charges applied.

(c) 2019-20 GRV-based tariffs will be determined in May 2019 once GRV data is available.

(d) Drainage is not charged in the country.

(e) The charge varies depending upon the size of the meter.

(f) Country non-residential water consumption charges are based on the cost of delivering services.

(g) Non-residential wastewater charges are uniform across the State.

For the 'representative' household that pays a fixed service charge, consumes 240kL and owns and occupies a property that has an average gross rental value, this will result in an overall 2.5% increase.

For Budget planning purposes, it has been assumed that water, sewerage and drainage tariffs increase by 2.5% per annum from 2020-21 to 2022-23.

Public Transport Fares

The Government has approved the following public transport fare changes from 1 July 2019:

- a 2% increase to standard public transport fares (rounded to the nearest 10 cents);
- no change to the 70 cent school student fare;
- concession fares increasing from 42% to 43% of standard fares;
- no changes to SmartRider discounts, which will remain at 20% for Autoload and 10% for Other reload; and
- no change in the \$2 per day parking fee.

Seniors, disability and age pensioner cardholders, and carers will continue to be eligible for free travel on weekdays before 6am, between 9.00am and 3.30pm and after 7pm, and anytime on weekends and public holidays.

The Public Transport Authority's Budget projections assume standard Transperth fares will increase by 2.5% per annum from 2020-21 to 2022-23. It is assumed that concession fares will increase as a proportion of standard fares by 1% per annum from 2020-21 to 2022-23. This continues the Government's policy (set in the 2017-18 Budget) to increase concession fares to 50% of standard fares over a 10 year period. The following table details the change in cash fares for various journey lengths between 2018-19 and 2019-20.

TRANSPERTH FARES 2019-20				Table 8.9
Standard Cash Fare ^(b)	2018-19	\$ increase ^(a)	% increase	2019-20
2 sections	\$2.20	-	-	\$2.20
1 zone	\$3.10	\$0.10	3.2	\$3.20
2 zones	\$4.80	\$0.10	2.1	\$4.90
3 zones	\$5.60	\$0.20	3.6	\$5.80
4 zones	\$6.70	\$0.20	3.0	\$6.90
5 zones	\$8.40	\$0.10	1.2	\$8.50
6 zones	\$9.40	\$0.20	2.1	\$9.60
7 zones	\$11.10	\$0.20	1.8	\$11.30
8 zones	\$11.90	\$0.30	2.5	\$12.20
9 zones	\$12.80	\$0.30	2.3	\$13.10
Day Rider	\$12.80	\$0.30	2.3	\$13.10
Family Rider	\$12.80	\$0.30	2.3	\$13.10
Student	\$0.70	-	-	\$0.70

(a) Fare increases are rounded to 10 cent increments and are based on the 2018-19 fare calculated before rounding.

(b) Concession Fares will increase from 42% to 43% of the full standard fare from 1 July 2019 subject to rounding.

Other Tariffs, Fees and Charges

Agencies subject to the *Financial Management Act 2006* are required to review their fees and charges in accordance with Treasurer's Instruction 810 to ensure they are reflective of costs and in compliance with the Government's pricing and costing guidelines. The review has been completed as part of the 2019-20 Budget process.

The following is a selection of major tariffs, fees and charges that involve increases in excess of inflation approved as part of this Budget. These increases are required to support service provision and ensure an appropriate level of cost recovery for essential government services to businesses and households, and include:

- a number of Western Australia Police Force fees will increase by up to 10%, including security, pawnbroker and second hand dealer licencing fees, to meet increased costs of administration and improve cost recovery levels;

- a number of fees administered by the Department of Justice, including court and tribunal fee increases of 10% in 2019-20. The additional revenue generated will primarily fund increases in the demand for services in the Coroner's Court, and the continuation of enhanced sanction activities by the Criminal Enforcement Team to reduce the number of unresolved fines and infringements; and
- increases to entrance fees for parks managed by the Department of Biodiversity, Conservation and Attractions of between 9% and 31%, to improve the rate of cost recovery. The increases will generate an additional \$775,000 per annum in revenue which will be reinvested into management and maintenance of parks and reserves.

In addition, a levy to fund the On-demand Transport Voluntary Taxi Plate Buy-back Scheme was introduced on 1 April 2019. All journeys that start and finish in a defined levy area (Perth metropolitan region, Mandurah and Peel districts) are subject to the levy, which is calculated at 10% of the levy fare up to a maximum of \$10 per transaction. Furthermore, as part of the staged implementation of the new on-demand transport fee structure, new fees will apply to booking services from 1 July 2019.

The Pilbara Ports Authority will increase a majority of shipping and cargo (marine-based) fees across the Port Hedland and Dampier port facilities by 7.5% from 1 July 2019.

Western Australian Treasury Corporation Borrowings

Introduction

The Western Australian Treasury Corporation (WATC) is the State's central borrowing authority and primary provider of debt finance for Western Australia's public sector. Each Australian State and Territory has a central borrowing authority similar to WATC to fund its debt.

The Treasurer borrows from WATC on behalf of the State for general public purposes. Borrowings for general public purposes are authorised by the *Loan Act 2017* and preceding Loan Acts. The proceeds of all loans raised by the Loan Acts are paid into the Consolidated Account.

Individual agencies with borrowing powers in their enabling legislation also borrow from WATC. This includes Government Trading Enterprises, some general government statutory authorities, public universities and local government.

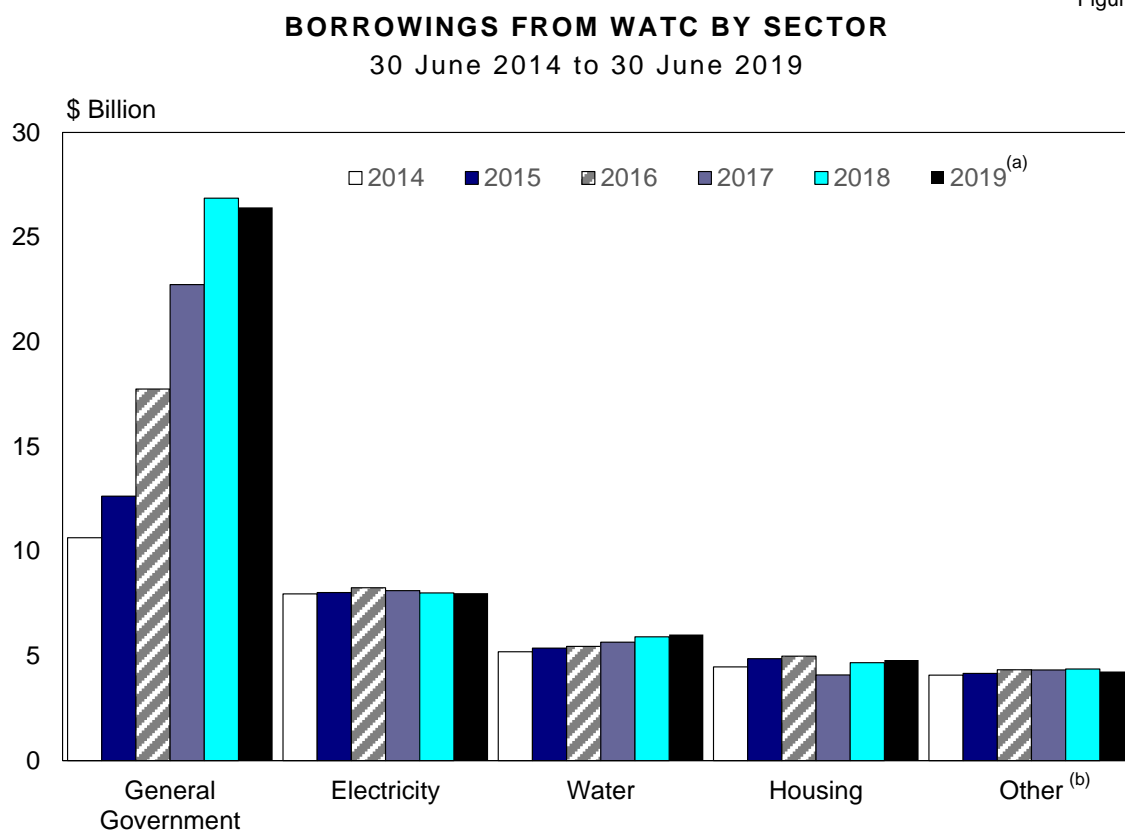
The aggregation of the borrowing requirements for each of these entities across the total public sector¹ results in the total debt portfolio that WATC is required to manage. For 30 June 2019, total borrowings from WATC are expected to total \$49.5 billion. A breakdown of this portfolio by broad industry/sector, and its evolution since 30 June 2014, is shown in the following figure.

The borrowing requirement for Western Australian public sector agencies in any particular year is determined as an outcome of the annual Budget and Mid-year Review processes. It reflects the consideration of government revenue less recurrent and capital expenditure, plus movements in the liquid assets of the sector.

Western Australia's borrowing requirement has increased significantly in recent years. However, general government sector borrowings in 2018-19 have declined from the peak of 2017-18, reflecting an improved revenue outlook and continued low expenditure growth.

¹ While funded by WATC, for the purposes of whole-of-government financial disclosures reflected in this Budget, and in line with treatment under applicable accounting standards, local governments and public universities are not classified as total public sector agencies of the State of Western Australia in the balance sheet disclosures elsewhere in the Budget Papers.

Figure 9.1



(a) WATC estimates for 30 June 2019.

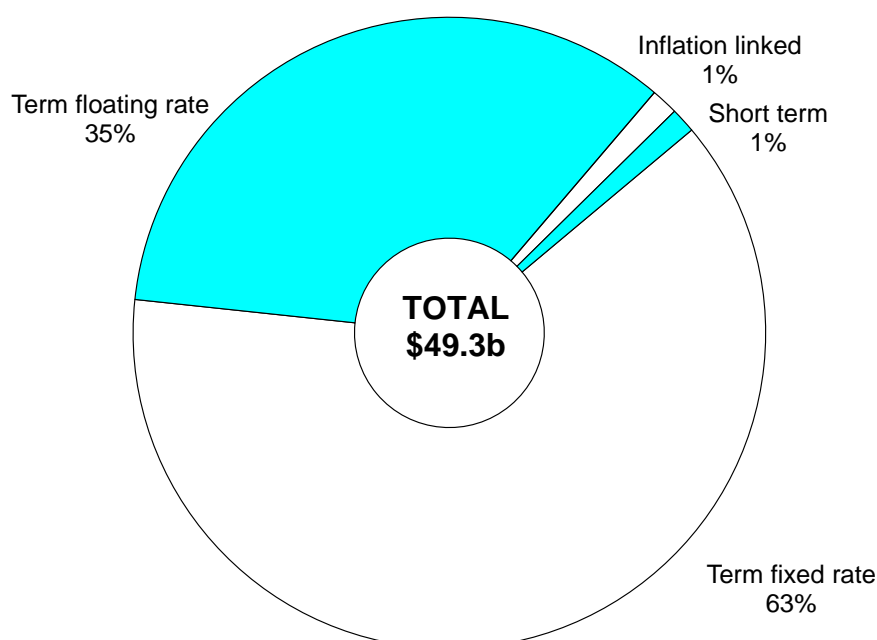
(b) Ports, transport, public universities, local governments and all other public entity borrowings from WATC.

Total Borrowings from WATC

As at 31 March 2019, total agency borrowing from WATC stood at \$49.3 billion, allocated over WATC's loan products as shown below, at an average portfolio interest rate of 3.14%.

Figure 9.2

ALLOCATION OF LOAN PRODUCTS AT 31 MARCH 2019



Total borrowings from WATC are projected to be \$52.4 billion by the end of 2021-22 (\$6.2 billion lower than expected at the time of the 2018-19 Budget), and \$52.6 billion by the end of 2022-23.

Consolidated Account Borrowings

Consolidated Account borrowings (i.e. borrowings for general public purposes) are expected to represent 52.5% of WATC lending at 30 June 2019.

Borrowings for the Consolidated Account are authorised by Loan Acts. The proceeds of all loans raised under the authority of the Loan Acts are paid into the Consolidated Account. The funds are then appropriated to agencies by Parliament in accordance with the State Budget.

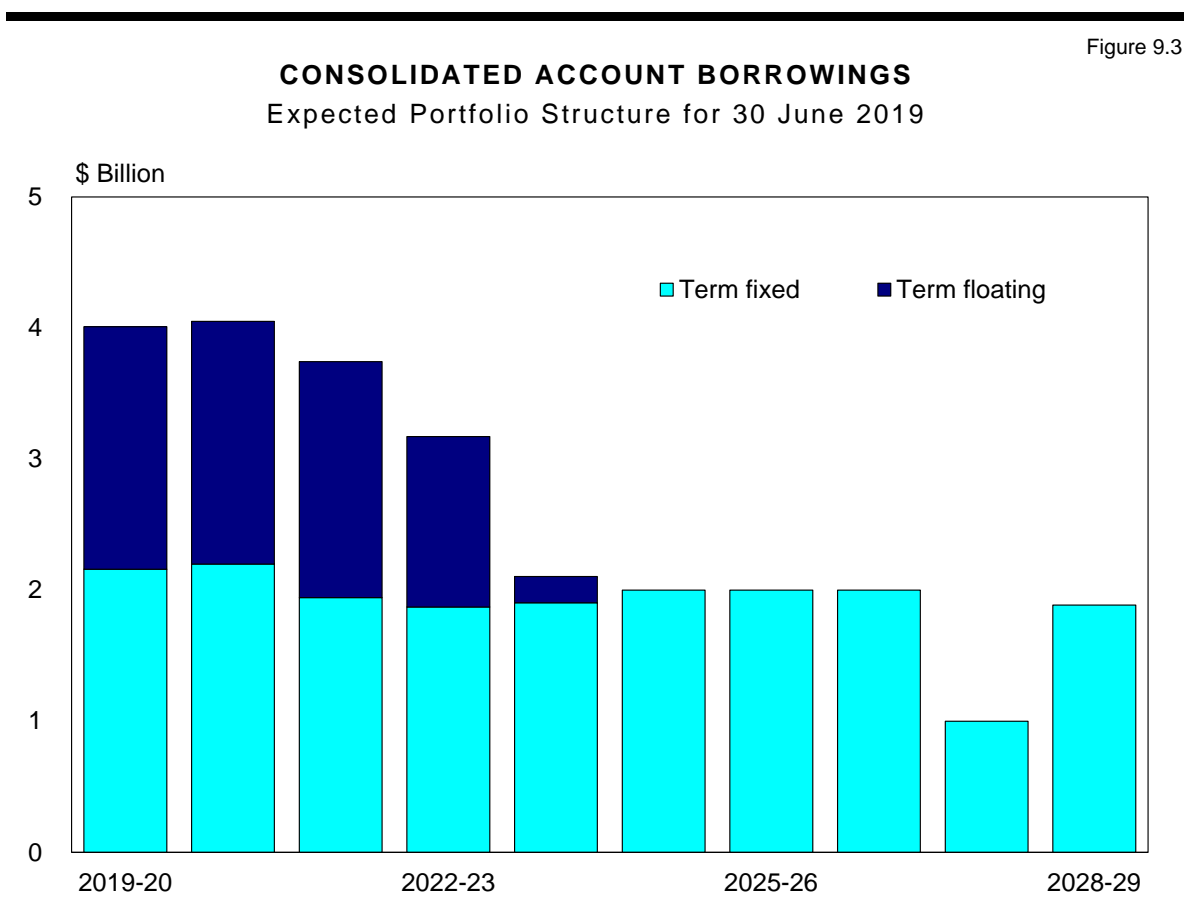
The *Loan Act 2017* authorisation reflected the estimated borrowing requirements of the Consolidated Account up to 30 June 2021 based on the 2016-17 *Pre-election Financial Projections Statement*. As at 30 June 2019, an estimated \$7.9 billion of the *Loan Act 2017* remains available to authorise new borrowings.

The Department of Treasury is responsible for administering the Loan Acts on behalf of the Treasurer. The actual function of borrowing through debt capital markets is undertaken and managed by WATC and then on-lent to the Consolidated Account in accordance with a Debt Management Strategy that is agreed to by both parties.

The primary objective is for WATC to manage interest rate risk by maintaining a diversified portfolio of fixed and floating rate debt, subject to maintaining flexibility for WATC to respond to evolving demand for its debt paper in capital markets.

This borrowing strategy is informed by financial modelling performed by WATC. Practical implementation involves Treasury and WATC agreeing on a target floating and fixed-rate debt and maturity allocation to be achieved within each financial year to meet new borrowing and refinancing requirements. WATC has discretion as to the component products and maturity structure of individual advances provided they are within the agreed allocation limits. Deviation from target allocations between fixed and floating rate debt is permitted over the short term.

The expected structure of the Consolidated Account borrowing profile at 30 June 2019 is shown below. This reflects the outcome of borrowing activity undertaken by WATC to achieve the interest rate risk management objective discussed above.



At 31 March 2019, Consolidated Account borrowings totalled \$26.2 billion at an average interest rate of 3.11% across a portfolio of term fixed rate and term floating rate loans, and are expected to reach \$26.8 billion by 2022-23. The outlook for Consolidated Account borrowings has improved significantly since the 2018-19 Budget, with expected net new borrowings \$5.6 billion lower over the period 2018-19 to 2021-22 relative to last year's Budget (see table below). The material reduction in Consolidated Account borrowings, relative to the 2018-19 Budget, is mainly due to the receipt of Commonwealth GST top-up payments under the GST distribution reforms announced in 2018. These payments are being quarantined for debt reduction.

Table 9.1

CONSOLIDATED ACCOUNT BORROWING PROGRAM					
	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
2018-19 BUDGET					
– New Borrowing	2,164	2,839	1,039	489	N/A
– Repayments	355	62	42	38	N/A
Net New Borrowing	1,809	2,777	997	451	N/A
2019-20 BUDGET					
– New Borrowing	-	2,000	250	-	-
– Repayments	437	1,327	48	23	14
Net New Borrowing	-437	673	202	-23	-14

All Other Borrowings from WATC

WATC also undertakes all other borrowings required by individual agencies with borrowing powers in their enabling legislation. This involves the borrowings through debt capital markets and then on-lending to each agency in accordance with the agreed Debt Management Strategies adopted by these agencies.

Agencies with this authority mostly include the public corporations, public universities and local government. However, some general government agencies can also borrow independently from WATC (e.g. the Departments of Finance, Fire and Emergency Services, and Education²).

At 31 March 2019, all other borrowings from WATC (i.e. excluding the Consolidated Account) were \$23.2 billion, at an average portfolio interest rate of 3.17%.

How WATC Raises Funds

WATC raises funds to finance Western Australia's debt requirements through issuing a range of debt securities on the Australian and international debt markets.

- Benchmark Bonds – fixed coupon bonds, which at 31 March 2019 had a face value of \$40.9 billion outstanding, with eleven annual bond maturities from 2019 to 2029.
- Floating Rate Notes (FRNs) – with coupon rates that change every three months, with \$8.6 billion outstanding at 31 March 2019 and five maturities out to 2023.
- Short Term Inscribed Stock (STIS) – domestically issued short-term paper with maturities out to one year, with \$2 billion outstanding at 31 March 2019.
- Euro Commercial Paper (ECP) – short term paper issued in a range of currencies offshore, out to one year maturities, with nil outstanding at 31 March 2019. All proceeds are swapped back into Australian dollars so that no currency risk exists. This market is only used when there is a pricing advantage compared to STIS.

² In support of non-government school loans previously administered by the Department of Education Services.

- Euro Medium Term Notes (EMTN) – bonds issued offshore in a range of currencies, hedged back into Australian dollars such that no currency risk exists. This market is only used when pricing advantages exist relative to benchmark bonds. There has been no issuance under this program for about 11 years.
- Other Borrowings – these include retail bonds (smaller parcels of bonds issued in conjunction with migrant schemes) and other smaller programs.

Prior to 2014, the percentage of WATC debt maturing within 12 months at the end of each financial year ranged from about 35% to 50%. Since the Global Financial Crisis, this was increasingly viewed by investors and credit ratings agencies as creating too much refinancing risk, especially as the debt portfolio grew. From 30 June 2014, a target was implemented to restrict debt maturing within 12 months to a maximum of 20% of total debt. An additional target was also created to maintain the State's liquidity portfolios at a level at least equal to the amount of debt maturing within 12 months at 30 June of each financial year. This change was largely achieved by reducing the issuance of short-term paper (i.e. STIS and ECP) and issuing a similar proportion of FRNs (for terms out to five years). This approach allows for the interest rate risk of floating rate assets and liabilities to continue to be matched, while reducing refinancing risk.

Similar to last year, it is estimated that about 53% of WATC paper is currently held by Australian banks³ to meet regulatory requirements for their High Quality Liquid Asset portfolios⁴. It is also estimated that between 20% and 25% of WATC's paper is held by offshore investors.

By comparison, the Commonwealth has approximately 55% of its investors offshore, and two other large Australian States estimate that as many as 30% to 40% of their investors are offshore. This continues to suggest that opportunities exist for WATC to increase its percentage of offshore issuance as a means of diversifying the risk of relying on a smaller pool of investors. Currently, approximately half of WATC's offshore holdings come from North Asia (particularly Japan), with the balance largely from Europe.

Reflecting recent progress with Budget repair, and the strengthening outlook for the State's finances, both Moody's and S&P Global revised Western Australia's credit rating outlook during 2018-19 (Moody's Aa2 'stable' outlook revised to 'positive' outlook; S&P Global's AA+ 'negative' outlook revised to 'stable' outlook). As a consequence, Western Australian issued bonds now trade broadly in line with the yields of similarly rated States. However, the size of the debt portfolio, and the resulting interest rate exposure, highlight the continued importance of ensuring that the State's borrowing requirement and interest rate risk is effectively managed.

³ The holders of WATC paper are difficult to identify with precision, as about 25% is held in nominee company names with some investors preferring to remain anonymous. This is similar for central borrowing authorities in other States.

⁴ Only Commonwealth and State-issued paper is currently eligible to meet this requirement from the Australian Prudential Regulation Authority.

Tax and Royalty Expenditure Statement

Purpose

The purpose of this tax and royalty expenditure statement is to provide information about the cost or value of tax and royalty concessions that would not otherwise be reported in the Budget Papers in the years after the concessions were introduced.

What is a tax or royalty expenditure?

Tax and royalty expenditures include revenue forgone by government, and financial benefits to taxpayers, from exemptions and other concessions that depart from the general tax or royalty treatment. They are ‘expenditures’ in the sense that their impact on the Budget is similar to direct outlays, and they can be used to achieve specific goals.

Labelling an exemption or concession as a tax or royalty expenditure does not necessarily imply any judgement about its appropriateness. Rather, it makes the amount of the exemption or concession explicit, and thereby facilitates scrutiny as part of the annual Budget process (including review of whether the exemption or concession is still effective in achieving any specific objective originally intended).

Measuring tax and royalty expenditures

Measuring a tax or royalty expenditure requires identification of:

- a benchmark tax or royalty base and rate; and
- concessionary tax or royalty treatment of components of the benchmark tax or royalty base (e.g. a concession or exemption for a particular industry, activity or class of taxpayer).

Identification of benchmark revenue bases and rates requires a degree of judgement. Furthermore, data limitations mean that the tax and royalty expenditures identified in this statement are only approximations. Data sources and methods used for estimating these expenditures are also subject to review each year (such that time series estimates may not be fully comparable).

Estimates of the expenditures have been derived from a range of sources, including unpublished data from relevant government departments, Public Sector Commission ‘State of the Sector’ statistical bulletins, and Australian Prudential Regulation Authority reports. However, the statement is not exhaustive. For example, some exemptions and concessions have not been included due to data limitations. Very small exemptions or concessions are also excluded.

This year’s statement includes estimated actual outcomes for 2017-18 and 2018-19.

Table 10.1

SUMMARY OF MAJOR TAX AND ROYALTY EXPENDITURES

Western Australia

	2017-18 Estimated Actual \$m	2018-19 Estimated Actual \$m
PAYROLL TAX		
Tax-free threshold ^(a)	1,475.9	1,361.9
State government departments exemption ^{(b)(c)}	306.8	304.3
Public hospitals exemption ^(b)	257.4	259.6
Schools/colleges exemption ^(b)	244.8	251.2
Charitable body exemption	154.8	166.3
Local government exemption	80.4	82.8
Apprentices and trainees exemption	62.9	36.7
Progressive payroll tax scales	-101.9	-246.0
LAND TAX AND METROPOLITAN REGION IMPROVEMENT TAX		
Principal place of residence exemption	448.2	433.4
Tax-free threshold ^(d)	145.3	138.0
Primary production exemption	109.4	112.5
Religious bodies exemption	29.0	28.1
Educational institutions exemption ^(b)	27.3	27.8
Public charitable or benevolent institution exemption	17.9	17.4
Developers' concession	19.7	17.4
Land value growth cap	22.1	16.5
Retirement villages exemption	9.7	9.7
Club or sporting association exemption/concession	6.3	7.7
Aged care facilities exemption	5.3	6.4
Caravan parks exemption	3.1	3.0
Public or religious hospitals exemption ^(b)	2.0	2.0
TRANSFER DUTY (INCLUDING LANDHOLDER DUTY)		
Connected entities restructure exemption	127.9	184.1
First home owners' exemption/concession	117.5	92.7
Concessional scale for residential property	74.9	70.1
Family farm exemption	5.3	2.7
INSURANCE DUTY		
Health insurance policies exemption	251.6	264.2
Workers' compensation insurance exemption	55.6	57.2
Reinsurance exemption	9.7	10.0
Marine hulls exemption	6.1	6.1
VEHICLE LICENCE FEES		
Pensioner and Seniors vehicle concession	38.9	43.0
Primary producer vehicle concession	12.3	13.0
VEHICLE LICENCE DUTY		
Heavy vehicle concession	44.8	46.4
Caravan and camper trailer exemption	22.1	22.1
MINING ROYALTIES		
Subsidised alumina royalty rate	138.3	171.4
Subsidised gold royalty rate	139.0	159.0
Gold royalty-free threshold	5.7	5.3
Salt State Agreement Acts concession	4.4	5.2
TOTAL	4,380.2	4,189.3

(a) Estimates have been calculated after taking into account all other reported payroll tax expenditures.

(b) While any removal of these concessions could lead to an increase in relevant budget appropriations, these tax expenditures have been reported to provide an indication of the total support provided by the Government. They also illustrate where tax concessions could change the 'relative price' faced by government departments and create incentives to (for example) employ labour over capital.

(c) Excludes the value of separately reported tax expenditures for public hospitals and schools.

(d) Estimates have been calculated after taking into account all other reported land tax expenditures.

Major Tax and Royalty Expenditures

Payroll Tax

Tax-free threshold

An employer is not liable for payroll tax if its (or its group's) total Australia-wide wages paid per annum is \$850,000 or less.

State government departments exemption

The wages paid by all State Government departments listed on Pay-roll Tax Assessment Regulations 2003 – Schedule 1 are exempt from payroll tax. This item excludes public hospitals and public schools, which are reported separately.

Public hospitals exemption

The wages of employers or contractors of a health service provider, as defined in the *Health Services Act 2016*, are exempt from payroll tax.

Schools/colleges exemption

A school or college (other than a vocational education and training college) that is carried on by a not-for-profit organisation and provides education at or below, but not above, the secondary level of education is exempt from payroll tax.

Charitable body exemption

A charitable body or organisation performing relevant charitable work may apply to the Commissioner of State Revenue for a payroll tax exemption.

Local government exemption

Local governments, regional local governments and the Western Australian Local Government Association are exempt from payroll tax.

Apprentices and trainees exemption

The wages of eligible apprentices and trainees (who are new employees earning \$100,000 or less per annum) employed under a training contract registered with the Department of Training and Workforce Development are exempt from payroll tax. For training contracts registered before 1 December 2017, the exemption is available for existing employees and no income limit applies to new employees.

The revenue measure included in this Budget to remove the payroll tax exemption for new worker trainees does not take effect until 2019-20. Therefore it has not been taken into account for these expenditure estimates.

Progressive payroll tax scale

A diminishing exemption threshold was introduced from 1 July 2015 for employers with taxable wages between the tax-free threshold and \$7,500,000, such that the tax-free threshold progressively reduces in value for entities that report Australia-wide wages between \$850,000 and \$7.5 million.

From 1 July 2018, higher payroll tax rates apply for larger taxpayers, with a marginal rate of 6% applying to the component of an entity's Australia-wide payrolls exceeding \$100 million and a marginal rate of 6.5% applying to wages exceeding \$1.5 billion. This scale will remain in place up to and including 2022-23.

The application of a progressive payroll tax scale results in a negative tax expenditure to the extent that this scale reflects higher payroll tax rates than the benchmark tax rate.

Land Tax and Metropolitan Region Improvement Tax

Principal place of residence exemption

Generally, land used by the owner as their primary residence at midnight 30 June is exempt from land tax and Metropolitan Region Improvement Tax (MRIT) for the following assessment year.

Tax-free threshold

Land owners that have aggregated, assessable unimproved land values of less than \$300,000 are not liable for land tax.

Primary production exemption

Land used in carrying out certain primary production businesses on a commercial basis is exempt from land tax and MRIT (where applicable) if all relevant conditions are met.

Religious bodies exemption

Land owned by, or held in trust for, a religious body is exempt from land tax and MRIT provided that the land is used for religious, public worship or educational purposes, or for the residence of a minister of the religious body.

Educational institutions exemption

Land owned by, or held in trust for, a university or educational institution in Western Australia is exempt from land tax and MRIT provided that it is used solely for the purposes of the institution.

Public charitable or benevolent institution exemption

Land owned by, or held in trust for, a public charitable or benevolent institution is exempt from land tax and MRIT if it is used solely for the public charitable or benevolent purposes for which the institution was established.

Developers' concession

Land tax and MRIT is only paid on the un-subdivided (or 'englobo') value of land holdings at midnight 30 June, rather than the full subdivided value of lots, for one year after the creation of the lots.

Land value growth cap

A 50% cap on growth in land values applies for the purpose of assessing land tax and MRIT to help reduce the volatility and unpredictability of growth in individual land tax and MRIT liabilities.

Retirement villages exemption

Land used for a retirement village within the meaning of the *Retirement Villages Act 1992* is exempt from land tax and MRIT.

Club or sporting association exemption/concession

Land owned by sporting or other not-for-profit associations used to provide facilities necessary for or conducive to meeting the objects of the association is exempt from land tax and MRIT. Not-for-profit facilities that are commercially available to the public may be eligible for a 50% concession if at least half of the land is being used to meet the objects of the association.

Aged care facilities exemption

Land used for the purposes of providing a residential care service that is certified under the Commonwealth *Aged Care Act 1997* is exempt from land tax and MRIT.

Caravan parks exemption

Land used as caravan parks, park home sites or camping grounds is exempt from land tax and MRIT.

Public or religious hospitals exemption

Land used solely for the purposes of a public hospital, or a hospital conducted by or on behalf of a religious body, is exempt from land tax and MRIT.

Transfer Duty (including Landholder Duty)

Connected entities restructure exemption

Certain transactions between related corporations or unit trust schemes are exempt from transfer duty.

First home owners' exemption/concession

First home buyers may be entitled to a concessional rate of transfer duty if the value of the dutiable property is below \$530,000 for the house and land, or below \$400,000 for vacant land. No duty is payable if the house and land value is below \$430,000, or the vacant land value is below \$300,000.

Concessional scale for residential property

A concessional transfer duty scale applies to purchases of residential properties, including not only principal places of residence but also rental properties and land on which the building of a residence is subsequently commenced within five years.

Family farm exemption

A transfer of farming land in Western Australia to a family member is exempt from transfer duty, subject to certain conditions being satisfied.

Insurance Duty

Health insurance policies exemption

Health insurance issued by a private health insurer (as defined in the Commonwealth *Private Health Insurance Act 2007*) is exempt from insurance duty.

Workers' compensation insurance exemption

Insurance against an employer's liability to pay compensation under the *Workers' Compensation and Injury Management Act 1981* is exempt from insurance duty.

Reinsurance exemption

The indemnification of one party by another against a liability or payment arising under an insurance or reinsurance contract is exempt from insurance duty.

Marine hulls exemption

Insurance in respect of marine hulls used mainly for commercial purposes is exempt from insurance duty.

Vehicle Licence Fees

Pensioner and Seniors vehicle concession

A 50% concession on vehicle licence fees is available to holders of a Centrelink Pensioner Concession Card or Veterans' Affairs Pensioner Concession Card, and seniors who hold both a State Seniors Card and a Commonwealth Seniors Health Card.

Primary producer vehicle concession

Vehicles used by farmers or graziers principally on their farm, and vehicles used by beekeepers, kangaroo hunters, prospectors and sandalwood pullers solely or principally in the course of their occupation, are entitled to a 50% vehicle licence fee concession.

Vehicle Licence Duty

Heavy vehicle concession

Transfers of heavy vehicle licences are subject to a single flat duty rate (currently 3%) and a maximum duty amount (of \$12,000) rather than the uncapped, progressive rate scale that applies to light vehicles.

Caravan and camper trailer exemption

Caravans and camper trailers that are permanently fitted for human habitation are exempt from vehicle licence duty.

Mining Royalties

Subsidised alumina royalty rate

The Mineral Royalty Rate Analysis recommended that a royalty rate of 3.75% be applied to alumina. This expenditure represents the difference between that royalty rate (as a benchmark) and the 1.65% rate applied under State Agreement Acts.

Subsidised gold royalty rate

The Mineral Royalty Rate Analysis recommended that a royalty rate of 3.75% be applied to gold and the Government proposed the introduction of a 3.75% gold royalty rate in the 2017-18 Budget. This expenditure represents the difference between that royalty rate (as a benchmark) and the legislated 2.5% rate.

Gold royalty-free threshold

The first 2,500 ounces of gold metal produced each year is exempt from mineral royalties.

Salt State Agreement Acts concession

The effective average 2017-18 rate paid by salt projects covered by the various salt Agreement Acts is around 39 cents per tonne, compared to the average 2017-18 salt royalty rate prescribed under the Mining Regulations 1981 of 73 cents per tonne.

Western Australia's Net Contribution to the Federation

The redistribution of GST revenue, although large, is only one part of Western Australia's total support for other States.

Each year, the Western Australian Department of Treasury estimates the net redistribution across States that occurs through Commonwealth revenue raising and spending. For each State, the redistribution is measured as the difference between the Commonwealth revenues generated in that State (including GST) and the Commonwealth expenditures for the benefit of that State (including GST grants).

For example, States with higher incomes and business profits contribute more to total Commonwealth taxes, while those with younger and healthier populations, or stronger economic conditions, draw less on health and social security benefits.

Using the latest available data, Western Australia is estimated to have contributed \$15.5 billion to the Federation (or \$5,987 per person) in 2017-18 alone.

Results for all States are shown in the following table (a positive figure for a State indicates that it makes a net contribution to the Federation, while a negative figure indicates that it receives a net subsidy).

In 2017-18, Western Australia's estimated contribution to the Federation was much greater than that of New South Wales and Victoria, the only other net contributors. On a per capita basis, Western Australia's net contribution was more than four times that of New South Wales and around 31 times that of Victoria.

NET CONTRIBUTION OF EACH STATE TO THE FEDERATION (a)
2017-18

Table 11.1

	Total Resources	
	\$m	\$ per capita
New South Wales	10,847	1,368
Victoria	1,233	193
Queensland	-14,251	-2,869
Western Australia	15,476	5,987
South Australia	-5,878	-3,397
Tasmania	-3,787	-7,209
Northern Territory	-3,640	-14,732
Total	0	n/a

(a) All Commonwealth outlays and revenues relating to the Australian Capital Territory (ACT) are allocated to the other States according to population shares. This recognises that the ACT would be unlikely to exist as a separate entity if the Federation dissolved.

Source: Department of Treasury estimates, using a range of data sources including the Commonwealth Final Budget Outcome publications and Australian Bureau of Statistics publication 5220.0. Results are based on the latest available data. Some data has been proxied by escalating earlier data using relevant economic indicators.

The following table shows a breakdown of Western Australia's estimated net contribution in 2017-18, compared with the previous two years. The figures indicate the extent to which Western Australia contributes more than its population share to Commonwealth revenues, or receives less than its population share of overall Commonwealth expenses.

Western Australia's large net contribution to the Federation is mainly driven by:

- the high level of Commonwealth company tax and personal income tax derived from the State;
- the State's low draw on Commonwealth social security and health payments to residents, and low Commonwealth spending on services in the State; and
- Western Australia's very low GST grant share.

Overall, in 2017-18 it is estimated that the Commonwealth derived \$56.8 billion in revenue from Western Australia, while expenditure for the benefit of the State (including the State's share of the Commonwealth deficit) totalled \$41.3 billion, yielding a net contribution to the Federation of \$15.5 billion, or \$5,987 per capita.

Table 11.2

COMPONENTS OF WESTERN AUSTRALIA'S NET CONTRIBUTION
Relative to Western Australia's Population Share

	2015-16 ^(a)	2016-17 ^(a)	2017-18 (Preliminary)
	\$m	\$m	\$m
Personal income tax	4,564	3,167	3,580
Company tax	2,772	4,191	5,019
Fuel excise (net of rebates)	470	747	647
Taxes and royalties on mineral extraction ^(b)	570	585	597
Commonwealth services ^(c)	1,084	1,165	1,233
Personal benefit payments	2,317	2,095	1,681
Net impact of GST	4,163	3,937	3,698
Other grants to State and local governments ^(d)	-385	-43	-878
Other	83	132	-101
Total	15,638	15,975	15,476

(a) Figures are revised compared to past publications as the Australian Bureau of Statistics has revised some data and some data was not available at the time.

(b) Net of North West Shelf royalties passed on as grants to Western Australia by the Commonwealth.

(c) Departmental expenditures, including defence.

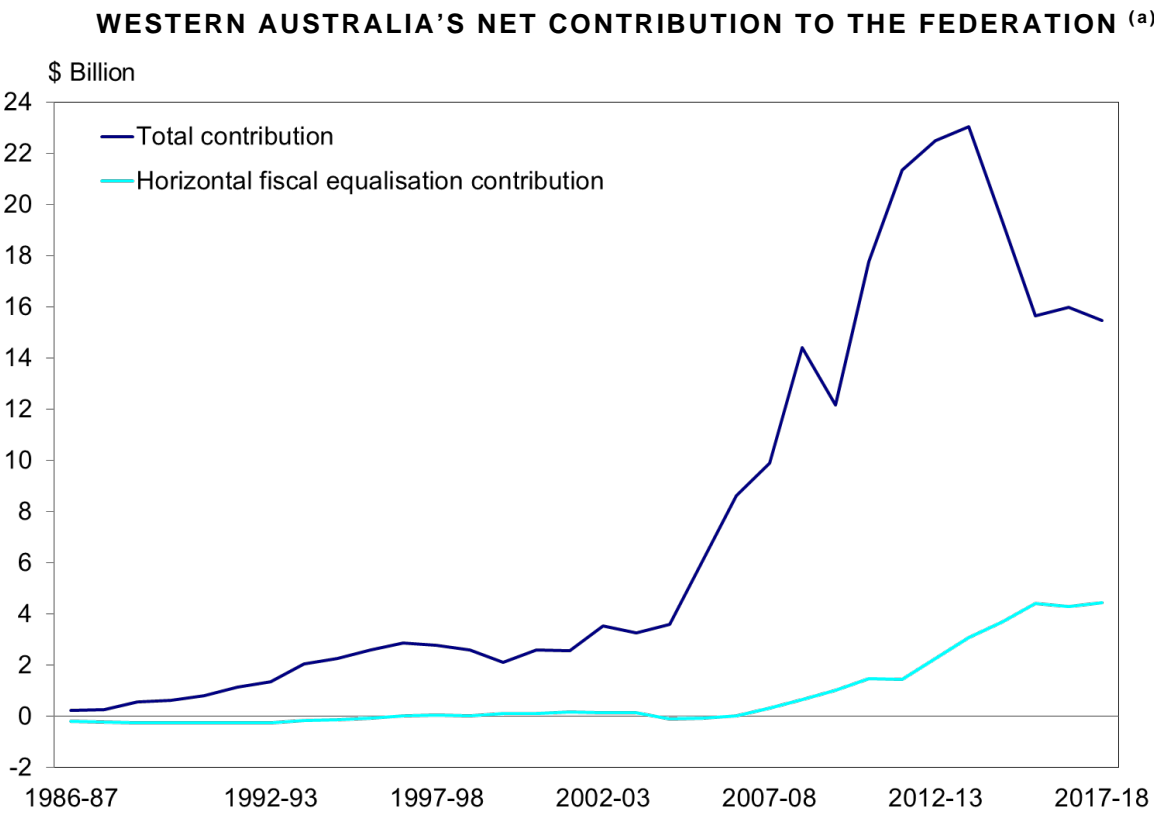
(d) Includes grants to universities. Excludes North West Shelf royalties paid as grants to Western Australia.

Source: Department of Treasury estimates, using a range of data sources including the Commonwealth Final Budget Outcome publications and Australian Bureau of Statistics publication 5220.0. Results are based on the latest available data. Some data has been proxied by escalating earlier data using relevant economic indicators. Further information on the methodology for calculating the net fiscal subsidy for each State is available in the Department of Treasury and Finance's March 2002 *Economic Research Articles* at <http://www.treasury.wa.gov.au/uploadedFiles/ecoresearchchart2002.pdf>.

The figure below shows that Western Australia's net contribution has grown strongly over time, and also that the annual net contributions by Western Australia are substantially larger than the State's annual horizontal fiscal equalisation (GST) contributions.

Over the period 1986-87 to 2017-18, Western Australia's net contributions to the Federation have totalled \$245 billion (of which \$223 billion is since 2000-01, when the GST was introduced).

Figure 11.1



(a) Data to calculate Western Australia's total contribution are currently only available to 2017-18.

Source: Department of Treasury estimates.

Commonwealth Tied Grants

This appendix lists all Commonwealth tied grants (e.g. health, education, housing and transport) that are included in the State Budget and characterised as such in the Commonwealth Budget.¹

Table 12.1 includes the Budget estimates of Commonwealth funding, the start and expiry year of funding for the latest agreement under which funding is provided, and the average annual funding provided over the term of the agreement.

The estimates in the table may differ from the Commonwealth's due to different assumptions in relation to timing, parameters and (occasionally) the continuation of an agreement. Given the uncertain future of some expiring agreements, the Budget generally assumes that there is no funding past an agreement's expiry date.

¹ Adjustments have been made to tied grants in 2018-19, including the removal of tied grants 'through the State' to third parties, for consistency with new accounting standards (as elsewhere described). While not reported in this appendix, the State Budget also includes Commonwealth grants that the Commonwealth characterises as its own-purpose expenses (e.g. fee for service arrangements and funding provided under competitive tenders open to the private sector). Examples are grants for the provision of hospital services to veterans and for the provision of services to the Cocos Keeling Islands.

Table 12.1

COMMONWEALTH TIED GRANTS

	Terms of the Latest Agreement			Estimated Commonwealth Funding to Western Australia					
	Funding Start Year	Funding Expiry Year	Average Annual Commonwealth Contribution \$m	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	Total Five Years \$m
HEALTH									
National Health Reform Agreement - Addendum ^(a)	2017-18	2019-20 ^(b)	2,272.3	2,267.4	2,375.2	2,521.1	2,660.5	2,815.1	12,639.3
Western Australian Hospital Infrastructure Package	2017-18	2017-18 ^(b)	188.9	6.6	18.6	60.1	47.7	25.2	158.3
Health Innovation Fund	2018-19	2018-19	13.3	13.3	-	-	-	-	13.3
Health Infrastructure Projects									
Bringing Renal Dialysis and Support Services Closer to Home	2013-14	2018-19 ^(b)	7.6	5.0	3.8	-	-	-	8.8
Strengthening Cancer Services in Regional Western Australia	2012-13	2018-19 ^(b)	3.2	2.5	0.6	-	-	-	3.1
Bunbury, Narrogin and Collie - Pathology Laboratories	2013-14	2018-19	1.2	0.2	-	-	-	-	0.2
Narrogin General Dental Clinic	2013-14	2018-19	0.5	0.5	-	-	-	-	0.5
Essential Vaccines (excluding free of charge resources) ^(a)	2017-18	2020-21 ^(b)	2.4	2.1	2.1	2.1	2.1	2.1	10.4
Public Dental Services for Adults ^(c)	2016-17	2018-19	9.7	9.7	-	-	-	-	9.7
Improving Trachoma Control Services	2017-18	2020-21	1.7	1.6	1.7	1.7	-	-	5.0
Expansion of the BreastScreen Australia Program	2017-18	2020-21	1.6	1.6	1.6	1.7	-	-	4.9
National Bowel Cancer Screening Program	2018-19	2021-22	0.9	0.8	1.0	1.0	1.0	-	3.8
Rheumatic Fever Strategy	2017-18	2020-21	0.9	1.8	0.9	1.0	-	-	3.7
Encouraging More Clinical Trials in Australia	2017-18	2020-21	0.3	0.2	0.2	0.2	-	-	0.6
OzFoodNet Program	2016-17	2019-20	0.2	0.2	0.2	-	-	-	0.4
Vaccine Preventable Diseases Surveillance Program	2017-18	2019-20	0.1	0.1	0.1	-	-	-	0.2
TOTAL HEALTH				2,313.8	2,406.0	2,588.9	2,711.3	2,842.4	12,862.3

Table 12.1 (cont.)

COMMONWEALTH TIED GRANTS									
	Terms of the Latest Agreement			Estimated Commonwealth Funding to Western Australia					
	Funding Start Year	Funding Expiry Year	Average Annual Commonwealth Contribution \$m	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	Total Five Years \$m
EDUCATION									
National School Reform Agreement - <i>Quality Schools</i> ^(a)	2019	2023	922.4	739.7	826.2	918.1	1,014.3	1,113.7	4,612.0
Universal Access to Early Childhood Education - 2018 and 2019	2018	2019 ^(b)	46.6	58.3	42.6	24.8	-	-	125.8
National School Chaplaincy Program	2019	2022	7.7	7.7	7.7	7.7	7.7	-	30.9
School Pathways Programs	2017-18	2019-20	0.6	0.6	0.6	-	-	-	1.2
MoneySmart Teaching	2017-18	2020-21	0.1	0.3	0.1	0.1	-	-	0.6
TOTAL EDUCATION				806.6	877.3	950.8	1,022.0	1,113.7	4,770.5
SKILLS AND WORKFORCE DEVELOPMENT									
National Skills and Workforce Development SPP ^(d)	2008-09	N/A	151.3	157.0	158.7	160.4	161.9	163.4	801.4
Skilling Australians Fund	2018-19	2021-22	27.5	18.4	28.4	32.6	30.5	-	109.9
TOTAL SKILLS AND WORKFORCE DEVELOPMENT				175.4	187.1	193.0	192.4	163.4	911.3
AFFORDABLE HOUSING									
National Housing and Homelessness Agreement ^(e)	2018-19	N/A	166.0	163.8	166.6	169.6	162.9	165.7	828.6
Remote Housing - National Partnership	2016-17	2017-18 ^(b)	107.0	130.3	-	-	-	-	130.3
Remote Housing - Bilateral Agreement	2018-19	2018-19	121.0	121.0	-	-	-	-	121.0
TOTAL AFFORDABLE HOUSING				415.1	166.6	169.6	162.9	165.7	1,079.9

Table 12.1 (cont.)

COMMONWEALTH TIED GRANTS									
	Terms of the Latest Agreement			Estimated Commonwealth Funding to Western Australia					
	Funding Start Year	Funding Expiry Year	Average Annual Commonwealth Contribution \$m	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	Total Five Years \$m
COMMUNITY SERVICES									
DisabilityCare Australia Fund	N/A	N/A	N/A	19.7	20.4	609.1	109.3	113.1	871.6
National Disability SPP ^(f)	2008-09	2019-20	134.0	170.5	172.9	-	-	-	343.5
Pay Equity for the Social and Community Services Sector	2016-17	2018-19 ^(b)	31.0	59.6	33.3	-	-	-	92.9
Transition to NDIS - Specialist Disability Services	2018-19	2019-20	27.7	28.1	28.8	-	-	-	56.9
Transition to NDIS - Transfer of Administered Sites to the NDIA ^(g)	2017-18	2018-19	88.8	7.0	-	-	-	-	7.0
TOTAL COMMUNITY SERVICES				284.9	255.5	609.1	109.3	113.1	1,371.9
TRANSPORT INFRASTRUCTURE									
Land Transport Infrastructure Projects ^(a)	2014-15	2018-19 ^(b)	568.0	639.5	960.8	1,136.2	882.0	1,168.9	4,787.4
Infrastructure Projects in Western Australia	2014-15	2016-17 ^(b)	405.0	69.2	104.4	18.4	0.8	-	192.8
Interstate Road Transport ^(h)	1986-87	2017-18 ^(b)	2.8	0.5	-	-	-	-	0.5
TOTAL TRANSPORT INFRASTRUCTURE				709.2	1,065.2	1,154.6	882.8	1,168.9	4,980.7
ENVIRONMENT									
National Water Inf. Development Fund - Feasibility Component	2016-17	2018-19	2.1	1.7	-	-	-	-	1.7
National Water Inf. Development Fund - Capital Component	2017-18	2024-25	N/A	46.7	46.7	46.7	-	-	140.0
Natural Disaster Resilience	2015-16	2017-18 ^(b)	3.1	3.1	3.1	3.1	3.1	3.1	15.7
World Heritage Management	2018-19	2022-23	0.4	0.4	0.4	0.4	0.4	0.4	2.1
Managing Established Pest Animals and Weeds	2015-16	2018-19	1.1	1.0	-	-	-	-	1.0
Prepared Communities	2018-19	2018-19	0.6	0.6	-	-	-	-	0.6
TOTAL ENVIRONMENT				53.5	50.2	50.2	3.6	3.6	161.0

Table 12.1 (cont.)

COMMONWEALTH TIED GRANTS									
	Terms of the Latest Agreement			Estimated Commonwealth Funding to Western Australia					
	Funding Start Year	Funding Expiry Year	Average Annual Commonwealth Contribution \$m	2018-19 Estimated Actual \$m	2019-20 Budget Estimate \$m	2020-21 Forward Estimate \$m	2021-22 Forward Estimate \$m	2022-23 Forward Estimate \$m	Total Five Years \$m
OTHER									
Legal Assistance Services	2015-16	2019-20 ^(b)	30.6	31.3	32.0	32.0	32.0	32.0	159.5
Natural Disaster Relief and Recovery Arrangements	Nov-18	N/A	N/A	3.7	57.2	74.3	-	-	135.2
Small Business Regulatory Reform	2018-19	2020-21	10.5	11.0	11.3	9.3	-	-	31.6
Provision of Fire Services - Memorandum of Understanding	2017-18	2021-22 ^(b)	1.6	1.5	1.6	1.6	1.7	1.7	8.0
National Register of Foreign Ownership of Land Titles	2015-16	2016-17 ^(b)	1.8	0.7	-	-	-	-	0.7
Family Advocacy and Support Services	2016-17	2018-19	0.6	0.7	-	-	-	-	0.7
TOTAL OTHER				48.8	102.1	117.3	33.7	33.7	335.6
TOTAL COMMONWEALTH TIED GRANTS ⁽ⁱ⁾				4,807.4	5,110.0	5,833.5	5,117.8	5,604.5	26,473.2

(a) The 'Average Annual Commonwealth Contribution' is a Western Australian Treasury estimate.

(b) The agreement funding expires within or before the Budget period. However, estimates are based on the expected timing of the project or State assumptions of future funding.

(c) Effectively covers the period from the last quarter of 2016-17 to the end of 2018-19.

(d) The 'Average Annual Commonwealth Contribution' reflects payments over the period from 1 January 2009 (when this SPP commenced) to 2022-23.

(e) The 'Average Annual Commonwealth Contribution' reflects the period from 2018-19 to 2022-23.

(f) The 'Average Annual Commonwealth Contribution' reflects payments over the period from 1 January 2009 (when this SPP commenced) to 2019-20 (the final payment year).

(g) The agreement covers the period from 1 July 2017 to 31 December 2018.

(h) The 'Average Annual Commonwealth Contribution' reflects payments over the 10 years from 2008-09 to 2017-18.

(i) Excludes grants that the Commonwealth characterises as its own-purpose expenses.

Note: Columns/rows may not add due to rounding

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