



WESTERN AUSTRALIA
STATE BUDGET
2020-21

BUDGET PAPER NO. 3
Economic and Fiscal Outlook

2020-21 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 2020-21 Budget Statements (available electronically from www.ourstatebudget.wa.gov.au)



2020-21 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 8 OCTOBER 2020**

2020-21 Economic and Fiscal Outlook

(Budget Paper No. 3)

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Acknowledgement of Country

The Government of Western Australia acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of Aboriginal communities and their cultures; and to Elders past, present and emerging.

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For further information please contact:

Department of Treasury
Locked Bag 11 Cloisters Square WA 6850
Telephone: +61 8 6551 2777
Facsimile: +61 8 6551 2500
Email: info@treasury.wa.gov.au
Website: <http://www.ourstatebudget.wa.gov.au>

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2020-21 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 2020-21 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).

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 7 September 2020 and which have a material effect on the State's financial projections.

2020-21 Economic and Fiscal Outlook

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: *COVID-19 Impact and Recovery* and Chapter 3: *Fiscal Outlook and Strategy*. These assumptions were finalised by Treasury, under my direction, on 7 September 2020.

Forecasts for 2020-21 to 2023-24 included in this Budget are based on estimates prepared by agencies. Final audited outcomes for 2019-20 are consistent with information available in the *Annual Report on State Finances*, released on 25 September 2020.

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

Michael Barnes
UNDER TREASURER

8 October 2020

Overview

HIGHLIGHTS

- The focus of the 2020-21 Budget is the State Government's response to the COVID-19 pandemic. The discipline and efforts of Western Australians have, to date, resulted in the public health and economic impacts being less than initially expected.
- The 2020-21 Budget fully funds the Government's \$5.5 billion WA Recovery Plan announced in July 2020, and builds on this with additional targeted initiatives. The Plan includes:
 - ensuring frontline services are well-equipped to respond to an outbreak of COVID-19;
 - supporting Western Australian businesses and households through the pandemic; and
 - significant investment to drive the State's economic and social recovery, and to create a pipeline of jobs for Western Australians.
- The 2020-21 Budget also includes significant additional initiatives, such as:
 - a one-off \$600 Household Electricity Credit delivering almost \$650 million to Western Australian households and providing significant stimulus to the local economy, which has been funded by the recent Bell Group settlement;
 - recruitment of an additional 800 police officers over the next four years to boost community safety (bringing total additional police officers in this Budget to 950); and
 - \$170.5 million in State Government funding for the Perth City Deal with the Commonwealth Government, including \$150 million to help establish inner-city university campuses.
- The Government's fiscal strategy has been adjusted to focus on supporting the Western Australian economy rather than paying down debt. Net operating surpluses have been reduced by \$6.6 billion, underpinned by increased expenditure relating to COVID-19 and reduced revenue. The remaining surpluses provide partial funding for a record \$27.1 billion investment in infrastructure over the next four years, with net debt to rise, albeit sustainably, to meet the shortfall.

Economic and Fiscal Outlook

The COVID-19 pandemic has had an unprecedented impact on the global, national and State economies. However, despite initial sharp falls in activity, Western Australia's economy is recovering at a faster rate than other States and the national economy. This reflects better health outcomes, strong State Government assistance, an industry structure geared towards mining, and a commodity-intensive stimulus in China, which has underpinned strong export volumes and prices (particularly for iron ore).

Due to the successful containment of COVID-19 cases behind Western Australia's hard border, restrictions were removed earlier than anticipated and before the larger States, allowing businesses and households to progressively re-commence their usual activity and support the economy.

The immediate response measures included in the \$5.5 billion WA Recovery Plan, combined with a range of other State and Commonwealth Government stimulus initiatives, have also aided the State's economic recovery. As at August 2020 (the latest available data), Western Australia has recovered around 71% of the initial loss in jobs between February and May 2020, with almost 90% of the initial loss in aggregate hours worked having been restored.

Nonetheless, similar to economies around the world, the pandemic has resulted in a weaker growth outlook. Economic growth is anticipated to moderate in 2020-21, with Gross State Product (GSP) projected to grow by a modest 1.25% in 2020-21 (down from 2.5% forecast at the 2019-20 Mid-year Review).

The economic assumptions underpinning the 2020-21 Budget are outlined in the table below.

KEY BUDGET ASSUMPTIONS
Western Australia

Table 1

| | 2019-20 Estimated Actual | 2020-21 Budget Estimate | 2021-22 Forward Estimate | 2022-23 Forward Estimate | 2023-24 Forward Estimate |
|--|--------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Real Gross State Product growth (%) | 2.0 | 1.25 | 2.75 | 1.25 | 1.5 |
| Real State Final Demand growth (%) | 1.1 | 0.5 | 3.75 | 2.25 | 3.0 |
| Employment growth (%) | 0.3 | -0.25 | 2.25 | 2.0 | 1.75 |
| Unemployment rate (%) ^(a) | 6.1 | 8.0 | 7.0 | 6.25 | 6.0 |
| Wage Price Index growth (%) | 1.7 | 1.5 | 1.75 | 2.0 | 2.25 |
| Perth Consumer Price Index growth (%) | 1.3 | 1.5 | 1.75 | 1.75 | 2.0 |
| Iron ore price, \$US/t, CFR ^{(a)(b)} | 92.9 | 96.6 | 64.0 | 64.0 | 64.0 |
| Iron ore volumes (million tonnes) | 836 | 845 | 859 | 871 | 878 |
| Crude oil price (\$US per barrel) ^(a) | 51.3 | 44.6 | 48.5 | 49.9 | 51.1 |
| Exchange rate (US cents) ^(a) | 67.1 | 72.6 | 72.9 | 72.8 | 72.7 |
| Population growth (%) | 1.3 | 0.8 | 0.7 | 1.0 | 1.3 |
| Interest rate assumptions (%) ^(a) | | | | | |
| – Public Bank Account interest earnings | 1.1 | 0.7 | 0.8 | 0.6 | 0.7 |
| – Consolidated Account borrowings | 2.8 | 2.5 | 2.3 | 2.2 | 2.1 |

(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).

The COVID-19 pandemic has also had a significant impact on the State's finances. However, three years of strong financial management, which saw the general government operating balance return to a surplus position in 2018-19 for the first time since 2013-14, put the State in a strong position heading into the pandemic. As such, the operating balance has remained in a surplus position, albeit significantly lower than forecast in the 2019-20 Mid-year Review.

Since the Mid-year Review, the general government revenue estimates have been revised down by a total of \$1.7 billion over the period 2019-20 to 2022-23. This is primarily due to lower taxation and GST-related grants, partially offset by higher mining royalty revenue (underpinned by higher iron ore royalties in 2019-20 and 2020-21).

At the same time, general government expenses have been revised up by \$4.9 billion over 2019-20 to 2022-23, and the Asset Investment Program has increased by \$2.6 billion over the same period. A large portion of this additional expenditure is attributable to the Government's \$5.5 billion WA Recovery Plan, as well as new initiatives in this Budget to further support recovery.

These movements in revenue and expenses have resulted in a substantial \$6.6 billion write-down in the general government operating balance over 2019-20 to 2022-23 (relative to the Mid-year Review). Despite this, the Budget remains in a surplus position, with a general government operating surplus of \$1.2 billion forecast for 2020-21 (down from \$2.7 billion in the Mid-year Review), and surpluses also forecast across each of the outyears. These surpluses help fund a record \$27.1 billion investment in infrastructure over the next four years, creating a substantial pipeline of work for local industry and local jobs.

The following table outlines the key fiscal aggregates for the 2020-21 Budget.

With the impact of COVID-19 on the State's revenue base, combined with the substantial increase in expenditure (both recurrent and capital) to support the economic recovery now underway, total public sector net debt is projected to increase to \$42.8 billion over the next four years. Whilst a significant increase, this level of net debt remains affordable - and, at 14.1% of GSP, is very low by international standards.

KEY BUDGET AGGREGATES Western Australia

Table 2

| | 2019-20 Actual | 2020-21 Budget Estimate | 2021-22 Forw ard Estimate | 2022-23 Forw ard Estimate | 2023-24 Forw ard Estimate |
|------------------------------------|-------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| GENERAL GOVERNMENT SECTOR | | | | | |
| Net Operating Balance (\$m) | 1,669 | 1,204 | 363 | 1,067 | 1,474 |
| Revenue (\$m) | 32,162 | 34,139 | 31,618 | 32,466 | 33,547 |
| Revenue Grow th (%) | 5.9 | 6.1 | -7.4 | 2.7 | 3.3 |
| Expenses (\$m) | 30,493 | 32,935 | 31,254 | 31,399 | 32,073 |
| Expense Grow th (%) | 5.0 | 8.0 | -5.1 | 0.5 | 2.1 |
| Net Debt at 30 June (\$m) | 23,758 | 25,576 | 27,870 | 29,235 | 29,491 |
| TOTAL PUBLIC SECTOR | | | | | |
| Net Debt at 30 June (\$m) | 35,449 | 39,259 | 41,723 | 42,900 | 42,836 |
| Net Debt as a Share of GSP (%) | 11.3 | 11.9 | 14.0 | 14.6 | 14.1 |
| Asset Investment Program (\$m) | 5,188 | 7,549 | 7,458 | 6,279 | 5,768 |
| Cash Surplus/Deficit (\$m) | 2,217 | -3,391 | -2,060 | -985 | 201 |

WA Recovery Plan

The 2020-21 Budget fully funds the Government's \$5.5 billion WA Recovery Plan, which is set around 21 priority streams that range from new technologies, local manufacturing and training, through to tourism, patient care and the environment.

The WA Recovery Plan includes the Government's immediate response to COVID-19 to provide relief and stimulus for households and businesses, as well as supporting essential community services. Subsequent initiatives in the Plan consolidate and build on the initial response, and are focused on getting Western Australians back to work and delivering long-term economic and social outcomes. Chapter 2: *COVID-19 Impact and Recovery* provides further detail.

In addition to the measures in the WA Recovery Plan, major new initiatives funded in this Budget include:

- additional METRONET-related investment, including funding for the Morley-Ellenbrook Line, the Byford Rail Extension, level crossing removals, and Midland and Bayswater Stations;
- \$644 million (from the recent Bell Group settlement) to provide a one-off \$600 Household Electricity Credit in 2020-21 for all residential customers of Synergy and Horizon Power, and recipients of the Energy Concession Extension Scheme (see feature box);
- additional funding of \$314 million for the recruitment of 800 additional police officers over the next four years (and flow-on costs through the criminal justice system), bringing the total number of additional police officers funded in this Budget to 950;
- record investment in mental health, additional expenditure by WA Health for COVID-19 response and preparedness, and additional expenditure for State-administered disability services;
- \$201 million to provide essential services in remote Aboriginal communities, including repairs and maintenance for Aboriginal housing, tenancy support, and delivery of essential and municipal services;
- an additional \$170.5 million of State Government funding for the Perth City Deal with the Commonwealth Government, including \$150 million to help establish inner-city university campuses;
- \$78.1 million for the Transforming Bunbury's Waterfront Stage 3 Phase 1 project, subject to finalisation of the business case;
- a further \$27.5 million for the construction of the Port Hedland Spoilbank Marina, bringing the total cost of this project to \$136.5 million; and
- \$18.4 million of targeted support for regional aviation (by helping to secure regional air routes and lower airfares) and travel agents impacted by COVID-19.

Bell Group Settlement - Supporting Western Australia's Recovery

As part of the State Government's immediate response to COVID-19, it:

- froze household tariffs, fees and charges in 2020-21, and passed on the impact of lower gross rental values for related charges, reducing costs for the 'representative' household by 1% or \$63.52;
- ensured that no household experiencing financial hardship as a result of COVID-19 would be disconnected by Synergy, Horizon Power or the water corporations;
- doubled the \$305 Energy Assistance Payment in 2020-21 for households on income-tested concession cards; and
- waived fees and charges associated with the late payment of accounts held with Synergy, Horizon Power and the water corporations until 30 September 2020.

To provide further support to households and the State's economic recovery, all residential Synergy and Horizon Power account holders will receive a one-off \$600 Household Electricity Credit. Customers that receive the Energy Concession Extension Scheme (ECES)¹ will also be eligible for the \$600 credit. The estimated cost of this initiative is \$644 million in 2020-21.

The \$600 Household Electricity Credit will be available to all residential Synergy, Horizon Power and ECES customers as at 4 October 2020, with the roll-out of the scheme to commence on 1 November 2020. This is expected to provide the representative household around four months of relief from having to pay their electricity accounts. For customers eligible for the one-off doubling of the Energy Assistance Payment, it translates to a total of \$1,210 in support.

This initiative has been made possible by the proceeds recently received by the State from the Bell Group settlement.

On 20 August 2020, the Supreme Court of Western Australia gave final approval to the agreement reached between creditors of the Bell Group on the distribution of settlement proceeds. As a creditor of the Bell Group, the Insurance Commission of Western Australia received \$665.4 million from the settlement. After retaining \$10 million to extinguish the portion of the Government Insurance Fund right of indemnity arrangement in relation to Bell expenses, \$655.4 million is expected to be distributed to the Government by way of a special interim dividend (of \$455.4 million) and tax equivalent payments (of \$200 million) in 2020-21.

The \$600 Household Electricity Credit builds on the \$5.5 billion WA Recovery Plan, and provides a boost of almost \$650 million to household disposable income. While some portion of this will be saved by households, the majority (around 70%) is expected to be spent. This will provide a significant boost to sectors of the economy that have been particularly impacted by COVID-19, including the retail and hospitality sectors.

¹ For eligible concession card holders, the ECES provides a concession on energy costs to residents of retirement villages, apartment buildings and caravan parks, and for customers of energy providers other than Synergy and Horizon Power.

COVID-19 Impact and Recovery

HIGHLIGHTS

- The COVID-19 pandemic has had an unprecedented impact on the global, national and State economies, particularly in the June quarter of 2020.
- Despite a significant contraction in the June quarter, Western Australia was the only State whose domestic economy grew over the 2019-20 year.
- The State's economy (as measured by Gross State Product) is forecast to continue growing over 2020-21, albeit by a modest 1.25% (revised down from forecast growth of 2.5% at the time of the Mid-year Review).
- Reflecting the impact of COVID-19 on key revenue sources like payroll tax, transfer duty and GST grants, combined with additional expenditure to support the State's recovery, the general government operating balance has been revised down by a total of \$6.6 billion since the Mid-year Review (over 2019-20 to 2022-23).
- Further to the \$5.5 billion WA Recovery Plan, the 2020-21 Budget contains additional recovery initiatives to assist sectors that have been particularly impacted by COVID-19, and to support broader economic recovery.

Impact on Western Australia's Economy

The outbreak of COVID-19 has had a significant impact on the State's economy and finances. Immediately after the declaration of a global pandemic in early March 2020, the State Government responded swiftly to both protect the health of the Western Australian community and support businesses and households.

Following initial sharp falls in activity (particularly in the June quarter), the Western Australian economy is recovering at a faster rate than other States and the national economy. This reflects better health outcomes, strong State Government assistance, a favourable industry structure geared towards mining, and a commodity-intensive stimulus in Western Australia's largest trading partner, China.

In terms of health outcomes, the successful containment of COVID-19 cases in Western Australia allowed restrictions to be removed earlier than anticipated and before the larger States, in turn allowing businesses and households to progressively re-commence their usual activity and support the economy. A number of indicators have already recovered to pre-COVID levels, such as consumer confidence, retail trade and job advertisements.

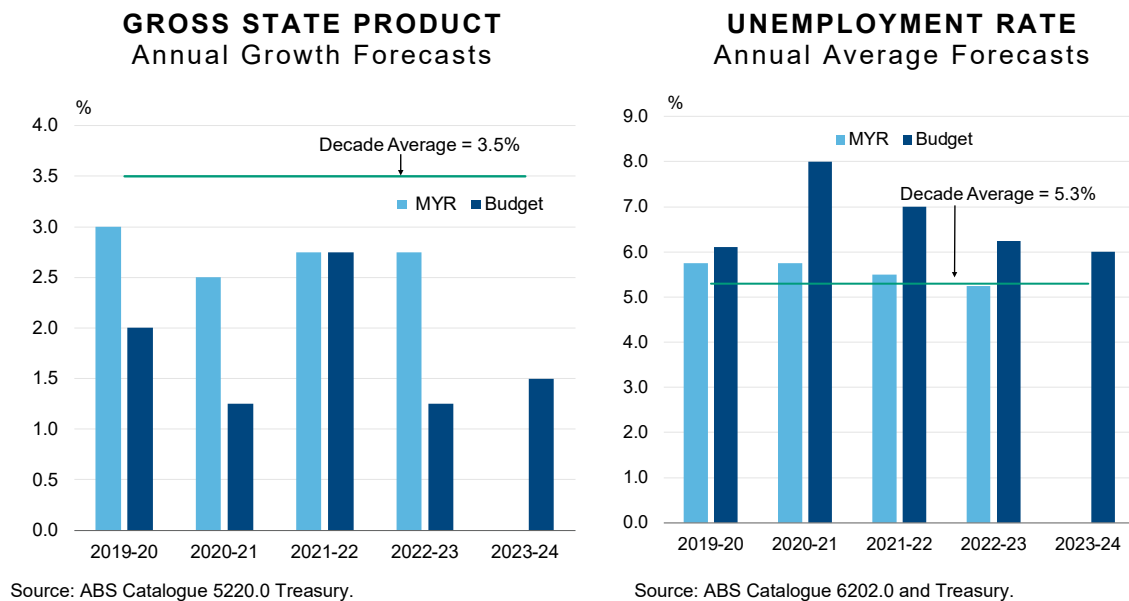
This has been aided by the immediate response measures included in the \$5.5 billion WA Recovery Plan and a range of other State and Commonwealth Government stimulus initiatives. For example, the State Government provided a four month payroll tax waiver for small businesses and exempted JobKeeper payments from payroll tax, provided a \$2,500 electricity offset for small businesses, rolled out a large housing stimulus package, and provided financial relief to the tourism industry and other small and medium-sized businesses affected by COVID-19.

The Western Australian economy has also been assisted by its industry structure. The mining industry, which has fared well through the pandemic, accounts for around a third of the State's economy and is a dominant contributor to investment and exports, much more so than nationally. For instance, net exports account for almost 40% of Western Australia's Gross State Product (GSP), but at the national level, they account for just over 1% of Australia's Gross Domestic Product (GDP).

Western Australia has also benefited from its complementary trade relationship with China, which accounts for more than half of the State's exports. China was the first economy to have a COVID-19 outbreak and to effectively suppress it, with activity rebounding strongly in the June quarter. China has introduced significant stimulus which has underpinned Western Australia's commodity export volumes and supported construction-related commodity export prices.

Nonetheless, the COVID-19 pandemic has resulted in a weaker economic outlook for Western Australia (similar to other jurisdictions around the world). GSP is now expected to grow by 1.25% in 2020-21 (down from 2.5% forecast at the 2019-20 Mid-year Review), and to remain well below the decade-average over the following three years. Similarly, labour market outcomes are expected to be weaker, with the annual unemployment rate projected to peak at 8% in 2020-21, before gradually declining to 6% by 2023-24.

Figure 1



Since the Mid-year Review, the general government revenue estimates have been revised down by a total of \$1.7 billion over the period 2019-20 to 2022-23, while general government expenses have been revised up by \$4.9 billion over the same period. This has resulted in a substantial \$6.6 billion write-down in the general government operating balances over 2019-20 to 2022-23, with total public sector net debt at 30 June 2023 now forecast to be \$8.3 billion higher than expected at Mid-year Review.

Key Economic Forecasting Assumptions

The economic forecasts presented in this Budget are underpinned by the following overarching assumptions¹:

- there is no second wave of COVID-19 in Western Australia;
- there are no further significant COVID-19 outbreaks in other States (beyond the current second wave in Victoria), that would have spill-overs to household and business confidence in Western Australia; and
- there is a relatively smooth transition of economic impacts associated with the tapering of the Commonwealth Government's JobKeeper and JobSeeker schemes.

Given the highly uncertain and dynamic economic environment, there are substantial risks to the economic forecasts, especially if the above assumptions do not hold true. In light of this, an alternative scenario is outlined in Chapter 3: *Statement of Risks* to illustrate the impact of a Victoria-like second wave lockdown on the Western Australian economy.

¹ The timing of the reopening of interstate and international borders is highly uncertain. For the purposes of preparing the forecasts in this Budget, Treasury has adopted the working assumption that interstate borders reopen from the June quarter 2021 and the international border reopens from the December quarter 2021. It is stressed that these are Treasury assumptions for forecasting purposes only, rather than Government policy.

Gross State Product

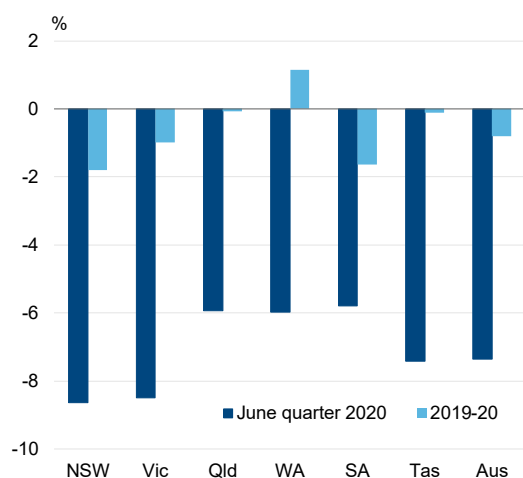
The outbreak of COVID-19 halted momentum that was building in the Western Australian economy prior to the pandemic. This included a pick-up in consumer and business spending, population growth and labour market conditions.

This momentum turned sharply in the June quarter 2020, with the domestic economy (as measured by **State Final Demand (SFD)**) contracting by a record 6%, mainly due to a steep drop in household spending. Despite this, Western Australia was the only State to record growth in SFD in 2019-20 (1.1%), which compares with a decline in national domestic demand of 0.8% (and in GDP of 0.2%). Annual growth in Western Australia was underpinned by a 9.3% increase in business investment, the first rise in seven years.

SFD growth is expected to ease to 0.5% in 2020-21 due to subdued consumer spending and a projected fall in non-mining business investment. However, this weakness will be mitigated by stronger Government spending, including a substantial \$4.8 billion more (in general government expenses and infrastructure investment) budgeted to be spent by the State Government in 2020-21 compared to 2019-20.

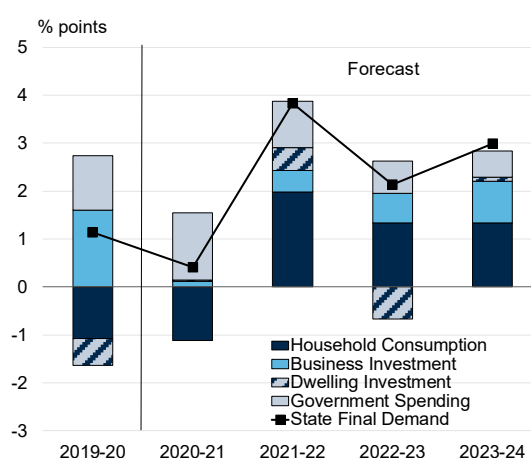
Figure 2

STATE/DOMESTIC FINAL DEMAND Growth



Source: ABS Catalogue 5206.0.

CONTRIBUTIONS TO SFD GROWTH Selected Major Components



Source: ABS Catalogue 5206.0 and Treasury.

Accounting for the trade sector, the State's total economy (as measured by GSP) is expected to grow by a modest 1.25% in 2020-21, following an estimated 2% rise in the previous year. Economic growth (particularly in the domestic economy) is expected to gather pace from 2021-22 as all remaining restrictions are removed, migration eventually resumes and confidence continues to improve.

Table 1

ECONOMIC FORECASTS
Western Australia, Annual Growth (%)

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|-----------------|------------------|------------------|------------------|
| | Actual | Actual | Budget Estimate | Forward Estimate | Forward Estimate | Forward Estimate |
| Demand and Output ^(a) | | | | | | |
| Household Consumption | 1.0 | -2.0 | -2.0 | 4.0 | 2.5 | 2.5 |
| Dwelling Investment | -3.8 | -13.1 | 0.75 | 13.25 | -17.0 | 2.75 |
| Business Investment | -7.1 | 9.3 | 0.75 | 2.5 | 3.25 | 4.75 |
| Government Consumption | 1.8 | 5.2 | 3.25 | 1.75 | 2.5 | 2.5 |
| Government Investment | -1.4 | 3.2 | 18.0 | 12.0 | 3.0 | 0.75 |
| State Final Demand | -0.8 | 1.1 | 0.5 | 3.75 | 2.25 | 3.0 |
| Merchandise Exports | 1.6 | 0.7 | 0.0 | 1.5 | 1.0 | 0.25 |
| Merchandise Imports ^(b) | -7.2 | 1.4 | -2.5 | 2.25 | 2.25 | 2.5 |
| Net Exports ^{(b)(c)} | 4.9 | 3.8 | 3.25 | 0.5 | -0.25 | -1.75 |
| Gross State Product ^{(b)(d)} | 1.0 | 2.0 | 1.25 | 2.75 | 1.25 | 1.5 |
| Labour market | | | | | | |
| Employment | 0.9 | 0.3 | -0.25 | 2.25 | 2.0 | 1.75 |
| Unemployment Rate ^(e) | 6.1 | 6.1 | 8.0 | 7.0 | 6.25 | 6.0 |
| Participation Rate ^(e) | 68.3 | 67.5 | 68.0 | 68.2 | 68.2 | 68.3 |
| Population | | | | | | |
| Population ^(b) | 1.0 | 1.3 | 0.8 | 0.7 | 1.0 | 1.3 |
| Working Age Population (15-64) ^(b) | 0.5 | 0.8 | 0.2 | 0.5 | 0.9 | 1.2 |
| Prices | | | | | | |
| Consumer Price Index | 1.3 | 1.3 | 1.5 | 1.75 | 1.75 | 2.0 |
| Wage Price Index | 1.6 | 1.7 | 1.5 | 1.75 | 2.0 | 2.25 |
| Perth Median House Price ^(f) | -2.3 | -2.5 | 0.7 | 1.8 | 4.1 | 4.3 |
| Other key parameters ^(e) | | | | | | |
| Exchange Rate \$US/\$A (US cents) | 71.5 | 67.1 | 72.6 | 72.9 | 72.8 | 72.7 |
| Iron Ore Price (\$US per tonne) cost and freight inclusive (CFR) | 80.4 | 92.9 | 96.6 | 64.0 | 64.0 | 64.0 |
| Crude Oil Price (\$US/barrel) | 68.6 | 51.3 | 44.6 | 48.5 | 49.9 | 51.1 |

(a) Based on 2018-19 annual State Accounts data, updated with the latest State Final Demand and Balance of Payments data for the June quarter 2020.

(b) Estimated Actual for 2019-20. Gross State Product, merchandise imports and net exports actual for 2019-20 is not available until 20 November 2020. Actual population figures for 2019-20 are not available until 17 December 2020.

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

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

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

(f) 2019-20 actual based on preliminary data from the Real Estate Institute of Western Australia and is subject to revision.

Household consumption fell by a record 10.6% in the June quarter 2020 (Figure 3, left-hand side), due to the onset of the COVID-19 pandemic in Australia and the introduction of social distancing and other restrictions. Falls in household spending were most severe in sectors such as hotels, cafes and restaurants, transport services (which includes air travel), and health (as elective surgeries were put on hold and allied health activity weakened). As a result, household consumption fell by 2% over the 2019-20 year.

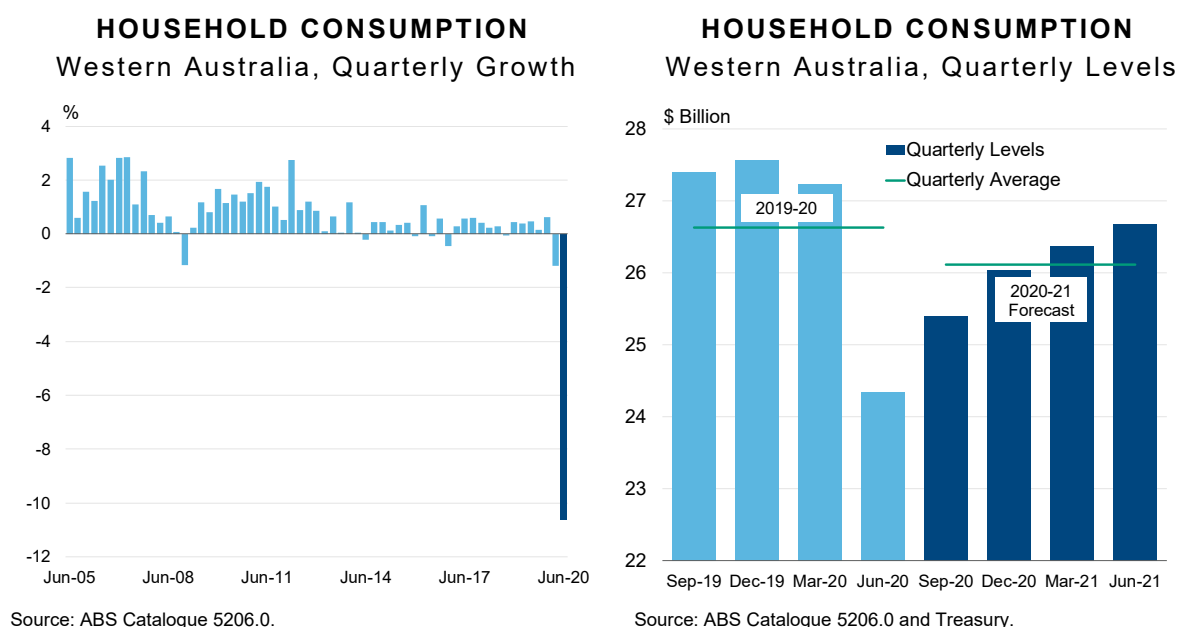
Household spending is anticipated to gradually rebound from the September quarter 2020 onwards, as most restrictions are removed and household incomes continue to be supported by Federal and State Government stimulus measures. Partial indicators of consumption (such as retail trade) have already bounced-back to pre-COVID levels, while consumer confidence has returned to positive territory and is the strongest of all States.

However, forecast growth in each quarter of 2020-21 is still not enough to fully offset the record decline in consumption that occurred in the June quarter 2020, resulting in a forecast decline of 2% in 2020-21 (Figure 3, right-hand side).

A return to growth of 4% is forecast in 2021-22 as consumption picks up across all expenditure components, and is boosted by a recovery in hospitality and tourism. It is assumed that a build-up of household savings will assist in smoothing the transition of spending once Government support measures such as the Commonwealth’s JobSeeker and JobKeeper schemes gradually unwind.

In 2022-23 and beyond, consumption is projected to grow more moderately, underpinned by a gradual rise in both population and wages growth.

Figure 3



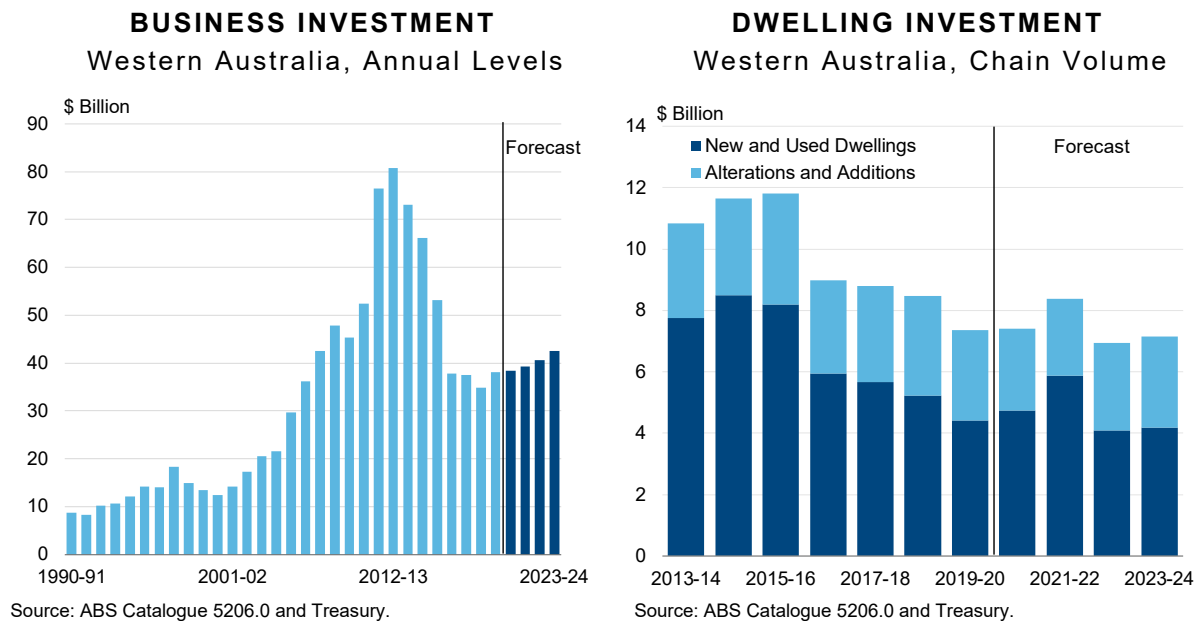
Business investment increased by 9.3% in 2019-20 to over \$38 billion (see Figure 4, left-hand panel), returning to growth for the first time in seven years. This was largely underpinned by investment across a number of large iron ore backfill projects, where construction managed to continue through the pandemic.

Growth is expected to moderate to 0.75% in 2020-21 as further increases in resources project investment are largely offset by weakness in the non-mining sector, with firms focusing on existing operations rather than capital expansion plans.

Investment activity is forecast to increase more strongly from 2021-22 onwards, supported by a gradual recovery in non-mining business investment (as a sustained recovery in demand boosts balance sheets), along with required spending to maintain current levels of mining and oil and gas operations.

Solid growth in investment in 2019-20 and forecast increases thereafter are a reflection of Western Australia’s composition of business investment, with mining accounting for around 63% of total business investment in the State (well above 23% nationally).

Figure 4



Dwelling investment fell by 13.1% in 2019-20 but is expected to strengthen in the short to medium term, buoyed by the Commonwealth and State's building construction grants. Following the announcement of the grants in early June 2020, land sales rose to record highs and have remained elevated. This activity is expected to flow through to significant levels of expenditure on residential construction over the next 18 months, with dwelling investment forecast to lift by 0.75% in 2020-21 and 13.25% in 2021-22 (see Figure 4, right-hand panel).

A decline of 17% is projected in 2022-23, as investment levels ease following the cessation of the stimulus measures, with a modest increase of 2.75% forecast in 2023-24, supported by a recovery in the broader economy.

Significant support measures by both the State and Commonwealth Governments in response to COVID-19 saw **government consumption** increase by 5.2% in 2019-20, with further growth of 3.25% expected in 2020-21. These support measures include the expansion of health services and electricity relief for Western Australian households. Growth is expected to average 2.2% per annum in the outyears as the impact of support measures unwinds.

Government investment is expected to grow by a very strong 18% in 2020-21 and a further 12% in 2021-22. This is in line with record spending on a large number of non-residential construction projects (e.g. roads and utilities projects) as part of the WA Recovery Plan (see the State Government's Asset Investment Program outlined in Chapter 6).

Merchandise exports grew by 0.7% in 2019-20, with commodity exports largely unaffected by the COVID-19 pandemic. Notably, iron ore exports increased by 16.5% in the June quarter 2020 to a record high. The strength in key commodity exports more than offset weakness in other exports, including rock lobster exports, which were adversely affected by the COVID-19 outbreak.

Export growth is expected to be flat in 2020-21, reflecting the combined impact of an assumed decrease in LNG volumes as the Gorgon project is shut down for critical equipment repairs, and moderate forecast increases in gold and iron ore exports. In 2021-22, exports are expected to grow by 1.5% as LNG production returns to capacity, lithium exports lift, and iron ore exports continue to increase modestly.

Overall, merchandise exports are expected to grow by an average of 0.7% per annum over the forecast period, as firms maintain (rather than expand) currently elevated levels of export production.

Merchandise imports are forecast to decline in 2020-21 by 2.5%, as the economic downturn caused by COVID-19 takes its toll on consumer imports. A return to growth is expected from 2021-22 onwards, in line with rebounding household consumption and business investment.

The Commonwealth Government's progressive imposition of international travel restrictions (from 1 February 2020) have had a substantial impact on services trade, reflected in record declines in both exports and imports of services in the June quarter 2020.

International tourism, education and business travel exports have been particularly hit as a result of international border closures, with total **services exports** projected to decline by 25.75% in 2020-21. While education exports have been impacted, they have declined more moderately than tourism exports as some international students had arrived in Western Australia prior to the border closures.

Imports of services are expected to decline more sharply (-55.5%) in 2020-21 as the travel restrictions have largely eliminated tourism imports (primarily Western Australians' spending on overseas holidays). This is the largest component of services imports, worth almost \$7 billion per annum.

Services exports and imports are then forecast to rebound in line with the eventual reopening of borders, which would result in a gradual recovery in international tourism and education in both directions. Other services (such as business travel services) are also expected to strengthen, consistent with the recovery in the broader economy.

Labour Market

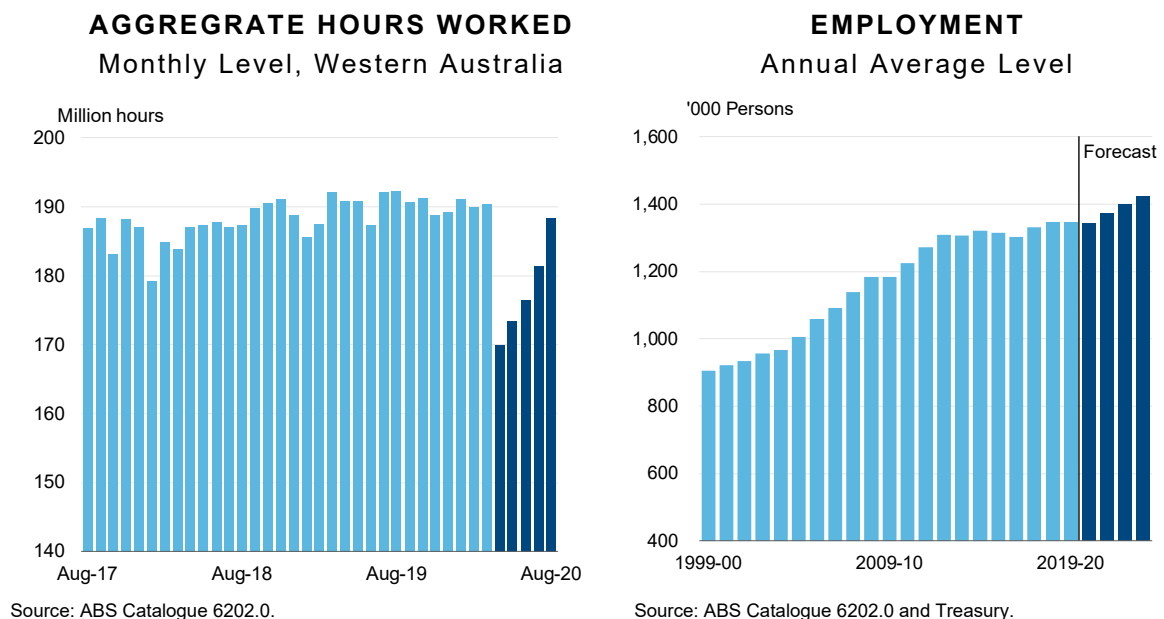
Western Australia's labour market was severely impacted at the onset of COVID-19. Employment fell by around 103,000 persons between February and May 2020, with large job losses in industries directly affected by restrictions (such as accommodation and food services, arts and recreation, transport, postal and warehousing, and retail trade).

Consequently, the unemployment rate rose to 8.7% in June with a record fall in the participation rate as people left the labour force given limited job opportunities. Furthermore, underemployment in the workforce surged as a record number of workers had their hours reduced or were stood down.

However, the State's labour market has started recovering as restrictions were eased and businesses reopened. By August 2020, almost 73,500 (or 71%) of the initial jobs lost and almost 90% of the initial loss in hours worked were restored. Job advertisements have also rebounded to pre-COVID levels.

The forecasts for employment growth, the unemployment rate and participation rate were based on information available as at the 7 September 2020 cut-off date for this Budget. The August 2020 Labour Force release, which showed a record monthly increase in jobs, an increase in participation and a record monthly decline in the unemployment rate (to 7%), was released on 17 September 2020 (after the 7 September 2020 Budget cut-off date).

Figure 5



Wages, Prices and Population

Wage Price Index growth is expected to soften to 1.5% in 2020-21 (after 1.7% in 2019-20), reflecting continuing spare capacity in the labour market. Despite the softer growth, there are pockets of emerging wage pressure in some industries experiencing skills shortages. Wages growth is expected to gradually lift over the forecast period, in line with improvements in the labour market and the broader economy.

Perth's **Consumer Price Index** (CPI) increased by 1.3% in 2019-20, unchanged from 2018-19. Growth earlier in the year (1.7% to March 2020) was partially offset in the June quarter 2020 by the largest decline since December 1961, due to a steep fall in the price of childcare (reflecting the introduction of free child care in response to COVID-19 during April 2020) and fuel (in line with a large drop in oil prices). Inflation is estimated at 1.5% over 2020-21, supported by alcohol and tobacco prices, food prices and rebounding childcare prices. Over the remainder of the forecast period, Perth's CPI growth is expected to gradually lift towards the lower end of the Reserve Bank of Australia's target range, to 1.75% in 2021-22 and 2% by 2023-24.

Growth in the State's **population** was starting to strengthen prior to the onset of COVID-19, reaching 1.1% in 2019. However, the closure of international borders since March 2020 will result in a sharp decline in Net Overseas Migration (NOM), which is traditionally the largest driver of population growth. Net Interstate Migration (NIM) is likely to return to a small positive as reduced mobility reverses the recent trend of persons leaving the State. Even the rate of natural increase is expected to moderate, as weaker economic conditions lead to a lower fertility rate in the short-term. As a result, population growth is forecast to slow to 0.8% in 2020-21 and 0.7% in 2021-22. Population growth is expected to lift over time, reaching 1.3% by 2023-24, as NOM gradually recovers and NIM inflows pick-up following the eventual reopening of borders.

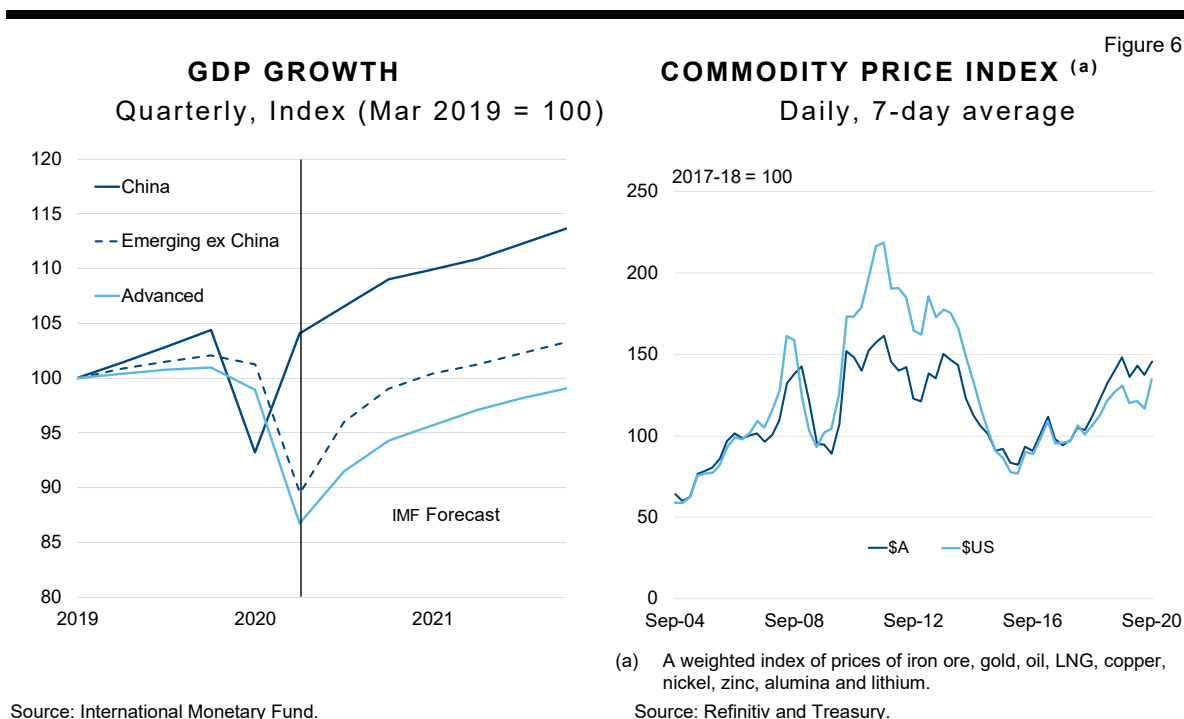
Global Outlook and Commodity Markets

The global economy has been hit hard by the COVID-19 pandemic, with the world's advanced economies falling into recession in the first half of 2020. The worst affected in the June quarter 2020 was the United Kingdom (-19.8%), with contractions also in the euro area (-11.8%), United States (-9.0%) and Japan (-7.9%). These compare to a smaller 7% contraction in Australia.

The International Monetary Fund (IMF) projects that advanced economies will contract by 8% in 2020 before recovering to growth of 4.8% in 2021, with considerable risks to those forecasts due to the 'pervasive uncertainty' surrounding the crisis. More broadly, the IMF projects that global activity will contract by 4.9% in 2020, before rebounding to grow by 5.4% in 2021 as the world recovers from the pandemic.

However, not all countries and regions have been affected evenly. For example, the IMF projects that China's economy will still record growth in 2020 (albeit a subdued 1%), before accelerating to 8.2% in 2021. As Western Australia's largest trading partner, this has positive spill over effects to the State.

China, the first economy to be hit by the COVID-19 pandemic, responded with an unprecedented total lockdown in the city of Wuhan and subsequently other cities. This enabled it to largely suppress the virus in March 2020, compared to larger outbreaks in other major economies. As a result, the economy in the March quarter 2020 contracted by 10%. Activity subsequently rebounded strongly, increasing by 11.5% in the June quarter 2020 due to the successful suppression of COVID-19 and strong fiscal and monetary stimulus.



China's stimulus has been particularly beneficial for the construction sector, with significant growth in credit being channelled through local governments to spend on infrastructure. A total of 2.27 trillion yuan of local government special bonds had been issued to the end of July 2020, with another 3.75 trillion yuan to be sold by the end of October (more than the amount issued in the whole of 2019). Local government special bonds tend to be used for steel-intensive infrastructure such as industrial parks, town construction, transport, logistics and energy projects.

Commodity prices have diverged significantly throughout the pandemic, with the demand for raw materials used in transport, like oil and lithium, being negatively impacted by a substantial decline in the movement of people across the globe. Conversely, iron ore prices have been exceptionally strong, gold prices have surged to record highs as global uncertainty increased demand for safe haven assets, and while copper and nickel prices initially declined as the pandemic unfolded, they have since recovered due to robust demand from China.

Elevated commodity prices (reflected in Western Australia's commodity price index, see Figure 6, right-hand panel), along with robust export volumes, have supported very strong export income throughout the period of the pandemic. Commodity price assumptions and mining revenue estimates can be found in Chapter 4: *General Government Revenue*.

The 62%Fe benchmark **iron ore price** has risen by around 45% since the 2019-20 Mid-year Review, increasing to around \$US130 per tonne at Budget cut-off. This reflects a combination of strong Chinese demand for steel (offsetting weakness elsewhere) and unresponsive seaborne supply.

On the demand side, coronavirus stimulus policies in China have increased the demand for steel and construction raw materials, such as iron ore. In particular, the stimulus has supported China's steel consumption as it is heavily targeted at steel-intensive projects such as rail, airports, bridges and ports. The Chinese property sector has also been a beneficiary of the stimulus measures, with transactions rising as the economic recovery gained momentum. Rising property transactions in China tend to lead iron ore demand and prices (with a lag of around five months).

The World Steel Association forecasts that 2020 steel demand will rise in China (which favours Western Australia as around 85% of the State's iron ore exports go to China), but fall sharply in the rest of the world. In 2021, it expects a partial recovery in steel demand in the rest of the world and no change in China.

On the supply side, measures to restrict the spread of the virus have adversely impacted production in some countries, including from Brazil's Vale, which has continued to experience other operational issues following the collapse of the Brumadinho tailings dam in late January 2019.

As production in Brazil continues to recover and China's stimulus wanes, iron ore prices are expected to ease. Furthermore, to the extent construction activity has been pulled forward by stimulus policies, there is a risk that China's demand for construction raw materials like iron ore may be relatively weak over the medium term.

Risks

The highly uncertain and dynamic economic environment means that the pace and shape of the economic recovery may differ substantially to Treasury's projections if any of the following risks materialise.

A key **domestic** risk is the potential for a second wave of COVID-19 in Western Australia. Such an outbreak could propel the economy into a deeper and longer lasting contraction. A modelled scenario of a second outbreak in Western Australia is presented in the *Statement of Risks* section in Chapter 3.

There is also a risk to the economic recovery once the current extraordinary level of stimulus support ceases, if underlying demand is not sufficient to replace this support and drive growth. Ideally, the Commonwealth would calibrate measures such as JobKeeper and JobSeeker to minimise potential disruptions caused by the tapering of financial support.

Any bring-forward (or push back) of assumed resumption of migration would have ramifications for the economic projections, with population growth having a large bearing on consumer spending, housing and labour market outcomes.

The business investment projections are highly sensitive to the expected timing and probability of key resource sector projects proceeding. Currently, there are several prospective but highly uncertain LNG projects on the horizon, many of which were further delayed due to the COVID-19 outbreak. Any decision to proceed with these projects would have an upwards impact on the investment profile.

The key **global** economic risk is the timing of effective health solutions to COVID-19. While there are numerous vaccines under development around the world, there is considerable uncertainty regarding their effectiveness and their development timeline. Failure to develop effective medical solutions over the short-term will likely prolong the global economic downturn.

Government authorities around the world have responded to the pandemic with a robust suite of economic stimulus policies. To date, stimulus policies have been effective in reducing the economic impact of the pandemic but calibrating their removal will be difficult. Unwinding support too early risks pushing recovering economies back into recession, while maintaining stimulus too long risks leaving nations exposed to excessive debt burdens and chronic structural imbalances.

The scale and speed of the current stimulus in China presents future risks, as it may have pulled forward construction activity and weakened China's financial system. For example, China's big commercial banks were required to increase loans to smaller firms by more than 40% this year. S&P Global estimates that China's non-performing asset ratio could almost double to 10% from pre-pandemic levels this year. The combination of rising debt levels, diminishing marginal returns to infrastructure investment and a financial sector increasingly burdened with non-performing assets could weigh on China's future economic performance. Any economic implications in China would have flow through impacts to Western Australia, given the prominence of its trading relationship.

WA Recovery Plan

The State Government's response to the COVID-19 pandemic included both an emergency management response and development of a comprehensive recovery plan.

As part of its immediate response, the Government introduced the *Treasurer's Advance Authorisation Bill 2020* in March 2020 to provide Parliamentary approval for up to \$1 billion in additional appropriation-funded expenditure during the last months of the 2019-20 financial year. It also introduced the *Supply Bill 2020* to allow for the continued provision of appropriation funding to agencies while the later than usual 2020-21 Budget was progressed. These Bills were passed by Parliament within four and seven days respectively, highlighting the urgency of this legislation.

The 2020-21 Budget fully funds the Government's \$5.5 billion WA Recovery Plan, which was announced on 26 July 2020. The Recovery Plan is set around 21 priority streams that range from new technologies, local manufacturing and training through to tourism, patient care and the environment.

The State Government's immediate response to the pandemic provided relief and stimulus for Western Australian households and businesses, and supported essential community services such as health, policing and services focussed on the most vulnerable in the community. Subsequent initiatives in the Recovery Plan consolidate and build on the initial response and seek to restore business and consumer confidence to help support the recovery of the Western Australian economy and job creation.

The plan was developed in consultation with the State Recovery Advisory Group, which included representatives from business, industry, not-for-profit organisations, UnionsWA, the public sector, local government and the community. It is focused on getting Western Australians back to work and delivering long-term economic and social outcomes. It also outlines the Government's commitment to people most impacted by the pandemic: those living in regional Western Australia, young people, women and remote Aboriginal communities.

WA Recovery - Economy and Industry

Supporting Households

The WA Recovery Plan has delivered around \$556 million to support Western Australian households through the COVID-19 pandemic, including:

- \$439 million to freeze the entire basket of household fees and charges in 2020-21. This includes electricity, water, public transport, motor vehicle charges and the Emergency Services Levy. The Government has also passed on the impact of lower gross rental values for related charges, resulting in a 1% or \$63.52 reduction in costs for the representative household; and
- \$102 million to provide a one-off doubling of the Energy Assistance Payment for eligible customers from \$305 to \$610, providing support to more than 300,000 vulnerable Western Australian households.

Households experiencing financial hardship due to the pandemic will not have their power or water disconnected, and Synergy and Horizon Power will not charge customers interest on deferred bill payments.

Helping Businesses

The WA Recovery Plan is assisting businesses through initiatives aimed at boosting the economy, creating jobs and helping industries rebuild through investment, incentives and ongoing assistance. A comprehensive package totalling \$943 million provides support to small businesses and non-government organisations, including:

- a bring-forward of the increase in the payroll tax exemption threshold to \$1 million to 1 July 2020, a payroll tax waiver for the four months between 1 March and 30 June 2020 for small to medium-sized businesses, one-off payroll tax grants of \$17,500 for eligible small to medium-sized businesses, and a payroll tax exemption for JobKeeper payments;
- a waiver of small business licence fees, rent relief for commercial tenants of government agencies, and a land tax grant program to support small business tenants; and
- a \$2,500 small business electricity tariff offset.

To assist the tourism recovery, \$150 million will be invested into the Western Australian tourism industry, with iconic natural attractions such as Kings Park, Margaret River, Karijini National Park, Monkey Mia, the Pinnacles, Rottnest Island and Ningaloo benefiting from the package. Works will include construction on new visitor facilities, campsites, trails, jetties, boardwalks and other amenities and infrastructure.

In addition, the State Government has partnered with airlines to secure more affordable airfares to regional Western Australia. This includes discounted fares to Broome and Kununurra.

Building Homes

Significant initiatives have been directed at restarting the housing and construction sectors by providing incentives to build new homes, creating jobs, and delivering more social and affordable housing options for Western Australians. The State Government's housing stimulus package delivers:

- \$147 million for \$20,000 Building Bonus grants provided to homebuyers who sign up before 31 December 2020 to build new houses or purchase a new property in a single tier development (such as a townhouse) prior to construction finishing;
- \$8.2 million to expand the 75% off-the-plan transfer duty rebate, capped at \$25,000, until 31 December 2020 to include purchases in multi-tiered developments already under construction;
- \$97 million to construct social housing dwellings and purchase off-the-plan units for supported housing programs;
- \$142 million to refurbish 1,500 existing social housing dwellings; and
- \$80 million for targeted maintenance programs for 3,800 regional social housing properties, including remote Aboriginal communities' stock and subsidised housing for regional government workers.

In addition, the increased income limits announced in May 2019 for home buyers taking out Keystart loans have been extended until 30 June 2021 to help more Western Australians own a home.

Developing Industry

A priority in aiding the recovery effort is supporting local businesses benefit from manufacturing work, which broadens the State's economic base and activates new industries, laying a foundation for future jobs growth. A key enabler is ensuring serviced land is available to support the growth and development of new and established industries. This will help fast-track private sector investment and deliver new job opportunities around key industry hubs throughout Western Australia.

In addition, the WA Recovery Plan invests significantly in new energy technologies to expand the State's renewable hydrogen industry and generate opportunities in renewable technologies. More renewable energy and batteries are being installed on State-owned networks and assets, particularly in regional and remote communities. The Government will invest \$66.3 million towards innovative, clean energy projects that will create jobs.

A focus on accelerating infrastructure will expand Western Australia's defence industry capability. This will increase the State's already strong footprint in marine repair, maintenance and construction. It will also further develop Western Australia's defence readiness and leverage our world-class skills and training.

Industry development initiatives complement the State's commitment to increasing regional suppliers through the Buy Local Policy, building long-term regional jobs.

Investing in TAFEs

Rebuilding TAFEs and reskilling the workforce is another important recovery initiative. The Government has committed \$167.4 million to rebuild and upgrade the State's TAFE campuses to facilitate and improve the delivery of training courses for thousands of Western Australians.

New and upgraded specialist facilities with high-tech equipment will be constructed under the largest ever capital funding program for TAFE in Western Australia.

The Government has committed \$62 million for a TAFE and training sector recovery package, including free TAFE short courses targeting displaced workers, and expansion of the *Lower Fees, Local Skills* initiative to incorporate female-dominated industry courses, such as human resources, youth work, early childhood education, and care and community services. To help increase employment opportunities for vulnerable women, the Government is also introducing a job retraining scheme for women in refuges and more financial support for family and domestic violence services.

Reducing Red Tape

Reducing red tape is also unlocking barriers to private investment and supporting the growth and development of new and established industries. In particular, major reforms to the State's planning system are driving economic activity, protecting jobs and creating new opportunities for Western Australians.

This will be assisted by investing \$2.3 million to help 20 local governments identify opportunities to reform approvals processes, and new laws will simplify approvals for mining, tourism and other developments. A new portal, Environment Online, is being developed to reduce approval processes by six to 12 months, so new projects get underway sooner.

Unlocking future mining opportunities and accelerating exploration investment is also an integral part of keeping Western Australia in a strong economic position. Initiatives include building on the industry's understanding of the State's geoscience, encouraging exploration activities and ultimately kick-starting new projects across the State. Amendments to mining regulations will also reduce assessment timeframes for exploration applications, fast-tracking new opportunities.

A \$7 million allocation will expand the Joe Lord Core Library's capacity. This world-class facility in Kalgoorlie stores core samples that contain valuable geoscientific information for exploration companies and others seeking new mineral discoveries.

WA Recovery - Communities

Supporting Vulnerable Communities

Supporting local communities and vulnerable people is key to regrouping and preparing for the road ahead. To support those most impacted by the COVID-19 pandemic, the State Government is investing:

- \$49.6 million for community beds and support services, which includes a 16-bed mental health, alcohol and other drugs homelessness service for people aged 16 to 24, and a 20-bed adult community care unit;
- \$32 million for victims of family and domestic violence, by expanding refuges, strengthening response teams and increasing outreach workers across Western Australia;
- \$6.8 million to increase counsellors and support staff across the State, and funding for traineeships and scholarships to help people cope with financial pressures; and
- \$7 million for people experiencing homelessness by giving funding certainty to not-for-profit service providers to provide wraparound services and immediate support to rough sleepers. This complements Western Australia's first supported housing facility 'Common Ground', which will also be built near the Perth CBD.

A \$159 million Lotterywest COVID-19 Relief Fund is also supporting not-for-profit arts, sports, community and recreational organisations. This is helping them to keep staff employed and develop new ways of working.

Additional support for Aboriginal communities is being provided through:

- negotiating significant native title agreements that offer economic stimulus opportunities through land transfers, joint conservation and heritage management;
- facilitating an Aboriginal family-led pilot program to address the over-representation of Aboriginal children in out-of-home care and child protection;
- building the Aboriginal community-controlled sector and workers' skills through training and employment;
- helping the community to access vital services, such as renal and optical health services; and
- supporting the Aboriginal Ranger Program and improving government contracting processes to provide local jobs.

Increasing Employment Opportunities

Rebuilding Western Australia's workforce is critical for recovery, and priorities to help rebuild the workforce include:

- up to \$6,000 for employers to rehire apprentices and trainees who lost their job due to the pandemic, ensuring young people complete their qualifications and employers maintain a pipeline of skilled workers;
- the Food Alliance WA's 'Here for WA' program, which connects casual, skilled and unskilled jobseekers under the age of 30 with employment in the agriculture, fisheries and food sectors; and
- protecting Western Australia's natural environment and promoting growth in conservation jobs across the State through the Green Jobs Plan. This will also support Aboriginal employment on country and provide significant opportunities for young people and unskilled workers.

Strengthening the Healthcare System

Strengthening Western Australia's healthcare system and putting patients first is essential to keeping Western Australians safe. The State Government is committing:

- more than \$453 million for health and frontline service delivery initiatives that support the community's physical and mental health;
- \$24.4 million for 20 more mental health beds at Fremantle Hospital, transforming it into a mental health hub; and
- \$5 million for 34 university-led COVID-19 pandemic projects, which could see Western Australian researchers play a significant role in the treatment and management of the COVID-19 pandemic.

Additionally, with many young people feeling anxious about the future, new and existing youth support and community centres across the State will be built or expanded, providing safe spaces for young people to connect and access health support.

The Government is also expanding access to mental health care in regional communities and improving digital connection, so more people in regions can use telehealth services.

WA Recovery - Infrastructure

Road and Rail Projects

The WA Recovery Plan is driving major infrastructure projects to generate jobs, stimulate the economy and connect communities across Western Australia. Major new transport portfolio projects that will commence in 2020-21 include:

- \$80 million to construct a number of new pedestrian and cyclist paths, including the \$50 million Causeway Cyclist and Pedestrian Bridge across the Swan River;
- an additional \$40 million towards the extension of Stephenson Avenue between Scarborough Beach Road and the Mitchell Freeway, bringing the total cost of the project to \$165 million;
- an additional \$64 million towards a range of road safety initiatives on regional roads and metropolitan intersections across Western Australia; and
- \$33 million to upgrade a range of boat harbours and marine infrastructure.

At the same time major road and rail projects are being prioritised and accelerated across the State. This includes the construction of METRONET and the associated program of works, which is the largest single investment ever in public transport in Western Australia (see feature box in Chapter 6). METRONET will connect suburbs, reduce congestion, support local jobs and bolster the economic recovery. Major road projects being accelerated in this Budget include the Bunbury Outer Ring Road, the Manuwarra Red Dog Highway and the Great Northern Highway - Ord River Corridor.

These projects will stimulate local economies and create local jobs under the Buy Local Policy and the *Western Australian Jobs Act 2017*.

Community Infrastructure

To help Western Australians stay active and healthy, the State Government is investing in building, upgrading and maintaining sporting and community facilities. A \$300 million package for sport and community infrastructure will benefit a range of projects throughout the State and create a pipeline of local jobs.

The \$148 million sports facilities package includes \$30 million towards a major redevelopment of the WACA Ground, including a community aquatic centre. Other significant upgrades include:

- \$20 million to kickstart a recreation precinct at Keirnan Park in Mundijong;
- \$10 million towards a new community swimming pool facility in Alkimos;
- \$10 million for the Baldivis Indoor Recreation Centre;

- \$2.7 million for the Kingsway Regional Sporting Complex to help develop community football facilities; and
- \$1.5 million to upgrade existing halogen lights to LED lighting at HBF Arena in Joondalup and HBF Stadium in Mount Claremont, and \$1 million to install solar panels on the roof of HBF Stadium to reduce energy consumption.

The package also includes \$16 million towards the \$32 million State Football Centre in Queens Park, jointly funded with the Commonwealth Government.

The \$170 million community infrastructure package will deliver upgrades to a wide range of important local facilities across the State. It includes:

- \$1.3 million for planning the Tantabiddi Boat Ramp Redevelopment in Exmouth;
- \$2 million to deliver water tanks for volunteer bush fire brigades;
- \$9.7 million to replace Woodman Point Jetty;
- \$6 million to restore the Ascot Kilns site in line with State heritage registration;
- \$3 million for a new youth centre in the Madeley-Darch area;
- \$20 million to build a 70 bed Aboriginal short stay accommodation facility in Kununurra, providing temporary accommodation for Aboriginal people visiting the area;
- \$3.2 million for a water playground at the Kununurra Leisure Centre;
- \$9.7 million to irrigate public open space in Broome; and
- \$8 million for youth and community infrastructure.

The package incorporates funding for essential infrastructure and services in Western Australia's remote Aboriginal communities, including:

- \$12.9 million towards the response to 'Closing the Gap', as a result of the withdrawal of Commonwealth funding; and
- \$38.9 million for remote communities and town-based communities water and wastewater infrastructure upgrades.

Schools for a Stronger Future

The WA Recovery Plan includes an unprecedented program to modernise Western Australian schools. The Major School Upgrade package totals \$492.2 million of new funding for upgrades and refurbishments of public schools around the State.

Works will be carried out over the next four years, and will include major additions to burgeoning secondary schools, new sports halls, classrooms, specialist facilities and refurbishments.

New early learning centres are being delivered to areas experiencing high population growth, secondary schools such as Bob Hawke College and Ridge View Secondary College will be expanded, and a new secondary school will be built in Piara Waters.

Maintenance Blitz

To create immediate jobs for skilled workers and boost local construction, the WA Recovery Plan includes a \$60 million maintenance blitz to maintain public assets, such as police and fire stations. These works will also help local communities improve sporting venues, and build and upgrade facilities to help vulnerable people. This expands on the \$281.5 million maintenance package for schools and hospitals announced as part of the 2019-20 Mid-year Review.

WA Recovery Plan - Impact on State's Finances

The following table provides a summary of the expenditure or revenue forgone that is associated with WA Recovery Plan initiatives.

Table 2

WA RECOVERY PLAN
Key Initiatives - Total Public Sector

| | Spending/ Revenue Foregone \$m |
|---|---|
| Economy and Industry | |
| Driving Industry Development | 330 |
| Social Housing (Economic Recovery Package) | 319 |
| Small Business and Charity Electricity Tariff Offset | 205 |
| Payroll Tax Exemption for JobKeeper Payments | 205 |
| Payroll Tax Waiver | 165 |
| Investing in Tourism | 150 |
| \$20,000 Building Bonus Grants | 147 |
| Regional Land Booster Package | 116 |
| \$17,500 Grants to Small and Medium-sized Payroll Tax Paying Businesses | 107 |
| Boosting Local Manufacturing | 99 |
| Investing in Renewable Energy and New Technologies | 86 |
| Revitalising Culture and the Arts | 71 |
| Expansion of the Lower Fees, Local Skills Policy and free short courses | 62 |
| Waiver of Small Business Licence Fees | 50 |
| Food Industry | 46 |
| Construction Workforce Support Measures | 31 |
| Environment Online and Biodiversity Information Office | 29 |
| Rent Support for Tenants of Government Agencies | 24 |
| Land Tax Assistance Grant Program | 15 |
| Support for Travel Agents | 3 |
| Communities | |
| Strengthening the Healthcare System | 453 |
| Freeze of Household Fees and Charges | 439 |
| Lotterywest COVID Relief Fund | 159 |
| Doubling of the Energy Assistance Payment | 102 |
| Police Resourcing Package (150 Officers) | 91 |
| School Cleaning | 64 |
| Green Jobs | 60 |
| Preventing Family and Domestic Violence | 32 |
| Residential Rent Relief | 30 |
| Infrastructure | |
| Building Schools for the Future | 492 |
| Road Safety | 266 |
| Investing in Government Assets | 195 |
| Building Community Infrastructure | 170 |
| Rebuilding TAFE | 167 |
| Sporting Facilities Package | 148 |
| Maintenance Blitz | 60 |
| All Other Initiatives | 325 |
| Total Recovery Plan Spending/Revenue Foregone | 5,513 |

Note: Columns may not add due to rounding.

The following table summarises the financial impact of the Recovery Plan on the State's key financial aggregates.

Table 3

| WA RECOVERY PLAN Impact on Key Aggregates | | | | | | |
|--|-------------|---------------|--------------|--------------|--------------|---------------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | TOTAL |
| <i>General Government</i> | | | | | | |
| Revenue (\$m) | -197 | -152 | -38 | -30 | -31 | -448 |
| Expenses (\$m) | 328 | 1,141 | 317 | 204 | 170 | 2,161 |
| Net operating balance (\$m) | -525 | -1,293 | -355 | -234 | -201 | -2,609 |
| <i>Total Public Sector</i> | | | | | | |
| Net debt at 30 June (\$m) | 561 | 2,459 | 3,557 | 4,335 | 4,686 | |
| Total Recovery Plan Spending/Revenue Foregone (\$m) | 669 | 2,264 | 1,265 | 869 | 447 | 5,513 |

Note: Columns may not add due to rounding.

In addition to the WA Recovery Plan, the 2020-21 Budget contains further spending in relation to COVID-19, such as under the State Emergency Management Response. It also provides for a one-off \$600 Household Electricity Credit on every residential electricity bill in 2020-21, providing a boost to household disposable income of almost \$650 million.

Further detail on COVID-19 related measures is available in agency Budget Statements in Budget Paper No. 2 and from the State Government's information page at www.wa.gov.au/government/covid-19-coronavirus.

Fiscal Outlook and Strategy

HIGHLIGHTS

- In response to COVID-19, the Government has adjusted its fiscal strategy to focus on supporting the economy rather than paying down debt. The change in fiscal strategy is in line with a similar response by the Commonwealth Government.
- Recurrent expenditure is expected to be \$4.9 billion higher than at the 2019-20 Mid-year Review, underpinned by an increase in COVID-19 related spending. Revenue has been revised down by \$1.7 billion as a result of COVID-19 relief measures and lower taxation and GST-related grants, partially offset by higher mining revenue.
- This has reduced projected general government net operating surpluses by \$6.6 billion over the forward estimates relative to the Mid-year Review. An operating surplus of \$1.2 billion is now expected in 2020-21, revised down from a \$2.7 billion surplus expected at the time of the Mid-year Review.
- The net operating surpluses do not represent ‘left-over’ money. They provide a partial funding source for the record \$27.1 billion in infrastructure investment over the next four years to support the State’s economic recovery.
- State Government expenditure (both general government expenses and asset investment) is budgeted to be \$4.8 billion higher in 2020-21 than in 2019-20 - a very substantial increase in fiscal support for the State’s economy.
- The lower operating surpluses and record infrastructure spend have increased the forecast level of net debt by \$8.3 billion relative to the Mid-year Review. While a necessary and unavoidable increase, this level of net debt remains sustainable, with total public sector net debt as a share of the State’s economy (Gross State Product) rising only modestly, from an estimated 11.3% in 2019-20 to a forecast 14.1% by 2023-24.

Fiscal Outlook

General Government Sector

Summary

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

| GENERAL GOVERNMENT Summary Financial Statements | | | | | | Table 1 |
|--|-----------------------|--------------------|---------------------|---------------------|---------------------|---------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | |
| | Actual ^(a) | Budget Estimate | Forward Estimate | Forward Estimate | Forward Estimate | |
| | \$m | \$m | \$m | \$m | \$m | |
| OPERATING STATEMENT | | | | | | |
| Revenue | 32,162 | 34,139 | 31,618 | 32,466 | 33,547 | |
| Growth (%) | 5.9 | 6.1 | -7.4 | 2.7 | 3.3 | |
| Expenses | 30,493 | 32,935 | 31,254 | 31,399 | 32,073 | |
| Growth (%) | 5.0 | 8.0 | -5.1 | 0.5 | 2.1 | |
| Net Operating Balance | 1,669 | 1,204 | 363 | 1,067 | 1,474 | |
| BALANCE SHEET | | | | | | |
| Assets | 147,847 | 147,208 | 149,571 | 152,858 | 155,640 | |
| Liabilities | 45,409 | 44,482 | 46,146 | 47,157 | 46,952 | |
| Net Worth | 102,438 | 102,726 | 103,425 | 105,701 | 108,688 | |
| STATEMENT OF CASHFLOWS | | | | | | |
| Net Cash Flows from Operating Activities | 3,211 | 3,272 | 2,411 | 2,519 | 3,048 | |
| Asset Investment Program | 2,553 | 3,013 | 2,997 | 2,566 | 2,373 | |
| Cash Surplus/Deficit | 2,134 | 402 | -429 | 52 | 762 | |
| <i>Memorandum Item: Net Debt at 30 June</i> | 23,758 | 25,576 | 27,870 | 29,235 | 29,491 | |

(a) General government sector revenue and expense growth relative to 2018-19 actuals adjusted for new accounting standards commencing in 2019-20.

The COVID-19 pandemic has had a significant impact on the State's finances. Over the period 2019-20 to 2022-23, the general government sector net operating balance has been revised down by a total of \$6.6 billion since the 2019-20 Mid-year Review.

A general government operating surplus of \$1.2 billion is now forecast for 2020-21, which is \$1.5 billion lower than the \$2.7 billion surplus forecast in the Mid-year Review. This primarily reflects a substantial (but temporary) increase in recurrent expenditure as part of the WA Recovery Plan and other initiatives funded in this Budget to further support the State's economic recovery.

General government operating surpluses are also forecast for the remaining years of the forward estimates period, albeit at substantially lower levels than expected at the time of the Mid-year Review. The Government is using these surpluses to help fund a record investment in infrastructure totalling \$27.1 billion over the next four years (with around 40% of this to be delivered by the general government sector).

Operating Statement

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

Table 2

| SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE VARIATIONS SINCE THE 2019-20 MID-YEAR REVIEW | | | | | |
|---|----------------|----------------|----------------|----------------|---------------|
| | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m | Total \$m |
| 2019-20 MID-YEAR REVIEW - NET OPERATING BALANCE | 2,700 | 2,699 | 2,944 | | |
| Revenue | | | | | |
| <i>Revenue Policy Decisions</i> | | | | | |
| WA Recovery Plan | -152 | -38 | -30 | | -219 |
| <i>Other Revenue Movements</i> | | | | | |
| <i>Taxation</i> | -303 | -671 | -720 | | -1,694 |
| - Payroll tax | -222 | -399 | -496 | | -1,117 |
| - Total duty on transfers | -24 | -159 | -68 | | -251 |
| - Motor vehicle taxes | 3 | -33 | -47 | | -77 |
| - Land tax/Metropolitan Region Improvement Tax | -7 | -45 | -72 | | -124 |
| - Gambling taxes | -48 | -43 | -32 | | -122 |
| - Other taxes | -6 | 7 | -5 | | -4 |
| <i>Commonwealth grants</i> | -1,943 | -623 | -612 | | -3,178 |
| - GST grants | -942 | -770 | -618 | | -2,330 |
| - Commonwealth-funded 70% GST floor grant | -181 | -67 | - | | -247 |
| - North West Shelf/condensate compensation | -266 | -124 | -108 | | -498 |
| - Transport grants | -114 | 243 | 28 | | 157 |
| - Health grants | 57 | 10 | 26 | | 93 |
| - Disability services grants | -609 | - | - | | -609 |
| - Other Commonwealth grants | 112 | 84 | 61 | | 256 |
| <i>Royalty income</i> | 2,357 | -12 | 123 | | 2,467 |
| - Iron ore | 2,329 | -69 | 19 | | 2,279 |
| - Gold | 103 | 117 | 159 | | 378 |
| - Lithium | -35 | -39 | -36 | | -110 |
| - Other royalties | -40 | -21 | -20 | | -80 |
| Revenue from public corporations | 1,474 | -46 | -37 | | 1,391 |
| Interest revenue | -31 | -26 | -46 | | -104 |
| All other | -19 | 109 | -50 | | 40 |
| TOTAL REVENUE | 1,383 | -1,307 | -1,372 | | -1,296 |

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

Table 2 (cont.)

**SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE
VARIATIONS SINCE THE 2019-20 MID-YEAR REVIEW**

| | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m | Total \$m |
|---|----------------|----------------|----------------|----------------|---------------|
| Expenses | | | | | |
| WA Recovery Plan | 1,141 | 317 | 204 | | 1,663 |
| Other COVID-19 spending | 242 | 3 | 4 | | 248 |
| WA Health | | | | | |
| - Hospital services | 40 | 33 | 26 | | 98 |
| - Non-Hospital services | 39 | 31 | -6 | | 65 |
| - Commonw ealth agreements | 41 | 9 | 20 | | 70 |
| Western Australia Police Force | | | | | |
| - 800 additional Police officers | 13 | 51 | 82 | | 145 |
| - Police services | 20 | 30 | 21 | | 71 |
| Justice services | 63 | 59 | 30 | | 152 |
| National Legal Assistance Partnership Agreement | 18 | 19 | 19 | | 56 |
| Perth City Deal | 57 | 118 | 14 | | 189 |
| Yamatji Nation Indigenous Land Use Agreement | 16 | 24 | 16 | | 55 |
| Disaster recovery funding | 40 | - | - | | 40 |
| Remote Aboriginal communities | 18 | 55 | 58 | | 131 |
| State-administered disability services | 23 | 88 | 76 | | 187 |
| Synergy financial viability project | 164 | 135 | 134 | | 433 |
| Residential Electricity Credit | 644 | - | - | | 644 |
| Public Transport Authority operating subsidies | 142 | 133 | 55 | | 330 |
| Westport: Port and Environs Strategy | 5 | 13 | 25 | | 43 |
| Home Indemnity Insurance extension | 14 | 23 | 25 | | 63 |
| National Redress Scheme | 38 | 21 | 4 | | 64 |
| All other | 100 | -133 | -302 | | -336 |
| TOTAL EXPENSES | 2,878 | 1,028 | 505 | | 4,411 |
| TOTAL VARIANCE | -1,495 | -2,335 | -1,877 | | -5,707 |
| 2020-21 BUDGET - NET OPERATING BALANCE | 1,204 | 363 | 1,067 | 1,474 | |

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

2020-21 and Beyond

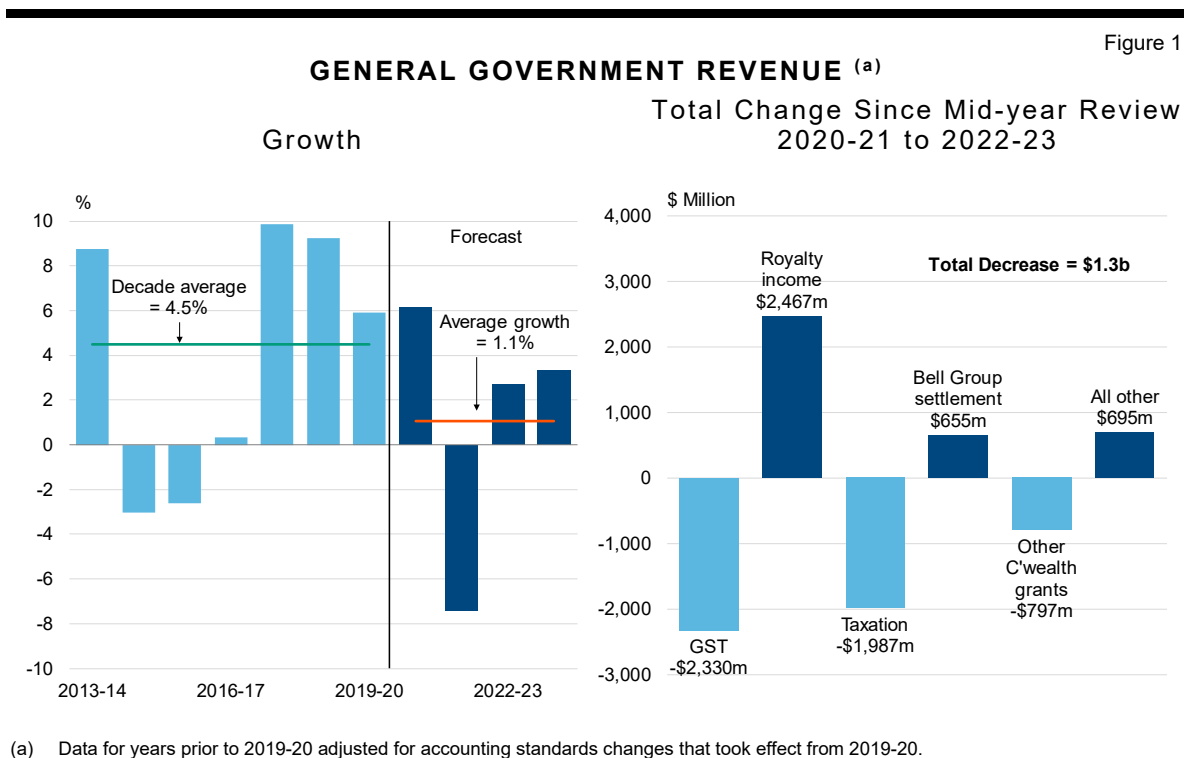
A general government operating surplus of \$1.2 billion is now forecast for 2020-21, followed by surpluses in the range of \$363 million in 2021-22 to \$1.5 billion in 2023-24. These contrast with surpluses averaging \$2.8 billion across the period 2020-21 to 2022-23 that were forecast at the time of the Mid-year Review.

Revenue

General government revenue is forecast to grow by 6.1% in 2020-21, reaching \$34.1 billion. The increase in revenue is expected to be temporary, with a 7.4% contraction then expected in 2021-22. Revenue is expected to be \$33.5 billion by the end of the forward estimates period, representing average growth of just 1.1% per annum. This is well below the 4.5% average annual growth over the last decade.

The temporary lift in revenue in 2020-21 is due to a number of factors, including:

- higher royalty income (up \$2.4 billion), mainly due to a higher iron ore price as a result of robust demand from Chinese steel mills and ongoing supply issues in Brazil, partly offset by a higher \$US/\$A exchange rate. Relative to the Mid-year Review, royalty income is largely unchanged in 2021-22 and 2022-23, with an assumption that the iron ore price will return to its long-run average (of \$US64 per tonne) by June 2021;
- higher dividends from public corporations (up \$1.5 billion), reflecting the deferral of interim dividends from 2019-20 to 2020-21 and the one-off proceeds from the recent Bell Group settlement (see feature box in Chapter 1);
- lower Commonwealth grants (down \$1.9 billion) and lower taxation revenue (down \$303 million); and
- revenue foregone of \$152 million from Recovery Plan initiatives.



Over the period 2020-21 to 2022-23, general government sector revenue has been revised down by \$1.3 billion relative to the Mid-year Review. Material movements in revenue over this period include:

- a reduction in GST-related grants of \$2.6 billion, largely reflecting weaker national consumption and a corresponding reduction in the national GST pool;
- lower taxation revenue (down \$1.7 billion), mainly reflecting lower payroll tax (down \$1.1 billion) due to a weaker outlook for the labour market, lower total duty on transfers (down \$251 million), lower land tax and Metropolitan Region Improvement Tax (down a total of \$124 million), and lower taxes on gambling (down \$122 million); and

- lower ‘other’ Commonwealth grants revenue (down \$600 million), including:
 - lower North West Shelf grants and condensate compensation (down \$498 million), largely due to lower oil and gas prices;
 - lower disability services grants (down \$609 million), reflecting anticipated later receipt of Disability Care Australia Fund revenue (2023-24), consistent with the expected timing of the State entering into a full scheme National Disability Insurance Scheme (NDIS) bilateral agreement with the Commonwealth;
 - higher ‘other’ transport grants from the Commonwealth (up \$157 million), largely reflecting additional funding provided under the Commonwealth Infrastructure Stimulus Package;
 - higher Natural Disaster Relief and Recovery Funding (up \$93 million), reflecting the revised timing of Commonwealth recoups, due to delays in the processing of claims related to the replacement of essential public infrastructure assets under disaster recovery arrangements; and
 - the recognition of Commonwealth funding following the signing of a number of National Agreements by the State, including the National Legal Assistance Partnership 2020-25 (\$152 million to 2022-23, and \$51 million in 2023-24¹), Community Health and Hospitals Program (\$75 million over the three years to 2022-23, and \$33 million in 2023-24), HomeBuilder (\$71 million in 2020-21) and the JobTrainer Fund (\$52 million in 2020-21).

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

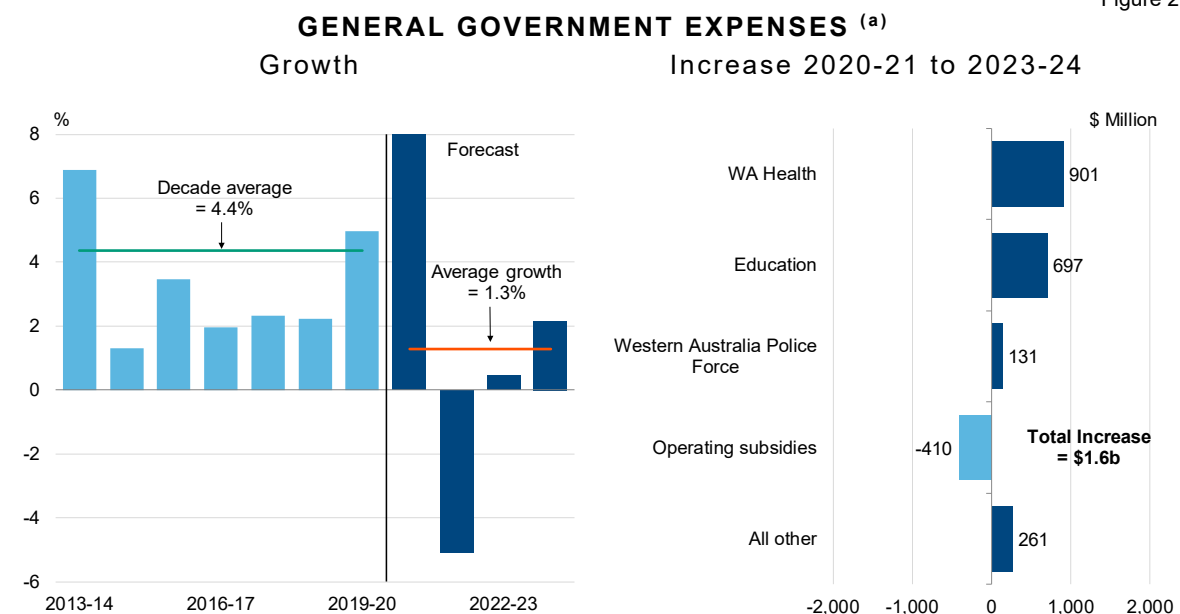
Expenses

General government expenses are projected to increase by 8% to \$32.9 billion in 2020-21, followed by a decline of 5.1% in 2021-22. This largely reflects increased spending in relation to the COVID-19 response and WA Recovery Plan measures in 2020-21, followed by a return to more usual spending levels in 2021-22 as temporary stimulus measures begin to unwind.

The largest increases in expenses over the forward estimates period are for the key service delivery agencies: WA Health (up \$901 million), Education (up \$697 million) and the Western Australia Police Force (up \$131 million). Operating subsidies are forecast to reduce by \$410 million, largely reflecting the return to more usual levels of subsidy payments to Synergy and Horizon Power by 2023-24, following one-off increases related to COVID-19 recovery initiatives in 2019-20 and 2020-21.

¹ Replaces the previous National Partnership for Legal Assistance Services (for which \$96.1 million in Commonwealth funding was included for the period 2020-21 to 2022-23).

Figure 2



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

Since the Mid-year Review, recurrent spending by the general government sector has been revised up by \$4.4 billion over the period 2020-21 to 2022-23, with \$2.9 billion of this in 2020-21. The WA Recovery Plan (discussed in Chapter 2: *COVID-19 Impact and Recovery*) accounts for \$1.7 billion of the total increase, with other COVID-19 related spending (\$248 million) including State emergency management response measures and specific programs funded by the Commonwealth (such as HomeBuilder and JobTrainer).

Other material expense movements since the Mid-year Review include:

- the Household Electricity Credit (\$644 million in 2020-21), paid as operating subsidies to Synergy and Horizon Power (and the Energy Concession Extension Scheme grant administered by the Department of Finance) to meet the cost of applying a one-off \$600 tariff credit to the electricity bills of all residential customers (see feature box in Chapter 1: *Overview* for further details);
- operating subsidy payments to Synergy (\$433 million over the three years to 2022-23) to fund a range of revenue shortfalls that it is unable to recover in relation to the Tariff Equalisation Contribution, Renewable Energy Buyback Scheme, Feed-in Tariff scheme, and fees and charges that it must pay to service providers and is unable to pass on to customers;
- higher operating subsidy payments to the Public Transport Authority (up \$330 million over the period 2020-21 to 2022-23), primarily reflecting grants paid to Main Roads for various METRONET projects, and operating costs for the METRONET Yanchep Rail Extension and Thornlie-Cockburn Link projects;
- higher spending by WA Health across 2020-21 to 2022-23, including:
 - hospital services (up \$98 million), reflecting higher than forecast hospital activity and costs;

- non-hospital services (up \$65 million), including dental therapy centres in schools, regional residential aged care service, Silver Chain and renal dialysis services in the Kimberley; and
- spending associated with the Community Health and Hospitals Program, cross-border expenses and other programs funded by the Commonwealth (\$70 million);
- higher spending by the Western Australia Police Force for staffing, accommodation and contracted services (up \$71 million over the period 2020-21 to 2022-23), and 800 additional police officers (\$145 million over the three years to 2022-23). This is in addition to an increase of 150 police officers (at a cost of \$73 million over the forward estimates period) included in the Government’s immediate pandemic response as part of the WA Recovery Plan;
- the Perth City Deal (\$189 million across 2020-21 to 2022-23), including provisions for payments to Murdoch University and Curtin University (\$100 million) and operating subsidy payments to DevelopmentWA (\$50 million for contributing land to Edith Cowan University) to establish campuses in the Perth CBD, and other associated costs;
- additional spending for the continuation of State-administered non-NDIS disability services (up \$187 million across 2020-21 to 2022-23);
- revised costs for the Department of Justice’s services, including forecast growth in the adult prisoner population, offenders managed in the community and judicial services (up \$152 million over the three year period to 2022-23); and
- higher spending on essential services in remote Aboriginal communities (up \$131 million across 2020-21 to 2022-23).

Further detail on general government recurrent expenditure initiatives is included in Chapter 5: *General Government Expenses*.

Salaries costs remain the single largest expense component for the general government sector, representing 39% of total general government expenses in 2020-21. Total salary costs are forecast to increase by 0.8% in 2020-21 to \$13 billion, up \$316 million on the Mid-year Review estimate. Across the four years to 2023-24, salaries costs are projected to increase by an average 2% per annum. These rates of growth remain well below the decade average of 4.5% per annum.

Balance Sheet

General government sector net worth (i.e. the value of the sector’s assets less its liabilities) is forecast to increase marginally (by 0.3%) over 2020-21, to stand at \$102.7 billion at 30 June 2021. This follows growth in net worth of \$1.8 billion over 2019-20 (detailed in the *2019-20 Annual Report on State Finances*).

Largely reflecting the softer operating outlook for the State, net worth of the sector has been revised down by \$7.5 billion over the forward estimates period to 30 June 2023 relative to the Mid-year Review. Notwithstanding this lower forecast, net worth is still expected to increase across the forward estimates period, reaching \$108.7 billion by 30 June 2024.

General government sector assets are estimated to increase by \$7.8 billion between 30 June 2020 and 30 June 2024 (to a total of \$155.6 billion). This mainly reflects the net impact of:

- an increase in non-financial assets (up \$7.7 billion), mainly property, plant and equipment (up \$6.6 billion) and land (up \$1.7 billion), with increases reflecting high levels of infrastructure spending across the Budget period, and expected levels of growth in land values, partly offset by accumulated depreciation charges and disposal of used assets;
- a \$4.7 billion increase in the net worth of public corporations, reflecting increased holdings of physical assets by non-financial public corporations, bolstered by high levels of infrastructure investment, and operating surpluses in both the financial and non-financial public corporations sectors over the forward estimates period²;
- a \$3.5 billion reduction in investments, loans and placements, largely due to the impact on the Consolidated Account cash position of weaker operating outcomes resulting from the COVID-19 pandemic; and
- lower levels of receivables (down \$1.4 billion), largely reflecting a return to more usual levels of royalty income following high iron ore prices in 2019-20 and 2020-21, with a proportionate decrease in royalty receivables³ in 2023-24 relative to 2019-20.

General government liabilities are forecast to be \$47 billion at 30 June 2024, a \$1.5 billion increase on the estimated outcome for 30 June 2020. State borrowings (excluding lease liabilities) are projected to increase by \$3.3 billion over this period in support of centrally-funded infrastructure projects.

Higher borrowings are partly offset by lower deposits held on behalf of public corporations by the Public Bank Account (down \$1 billion, largely reflecting temporarily high balances at 30 June 2020 due to the deferral of interim dividend payments and other payments) and forecast declines for unfunded superannuation liabilities (down \$438 million) and 'other' liabilities (down \$406 million).

Cashflow Statement

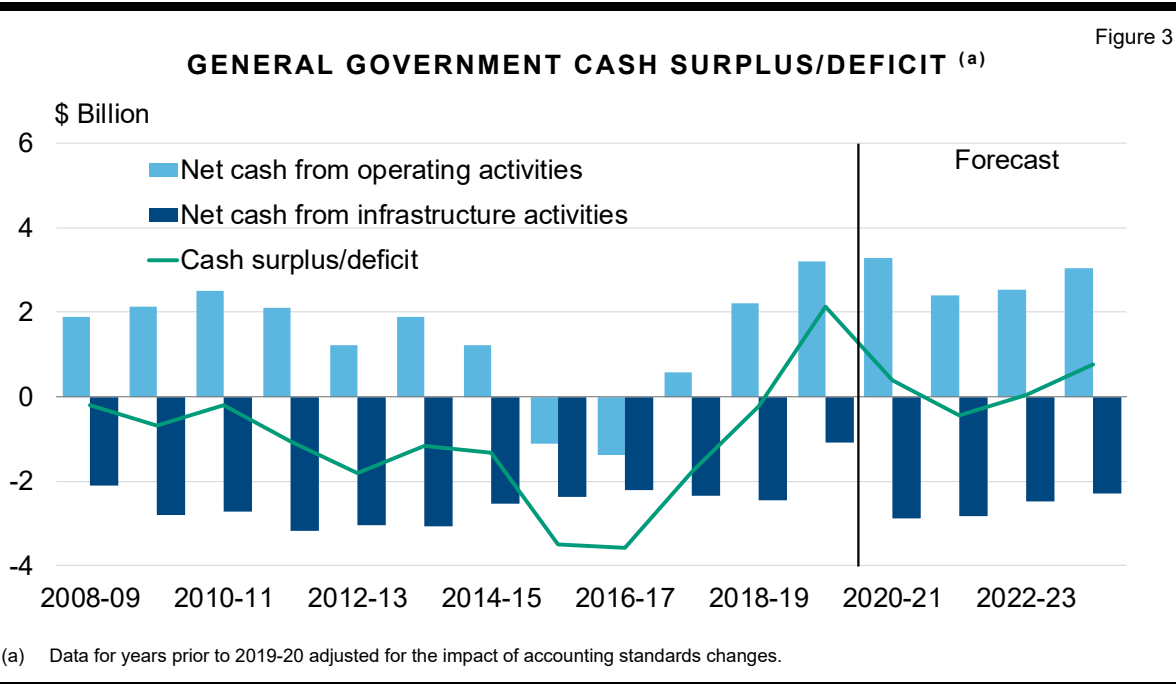
A cash surplus of \$402 million is anticipated for the general government sector in 2020-21. This is a substantial \$1.6 billion lower than the \$2 billion cash surplus forecast in the Mid-year Review, reflecting the combined impact of a weaker operating outlook and higher infrastructure spending in support of the WA Recovery Plan.

The weaker operating outlook, combined with high levels of infrastructure spending, are expected to see this trend continue into the forward years, with substantially weaker cash results anticipated in 2021-22 (a cash deficit of \$429 million) and 2022-23 (a near-balance surplus of \$52 million).

A stronger \$762 million cash surplus is projected for 2023-24, with this outcome reflecting the gradual recovery in the State's operating outlook towards the end of the forward estimates period, and a transition to more usual levels of infrastructure spending.

² 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.

³ Due to payment terms of royalty income, there is a difference in timing between the recognition of royalty revenue and the associated cash receipt. This difference is reflected in 'receivables' on the general government sector balance sheet.



Total Public Sector⁴

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

| TOTAL PUBLIC SECTOR | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Summary Financial Statements | | | | | |
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| OPERATING STATEMENT | | | | | |
| Revenue | 65,706 | 72,303 | 71,670 | 73,249 | 75,067 |
| Expenses | 63,659 | 72,423 | 71,635 | 72,748 | 73,977 |
| Net Operating Balance | 2,047 | -120 | 35 | 501 | 1,090 |
| BALANCE SHEET AT 30 JUNE | | | | | |
| Assets | 200,172 | 202,263 | 205,862 | 209,978 | 213,496 |
| Liabilities | 97,734 | 99,537 | 102,438 | 104,277 | 104,808 |
| Net Worth | 102,438 | 102,726 | 103,425 | 105,701 | 108,688 |
| STATEMENT OF CASHFLOWS | | | | | |
| Net Cash Flows from Operating Activities | 5,670 | 3,669 | 4,706 | 4,539 | 5,248 |
| Asset Investment Program | 5,188 | 7,549 | 7,458 | 6,279 | 5,768 |
| Cash Surplus/Deficit | 2,217 | -3,391 | -2,060 | -985 | 201 |
| <i>Total Public Sector</i> | | | | | |
| Net Debt at 30 June | 35,449 | 39,259 | 41,723 | 42,900 | 42,836 |

Note: Columns may not add due to rounding.

Operating Statement

An operating deficit of \$120 million is forecast for the total public sector in 2020-21, compared with a \$2.4 billion operating surplus estimated in the 2019-20 Mid-year Review. Operating outcomes are also significantly weaker over 2021-22 to 2022-23 (down a total of \$6.7 billion), largely driven by the general government sector outlook discussed earlier in this chapter.

In line with Mid-year Review projections, both the public non-financial corporations and public financial corporations sectors are expected to be in an operating surplus position in each year of the forward estimate years.

⁴ 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 4

TOTAL PUBLIC SECTOR OPERATING BALANCE
By Sector

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|--------------|-------------|-----------|------------|--------------|
| | Actual | Budget | Forw ard | Forw ard | Forw ard |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| Net Operating Balance | | | | | |
| General government sector | 1,669 | 1,204 | 363 | 1,067 | 1,474 |
| Public non-financial corporations sector | 621 | 972 | 1,038 | 825 | 973 |
| Public financial corporations sector | 208 | 560 | 104 | 127 | 136 |
| <i>less</i> | | | | | |
| General government dividend revenue | 392 | 2,776 | 1,379 | 1,424 | 1,402 |
| Public non-financial corporations dividend revenue ^(a) | 63 | 88 | 99 | 101 | 99 |
| Agency depreciation costs on right of use assets leased from other government sectors ^(b) | -3 | -8 | -7 | -7 | -7 |
| Total public sector net operating balance | 2,047 | -120 | 35 | 501 | 1,090 |

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

(b) 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 \$972 million is projected for the PNFC sector in 2020-21, broadly consistent with the \$1 billion surplus estimate at the time of the 2019-20 Mid-year Review. Surpluses are also forecast in each year of the forward estimates.

In aggregate, PNFC operating outcomes over the three year period to 2022-23 are slightly stronger (up by a total of \$55 million) compared to the Mid-year Review. This primarily reflects the net impact of:

- higher revenue and expenses for the Gold Corporation, largely due to upward revisions to gold price forecasts, partially offset by stronger \$US/\$A exchange rate expectations;
- lower revenue (down \$516 million) and expenses (down \$274 million) for the Water Corporation, primarily due to lower projections for water consumption (including lower growth in services), lower developer contributions, and lower revenue from residential customers (due to the decision to freeze household tariffs in 2020-21);
- higher revenue (up \$444 million) and expenses (up \$359 million) for the Public Transport Authority, mainly reflecting:
 - grants paid to and received from Main Roads for various METRONET projects, Bayswater Station road and associated bridge works, and the Denny Avenue Level Crossing Removal project;
 - additional costs for cleaning associated with the COVID-19 pandemic; and

- operating costs for the METRONET Yanchep Rail Extension and Thornlie-Cockburn Link projects;
- higher revenue (up \$444 million) and expenses (up \$106 million) for DevelopmentWA, mainly due to:
 - operating subsidies to lower the entry hurdles for land development and to incentivise land activation across regional areas (\$166 million) and associated higher tax expenses (\$50 million);
 - WA Recovery Plan initiatives (\$98 million), including constructing a super-yacht fabrication facility at the Australian Marine Complex, upgrades to Bentley Technology Park, drainage works at East Keralup and the development of an Automation and Robotics Precinct in Neerabup;
 - grants received from the Department of Jobs, Tourism, Science and Innovation as part of WA Recovery Plan initiatives including extension of the existing Australian Marine Complex Wharf (\$54 million) and road upgrade works on Boodarie Strategic Industrial Area Entrance Road (\$11 million); and
 - operating subsidies to support DevelopmentWA’s land contribution to the Perth City Deal which will establish an inner-city university campus in the Perth CBD (see feature box in Chapter 6) (\$50 million);
- lower revenue (down \$251 million) and expenses (down \$234 million) for Racing and Wagering WA, mainly due to lower forecasts of betting turnover, reflecting the expected ongoing softening in the wagering market and increased competition, broadly matched by lower betting dividends;
- lower revenue (down \$221 million) and expenses (down \$216 million) for the Lotteries Commission, primarily due to lower sales and associated decreases in prize payments and statutory distribution forecasts across the forward estimates period;
- higher revenue (up \$98 million) and expenses (up \$87 million) for the Pilbara Ports Authority, primarily due to:
 - higher revenue from tonnage fees at Port Hedland to cover increased depreciation costs (\$52 million) for the Port Hedland Shipping Channel following revaluation of the asset in 2018-19;
 - higher revenue following the introduction of a new infrastructure port charge - the Sustaining Infrastructure Due - at the Port of Port Hedland and the Port of Dampier (\$49 million); and
 - higher tax expenses as a result of stronger than expected profitability (\$33 million);
- higher revenue (up \$84 million) and expenses (up \$93 million) for the Department of Communities (Housing Services), primarily due to:
 - higher Royalties for Regions revenue to fund services in the State’s remote communities (\$131 million);

2020–21 Economic and Fiscal Outlook

- lower revenue from sales of housing inventory (\$94 million), and associated reduction in cost of goods sold expenses (\$112 million), reflecting the Department’s forecast outlook for the property market;
- higher service appropriation and associated expenses under the WA Recovery Plan for the Social Housing Economic Recovery Package (\$86 million);
- higher statutory contributions revenue received by the Housing Authority from Keystart (\$82 million); and
- lower revenue as a result of revised social housing rent revenue (\$35 million);
- higher revenue (up \$678 million) and expenses (up \$629 million) for Synergy, largely due to the net impact of:
 - operating subsidies provided to Synergy to fund:
 - a range of revenue shortfalls for costs that cannot be recovered including those associated with the Tariff Equalisation Contribution, Renewable Energy Buyback Scheme, and Feed-in Tariff Scheme; and
 - the cost of applying the one-off \$600 Household Electricity Credit to all of Synergy’s residential electricity customers from 1 November 2020 (\$617 million); and
 - lower than expected revenue from residential and small business customers resulting from the A1 residential electricity tariff being frozen in 2020-21 and the adoption of a new methodology for forecasting demand from this customer cohort;
- lower revenue (down \$36 million) for Horizon Power, mainly due to the net impact of:
 - \$24 million in higher subsidy for the \$600 Household Electricity Credit noted above;
 - a \$31 million reduction primarily due to lower residential and business electricity price paths announced in this Budget (including the freeze on residential electricity tariffs in 2020-21); and
 - a \$25 million reduction in revenue due to forecast competition under the Pilbara Electricity Reforms from 2020-21 to 2022-23; and
- lower revenue (down \$50 million) for the Fremantle Port Authority, mainly due to the impact of COVID-19 on container, motor vehicle and other trade volumes.

Public Financial Corporations (PFC)

An operating surplus of \$560 million is forecast in 2020-21, up \$479 million relative to the Mid-year Review, with surpluses also in prospect in each year of the forward estimates period.

Relative to the Mid-year Review, aggregate PFC operating outcomes are estimated to improve (up \$526 million) over 2020-21 to 2022-23. PFC revenue has been revised up by \$427 million (or 4.5%) and expenses revised down by \$98 million (or 1.1%) over 2020-21 to 2022-23. These changes largely reflect:

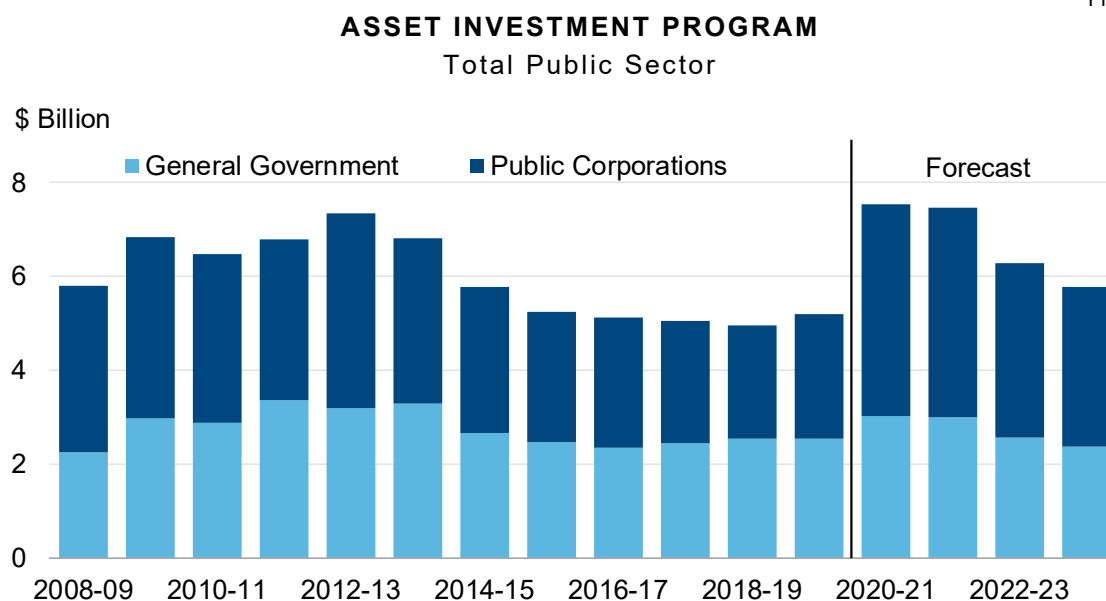
- higher revenue (up \$505 million) and expenses (up \$112 million) for the Insurance Commission of Western Australia, mainly reflecting the receipt of proceeds from the Bell Group settlement (with \$655 million of the \$665 million settlement to be paid into the Consolidated Account in 2020-21), partially offset by lower projected investment returns, lower premium revenue and lower projected claims expenses;
- lower revenue (down \$185 million) and expenses (down \$192 million) for the Western Australian Treasury Corporation, largely due to the impact of lower interest rates;
- higher revenue (up \$59 million) for RiskCover, mainly due to increased premium collections reflecting agency risk profiles; and
- higher revenue and expenses (both up \$50 million) for Keystart, primarily due to an increase in lending activity following the State and Commonwealth stimulus measures, and higher dividends to the Housing Authority, partially offset by the impact of lower borrowing costs.

Capital Investment

Infrastructure investment is projected to total a record \$27.1 billion over the four years to 2023-24. This includes the infrastructure component of the Government's \$5.5 billion WA Recovery Plan, and will provide significant support to jobs growth.

A total of \$9.7 billion (or 36%) is forecast to be spent on roads and public transport-related projects over the forward estimates period, with significant investment also in the key areas of electricity (\$3.8 billion), water (\$2.7 billion), housing (\$1.7 billion), schools (\$1.5 billion) and health (\$1 billion).

Figure 4



Relative to the Mid-year Review, infrastructure investment has been revised up by a substantial \$3.1 billion over the period 2020-21 to 2022-23. This is largely driven by the net impact of:

- WA Recovery Plan initiatives, with major projects including:
 - a \$449 million increase in spending in the education sector, largely reflecting:
 - \$206 million for additions and improvements across 36 secondary schools including upgrades and expansions at Carine, Karratha and Kalamunda Senior High Schools;
 - \$85 million towards second stage expansions of Bob Hawke College and Ridge View Secondary College;
 - \$69 million on additions and improvements across 26 primary schools, including \$25 million for the rebuilds of Lesmurdie and Westminster Primary Schools; and
 - \$50 million towards the construction of a new secondary school located in Piara Waters;
 - a \$275 million increase in infrastructure spending by Communities (Housing Services), largely due to the Social Housing Economic Recovery Package (including social housing construction, refurbishment and off-the-plan dwelling acquisition), the construction of Aboriginal Short Stay Accommodation facilities in Geraldton and Kununurra, and the expansion of Family and Domestic Violence refuges in the Perth and Peel regions;
 - a \$155 million increase in spending by the Department of Training and Workforce Development, largely reflecting investment in major infrastructure projects to enhance training capability at a variety of regional and metropolitan TAFE campuses across the State; and

- a \$96 million increase in health sector spending on projects including an additional 20 mental health acute inpatient beds at Fremantle Hospital, the replacement of medical equipment that is approaching the end of its useful life, the development of a Behavioural Assessment Urgent Care Centre and an Emergency Department upgrade at Sir Charles Gairdner Hospital, and development of an Innovation Hub at Royal Perth Hospital.

Other material agency movements over 2020-21 to 2022-23 include:

- a \$1.2 billion increase in spending by the Public Transport Authority (including separate provisions for METRONET projects under development), largely reflecting:
 - additional investment in METRONET projects following the tender outcomes for Denny Avenue Level Crossing Removal, Bayswater Station Upgrade, to facilitate procurement processes for the contracting of the Morley-Ellenbrook Line and Byford Rail Extension, and for construction of the Bellevue Railcar Assembly Facility;
 - additional spending provision for METRONET projects under development, including the Morley-Ellenbrook Line, Byford Rail Extension and for the redevelopment of Midland Station; and
 - cashflow timing changes on various other projects to align with the latest project schedules;
- a \$571 million increase in spending on roads, primarily reflecting:
 - \$227 million for the Tonkin Highway Corridor Upgrades;
 - \$176 million for six new road and bridge projects funded through the Commonwealth's Infrastructure Stimulus Package, including the Regional State Roads Safety Improvement Program and Bussell Highway duplication;
 - \$52 million for METRONET - Thomas Road Bridge as part of the Byford Rail Extension works; and
 - cashflow timing changes across a range of projects to align with the latest project schedules;
- a \$213 million increase in spending by WA Health across a range of projects, mainly due to:
 - \$103 million associated with capital carryovers and recashflow due to changes in timing associated with project design activity and procurement processes;
 - \$40 million on critical infrastructure works funded from the Community Health and Hospitals Program, including King Edward Memorial Hospital, expansion of the Peel Health Campus and construction of a new hospital at Laverton; and
 - \$23 million to establish Good Manufacturing Practice-compliant laboratories and a second cyclotron for the diagnosis and management of cancer and neurological diseases at Sir Charles Gairdner Hospital;
- a \$133 million increase in spending by the Department of Education, mainly for changes in the timing of various capital works in response to updated timing of forecast project payments (\$87 million) and capitalisation of high priority school maintenance projects (\$44 million);

- a \$123 million increase in spending by the Western Australian Planning Commission, largely reflecting land acquisitions for transport infrastructure and construction costs for the Forrestfield North Residential Precinct;
- a \$36 million increase in spending by Local Government, Sport and Cultural Industries, mainly due to rejuvenation works for the Perth Cultural Centre as part of the Perth City Deal (\$19 million), work to complete the WA Museum Boola Bardip project (\$11 million) and cashflow timing changes on a range of existing projects (\$7 million); and
- a \$39 million increase in spending by the Department of Fire and Emergency Services, largely for the appliance replacement program (\$10 million), construction of the new Fire and Rescue Service Cockburn Fire Station (\$8 million), and urgent minor works on various facilities (\$7 million).

Further detail on infrastructure investment is available in Chapter 6: *Asset Investment* and Appendix 6: *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 later in this chapter.

Cashflow Statement

A cash deficit of \$3.4 billion is projected for the total public sector in 2020-21, a substantial \$4 billion deterioration from the \$560 million cash surplus estimated in the Mid-year Review. Cash deficits are also forecast in 2021-22 and 2022-23 (of \$2.1 billion and \$985 million respectively). A \$201 million total public sector cash surplus is projected for 2023-24, with a \$5.2 billion cash surplus from operating activities more than offsetting net infrastructure spending of \$5 billion.

These outcomes are mainly driven by the cash impact of movements in the general government operating balance and the total public sector Asset Investment Program (discussed earlier).

Net Debt

Net debt for the total public sector is forecast to increase by \$3.8 billion over 2020-21, to be \$39.3 billion at 30 June 2021. Net debt is forecast to continue rising to peak at \$42.9 billion at 30 June 2023, before declining marginally to \$42.8 billion by 30 June 2024.

Lower operating surpluses combined with record infrastructure spending results in the forecast level of net debt at 30 June 2023 increasing by \$8.3 billion relative to the Mid-year Review projection.

While this increase in net debt has been necessary and unavoidable following the onset of COVID-19, the projected level of net debt remains sustainable as the Government continues to forecast operating surpluses across the forward estimates period.

Illustrating the affordability of new borrowing reflected in this Budget, State borrowings held against the Consolidated Account are forecast to increase by \$3.6 billion over the four years to 30 June 2024 while the associated interest expenses in 2023-24 for this debt are forecast to decline by \$26 million compared with 2020-21 (reflecting declining interest rate forecasts).

Net debt as a share of Gross State Product is forecast to rise modestly from 11.3% in 2019-20, to 14.6% in 2022-23, before easing to 14.1% in 2023-24. This remains very low by international standards.

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

| NET DEBT OF THE TOTAL PUBLIC SECTOR AT 30 JUNE | | | | |
|---|-----------------|-----------------|-----------------|---------------|
| | 2021 | 2022 | 2023 | 2024 |
| | \$m | \$m | \$m | \$m |
| 2019-20 Mid-year Review - Total Public Sector Net Debt | 35,911 | 35,272 | 34,557 | |
| <i>Plus</i> Improvement from the 2019-20 Outcome | -724.4 | | | |
| <i>Less</i> change in net cash flows from operating activities and dividends paid | | | | |
| - general government | -824.6 | -1,765.0 | -1,804.1 | |
| - public non-financial corporations | -1,482.4 | 298.6 | 235.1 | |
| - public financial corporations | -6.7 | 27.1 | 15.3 | |
| <i>Total public sector</i> | <i>-2,313.6</i> | <i>-1,439.3</i> | <i>-1,553.7</i> | |
| <i>Plus</i> purchases of non-financial assets | | | | |
| WA Recovery Plan | 575.3 | 779.3 | 508.6 | |
| <i>Other Movements</i> ^(a) | | | | |
| Public Transport Authority | 318.0 | 296.9 | 188.7 | |
| METRONET Projects Under Development | -61.1 | -11.9 | 483.3 | |
| Commissioner of Main Roads | 427.4 | 191.4 | -48.2 | |
| WA Health | 116.2 | 52.9 | 44.3 | |
| WA Planning Commission | 97.2 | 25.7 | - | |
| Education | 70.2 | 64.6 | -1.6 | |
| Changes to Globals | -550.0 | -150.0 | -800.0 | |
| All other ^(b) | 392.8 | 101.5 | -11.7 | |
| <i>Total purchase of non-financial assets</i> | <i>1,385.9</i> | <i>1,350.5</i> | <i>363.3</i> | |
| <i>Less</i> proceeds from sale of non-financial assets | | | | |
| DevelopmentWA | -153.5 | -83.3 | -17.8 | |
| Communities | -134.5 | -94.9 | 17.2 | |
| All other | 35.0 | 40.9 | -36.6 | |
| <i>Total sales of non-financial assets</i> | <i>-253.1</i> | <i>-137.3</i> | <i>-37.2</i> | |
| <i>Plus</i> all other financing ^(c) | 119.6 | 176.4 | -62.3 | |
| <i>Cumulative impact on net debt at 30 June</i> | <i>3,347.8</i> | <i>6,451.3</i> | <i>8,343.2</i> | |
| 2020-21 Budget - Total Public Sector Net Debt | 39,259 | 41,723 | 42,900 | 42,836 |

(a) Material changes to infrastructure spending are outlined in Chapter 6.

(b) Includes timing changes and other movements in agency infrastructure programs.

(c) Includes changes in lease liabilities and 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. Lease movements are matched by changes in (non-debt) related right-of-use assets and have no associated operating or infrastructure cash flows reflected in other items in this table.

Note: Columns may not add due to rounding.

2020–21 Economic and Fiscal Outlook

The onset of COVID-19 and the Government's response to the pandemic has necessitated a change in fiscal strategy and financial targets (see next section). The revised strategy retains the Government's focus on recurrent expenditure management, but with operating surpluses used as a funding source for additional infrastructure investment, rather than a means of paying down debt.

Government Financial Strategy Statement

The Government's financial targets have been updated for the 2020-21 Budget in light of the significant impact of the COVID-19 pandemic on the State's economic and fiscal outlook. The new set of targets, reported below, maintain a strong focus on responsible and sustainable financial management, while also acknowledging the need for additional investment in response to the pandemic, to support the State's economic recovery and jobs growth. The new financial targets align with the change in the Commonwealth Government's fiscal strategy in response to COVID-19.

Financial Targets

The following financial targets are applicable for this Budget:

- maintain a net operating surplus for the general government sector on average over the forward estimates period (new target);
- maintain disciplined general government expense management (existing target) 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
- maintain or increase the net worth (i.e. net assets) of the total public sector (new target).

An explanation of each target appears in the section below. The Government is on track to meet all of its financial targets in 2020-21 and across the forward estimates period.

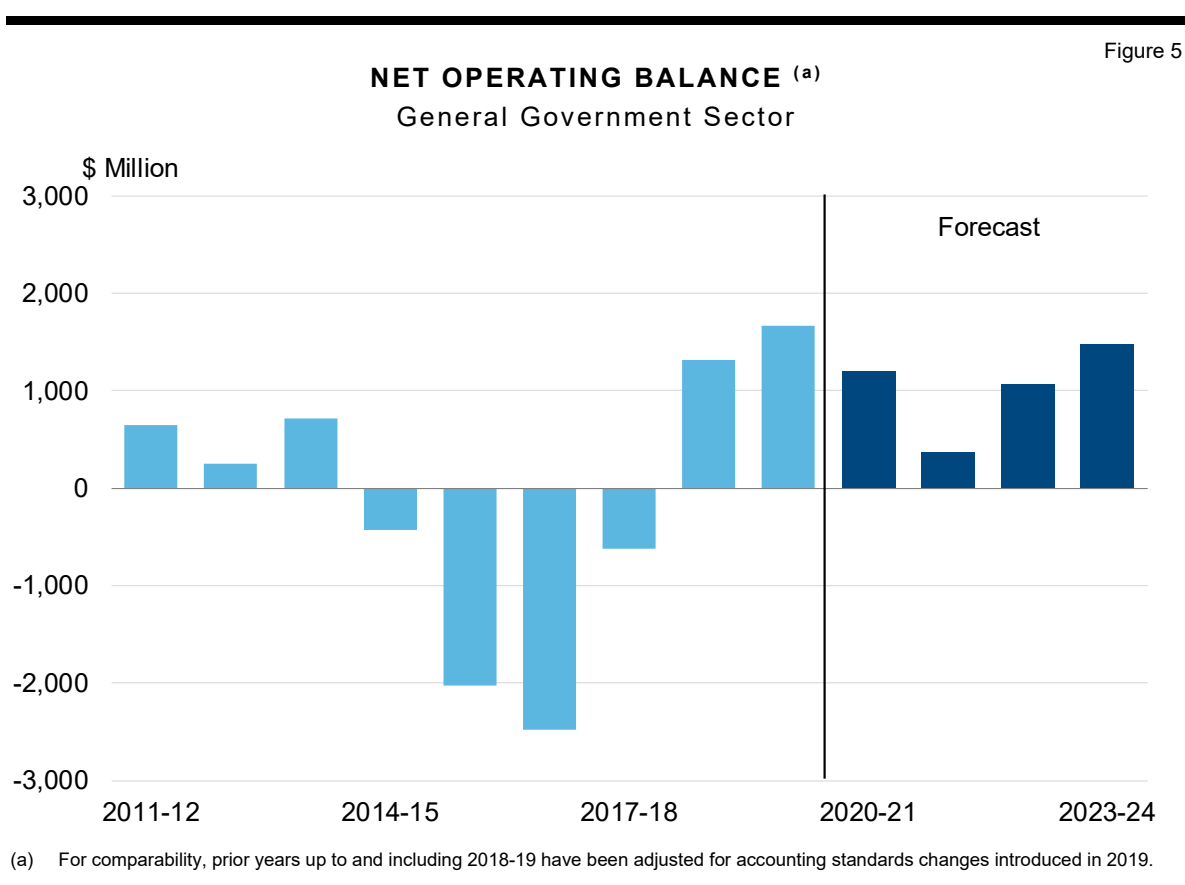
| 2020-21 BUDGET FINANCIAL TARGET COMPLIANCE | | | | | |
|---|---------|-----------------|------------------|------------------|------------------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | Actual | Budget Estimate | Forward Estimate | Forward Estimate | Forward Estimate |
| Maintain a net operating surplus for the general government sector on average over the forward estimates period | | | | | |
| - General government net operating balance (\$m) | 1,669 | 1,204 | 363 | 1,067 | 1,474 |
| - 2020-21 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 | Yes | Yes | Yes | Yes | Yes |
| - ensuring key service delivery agency recurrent spending outcomes are in line with budgeted expense limits | No | Yes | Yes | Yes | Yes |
| - 2020-21 Budget compliance | No | Yes | Yes | Yes | Yes |
| Maintain or increase net worth of the total public sector | | | | | |
| - Total public sector net worth (\$b) | 102.4 | 102.7 | 103.4 | 105.7 | 108.7 |
| - 2020-21 Budget compliance | Yes | Yes | Yes | Yes | Yes |

Table 6

Maintain a net operating surplus for the general government sector on average over the forward estimates period

The net operating balance for the general government sector is the State's headline Budget measure, with an operating surplus indicating that the delivery of day-to-day services can be financed from revenue generated in that financial year. Maintaining operating surpluses on average over the forward estimates period indicates that services are being provided sustainably over the medium term.

This target is met in the 2020-21 Budget, with operating surpluses expected in each year of the Budget period, despite the significant impact of COVID-19 on the State's finances. This outlook reflects the Government's preceding three year program of Budget repair, which restored the State to an operating surplus position in 2018-19 for the first time since 2013-14.



While an operating surplus is an important indicator of the sustainability of the State's finances, surpluses do not represent 'left-over' money. Surpluses have been fully allocated to funding the Government's Asset Investment Program. The surpluses only provide a partial funding source, with additional borrowings required, resulting in a rise in net debt across the forward estimates period.

Maintain Disciplined General Government Expense Management

The Government's expense management target is measured by the following 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 2020-21 and each year of the forward estimates period. At the 7 September 2020 cut-off date for this Budget, a number of expired agreements were under negotiation, with offers made in line with the Government's wages policy.

| EXPIRING KEY INDUSTRIAL AGREEMENTS ^(a) | | | | Table 7 |
|---|-----------|-------------|---------------------|---------|
| Agreement | Employees | Expiry Date | Status | |
| 2019-20 | | | | |
| WA Health System Medical Practitioners | 5,225 | 30 Sep 2019 | Under Negotiation | |
| Teachers and Administrators | 29,157 | 5 Dec 2019 | Registered | |
| Main Roads | 852 | 31 Jan 2020 | Registered | |
| TAFE Lecturers | 2,521 | 15 Dec 2019 | Registered | |
| Western Australian Fire Service | 1,236 | 9 Jun 2020 | Under Negotiation | |
| Prison Officers | 2,358 | 10 Jun 2020 | Agreed in-principle | |
| WA Health PACTS (Health Salaried Officers) | 16,341 | 30 Jun 2020 | Agreed in-principle | |
| 2020-21 | | | | |
| Hospital Support Workers | 4,452 | 4 Aug 2020 | Under Negotiation | |
| Enrolled Nurses | 2,210 | 6 Oct 2020 | Under Negotiation | |
| Registered Nurses | 16,036 | 11 Oct 2020 | Under Negotiation | |
| PTA Salaried Officers | 864 | 26 Oct 2020 | Under Negotiation | |
| Education Assistants | 12,307 | 31 Dec 2020 | Under Negotiation | |
| Government Services (Miscellaneous) | 4,934 | 31 Dec 2020 | Under Negotiation | |
| PTA Rail Car Drivers | 350 | 16 Mar 2021 | Upcoming Agreement | |
| Australian Workers Union ^(b) | 500 | 26 Apr 2021 | Upcoming Agreement | |
| School Support Officers | 4,682 | 12 Jun 2021 | Upcoming Agreement | |
| Disability Services Social Trainers | 464 | 12 Jun 2021 | Upcoming Agreement | |
| Insurance Commission (Government Officers) | 405 | 12 Jun 2021 | Upcoming Agreement | |
| Public Sector Agreement | 29,918 | 12 Jun 2021 | 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 2020-21 expense limits for the 15 largest appropriation-funded agencies (applicable for this target) is shown in the following table, with progress against these targets to be reported in the 2020-21 Mid-year Review.

| AGENCY RESOURCE AGREEMENTS | |
|---|--|
| | Resource Agreement (2020-21 Budget) \$m |
| WA Health | 9,649 |
| Education | 5,467 |
| Communities | 3,213 |
| Public Transport Authority of Western Australia | 1,799 |
| Justice | 1,692 |
| Western Australia Police Force | 1,629 |
| Finance | 1,485 |
| Commissioner of Main Roads | 1,432 |
| Mental Health Commission | 1,013 |
| Training and Workforce Development | 724 |
| Primary Industries and Regional Development | 506 |
| Transport | 478 |
| Fire and Emergency Services | 472 |
| Biodiversity, Conservation and Attractions | 425 |
| Mines, Industry Regulation and Safety | 287 |

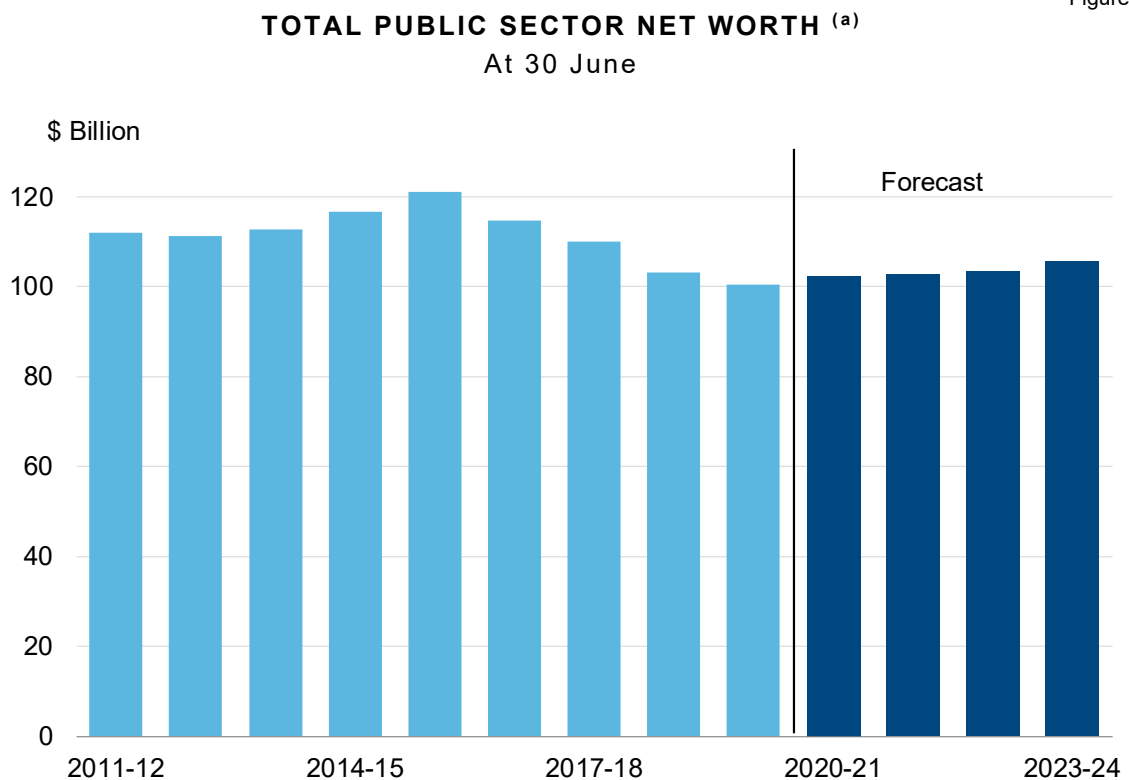
Maintain or Increase Net Worth of the Total Public Sector

This target is forecast to be met in the current year and across the forecast period.

Net worth is the broadest balance sheet measure available. It represents the combined net value of the total public sector and measures the strength of the State's overall financial position, expressed as the value of total assets less total liabilities.

Net worth is forecast to increase by \$6.2 billion over the period to 30 June 2024, rising from \$102.4 billion at 30 June 2020 to an estimated \$108.7 billion. The projected increase in net worth reflects the impact of operating surplus outcomes for the total public sector (in aggregate), and the forecast value of fixed assets (particularly land assets and property, plant and equipment), with a record \$27.1 billion infrastructure investment reflected in this Budget.

Figure 6



(a) For comparability, prior years up to and including 2018-19 have been adjusted for accounting standards changes introduced in 2019.

Statement of Risks

Forecasting Uncertainties

The inherent uncertainties associated with producing forecasts for an approximately \$270 billion economy and a general government sector recurrent spending budget in excess of \$32 billion mean that there will always be differences between the forecasts of key aggregates and the final audited results. This is even more so with the unprecedented level of uncertainty associated with the future trajectory of the COVID-19 pandemic.

Economic Impact of a Second Wave of COVID-19 in Western Australia

The 2020-21 Budget has been framed in the context of a very dynamic and highly uncertain environment. As a consequence, the risks to the forecasts are particularly elevated. A second COVID-19 outbreak represents the largest risk to the baseline outlook presented in this Budget.

While there are a range of trajectories that any re-emergence of COVID-19 in Western Australia could take, Treasury has modelled a hypothetical scenario of an imminent second wave outbreak involving a six week lockdown. This hypothetical scenario is designed purely to illustrate the sensitivity of the Budget forecasts to such a scenario.

Under this scenario, household spending is expected to decline by more than it did under the first outbreak, reflecting an assumption that stricter restrictions would be applied in a second wave in order to bring the outbreak under control as swiftly as possible. The reduction in spending is expected to be most acute in services related activity and activities requiring mobility. It is anticipated that the loss in demand would flow through to lower investment in industries outside of mining.

Once restrictions are eased, it is assumed that household and business spending will both eventually recover to levels consistent with the central Budget scenario, as population growth is assumed to remain unchanged and spending per capita eventually recovers relative to Budget assumed levels. However, the pace of recovery is expected to be more gradual (relative to the first outbreak), given a weaker labour market and the likelihood that household and business confidence will only fully recover once there is clear evidence that activity is recovering.

Under this scenario, it is estimated that a second outbreak of COVID-19 in Western Australia would detract 1.25 percentage points from the baseline Gross State Product (GSP) forecast for 2020-21 (resulting in no growth in GSP in 2020-21). State Final Demand would be 2.75 percentage points lower than the central Budget forecast (resulting in the domestic economy contracting by 2.25% in 2020-21). Labour market impacts would also be more pronounced, with the unemployment rate reaching 8.75% (noting that the JobKeeper policy would contain the severity of the impact on the labour market).

Table 9

SCENARIO FORECASTS
Western Australia, Annual Growth (%)

| | 2019-20 | 2020-21 | 2020-21 | Percentage |
|------------------------------------|---------|-----------------|-------------------|------------------|
| | Actual | Budget Estimate | Scenario Estimate | Point Difference |
| State Final Demand | 1.1 | 0.5 | -2.25 | -2.75 |
| Gross State Product ^(a) | 2.0 | 1.25 | 0.0 | -1.25 |
| Employment | 0.3 | -0.25 | -2.5 | -2.25 |
| Unemployment Rate ^(b) | 6.1 | 8.0 | 8.75 | 0.75 |

(a) Estimated actual for 2019-20 (actual is not available until 20 November 2020).

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

Similar to the experience during the first wave of COVID-19 in Western Australia, it is expected that mining sector activity (both in terms of investment and exports) is largely unaffected through the second outbreak. This is expected to partially insulate the economy (as measured by GSP) over 2020-21. GSP is also affected to a lesser extent than SFD due to weaker household and business spending translating into fewer imports into the State.

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. Approximate annual impacts of changes in these variables are outlined in the following table.

Table 10

APPROXIMATE PARAMETER SENSITIVITY OF REVENUE ESTIMATES
2020-21

| | Variability (\$m) | Detail |
|---|-------------------|--|
| Royalty income and North West Shelf grants | ±120 | For each US1 cent decrease/increase in the \$US/\$A exchange rate (royalty income is inversely related to the \$US/\$A exchange rate). |
| Iron ore royalties | ±83 | For each \$US1 per tonne increase/decrease in the price of iron ore. |
| Petroleum royalties and North West Shelf grants | ±10 | For each \$US1 increase/decrease in the price of a barrel of oil. |
| Payroll tax | ±36 | For each 1% increase/decrease in taxable wages or employment growth (i.e. the total wages bill). |
| Underlying transfer duty | ±10 | For each 1% increase/decrease in average property prices. |
| • Prices | ±7 | For each 1% increase/decrease in transaction levels. |
| • Transactions | | |

State Taxes (\$8,806 million in 2020-21)

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 these sectors may pose a risk to the payroll tax outlook. While the COVID-19 pandemic has had limited impact on the resources sector to date, any changes or delays 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.

The possibility of a second COVID-19 outbreak presents a significant downside risk to employment projections and, consequently, the collection of payroll tax. Moreover, if the number of recipients of Commonwealth JobKeeper payments in Western Australia differs from expectations, this will also impact revenue due to the associated payroll tax exemption.

Total Duty on Transfers⁵

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 possibility of a second COVID-19 outbreak presents downside risk to the property market and, in turn, 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 (\$9,886 million in 2020-21)

The estimates of Commonwealth grants in this Budget reflect assumptions that may differ from those of the Commonwealth. The Commonwealth Government released its Budget after the cut-off date for the State Budget.

GST Grants and Commonwealth-funded 70% Floor Grants

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

From 2019-20 to 2021-22, Western Australia's grant is increased to 70% of its population share of the national GST pool through the Commonwealth-funded 70% floor grants. From 2022-23 onwards, this is achieved through adjustments to the CGC's recommendations (and funded by the other States). Hence, any change in the CGC's recommendations will be offset by the GST floor (unless Western Australia's recommended share rises above the 70% floor).

Despite the 70% floor, there is substantial scope for the State's GST-related grants to vary in response to variations in the national GST grant pool and the State's population share. The floor is to ensure the State receives 70% of its (revised) population share of the (revised) national GST pool.

⁵ The sum of transfer duty, foreign buyer duty and landholder duty.

The risk is especially relevant with the current uncertainties arising from the impact of COVID-19 on national GST collections. In this Budget, the estimated impact of these factors is based on the Commonwealth's *July Economic and Fiscal Update* and the Reserve Bank of Australia's scenarios from its August *Statement of Monetary Policy*. Beyond the end of the 2022 calendar year, the Budget assumes the Commonwealth's December 2019 *Mid-Year Economic and Fiscal Outlook* (MYEFO) growth rates.

Further risk arises from higher than usual uncertainty in population share estimates, due to the impacts of COVID-19 on immigration. The Budget uses Western Australia's estimates of 2020-21 population shares based on Commonwealth payments to States. Later years assume population growth estimates from the Commonwealth's MYEFO.

Expiring National Partnership Agreements

The Budget includes funding under nearly 40 National Partnership (NP) agreements with the Commonwealth Government over the period 2020-21 to 2023-24. These agreements relate to the delivery of specific projects, improvements in service delivery and reform. A further 15 NPs are currently under development.

NPs generally operate for a limited period, which creates risks that communities will expect increased service levels funded by such NPs to continue beyond their expiry.

Capital projects developed through NPs will require ongoing spending for operation and maintenance.

While some NPs have been rolled over (some more than once), in the absence of longer-term commitment there remains uncertainty for the State Budget and 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 cease⁶.

Further details are provided in Appendix 11: *Commonwealth Tied Grants*.

National Skills and Workforce Development

This Budget includes Commonwealth funding over 2020-21 to 2023-24 under the current National Agreement on Skills and Workforce Development (NASWD).

However, following negotiations between Commonwealth, State and Territory Governments, all jurisdictions have now signed a Heads of Agreement for Skills Reform, which sets out broad principles for a new National Skills Agreement to replace the NASWD from 2022.

The NASWD is also currently under review by the Productivity Commission, which is due to release a final report in November 2020. This review is considering options for future national Vocational Education and Training funding arrangements.

⁶ Due to their ongoing nature, funding is assumed to continue for the Essential Vaccines NP and the Memorandum of Understanding for the Provision of Fire Services. Funding is also assumed to continue for an additional year for the Universal Access to Early Childhood Education NP.

There is a risk that funding to the State under a replacement agreement may materially differ from the existing Budget provision or be conditional on the achievement of benchmarks that differ from Western Australia's Budget priorities.

Royalty Income (\$8,287 million in 2020-21)

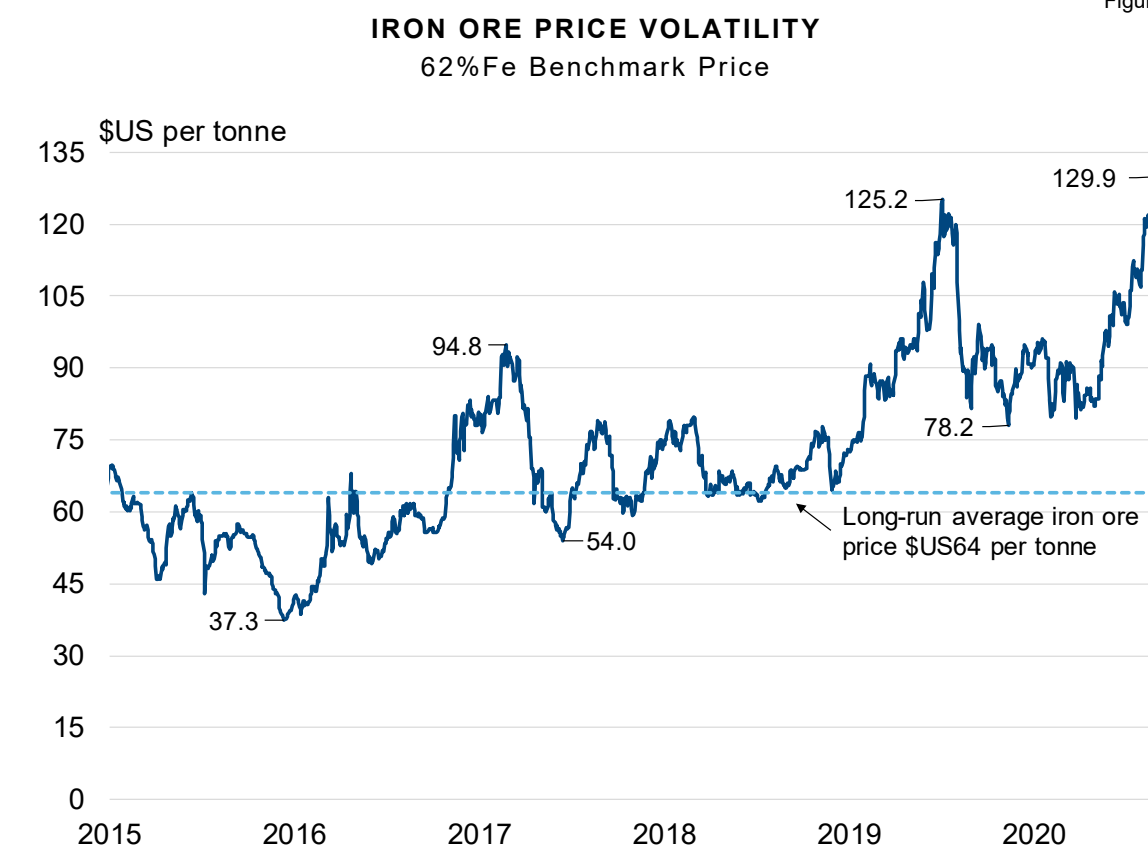
Movements in the \$US/\$A exchange rate and the iron ore price represent the largest risks (both upside and downside) to general government revenue.

The majority of Western Australia's commodities are sold through international markets and are priced in US dollars. Following the outbreak of COVID-19, the Australian dollar fell from around US69 cents to US56 cents by mid-March, its lowest level for almost 18 years. The exchange rate has since recovered to around US73 cents, amongst its highest level for two years.

The iron ore price is particularly volatile. On the demand side, it is significantly influenced by economic conditions and policies in China, which can be difficult to anticipate. Supply side dynamics and, in particular, unpredictable events, such as weather disruptions, also contribute to forecasting uncertainties.

The COVID-19 pandemic has impacted both the global demand for, and supply of, iron ore. The iron ore price increased by around 30% between 1 July and 7 September 2020 (the Budget cut-off date). This follows a similar price decline in the same period last year. The figure below shows how the iron ore price has fluctuated significantly in recent years, including varying above and below its long-run (inflation adjusted) average of \$US64 per tonne.

Figure 7



Source: Argus Media.

Spending Risks

Sensitivity to Recurrent Spending Changes

With general government recurrent expenditure forecast to average around \$32 billion per annum over the next four years, 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.

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 \$4.8 billion would be in prospect, compared to the \$1.5 billion operating surplus currently forecast.

Table 11

LONG-RUN AVERAGE EXPENSE GROWTH SCENARIO
Impact on General Government Operating Balance

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|--------------|---------------|---------------|---------------|
| | \$m | \$m | \$m | \$m |
| <i>2020-21 Budget</i> | | | | |
| Expenses | 32,935 | 31,254 | 31,399 | 32,073 |
| Operating balance | 1,204 | 363 | 1,067 | 1,474 |
| <i>Scenario - long-run average expense growth ^(a)</i> | | | | |
| Expenses | 32,297 | 34,207 | 36,231 | 38,374 |
| Operating balance | 1,843 | -2,589 | -3,764 | -4,827 |
| <i>Change</i> | | | | |
| Expenses | -638 | 2,953 | 4,831 | 6,301 |
| Operating balance | 638 | -2,953 | -4,831 | -6,301 |

(a) Long-run average growth of 5.9% per annum (from 1993-94 to 2019-20).

Interest Rates

The Consolidated Account interest cost forecasts incorporated in this 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 banks, 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. 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 6 and 59 basis points higher over 2020-21 to 2023-24, and annual Consolidated Account interest expenses are around \$169 million per annum higher by 2023-24, under the 'high' scenario.

Table 12

CONSOLIDATED ACCOUNT INTEREST RATE SCENARIOS

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-----------------------|-------------|-------------|-------------|-------------|
| 'Expected' (%) | 2.46 | 2.28 | 2.16 | 2.08 |
| 'High' (%) | 2.52 | 2.53 | 2.59 | 2.67 |
| Variance (%) | 0.06 | 0.25 | 0.43 | 0.59 |
| Variance (\$m) | 13 | 61 | 119 | 169 |

Asset Investment Program

This Budget includes a record four-year Asset Investment Program (AIP) of \$27.1 billion. This includes a \$7.5 billion AIP in 2020-21, which is a substantial \$2.4 billion (or 46%) higher than the 2019-20 AIP. To assist in delivering this record program and facilitate the State's recovery from the COVID-19 pandemic, the Government has established a new Infrastructure Delivery Unit in the Department of Finance. Nonetheless, there is a risk that the forecast level of infrastructure investment in 2020-21 may need to be reflowed across the forward estimates period due to potential delays in project commencement and/or supply disruptions associated with COVID-19.

Train Radio Systems Replacement Project

The Public Transport Authority's (PTA's) Radio Systems Replacement project awarded a contract to design and build a new digital radio system, replacing the existing analogue system, to a joint venture between Huawei Australia and UGL in July 2018. As announced in March 2020, the project will no longer be delivered under the current arrangement, due to trade restrictions imposed on Huawei Australia by the US Government. At the time of printing, the PTA is working towards a conclusion with the Huawei and UGL consortium and undertaking a new closed tender to deliver the project. As a result, this Budget does not reflect the financial impact of these processes.

Housing Authority Restructure

On 25 November 2019, the Government announced a restructure of the functions of the Housing Authority within the Department of Communities. The social housing and other non-commercial functions will remain with the Department, while land development and related commercial functions will be transferred to DevelopmentWA. This restructure and resulting machinery of government change will require a realignment of financial transactions that is expected to impact on the State's financial aggregates. This will be reflected in the 2021-22 Budget, once the machinery of government change is complete.

Government Trading Enterprises (GTEs)

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

- *Energy Market Developments* - in Western Australia, renewable energy resources such as wind and rooftop solar photovoltaic are being installed at an increasing rate in the South West Interconnected System (SWIS) and regional electricity systems. This is likely to lead to increased investment in the future to ensure consumers continue to have choice over their investments in rooftop solar and batteries while maintaining power system security and reliability. Through its Energy Transformation Strategy, the Government is implementing initiatives to manage the system transformation and increase the stability of Western Australia's electricity system.

- *Western Power Access Arrangement* - Western Power is currently in its fourth five-year access arrangement (known as AA4) which runs from 2017 to 2022. Decisions made by the Economic Regulation Authority regarding the next access arrangement (AA5) will impact on Western Power's financial performance in the later years of the forward estimates period. In the absence of a decision there is uncertainty about Western Power's regulated return and the capital expenditure requirements to meet growth, maintenance and asset replacement needs. Depending on the outcome of this determination, there are both upside and downside risks to Western Power, including flow-on implications for Synergy as a major user of the Western Power network.
- *Water Corporation's cost and demand outlook* - the Water Corporation's expenditure is impacted by Western Australia's climate, economy and population and most recently the COVID-19 pandemic. Fluctuations in the assumptions incorporated in the Budget forecasts for these items have the potential to drive material changes in the Water Corporation's operating and capital expenditure requirements, including potentially triggering investment in the next major water source.
- *Government exposure to land and property markets* - DevelopmentWA, the 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 subdued performance of these sectors in recent years.

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 2019-20 *Annual Report on State Finances* (ARSF). There have been no material changes to these ARSF disclosures.

General Government Revenue

HIGHLIGHTS

- Since the Mid-year Review, the general government revenue estimates have been revised down by a total of \$1.7 billion (over 2019-20 to 2022-23), with large downward revisions to Western Australia's GST grants and taxation revenue partly offset by higher royalty income and the proceeds from the recent Bell Group settlement.
- An elevated iron ore price, reflecting continuing supply disruptions from Brazil and strong Chinese demand, has significantly boosted royalty income in both 2019-20 and 2020-21. The forward estimates assume that the iron ore price will revert to its long-run average (of \$US64 per tonne) from June 2021.
- Despite the write-down in the revenue estimates since the Mid-year Review, general government revenue growth is forecast to be a relatively strong 6.1% in 2020-21, followed by a sharp decline of 7.4% in 2021-22. This reflects the assumed iron ore price profile, the one-off receipt of \$655 million in Bell Group settlement proceeds in 2020-21, and various other timing factors.
- Revenue growth is forecast to return to more stable rates of growth in the last two outyears (averaging 3% per annum), as the State's economy continues its recovery from COVID-19.

Introduction

The State's revenue base has been impacted by the COVID-19 pandemic. The largest impacts have been on payroll tax, transfer duty and the State's GST grants, the latter reflecting weaker national consumption and a smaller GST pool (including as a result of the second lockdown in Victoria). In Western Australia's case, these impacts have been cushioned, to an extent, by the elevated iron ore price and the receipt of \$655 million in proceeds from the recent Bell Group settlement. All up, general government revenue has been revised down by a total of \$1.7 billion (over 2019-20 to 2022-23) since the Mid-year Review.

The following table summarises the general government revenue forecasts underpinning this Budget. A more detailed breakdown is provided in Appendix 2: *General Government Operating Revenue*.

| GENERAL GOVERNMENT Operating Revenue | | | | | |
|---|---------------|--------------------|---------------------|---------------------|---------------------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | Actual | Budget Estimate | Forward Estimate | Forward Estimate | Forward Estimate |
| Level (\$m) | | | | | |
| Taxation | 9,077 | 8,806 | 9,122 | 9,611 | 9,980 |
| Commonwealth grants | 10,020 | 9,886 | 10,944 | 11,250 | 11,970 |
| Sales of goods and services | 2,754 | 2,783 | 3,026 | 2,962 | 2,959 |
| Interest income | 124 | 100 | 104 | 93 | 93 |
| Revenue from public corporations | 1,123 | 3,678 | 2,093 | 2,166 | 2,183 |
| Royalty income | 8,450 | 8,287 | 5,733 | 5,827 | 5,801 |
| Other | 614 | 601 | 596 | 557 | 560 |
| Total | 32,162 | 34,139 | 31,618 | 32,466 | 33,547 |
| Annual Growth (%) | | | | | |
| Taxation | 5.3 | -3.0 | 3.6 | 5.4 | 3.8 |
| Commonwealth grants | 6.1 | -1.3 | 10.7 | 2.8 | 6.4 |
| Sales of goods and services | 0.7 | 1.1 | 8.7 | -2.1 | -0.1 |
| Interest income | -26.3 | -19.4 | 4.6 | -11.1 | 0.7 |
| Revenue from public corporations | -43.6 | 227.3 | -43.1 | 3.5 | 0.8 |
| Royalty income | 25.9 | -1.9 | -30.8 | 1.6 | -0.4 |
| Other | -12.4 | -2.2 | -0.8 | -6.4 | 0.5 |
| Total | 5.9 | 6.1 | -7.4 | 2.7 | 3.3 |

Note: Columns may not add due to rounding.

The remainder of this chapter focuses on the new revenue measures implemented since the 2019-20 Mid-year Review and the detailed basis for the estimates through to 2023-24 in each of the major revenue categories.

Revenue Measures

In response to the onset of COVID-19, the State Government announced a series of measures to provide relief and support to Western Australian businesses. Revenue measures in the 2020-21 Budget include the previously announced bring-forward in the increased payroll tax exemption threshold, the payroll tax exemption for the Commonwealth Government's JobKeeper scheme, the payroll tax waiver for small and medium-sized businesses, and an extension of the Off-the-Plan Duty Rebate scheme.

In addition to these measures, a number of tariffs, fees and charges have been frozen to provide relief for households and businesses during the COVID-19 pandemic, and the \$600 Household Electricity Credit is being applied to every residential customer of Synergy and Horizon Power. These are outlined in Appendix 7: *Public Corporations and Major Tariffs, Fees and Charges*.

SUMMARY OF REVENUE MEASURES IN THE 2020-21 BUDGET

Table 2

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Total |
|--|-----------------------|-----------------|------------------|------------------|------------------|-------------|
| | Actual ^(a) | Budget Estimate | Forward Estimate | Forward Estimate | Forward Estimate | |
| | \$m | \$m | \$m | \$m | \$m | \$m |
| Revenue Measures | | | | | | |
| Bring Forward the Increase in the Payroll Tax Exemption Threshold to \$1 million | - | -7 | - | - | - | -7 |
| JobKeeper Payment Exempt from Payroll Tax | -71 | -134 | - | - | - | -205 |
| Payroll Tax Waiver | -165 | - | - | - | - | -165 |
| Extension of the Off-the-Plan Duty Rebate Scheme | - | -3 | -5 | - | - | -8 |
| Total | -236 | -144 | -5 | - | - | -385 |

(a) Preliminary estimate. Final 2019-20 outcome will be available following the completion of the annual payroll tax reconciliation in October 2020.

Note: Columns may not add due to rounding.

In addition, the Government has provided grants of \$17,500 to small and medium-sized payroll tax paying businesses. These grants are reflected in general government expenses (see Chapter 2: *COVID-19 Impact and Recovery*).

Bring Forward the Increase in the Payroll Tax Exemption Threshold to \$1 million

The payroll tax exemption threshold was increased to \$1 million on 1 July 2020, bringing forward the increase from the previously planned date of 1 January 2021. Raising the payroll tax exemption threshold will result in approximately 300 businesses no longer being liable for payroll tax. This measure also cuts the payroll tax liability for an additional 11,000 businesses. This was done to provide ongoing support to small and medium-sized businesses as part of the State Government's COVID-19 response.

JobKeeper Payment Exempt from Payroll Tax

The Commonwealth Government's JobKeeper scheme provides eligible employers with payments of \$1,500 per fortnight from 30 March 2020 to 27 September 2020 for each current and recently stood-down employee. The payment reduces to either \$750 or \$1,200 per fortnight from 28 September 2020 to 3 January 2021 (depending on an hours worked threshold) and then to \$650 or \$1,000 per fortnight from 4 January 2021 to 28 March 2021.

The payment would have attracted payroll tax, but legislation was introduced by the State Government to exempt JobKeeper payments from payroll tax. This measure ensures that employers do not become liable for payroll tax on Commonwealth support payments to employees.

Payroll Tax Waiver

Payroll tax was waived for a four-month period between 1 March 2020 and 30 June 2020 for small to medium-sized businesses with Australia-wide annual wages of less than \$7.5 million in 2019-20. This has delivered \$165 million in relief to around 11,000 businesses that were not required to pay payroll tax for this period.

Extension of the Off-the-Plan Duty Rebate Scheme

The Off-the-Plan Duty Rebate Scheme has been temporarily expanded to contracts entered into between 4 June 2020 and 31 December 2020 for the purchase of a new unit or apartment, in a multi-tiered strata development, that is already under construction. This measure was introduced to promote investment and stimulate jobs in the construction industry.

Eligible transactions for the expanded scheme will be able to receive a transfer duty rebate of 75% of duty paid, up to a maximum value of \$25,000.

The original Off-the-Plan Duty Rebate is available to owner-occupiers and investors who enter into a preconstruction contract between 23 October 2019 and 23 October 2021 to purchase a new residential unit or apartment in a multi-tiered strata scheme. Transactions eligible for the original rebate will receive a transfer duty rebate of 75% of duty paid, up to a maximum value of \$50,000.

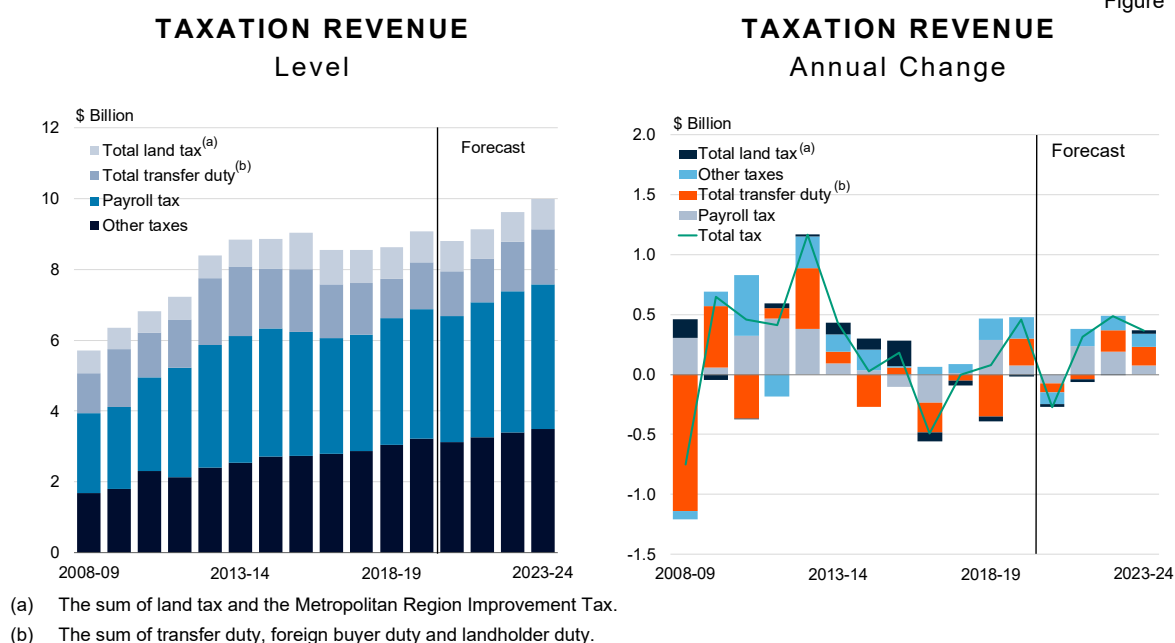
Taxation Revenue

Summary

Taxation revenue increased by 5.3% (or \$460 million) over 2019-20, despite the onset of COVID-19 in the first half of the 2020 calendar year. Duty from a number of one-off, high value commercial property transactions was the largest contributor to higher collections in 2019-20. However, payroll tax, insurance duty and motor vehicle registrations also grew, largely reflecting strong growth in the first nine (pre-COVID-19) months of the financial year.

In 2020-21, taxation revenue is forecast to decline by 3% (or \$271 million). This primarily reflects a fall in payroll tax, and declines in revenue from property-related taxes including land tax, the Emergency Services Levy and transfer duty from high value commercial property transactions. In line with a forecast recovery in domestic economic activity, taxation revenue is expected to lift over the three years to 2023-24, growing by an average of 4.3% per annum. However, this rate of growth remains below the long-run average rate of 5.7% per annum.

Figure 1



Detail

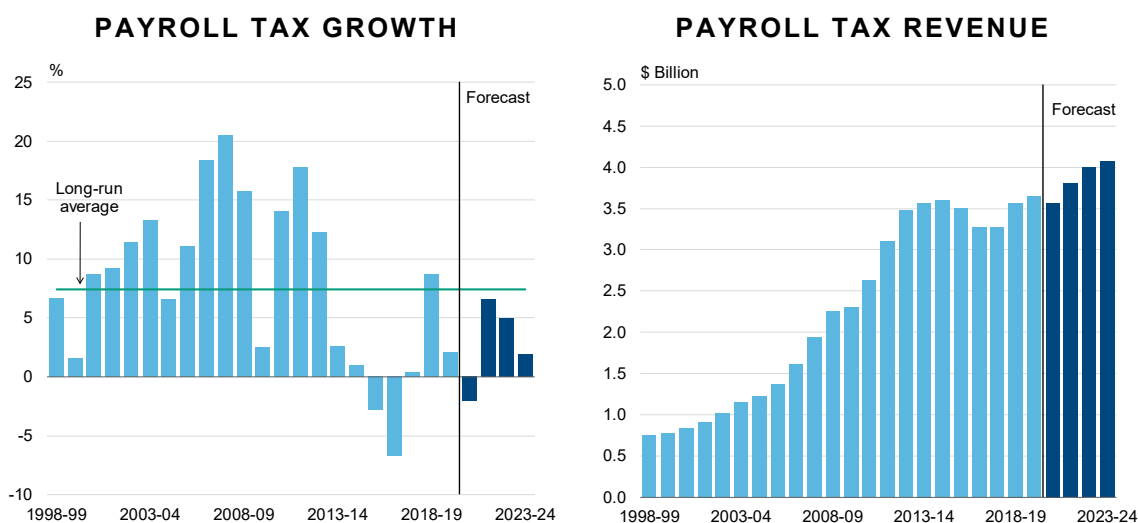
Payroll Tax

Payroll tax collections are forecast to fall by 2.1% (or \$77 million) in 2020-21, after increasing by 2.2% in 2019-20 (see following figure). Collections in 2019-20 were weaker than previously forecast due to the impact of COVID-19 and the associated policy responses (including the State Government's \$165 million payroll tax waiver for small to medium-sized businesses and the exemption for JobKeeper payments), which significantly reduced payroll tax collected in the June quarter.

The forecast decline in payroll tax in 2020-21 is in line with expectations of weaker labour market conditions across a number of industries. In addition, the payroll tax exemption for JobKeeper payments is expected to result in lower collections, primarily during the September quarter but also in the December and March quarters when JobKeeper ends.

From 2021-22 onwards, payroll tax is expected to grow by an average of 4.5% per annum, underpinned by solid growth in the State's domestic economy, ongoing improvements in overall labour market conditions and anticipated growth in private sector wages. However, growth is expected to remain below the long-run average rate of 7.4% per annum.

Figure 2



Taxes on Property

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

Total Transfer Duty¹

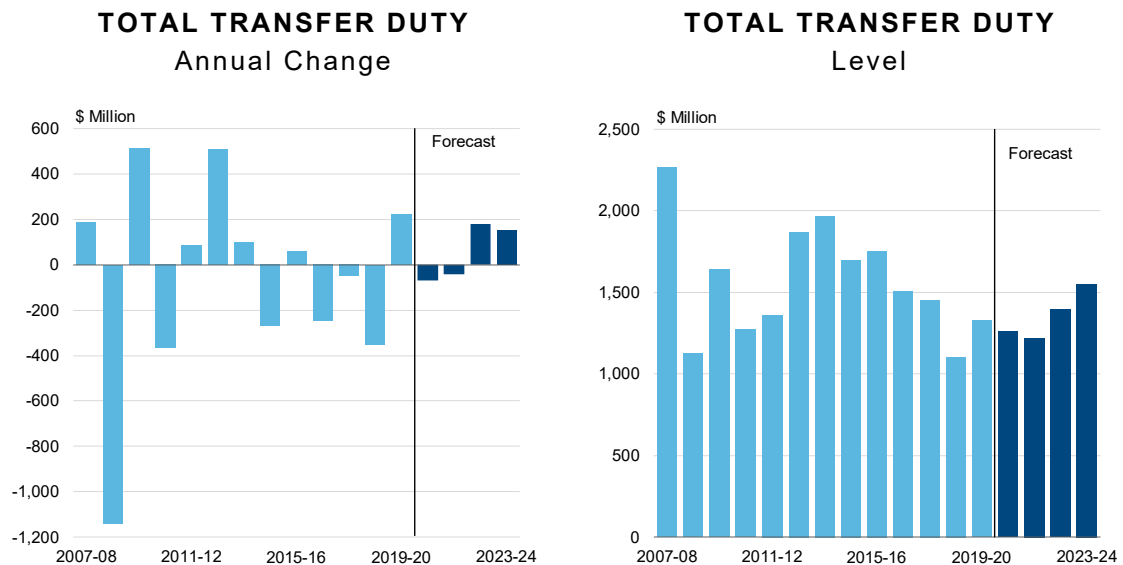
Total transfer duty increased by 20.3% (or \$224 million) in 2019-20, primarily due to several high-value commercial property transactions, but is forecast to decline by 5.3% (or \$70 million) in 2020-21. Lower duty in 2020-21 reflects an expected return in the total value of high-value commercial property transactions to more normal levels, and a tapering-off of dutiable residential transactions in the second half of the year in both the established house and land markets, as restrictions on international migration dampen demand and the State and Commonwealth housing construction stimulus measures unwind.

Weaker demand is expected to persist through the first half of 2021-22, with total transfer duty forecast to decline by a further 3.2% over the financial year before recovering in the outyears, in line with a gradual recovery in migration and improved labour market conditions.

Total transfer duty is expected to grow at an annual average rate of 12.8% in 2022-23 and 2023-24. Notwithstanding this, total transfer duty in 2023-24 is still projected to be around 20% lower than at the height of the most recent property cycle in 2013-14 (see figure below).

¹ The sum of transfer duty, foreign buyer duty and landholder duty.

Figure 3



Total Land Tax²

Total land tax collections are forecast to decline by \$22 million (or 2.5%) to \$857 million in 2020-21 due to a fall in taxable land values across Western Australia. This follows a \$17 million (or 1.9%) fall in 2019-20.

In 2021-22, total land tax collections are forecast to decline by a further \$24 million (or 2.7%), consistent with the expectation that land values will soften further³. Total land tax is forecast to resume growing again in 2023-24 (by 3.2%), reflecting an expected gradual recovery in Perth's property markets and unimproved land values across the State in the aftermath of the COVID-19 pandemic.

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.

² The sum of land tax and the Metropolitan Region Improvement Tax (MRIT).

³ Land tax and MRIT revenue in 2021-22 is based on the unimproved value of land as assessed by the Valuer General's Office as at August 2020.

Other taxes on property are forecast to decline by \$76 million (or 12%) in 2020-21, following an increase of \$26 million (or 4.3%) in 2019-20. The decline in 2020-21 largely reflects changes to the Loan Guarantee Fee arrangement for Keystart from 1 July 2020⁴ and a fall in revenue from the Emergency Services Levy (ESL) due to a contraction in gross rental values⁵, which are used to calculate the ESL. For 2020-21, the Government has also decided not to increase the ESL rate applied to gross rental values.

In 2021-22 and beyond, other taxes on property are projected to return to growth, lifting by an average of 5.8% per annum.

Taxes on Gambling

Taxes on gambling comprise lotteries, casino, and point of consumption wagering. Due to the prohibition of gaming machines in hotels and clubs in Western Australia, gambling taxes account for a much smaller share of total taxes than in other jurisdictions.

Gambling tax revenue is forecast to decline by 6.5% in 2020-21, following a contraction of 1.1% in 2019-20. A pronounced decline in 2020-21 is due to an expected fall in lottery-based sales, consistent with an unwinding of Commonwealth income support measures.

Over the remainder of the forecast period to 2023-24, revenue from gambling is expected to recover, growing by an average of 4.7% per annum.

Taxes on Insurance

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

In 2020-21, insurance duty is projected to decline by \$17 million (or 2.4%), consistent with the outlook for the broader economy. This follows an increase of 7.7% (or \$50 million) in 2019-20, supported by rises in the value and volume of dutiable insurance products in the State.

Over the remainder of the forecast period, taxes on insurance are expected to lift by an average of around 3.5% 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.

4 As announced in the 2019-20 Mid-year Review, Loan Guarantee Fee monies levied upon Keystart borrowings will be paid to, and retained by, the Housing Authority from 1 July 2020.

5 Gross Rental Values (GRVs) are calculated every three years. Given the time it takes to collect and analyse evidence and calculate new GRVs for all Western Australian properties, there is a delay between the date of valuation and the date the valuations are applied by local governments. As such, the GRVs effective at 1 July 2020 reflect a valuation date of 1 August 2018. The contraction in GRVs is consistent with a fall in rental prices across the Perth metropolitan area since the last valuation date of 1 August 2015 (effective 1 July 2017).

Vehicle licence duty in 2019-20 increased by \$12 million (or 3.2%), consistent with a strong rise in the number of vehicle transactions (particularly light used vehicles) in May and June 2020, bolstered in part by Government financial support measures (such as early access to superannuation, JobKeeper payments and JobSeeker payments) and changes in consumer preferences. A more modest rise of \$5 million (or 1.3%) is anticipated in 2020-21, as stimulus measures unwind and the number of transactions return to more normal levels.

Vehicle licence duty is projected to decline by 3.2% in 2021-22, as the current high level of transactions likely reflects a pull-forward of demand, resulting in a subsequent drop-off in the number of transactions. From 2022-23, underlying vehicle licence duty revenue is forecast to grow in line with population growth.

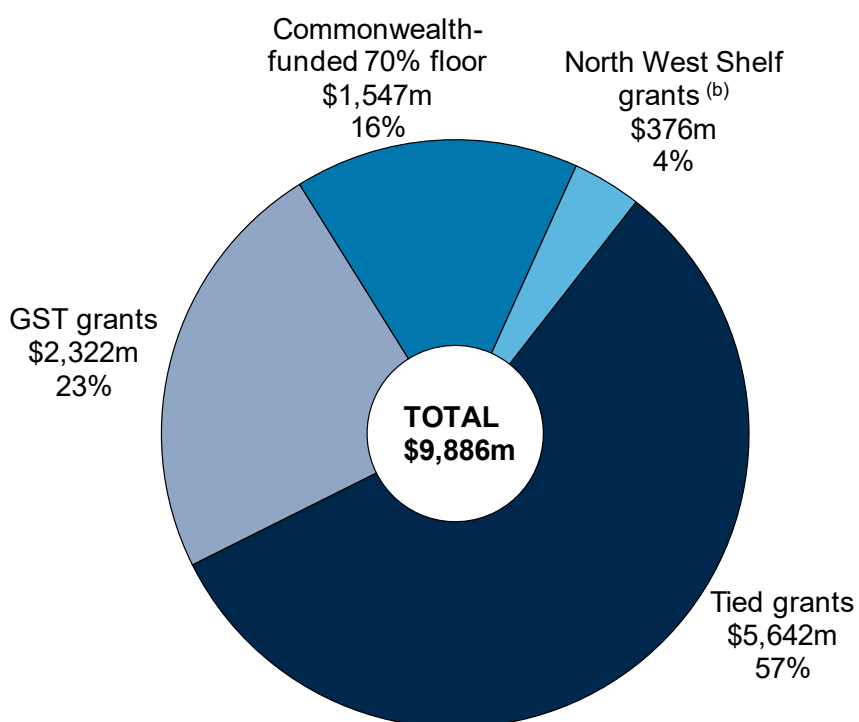
Revenue from annual vehicle registrations and related fees is expected to increase by \$15 million (or 1.5%) in 2020-21. This forecast incorporates a fee freeze for light motor vehicle registrations and a 2.5% increase in heavy motor vehicle registration fees in 2020-21. From 2021-22, revenue from vehicle registrations and related fees is forecast to grow by an average of 5.7% per annum.

Commonwealth Grants

Commonwealth grants are estimated to total \$9.9 billion in 2020-21 and account for 29% 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)
2020-21

Figure 4



(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.

Table 3

| COMMONWEALTH GRANTS TO WESTERN AUSTRALIA (a) | | | | | |
|---|---------------|-----------------|------------------|------------------|------------------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | Actual | Budget Estimate | Forward Estimate | Forward Estimate | Forward Estimate |
| General Purpose Grants | | | | | |
| GST revenue (\$m) | 3,466 | 2,322 | 2,554 | 4,849 | 5,091 |
| Commonwealth-funded 70% floor (\$m) | 814 | 1,547 | 1,849 | - | - |
| North West Shelf grants ^(b) (\$m) | 649 | 376 | 382 | 304 | 265 |
| Total General Purpose Grants (\$m) | 4,930 | 4,244 | 4,784 | 5,153 | 5,356 |
| Tied Grants (\$m) | 5,091 | 5,642 | 6,159 | 6,097 | 6,613 |
| TOTAL COMMONWEALTH GRANTS (\$m) | 10,020 | 9,886 | 10,944 | 11,250 | 11,970 |
| Growth (%) | | -1.3 | 10.7 | 2.8 | 6.4 |

(a) Includes recurrent and capital grants.

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

Note: Columns may not add due to rounding.

The forecast decline in total Commonwealth grants in 2020-21 is primarily due to a significant decline in GST revenue, which in turn reflects a COVID-19 driven reduction in the national GST pool and a large GST overpayment in 2019-20⁶ to be recouped in 2020-21.

The return to growth in 2021-22 mainly reflects continued increases in tied grants (largely attributable to transport funding).

GST Revenue

Western Australia's GST-related grants are the sum of its GST grants and Commonwealth-funded 70% floor grants.

The GST grant is expected to decrease by \$1.1 billion to \$2.3 billion in 2020-21. This reflects a projected large decrease in the national GST pool due to the impact of COVID-19 on national consumption and a decrease in Western Australia's GST relativity (i.e. the State's GST grant as a proportion of our population share of the GST pool), from 51.8% in 2019-20 to 45% in 2020-21.

The decrease in the GST relativity is largely due to a lagged response of the GST grant calculations to Western Australia's stronger mining royalty capacity over the period 2016-17 to 2018-19. In calculating States' relativities, the Commonwealth Grants Commission (CGC) reduces the relativity for a State whose revenue bases have grown faster than other States, or whose relative costs of providing a standard level of services have declined (and vice versa).

However, as a result of the 2018 GST reforms, the Commonwealth is providing Western Australia a GST floor grant to effectively bring the State's relativity up to 70%. As Western Australia's relativity varies over time under the floor, the floor grant will adjust to make up the difference to 70%. In this regard, Western Australia's GST grant reduction in 2020-21 due to the GST relativity decrease (\$475 million) is fully offset by an increase in the floor grant (\$475 million).

⁶ The overpayment reflects that GST grants were paid based on 2019-20 Commonwealth Mid-year Economic and Fiscal Outlook estimates of the GST pool, but actual collections were lower due to COVID-19.

On the other hand, changes to population shares or the national GST pool will change Western Australia's GST-related grants. This is because the floor ensures the State receives 70% of its (revised) population share of the (revised) national GST pool. Western Australia's relativity is expected to remain below the floor over the forward estimates. Hence, the only impact to the State's GST-related grants is expected to be from changes to population shares and the national GST pool.

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 GST relativities beyond 2020-21;
- GST pool projections, informed by the Commonwealth's July 2020 *Economic and Fiscal Update* and the Reserve Bank of Australia's scenarios from its August 2020 *Statement on Monetary Policy*; and
- estimates of 2020-21 State shares of the national population, based on July and August 2020 Commonwealth payments to States, escalated by the Commonwealth's December 2019 *Mid-Year Economic and Fiscal Outlook* population growth projections into later years.

Western Australia's GST relativity is expected to be lower in 2021-22 than in 2020-21. This reflects the State's current strong royalty revenues. These impact GST grants with a time lag, because the CGC uses a three-year average of the latest available historical data on States' fiscal capacities.

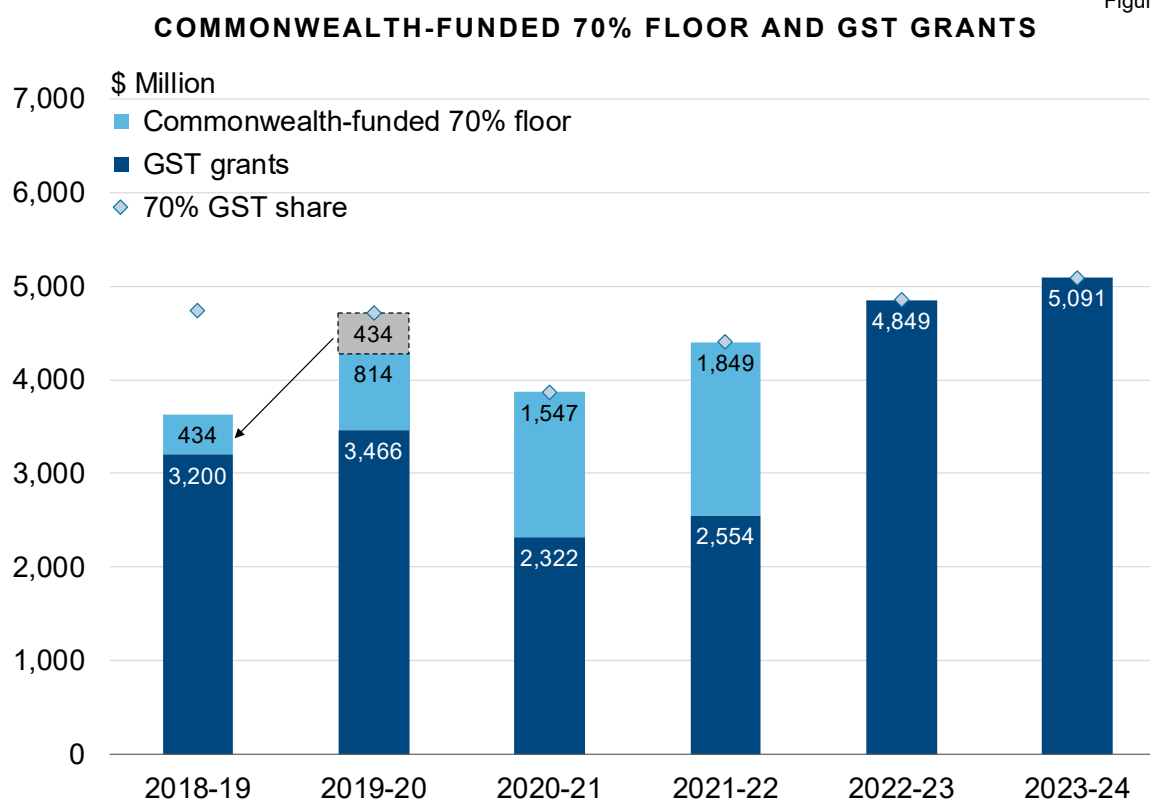
| PROJECTED GST RELATIVITY AND GST SHARE | | | | | |
|--|---------|-----------------|------------------|------------------|------------------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | Actual | Budget Estimate | Forward Estimate | Forward Estimate | Forward Estimate |
| WA GST relativity ^(a) | 0.518 | 0.450 | 0.406 | 0.700 | 0.700 |
| WA population share (%) | 10.3 | 10.3 | 10.2 | 10.2 | 10.2 |
| WA share of national GST pool (%) ^(b) | 5.3 | 4.6 | 4.2 | 7.1 | 7.1 |

(a) This is the ratio of Western Australia's GST grant to Western Australia's population share of the national GST pool. These figures do not include the Commonwealth-funded 70% GST floor, but do include the within-system GST floor in 2022-23 and 2023-24.

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

From 2022-23 onwards, the CGC will recommend a 70% relativity for Western Australia due to the GST distribution reforms. The other States are protected by 'no worse off' guarantee grants from the Commonwealth, based on their expected relativities had the GST reforms not been implemented.

Figure 5



Source: Western Australian Department of Treasury estimates.

Even with the reforms to the GST distribution, Western Australia will continue to receive less GST than its population share. In 2020-21 alone, this indirect subsidy will equate to \$1.6 billion. Moreover, 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. For 2018-19 (the latest year of complete data), the Department of Treasury estimates the State's net contribution to be \$17.4 billion (see Appendix 10: *Western Australia's Net Contribution to the Federation*).

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 an exemption of condensate from crude oil excise in the Commonwealth's 2008-09 Budget.

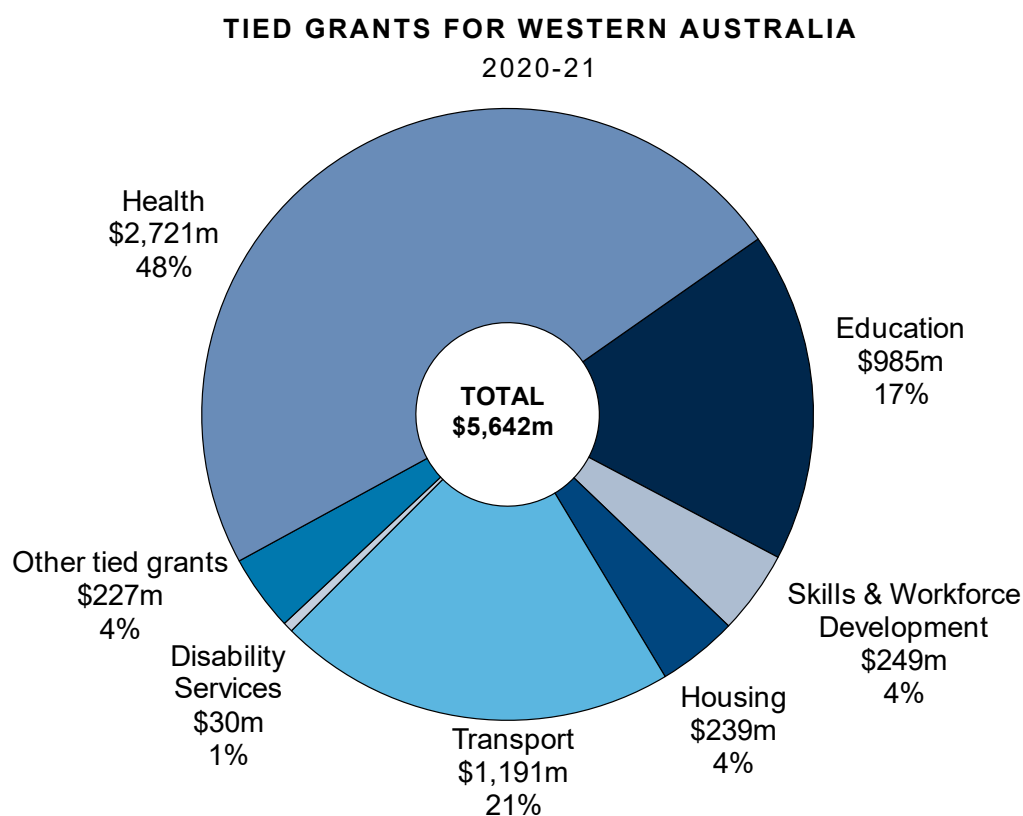
In 2020-21, North West Shelf grants are expected to be \$376 million, a decrease of 42.2% from the outcome in 2019-20. This is largely due to lower projected oil and gas prices.

Revenue from North West Shelf grants is projected to remain largely unchanged in 2021-22 (from 2020-21) before decreasing in 2022-23 and 2023-24 as a result of an assumed decline in sales volumes, which 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 (such as health, education, roads and housing) are received under a variety of Commonwealth-State agreements, with some activities having multiple agreements. Western Australia is estimated to receive \$5.6 billion in tied grants in 2020-21, around \$550 million more than in 2019-20. This largely reflects increased funding for transport.

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 2020-21 comprise:

- four major National Agreements: the National School Reform Agreement, the National Health Reform Agreement (NHRA), the National Agreement for Skills and Workforce Development and the National Housing and Homelessness Agreement;

- five Federation Funding Agreements for: health; environment; infrastructure; education and skills; and affordable housing, community services and other. These agreements, signed in September 2020, consolidate (as schedules) the 91 existing National Partnership and Project Agreements;
- a few agreements that have not been consolidated (e.g. the Natural Disaster Relief and Recovery Arrangements); and
- payments from the Commonwealth in relation to its own-purpose spending programs.

Western Australia ceased receiving payments under the Disability Services National Specific Purpose Payment in June 2020. These payments, for State specialist disability services clients, have been gradually redirected to the National Disability Insurance Agency (NDIA) as clients have transitioned to the National Disability Insurance Scheme. From 1 July 2020, the Commonwealth is providing its funding direct to the NDIA.

This Budget also includes \$1 billion in grants from the Commonwealth's DisabilityCare Australia Fund (funded by a 0.5% Medicare levy surcharge) over the forward estimates.

Public hospitals receive Commonwealth funding on an activity basis through the NHRA, under which annual growth in Commonwealth funding reflects 45% of the growth in the cost of hospital services at the national efficient price (subject to a 6.5% national cap on funding growth). A new five-year addendum to the NHRA was signed by all jurisdictions in 2020, which continues these arrangements. All jurisdictions also signed the new National Partnership on COVID-19 Response, under which the Commonwealth funds 50% of the cost of COVID-19 related hospital activity and other public health activities during the COVID-19 pandemic. Given the uncertain impact of COVID-19 on total hospital activity, the Commonwealth has also provided a minimum hospital activity funding guarantee for all jurisdictions for 2019-20 and 2020-21.

All States and Territories signed a Heads of Agreement on Skills Reform with the Commonwealth by August 2020. This commits all parties to work together to develop a new National Skills Agreement to replace the National Agreement on Skills and Workforce Development.

The new National Skills Agreement is aimed to be finalised by August 2021, and after a transition period will cover the five-year period to 2026-27.

In September 2020, Western Australia signed the JobTrainer Fund National Partnership Agreement, which will provide \$52 million to support a rapid increase in low or no fee training places for job seekers, school leavers and young people in areas of identified skill needs and employment growth as Australia emerges from the COVID-19 pandemic.

Appendix 11: *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

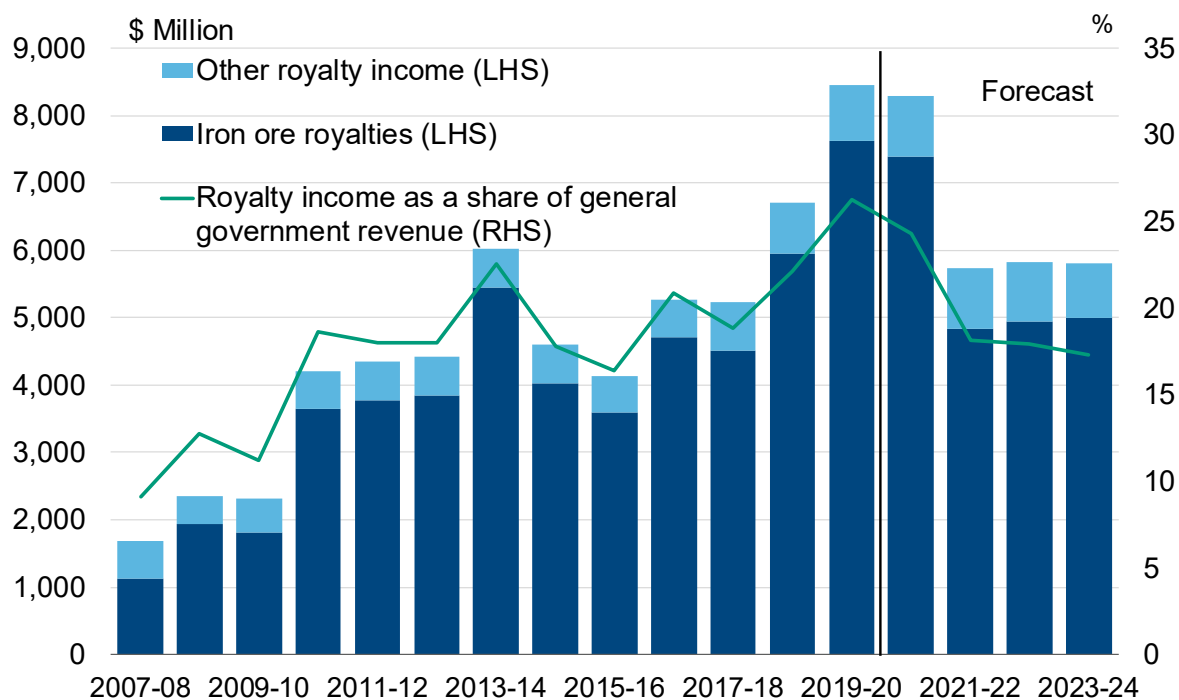
Summary

In 2020-21, royalty income is projected to decrease by \$163 million (or 1.9%) from 2019-20. This follows a \$1.7 billion (or 25.9%) increase in royalty income in 2019-20, largely a result of higher than anticipated iron ore royalties.

Royalty income is projected to decrease by \$2.6 billion in 2021-22, as the iron ore price is assumed to return to its long-run average of \$US64 per tonne from June 2021. Volatility in commodity prices is an ongoing risk, as outlined in the Statement of Risks in Chapter 3.

ROYALTY INCOME
Western Australia

Figure 7



Source: Department of Treasury estimates.

Iron Ore Royalty Income

Iron ore royalty income is estimated to decrease by \$241 million to \$7.4 billion in 2020-21. A higher forecast \$US/\$A exchange rate and higher shipping deductions more than offset moderate increases in iron ore prices and volumes⁷. The 62%Fe benchmark price is expected to average \$US96.6 per tonne in 2020-21, up from \$US92.9 per tonne in 2019-20. The iron ore price is forecast to remain strong into 2020-21 but decline to its long-run average from June 2021 as Chinese economic stimulus unwinds and iron ore production from Brazil recovers.

As a result, iron ore royalty income is projected to fall by \$2.6 billion in 2021-22 to \$4.8 billion, a 34.6% reduction. This reflects the assumed decrease in iron ore prices, which is only partially offset by a 13 million dry tonne increase in iron ore volumes.

Projected iron ore royalty income is relatively stable in 2022-23 and 2023-24, as the iron ore price is assumed to remain around its long-run average and there is limited further expansion of Western Australian iron ore exports.

The 2020-21 Budget assumes that the iron ore price will fall to its long-run (inflation-adjusted) average of \$US64 per tonne by the end of this financial year. This is considered a prudent assumption, but the actual pace of moderation in the iron ore price is highly uncertain. The iron ore price is inherently volatile and has fluctuated significantly over recent years.

Iron ore volumes in 2019-20 were 4 million dry tonnes higher than expected at the Mid-year Review, rising from 832 million dry tonnes to 836 million dry tonnes. Record production in the June quarter 2020 more than made up for the impact of disruptions caused by Cyclone Damien in February 2020. Volumes are expected to grow by around 1% per year across the forward estimates period, with new projects coming online mostly replacing depleting production rather than significantly increasing overall output.

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 \$78 million (or 9.5%) to \$895 million in 2020-21, largely due to higher gold royalties reflecting record gold prices.

Royalty income from other commodities is projected to increase slightly in 2021-22 (to \$899 million), up \$4 million (or 0.4%) from 2020-21. A \$19 million increase in forecast lithium royalties (as producers use existing capacity to increase output in response to an improving lithium market) more than offsets declines across most other commodities.

⁷ 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.

In 2022-23, royalty income from other commodities is forecast to decline by \$22 million (to \$877 million) and a further \$75 million in 2023-24 (to \$802 million). This primarily reflects that gold volumes are assumed to decline from 2020-21 due to depletions at existing mines. However, volumes are typically revised up over the forecast period as new mines receive final investment approval.

ROYALTY INCOME AND KEY ASSUMPTIONS

Table 5

Western Australia

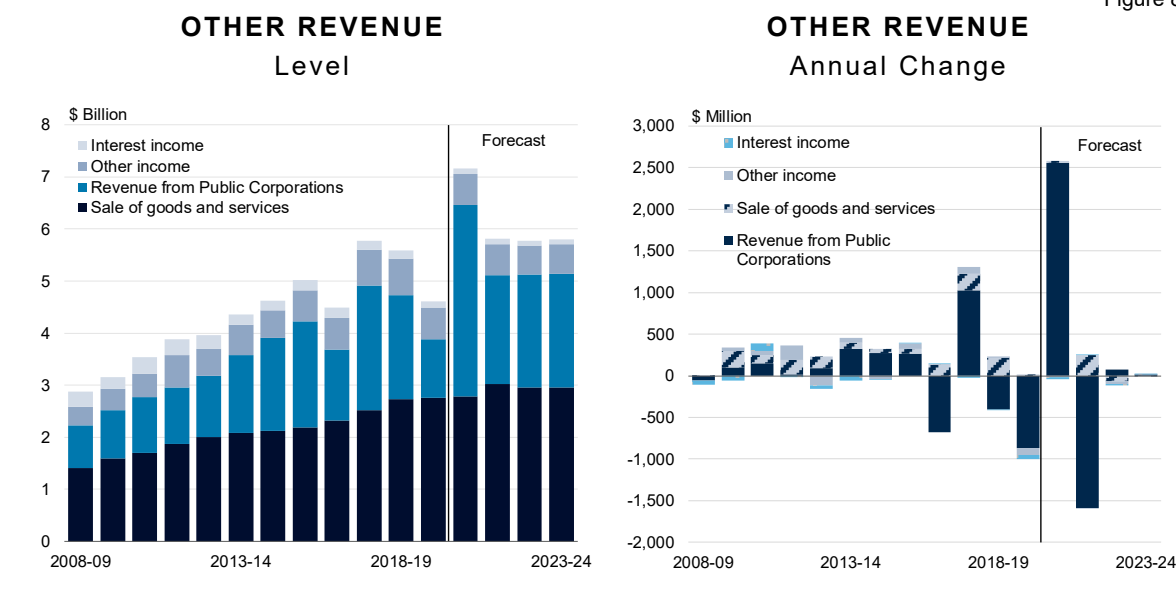
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------------|--------------|--------------------|---------------------|---------------------|---------------------|
| | Actual | Budget Estimate | Forward Estimate | Forward Estimate | Forward Estimate |
| Royalty Income (\$m) | | | | | |
| Iron ore | 7,632 | 7,391 | 4,834 | 4,951 | 4,999 |
| Gold | 388 | 455 | 450 | 422 | 349 |
| Alumina | 105 | 89 | 94 | 101 | 105 |
| Lithium | 59 | 47 | 66 | 86 | 90 |
| Copper | 59 | 62 | 56 | 35 | 27 |
| Nickel | 78 | 96 | 95 | 99 | 103 |
| Mineral Sands | 27 | 32 | 32 | 28 | 21 |
| Petroleum - State component | 7 | 4 | 3 | 3 | 2 |
| Other | 94 | 108 | 102 | 101 | 104 |
| Total Royalty Income | 8,450 | 8,287 | 5,733 | 5,827 | 5,801 |
| KEY ASSUMPTIONS | | | | | |
| Exchange rate \$US/\$A (US cents) | 67.1 | 72.6 | 72.9 | 72.8 | 72.7 |
| Iron ore price (CFR, \$US per tonne) | 92.9 | 96.6 | 64.0 | 64.0 | 64.0 |
| Iron ore volumes (million dry tonnes) | 836 | 845 | 859 | 871 | 878 |
| Crude oil price (\$US per barrel) | 51.3 | 44.6 | 48.5 | 49.9 | 51.1 |

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 Regime⁸).

Figure 8



Sales of Goods and Services

Following growth of just 0.7% in 2019-20, revenue from the sale of goods and services is forecast to increase by 1% in 2020-21, reaching \$2.8 billion. This low rate of growth largely reflects the impact of the COVID-19 pandemic on revenue collections for a number of general government agencies.

Sales of goods and services revenue is forecast to average \$3 billion across the forward estimates period, as agencies are assumed to return to growth profiles more closely aligned with pre-pandemic forecasts.

Interest Income

The general government sector earns interest income from investments in cash and other liquid asset holdings. Interest revenue is forecast to total \$100 million in 2020-21, down from \$124 million in 2019-20.

Interest revenue is forecast to trend downwards across the forward estimates period, totalling \$93 million by 2023-24. The outlook reflects the combined impact of projected Public Bank Account investment balances and forecast interest rates on earnings across the forward estimates period.

⁸ 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 \$3.7 billion in 2020-21, comprising \$2.8 billion in dividends and \$902 million in income tax equivalent revenue. Dividend income is expected to spike in 2020-21 reflecting a deferral of interim dividends from public corporations from 2019-20 to 2020-21 and the one-off proceeds from the recent Bell Group settlement.

Following these one-off and timing issues, revenue from public corporations is expected to average \$2.1 billion across the three years to 2023-24.

In addition to revenue collected from the public corporations, significant subsidies are also provided by the Government to fund a range of cost recovery shortfalls. Further information on revenue from, and payments to, individual public corporations is available in Appendix 7.

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 \$601 million in 2020-21, down slightly from \$614 million in 2019-20. This includes \$264 million for contributions from third parties (such as industry funding), \$194 million for fines, \$116 million for mining related lease rentals, and \$27 million from donations.

Across the forward estimates period, other income is forecast to decrease to \$560 million by 2023-24, largely reflecting lower private sector contributions following completion of the Onslow Water Infrastructure Upgrade project.

General Government Expenses

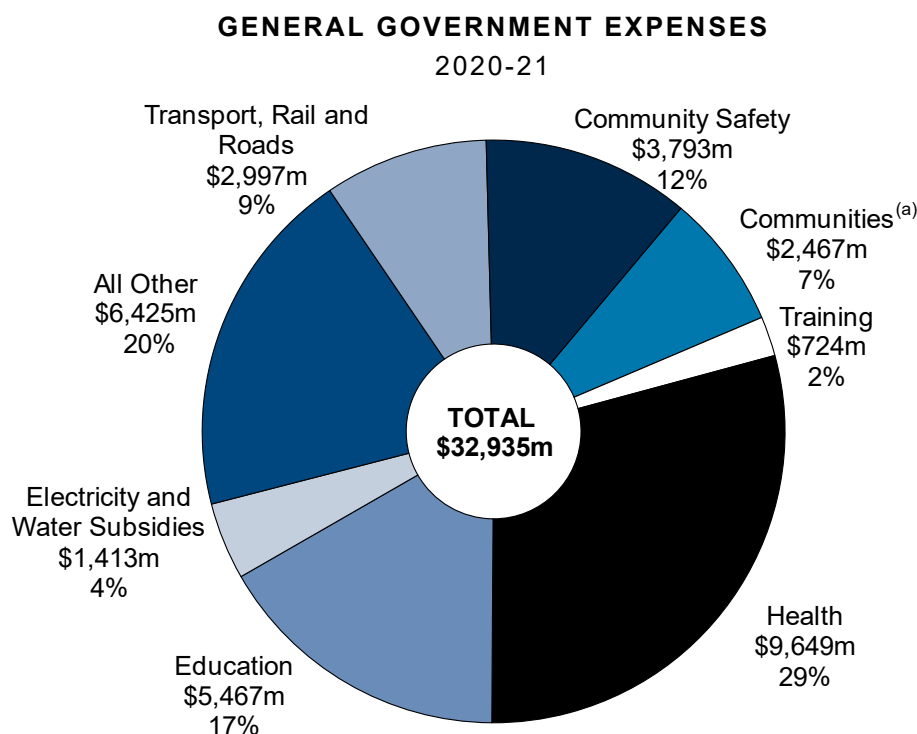
HIGHLIGHTS

- General government expenses are budgeted to increase by a substantial \$2.4 billion or 8% in 2020-21.
- This is a much higher rate of growth than the previous three Budgets, and includes the impact of the Government's \$5.5 billion WA Recovery Plan and other targeted investments in this Budget to support the State's economy and vulnerable members of our community.
- Expenses are then forecast to decline by 5.1% in 2021-22, as temporary or one-off stimulus measures implemented by the Government in response to COVID-19 unwind.
- The 2020-21 Budget includes additional funding of \$314 million for the recruitment of 800 additional police officers over the next four years (and flow-on costs through the criminal justice system). This is on top of the 150 additional officers included in the WA Recovery Plan.
- The Budget also includes record investment in mental health (including mental health hospital services, suicide prevention and accommodation), additional expenditure by WA Health for COVID-19 response and preparedness, and additional expenditure for State-administered disability services outside of the National Disability Insurance Scheme (NDIS).

Introduction

Recurrent spending by the general government sector is estimated to total \$32.9 billion in 2020-21, with health, education, and community safety accounting for \$18.9 billion or 57% of this (see figure below).

Figure 1



(a) The total cost of services disclosed in Budget Paper No. 2: Budget Statements for the Department of Communities is \$3.3 billion in 2020-21. The \$2.5 billion in this chart represents the general government portion of the Department's recurrent spending (with some expenditure from the former Housing Authority remaining within the public non-financial corporations sector for the purposes of whole-of-government reporting).

Note: Segments may not add due to rounding.

Supporting the Recovery

The Government's disciplined approach to expenditure management over the past three years has left the State well-positioned to respond to the COVID-19 pandemic.

New recurrent spending in this Budget is focused on supporting the immediate response to COVID-19 by the State's emergency response coordination agencies, providing further relief to households, and supporting Western Australia's economic recovery, consistent with the WA Recovery Plan (outlined further in Chapter 2).

At the same time, the Government is enhancing its core investment in essential public services to ensure frontline agencies have the necessary capacity and capability to respond to demand and meet the needs of the community.

Delivering Quality Education, Health and Community Services

A major focus in this Budget is ensuring continuity and sustainability in the delivery of high-quality services that support our community. Significant investments include:

- \$9.6 billion in spending on health services in 2020-21 to meet ongoing demands in our hospitals and other health system priorities;
- \$5.5 billion of spending to deliver education services across the State in 2020-21, to support the growing population of students and continuing to provide support to vulnerable and socially disadvantaged students;
- a record \$254 million additional mental health spend across the Budget period to address the demand for mental health hospital services, implement suicide prevention initiatives and provide additional mental health services in the community; and
- a \$260 million commitment towards State-administered services for people with disability in Western Australia to provide continued support for those ineligible for the NDIS. This is in addition to the State's contribution to the NDIS, which grows to more than \$900 million per annum over the forward estimates period.

Investing in Community Safety

Spending on community safety is expected to total \$3.8 billion in 2020-21, around 12% of total general government expenditure. As part of its historical investment to strengthen community safety and law enforcement capability in Western Australia, the Government will spend an additional \$330 million to recruit and equip 950 additional police officers over the next four years (see feature box).

Keeping Communities Safer Together

Additional 950 Police Officers

The 2020-21 Budget builds on the Government's commitment to keep Western Australian communities safe, to support families and the most vulnerable, and to reduce harm. In a record investment totalling \$330 million, an additional 950 police officers will be recruited and deployed over the next four years. This represents a 15% increase in overall police numbers, which is expected to see Western Australia have the highest number of police officers per capita of all States.

This investment includes:

- recruitment of 150 officers, already underway, to reinforce the Western Australia Police Force's COVID-19 response under emergency management arrangements; and
- a further 800 officers being recruited between 2020-21 and 2023-24 to strengthen frontline policing capability and presence in the community.

Together with previous investments in handheld mobile devices, personal issue body armour, body-worn cameras, and tracking and tracing technology, the Western Australia Police Force has the resources it needs to meet current and emerging community safety needs in the largest policing jurisdiction in the world.

This investment will also support and enhance the critical partnerships the Western Australia Police Force has with other key frontline service agencies (including WA Health, the Mental Health Commission, and the Departments of Justice and Communities) to respond to complex social issues in our community.

Collaboration on cross-agency initiatives, such as the Government's Methamphetamine Action Plan, including mental health co-response, aims to support families and vulnerable individuals and promote safer communities.

An additional \$70 million has also been approved in this Budget to meet expected demand for services provided in courts (\$36 million), for legal assistance services (\$18 million), and for public prosecutions (\$14 million). This investment will ensure the efficient and effective operation of services throughout the criminal justice sector, and has been informed by the Justice Pipeline Model (which maps the interconnected relationships and associated resources required across the entire justice system).

The Government is also spending \$95 million as part of the WA Recovery Plan to upgrade and refurbish police stations across the State as part of its commitment to deliver better police services for the community of Western Australia. This includes a new state of the art Police Complex in Fremantle which will provide a single location for the deployment of policing services in the area.

Major Expense Changes

Summary

The following information provides details of major changes in general government expenses by agency since the 2019-20 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*.

Agency spending as part of the State Government's \$5.5 billion WA Recovery Plan, along with other spending directly related to COVID-19, is reported at the aggregate level in the following tables. Information on specific WA Recovery Plan initiatives and other COVID-19 spending changes is available by agency in Budget Paper No. 2: *Budget Statements*.

A number of recurrent spending changes since the Mid-year Review are common to a number of agencies. This includes incentive funding for smaller and low-risk agencies under the Streamlined Budget Process.

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 2019-20 MID-YEAR REVIEW | | | | | |
| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
| LEGISLATIVE COUNCIL | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 0.1 | - | - | - |
| LEGISLATIVE ASSEMBLY | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 0.1 | - | - | - |
| PARLIAMENTARY SERVICES | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 0.2 | - | - | - |
| PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS | | | | | |
| – Energy and Water Ombudsman Scheme (Western Australia) | - | 0.2 | 0.2 | 0.2 | 0.2 |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 0.1 | - | - | - |

Parliamentary Commissioner for Administrative Investigations

Energy and Water Ombudsman Scheme (Western Australia)

An increase in expenditure totalling \$850,000 over 2020-21 to 2023-24 has been approved to resolve complaints to the Energy and Water Ombudsman (Western Australia).

GOVERNMENT ADMINISTRATION

Table 2

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| PREMIER AND CABINET | | | | | |
| – Yamatji Nation Indigenous Land Use Agreement | - | 13.7 | 8.8 | 13.9 | 19.5 |
| – Telethon Donation | - | 2.0 | 2.0 | 2.0 | 2.0 |
| – Cyber Security Operations Centre | - | 0.8 | 1.0 | 1.0 | 1.0 |
| – Remote Communities - Economic Transformation Project | 0.2 | 1.1 | 1.1 | - | - |
| – Resolution of Native Title in the South West of Western Australia (Settlement) | 1.0 | 0.6 | - | - | - |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 1.2 | - | - | - |
| – Gibson Desert Nature Reserve Compensation Settlement Package | - | 0.3 | 0.2 | 0.2 | 0.2 |
| – WA Recovery Plan and Other COVID-19 Related Spending | 4.6 | 8.3 | - | - | - |
| PUBLIC SECTOR COMMISSION | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 0.2 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 1.2 | 1.2 | 1.2 | 1.2 |
| GOVERNOR'S ESTABLISHMENT | | | | | |
| – Employee Contract Extension | - | - | - | 0.2 | 0.2 |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 0.5 | 0.5 | 0.6 | 0.6 |
| WESTERN AUSTRALIAN ELECTORAL COMMISSION | | | | | |
| Election Commitments | | | | | |
| – Amendments to the Electoral Act 1907 | - | 0.1 | 0.1 | 0.1 | 0.1 |
| Other Spending | | | | | |
| – Aboriginal Enrolment and Engagement in Electoral Processes | - | 0.3 | - | - | - |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 0.1 | - | - | - |
| SALARIES AND ALLOWANCES TRIBUNAL | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | – (a) | - | - | - |
| COMMISSIONER FOR EQUAL OPPORTUNITY | | | | | |
| – Complaints Management System | - | 0.2 | - | - | - |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | – (a) | - | - | - |
| COMMISSIONER FOR CHILDREN AND YOUNG PEOPLE | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | – (a) | - | - | - |
| OFFICE OF THE INFORMATION COMMISSIONER | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | – (a) | - | - | - |
| REGISTRAR, WESTERN AUSTRALIAN INDUSTRIAL RELATIONS COMMISSION | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 0.1 | - | - | - |

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

Premier and Cabinet

Yamatji Nation Indigenous Land Use Agreement (ILUA)

Following the registration of the Yamatji Nation ILUA on 30 July 2020, an additional \$55.9 million will be spent over 2020-21 to 2023-24 comprising:

- \$53.2 million as part of a cash component and an Economic Benefits Package (EBP). The EBP includes financial support to undertake groundwater investigations, the provision of targeted revenue streams to support the Regional Corporation and the purchase of a Corporate Headquarters for the Regional Corporation; and
- \$2.7 million on implementation costs associated with the registration of the ILUA, including support for the establishment and ongoing costs associated with a Government Partnership Committee, a State Implementation Committee, interim Directors' meetings, the selection of a licensed Trustee and the cost of ongoing legal advice from the State Solicitor's Office.

Components of the EBP will be facilitated through additional funding provided to a number of other agencies (and discussed in more detail later in this chapter), including the Department of Primary Industries and Regional Development (\$12.3 million), DevelopmentWA (\$5.6 million), Department of Water and Environmental Regulation (\$1.6 million), Department of Local Government, Sport and Cultural Industries (\$200,000) and the Department of Biodiversity, Conservation and Attractions (\$80,000).

Telethon Donation

The Government has increased the annual Telethon donation from \$1 million to \$3 million per annum from 2020-21, resulting in additional expenditure totalling \$8 million over the forward estimates period.

Cyber Security Operations Centre

A total of \$3.8 million will be spent over 2020-21 to 2023-24 to establish a whole-of-government Security Operations Centre (SOC), utilising data from the Security Information and Event Management system within the Office of Digital Government. The role of the SOC will be to coordinate incident investigation and response and recovery activities with operational information technology cyber security teams from affected agencies.

Remote Communities - Economic Transformation Project

The Department will spend \$2.4 million over 2019-20 to 2021-22 to cover costs related to the first stage of an Economic Transformation Project in Bidyadanga, including negotiating an ILUA and developing community capacity. The main objectives of the Economic Transformation Project include economic activation and job creation, together with better health, education and other improved social outcomes.

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

An amount of \$1 million was spent in 2019-20 towards the establishment of the Noongar Boodja Trusts, including legal fees, a commencement event, publication of community guides and secretariat services.

A further \$641,000 will be spent in 2020-21 to meet the implementation costs associated with finalisation of the Settlement, including coordinating activities, associated governance and community development projects.

Gibson Desert Nature Reserve Compensation Settlement Package

The Government has approved an additional \$1.8 million over ten years, with \$817,000 to be spent over 2020-21 to 2023-24, on the Gibson Desert Nature Reserve Agreement. The funding includes costs associated with joint management of the Gibson Desert Nature Reserve, infrastructure, support for the Warnpurru Aboriginal Corporation, and a social and cultural advancement contribution.

Governor's Establishment

Employee Contract Extension

A total of \$424,000 will be spent over 2022-23 and 2023-24 to meet employment costs associated with extending the employment contracts of the Community Engagement Officer and the Strategy and Engagement Officer by two years to support the Governor in meeting strategic advocacy and representational diplomacy outcomes.

Western Australian Electoral Commission

Election Commitments

Amendment to the Electoral Act 1907

The Government has allocated \$444,000 over 2020-21 to 2023-24 to implement a disclosure system under which political parties and their associated entities will be required to report gifts and receipts on a quarterly basis. This funding is subject to the amending legislation being passed by Parliament.

Other Spending

Aboriginal Enrolment and Engagement in Electoral Processes

To improve Aboriginal participation in the State election, an additional \$310,000 will be spent in 2020-21 to increase Aboriginal enrolment and voter turnout in rural and remote areas. This funding will allow the employment of a dedicated Community Liaison Officer and casual regional community liaison officers to engage with Aboriginal communities in order to enhance the effectiveness of election services being delivered.

Commissioner for Equal Opportunity

Complaints Management System

An amount of \$180,000 will be spent in 2020-21 to upgrade the Complaints Management System to support the Commissioner to meet mandatory compliance reporting requirements.

FINANCIAL ADMINISTRATION

Table 3

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|--------------------|------------------|----------------|----------------|----------------|
| TREASURY | | | | | |
| – Landgate Partial Commercialisation Project | -1.1 | - | - | - | - |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 0.4 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 0.1 ^(a) | 0.4 | - | - | - |
| OFFICE OF THE AUDITOR GENERAL | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 0.1 | - | - | - |
| FINANCE | | | | | |
| – Energy Concession Extension Scheme (Administered) | - | 3.1 | - | - | - |
| – First Home Owner Grant Scheme (Administered) | -4.5 | 26.5 | -13.5 | 13.0 | - |
| – Perth Children's Hospital - Contractual Entitlement Resolution | - | - ^(b) | - | - | - |
| – Office Accommodation for the Department of Primary Industries and Regional Development | - | 2.3 | 4.8 | 4.8 | 4.8 |
| – WA Recovery Plan and Other COVID-19 Related Spending | 1.8 | 347.7 | 10.2 | 0.2 | 2.5 |

(a) Existing agency spending has been reprioritised to meet some or all of the costs of this initiative.

(b) Commercial in Confidence.

Treasury

Landgate Partial Commercialisation Project

The Landgate Partial Commercialisation Project was finalised midway through 2019-20. At the conclusion of the project, the approved budget was underspent by \$1.1 million and this surplus funding was returned to the Consolidated Account.

Finance

Energy Concession Extension Scheme (Administered)

As part of the State Government's decision to provide a one-off \$600 Household Electricity Credit in 2020-21 for all residential customers of Synergy and Horizon Power, \$3.1 million has been allocated for an increase in the Energy Concession Extension Scheme provided to residents of retirement villages, apartment buildings and caravan parks, and for customers of energy providers other than Synergy and Horizon Power, with eligible concession cards.

First Home Owner Grant Scheme (Administered)

Estimated First Home Owner Grant expenditure has been revised up by \$21.5 million over the Budget period. The revision reflects updated forecasts for general economic conditions in Western Australia and an expected uptake of the Scheme in 2020-21 as a result of initiatives announced by the Commonwealth and State Governments to boost housing construction.

Perth Children's Hospital - Contractual Entitlement Resolution

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

Office Accommodation for the Department of Primary Industries and Regional Development

An amount of \$16.7 million will be spent over 2020-21 to 2023-24 to meet costs associated with the establishment of new leased accommodation for the Department of Primary Industries and Regional Development. Most of this cost will be offset by the receipt of a lease incentive that will also fund the required fit-out works (see Chapter 6).

JOBS AND ECONOMIC DEVELOPMENT

Table 4

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| JOBS, TOURISM, SCIENCE AND INNOVATION | | | | | |
| Election Commitments | | | | | |
| – Defence West | | - | 3.1 | 3.1 | 3.1 |
| – Westport: Port and Environs Strategy | - | 0.6 | 0.6 | 0.6 | - |
| Other Spending | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | -4.9 | 81.7 | 47.6 | 12.5 | 8.3 |
| PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT | | | | | |
| – Yamatji Nation Indigenous Land Use Agreement | - | 1.6 | 8.6 | 1.7 | 0.5 |
| – Voluntary Separation Payments | 7.5 | - | - | - | - |
| – Metropolitan Accommodation Facilities | - | -1.6 | -1.0 | -1.1 | -1.6 |
| – Shark Hazard Mitigation - Strategies and Initiatives | - | 0.1 | 4.0 | - | - |
| – Pastoral Lands Reform - Three-year Monitoring and Compliance Development Project | - | 1.0 | 1.0 | 1.0 | - |
| – Shark Hazard Mitigation - Extension of the Shark-Management-Alert-in-Real-Time Drumline Trial | - | 2.8 | - | - | - |
| – Modern Biosecurity and Product Integrity | - | 0.4 | 0.5 | 0.5 | 0.5 |
| – Collie Tourism Readiness and Economic Stimulation | - | 1.1 | - | - | - |
| – Marine Parks Compensation | 0.4 | 0.4 | - | - | - |
| – Internal Reallocation to Fund Boosting Biosecurity Defences - RadSource X-ray Irradiator | -0.8 | - | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | -0.9 | 22.3 | -5.4 | -10.5 | -22.9 |
| MINES, INDUSTRY REGULATION AND SAFETY | | | | | |
| – Home Indemnity Insurance Extension (Administered) | 0.6 | 14.5 | 23.4 | 25.4 | 27.0 |
| – Government Support Package for Koolyanobbing Iron Ore (Administered) | 0.2 | 21.5 | 1.4 | 6.0 | - |
| – Magnetite Financial Assistance Program (Administered) | 5.3 | 3.2 | - | - | - |
| – Exploration for the Future - Canning Basin Drilling (Administered) | 4.2 | - | - | - | - |
| – Combatting Wage Theft in Western Australia | - | 1.3 | 0.9 | 0.9 | 0.9 |
| – Implementation of the Building and Construction Industry (Security of Payment) Bill 2020 | - | - | 2.9 | - | - |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 1.1 | - | - | - |
| – Resolution of Native Title in the South West of Western Australia (Settlement) | - | 0.2 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 0.4 | 36.2 | 1.6 | - | - |
| SMALL BUSINESS DEVELOPMENT CORPORATION | | | | | |
| – Collie Tourism Readiness and Economic Stimulation | - | 0.2 | - | - | - |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 0.1 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 1.3 | 1.2 | - | - |
| ECONOMIC REGULATION AUTHORITY | | | | | |
| – Non-scheme Gas Pipelines Regulatory Framework | - | 0.3 | 0.3 | 0.3 | 0.3 |
| – Pilbara Electricity Networks Access Regime | - | 0.3 | 0.4 | 0.2 | 0.2 |
| – Compliance and Enforcement Energy Markets Function | - | 0.1 | 0.2 | 0.3 | 0.3 |
| – Electricity Networks Access Code 2004 Function | - | 0.2 | 0.2 | 0.2 | 0.2 |

Table 4 (cont.)

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| ENERGY POLICY WA | | | | | |
| – Improving the Governance of the Western Australian Energy Sector | - | 0.1 | 1.2 | 0.8 | 0.8 |
| FOREST PRODUCTS COMMISSION | | | | | |
| – Compensation for Retention of Pines at Dick Perry Reserve | - | 0.2 | 0.2 | 0.2 | - |
| RURAL BUSINESS DEVELOPMENT CORPORATION | | | | | |
| – Commonwealth Loan Administration Costs | - | 0.2 | 0.1 | 0.1 | 0.1 |
| GAMING AND WAGERING COMMISSION OF WESTERN AUSTRALIA | | | | | |
| – Racing Bets Levy | 9.5 | 9.6 | 9.5 | 9.2 | 11.7 |

Jobs, Tourism, Science and Innovation**Election Commitments*****Defence West***

The Government has allocated an additional \$9.3 million over 2021-22 to 2023-24 to continue operational funding of Defence West. This will enable Defence West to continue to deliver the Western Australian Defence and Defence Industries Strategic Plan and maximise Western Australia's share of the Commonwealth Government's \$200 billion defence investment.

Westport: Port and Environs Strategy

An amount of \$1.9 million will be spent over 2020-21 to 2022-23 to cover the cost of additional resourcing to assist the Department to provide strategic advice on State Agreements and industry development to the Westport Project Office (situated in the Department of Transport). Total expenditure on Westport funded in this Budget is \$97.2 million over 2020-21 to 2023-24.

Primary Industries and Regional Development***Yamatji Nation Indigenous Land Use Agreement (ILUA)***

Following the registration of the Yamatji Nation ILUA on 30 July 2020, an additional \$12.3 million will be spent over 2020-21 to 2023-24 to design and establish a Business Development Unit to help Yamatji people or companies set up new businesses or improve existing businesses. In addition, funding will be used for the development of facilities at, and future management of, Lucky Bay together with upgrades to the carpark and viewing area at Pink Lake, including the ongoing management of the Pink Lake area.

Voluntary Separation Payments

An amount of \$7.5 million was spent in 2019-20 to meet the cost of voluntary separation payments following the implementation of organisational redesign within the Department.

Metropolitan Accommodation Facilities

The Government has approved a suite of options to assist in resolving the Department's immediate and long-term accommodation issues and deliver metropolitan facilities suitable to support its future strategic direction. Net savings totalling \$5.3 million over 2020-21 to 2023-24 will be achieved from moving the majority of the Department's office-based staff to new leased city-based office facilities and the leasing of temporary off-site laboratory facilities to complement existing facilities. These savings are offset by costs incurred by the Department of Finance in meeting the lease costs for the new office accommodation.

Shark Hazard Mitigation - Strategies and Initiatives

An additional \$4.1 million will be spent over 2020-21 and 2021-22 on the Surf Life Saving Western Australia Shark Hazard Mitigation initiative through the extension of aerial and beach surveillance and the Personal Shark Deterrent Rebate Scheme. The Scheme subsidises the retail price of an approved personal shark deterrent device.

Pastoral Lands Reform – Three-year Monitoring and Compliance Development Project

Additional expenditure of \$3 million over 2020-21 to 2022-23 has been approved to undertake a pastoral lands reform development project, in conjunction with the Department of Planning, Lands and Heritage (which will spend a further \$837,000 on the project). The project will establish a risk-based approach to the management of the pastoral estate, and will encompass a robust land condition monitoring and compliance system involving ground-based confirmation of satellite monitoring data, a voluntary accreditation system, and supporting policies, standards and guidelines.

Shark Hazard Mitigation - Extension of the Shark-Management-Alert-in-Real-Time (SMART) Drumline Trial

The Department will spend an additional \$2.8 million in 2020-21 on the continuation of the SMART drumline trial in waters off Gracetown for a further 12-month period. This will allow for further data collection, which will contribute to the scientific assessment of the effectiveness of the SMART drumline technology.

Modern Biosecurity and Product Integrity

An additional \$1.9 million over 2020-21 to 2023-24 will be spent to support the State's biosecurity system through the development of appropriate policy and regulatory arrangements to underpin effective traceability and product integrity across major agrifood sectors.

Collie Tourism Readiness and Economic Stimulation

As part of the overall Collie Tourism Readiness and Economic Stimulation project, a grant of \$1.1 million will be provided to the Shire of Collie in 2020-21 for a town beautification program, which will see the upgrade of the facades of 14 existing buildings along the Collie entrance.

Marine Parks Compensation

Additional expenditure of \$750,000 over 2019-20 and 2020-21 has been allocated to compensation payments to Abalone Managed Fishery applicants under the *Fishing and Related Industries Compensation (Marine Reserves) Act 1997*, following the gazettal of legislation establishing the Ngari Capes Marine Park.

Internal Reallocation to Fund Boosting Biosecurity Defences - RadSource X-ray Irradiator

An amount of \$800,000 in 2019-20 from the Boosting Biosecurity Defences program has been reallocated to capital to fund the replacement of the RadSource X-ray irradiator equipment used in the production of Sterile Insect Technology fruit fly (Medfly).

Mines, Industry Regulation and Safety***Home Indemnity Insurance Extension (Administered)***

Expenditure on the State's Home Indemnity Insurance scheme is projected to increase by \$90.9 million over 2019-20 to 2023-24 due to the decision to extend the scheme until 31 December 2025, and as a result of a revised actuarial assessment of the State's current and projected claims exposure under the scheme. Increased expenditure will be more than offset by additional premium revenue. The Government has fully underwritten the scheme in Western Australia since 2013-14.

Government Support Package for Koolyanobbing Iron Ore (Administered)

The estimated expenditure on the full royalty rebate paid to Mineral Resources Limited for continuation of iron ore mining at Koolyanobbing has been revised up by \$29.1 million over four years to 2022-23. The increased cost of the royalty rebate in 2020-21 largely reflects upward revisions to the iron ore price, however the variation in 2021-22 and 2022-23 is attributable to changes in the assumed timing of eligible production.

Magnetite Financial Assistance Program (Administered)

Estimated expenditure on royalty rebates under the program has been revised up by \$8.5 million over 2019-20 and 2020-21, reflecting the impact of revisions to the iron ore price, exchange rate and volume assumptions. It is noted that while the scheme ceased on 31 December 2019, rebates will continue to be paid in 2020-21, due to lags in the finalisation of iron ore sales revenues.

Exploration for the Future - Canning Basin Drilling (Administered)

A Commonwealth Geoscience Australia grant of \$4.2 million was spent in 2019-20 on drilling a stratigraphic well to obtain new geoscience precompetitive information that will boost exploration investment by aiding assessment of the region for its resource potential.

Combatting Wage Theft in Western Australia

The Government has approved additional expenditure of \$4 million over 2020-21 to 2023-24 to increase investigations into the underpayment of wages and entitlements to workers in Western Australia.

Implementation of the Building and Construction Industry (Security of Payment) Bill 2020

The Department will spend \$2.9 million in 2021-22 on implementing reforms contained in the Building and Construction Industry (Security of Payment) Bill 2020 (which is expected to be passed later this year). The legislation includes compliance and enforcement mechanisms that will enhance security of payments for subcontractors, and ensure poor payment practices and unethical commercial behaviour in construction supply chains are addressed.

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

An amount of \$170,000 will be spent in 2020-21 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.

Small Business Development Corporation

Collie Tourism Readiness and Economic Stimulation

As a part of the broader Collie Tourism Readiness and Economic Stimulation project, the Corporation will spend \$180,000 in 2020-21 to base a dedicated business adviser in Collie and to develop new business workshop content customised for Collie.

Economic Regulation Authority

Non-scheme Gas Pipelines Regulatory Framework

The Government has approved additional expenditure of \$1.3 million between 2020-21 and 2023-24 for two industry-funded staff to enable the Authority to meet its responsibilities related to the non-scheme gas pipelines regulatory framework.

Pilbara Electricity Networks Access Regime

An additional \$1 million will be spent over 2020-21 to 2023-24 on industry-funded staff and technical and legal expenses, to enable the Authority to implement and administer a light-handed electricity networks access regime in the Pilbara.

Compliance and Enforcement Energy Markets Function

Industry-funded expenditure of \$892,000 over 2020-21 to 2023-24 will enable the Authority to meet increased responsibilities related to compliance and enforcement in energy markets, resulting from changes to the Wholesale Electricity Market Rules.

Electricity Networks Access Code 2004 Function

The Government has approved spending totalling \$840,000 over 2020-21 to 2023-24 for one additional industry-funded officer and technical and legal expenses to enable the Authority to meet additional responsibilities related to its Electricity Networks Access Code 2004 function.

Energy Policy WA

Improving the Governance of the Western Australian Energy Sector

An additional \$2.9 million will be spent on salaries and associated costs to improve the governance of the Western Australian energy sector. The additional expenditure will allow Energy Policy WA to continue to respond to the transformation occurring in the State's energy sector.

Forest Products Commission

Compensation for Retention of Pines at Dick Perry Reserve

An operating subsidy totalling \$620,000 over 2020-21 to 2022-23 will be provided to the Commission to cover expenditure associated with the retention of mature pines at the Dick Perry Reserve. The retained pines provide a habitat for the endangered Carnaby's Cockatoo.

Rural Business Development Corporation

Commonwealth Loan Administration Costs

The Corporation will spend \$539,000 from 2020-21 to 2023-24 to undertake research and develop policies on factors affecting loan applicants and to meet the increased cost of administering the Commonwealth loan schemes.

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 up by \$49.5 million over 2019-20 to 2023-24 to reflect updated economic assumptions and wagering trends.

HEALTH

Table 5

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| WA HEALTH | | | | | |
| Election Commitments | | | | | |
| – End-of-Life Choices and Palliative Care Services (Comprehensive Palliative Care in Aged Care Agreement) | -1.9 | 5.8 | 7.0 | 5.3 | 3.7 |
| – Future Health Research and Innovation Fund | - | - | - | -4.1 | -14.3 |
| – Country Ambulance Initiatives | - | 0.7 | 2.1 | 2.6 | 2.2 |
| Other Spending | | | | | |
| – Adjustment to Hospital Services | 48.3 | 39.5 | 32.6 | 26.0 | 22.2 |
| – Commonwealth Agreements | 43.0 | 40.7 | 8.9 | 20.2 | 13.2 |
| – Non-Hospital Services | 21.6 | 38.8 | 31.5 | -5.7 | -6.1 |
| – Curtin Medical School Interns | - | - | 4.4 | 11.6 | 13.4 |
| – Fiona Stanley Hospital Facilities Management Contract | 2.9 | 6.6 | 3.4 | - | - |
| – Spinal Cord Injury Service Reconfiguration Project | - | 9.0 | - | - | - |
| – Human Resource Management Information System | - | 2.2 | 1.9 | 1.5 | 1.6 |
| – Syphilis Prevention and Control Program | - | 2.0 | 2.0 | - | - |
| – Cladding Remediation and Program Management | - | 1.0 | 1.8 | - | - |
| – Child Health Checks Pilot | - | 1.4 | 1.2 | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending ^(a) | 164.2 | 89.5 | 36.3 | 38.1 | 47.4 |
| MENTAL HEALTH COMMISSION | | | | | |
| – Supplementation of Eligible Not-For-Profit Contracts | 4.3 | 6.8 | 9.0 | 10.8 | 12.8 |
| – Commonwealth Take Home Naloxone Pilot | 0.3 | 0.3 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending - Including Priority Mental Health Services | -0.2 | 15.7 | 23.6 | 20.6 | 20.0 |
| HEALTH AND DISABILITY SERVICES COMPLAINTS OFFICE | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | - (b) | - | - | - |

(a) This includes \$92.3 million in mental health expenditure funded by the Mental Health Commission.

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

WA Health

Election Commitments

End-of-Life Choices and Palliative Care Services (Comprehensive Palliative Care in Aged Care Agreement)

The Government will spend an additional \$20.1 million to strengthen End of Life Care and support the implementation of the Voluntary Assisted Dying reforms. This includes \$5.7 million of Commonwealth funding over 2019-20 to 2023-24 for enhanced delivery of palliative care services in residential aged care facilities.

Future Health Research and Innovation Fund (FHRIF)

To account for the downward revision to forecast FHRIF income over the forward estimates period (reflecting historically low interest rates), expenditure from the Fund has been reduced by \$18.4 million to ensure spending aligns with available income.

Country Ambulance Initiatives

Following the release of its Country Ambulance Strategy in November 2019, the Government will spend an additional \$7.6 million on country ambulance services over 2020-21 to 2023-24. This includes a two-year pilot in the Kimberley of a new country ambulance service delivery model (including three paid paramedics), and State-wide patient transport coordination and ambulance monitoring. A further \$1.6 million in capital expenditure has been provided to purchase six new ambulances for the Kimberley (see Chapter 6).

Other Spending

Adjustment to Hospital Services

To reflect the flow-on impact of higher than forecast activity and actual expenditure in 2019-20, prior to the COVID-19 pandemic, hospital services expenditure will grow by a further \$168.6 million over the period 2019-20 to 2023-24. Together with an additional \$68.9 million in mental health hospital services expenditure, this Budget provides a total increase of \$237.5 million to ensure that public hospital services continue to meet demand.

Commonwealth Agreements

Over the forward estimates period, an additional \$126 million will be spent under Commonwealth funding agreements, including:

- Community Health and Hospitals Program (CHHP) - \$50 million will be spent over 2020-21 to 2023-24 on the WA Country Health Service Cancer Strategy, Comprehensive Genomic Testing services, and the establishment of a youth Forensic Mental Health Ward, as part of the CHHP. An additional \$43 million will also be spent on asset investment projects under the CHHP (see Chapter 6);
- Cross Border Expenses - \$22.7 million was spent in 2019-20 and a further \$23.2 million has been provided in 2020-21 to provide care to Western Australian patients in interstate hospitals as required under the National Health Reform Agreement (NHRA);
- NHRA - \$19.1 million was provided for additional spending under the NHRA in 2019-20; and

- Other Commonwealth Agreements - \$11 million will be spent over 2019-20 to 2023-24 on initiatives including adult dental services, improving employment of Aboriginal and Torres Strait Islander people in the aged-care sector, provision of compression garments for people affected by lymphoedema and improving disability and carer support.

Non-Hospital Services Expenditure

Spending will increase by \$80 million over 2019-20 to 2023-24 on non-hospital services including dental therapy centres in schools, regional residential aged-care services, post-acute community nursing services and renal dialysis services in the Kimberley.

Curtin Medical School Interns

To support the Government's commitment to providing internships, an additional \$29.4 million will be spent on medical internships at Western Australian public hospitals from 2021-22 to accommodate graduates of the new Curtin Medical School.

Fiona Stanley Hospital Facilities Management Contract

To support the Government's Putting Patients First election commitment, \$12.9 million will be spent over 2019-20 to 2021-22 on transitioning non-clinical patient-facing support services (cleaning, patient catering, internal logistics and sterilisation) at Fiona Stanley Hospital back into the public sector.

Spinal Cord Injury Service Reconfiguration Project

The previously approved scope of the Spinal Cord Injury Reconfiguration Project has been repurposed to meet the request of the Quadriplegic Centre residents with regards to accommodation. A \$9 million grant will instead be provided to the Multiple Sclerosis Society of WA in 2020-21 to establish a 20-unit facility in the Montario Quarter for long-term residents of the Quadriplegic Centre (see Chapter 6).

Human Resource Management Information System

The Government has allocated \$7.2 million over 2020-21 to 2023-24 to carry out essential remediation works, and to plan for the implementation of a new Human Resource Management Information System. A further \$7.8 million in capital expenditure has been provided for this project (see Chapter 6).

Syphilis Prevention and Control Program

To support the health of people in regional Western Australia, \$3.9 million will be spent over 2020-21 and 2021-22 on the Syphilis Prevention and Control Program, which aims to reduce preventable hospitalisations from this disease in the Kimberley, Pilbara and the Goldfields.

Cladding Remediation and Program Management

Necessary planning works totalling \$2.8 million over 2020-21 and 2021-22 will be conducted to address cladding issues at Fiona Stanley Hospital, Queen Elizabeth II Medical Centre and Perth Children's Hospital. A further \$4.7 million in capital expenditure has been provided to carry out remediation works at various public hospitals (see Chapter 6).

Child Health Checks Pilot

An 18-month Child Health Check pilot program, beginning in 2020-21, will be conducted by WA Health at a cost of \$2.7 million to increase the completion rate of one-year and two-year child health checks in Midland and Bunbury to 75% of the population and 100% of high-risk children.

Mental Health Commission***Priority Mental Health Services***

As part of the record additional investment of \$254 million on mental health services in this Budget, \$176.4 million will be spent over 2019-20 to 2023-24 by the Commission as part of the WA Recovery Plan as follows:

- \$68.9 million to address increased demand for mental health hospital services;
- \$52.6 million on suicide prevention initiatives including \$46.9 million for a new Suicide Prevention Action Plan (including region-specific plans to address Aboriginal suicides) and \$5.7 million to deliver a public education campaign and strengthen psychiatric services in the Kimberley (as part of the \$10 million Commitment to Aboriginal Youth Wellbeing);
- \$44.6 million on *A Safe Place* community mental health initiatives including \$24.5 million for a 20-bed Community Care Unit (the first of its kind in Western Australia) and \$20.1 million for a 16-bed youth facility; and
- \$10.2 million to continue the Mobile Clinical Outreach Team and for an immediate mental health response (targeting community mental health and Alcohol and Other Drug services) to COVID-19.

Supplementation of Eligible Not-For-Profit Sector Contracts

The Commission will spend an additional \$43.7 million over 2019-20 to 2023-24 on eligible human and community services contracts in recognition of not-for-profit contracts established prior to the 2012 Fair Work Australia Equal Remuneration Order.

Commonwealth Take Home Naloxone Pilot

An additional \$600,000 over 2019-20 and 2020-21 has been approved for a 12-month take home Naloxone pilot to help treat opioid overdoses.

EDUCATION AND TRAINING

Table 6

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| EDUCATION | | | | | |
| – RiskCover Insurance Premiums | -9.2 | -15.4 | -13.1 | -10.4 | -7.5 |
| – Revision to School Enrolments | 15.4 | 13.3 | 11.5 | 2.8 | 3.6 |
| – National School Reform Agreement - Updates to State and Commonwealth Funding | - | - | -17.8 | -16.0 | -10.5 |
| – WA Recovery Plan and Other COVID-19 Related Spending | -5.9 | 22.1 | 1.6 | 3.1 | 5.9 |
| TRAINING AND WORKFORCE DEVELOPMENT/TAFE COLLEGES | | | | | |
| – Defence Industry Workforce Initiatives | - | 4.0 | 5.4 | 3.0 | 3.6 |
| – National Partnership on the Skilling Australians Fund | -9.0 | - | - | - | - |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 3.6 | - | - | - |
| – Kimberley Juvenile Justice Strategy | - | 1.2 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | -8.1 | 74.5 | 12.3 | -0.1 | -0.1 |
| BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | 5.2 | 0.7 | - | - | - |

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

Education

RiskCover Insurance Premiums

To reflect revised forecasts from the Insurance Commission of Western Australia, the Department's insurance premium expenditure has been revised down by a total of \$55.6 million over 2019-20 to 2023-24.

Revision to School Enrolments

Additional expenditure of \$46.6 million over 2019-20 to 2023-24 has been allocated for updates to student enrolment forecasts as well as the new Enterprise Bargaining Agreement for teachers and principals. This incorporates revisions to enrolment forecasts for students with a disability and students learning English as an additional language, in addition to a general update to mainstream student enrolment forecasts.

National School Reform Agreement - Updates to State and Commonwealth Funding

Reflecting updates to Commonwealth and State funding estimates, recurrent expenditure has been revised down by a total of \$44.2 million over the period 2021-22 to 2023-24. The updates are based on the latest Commonwealth projections of the benchmark Schooling Resource Standard (SRS) and the State Government's commitment to maintain spending at a minimum of 75% of the SRS.

Training and Workforce Development/TAFE Colleges

Defence Industry Workforce Initiatives

The Government has approved expenditure of \$17.2 million over 2020-21 to 2023-24 (\$1.3 million funded through reprioritised expenditure) for a package of initiatives supporting the development of a defence industry-ready workforce. This comprises an incentive payment of \$20,000 for employers of defence trade apprentices in nominated qualifications, an enterprise skills program for upskilling/reskilling existing workers, scholarship programs and additional promotional activity related to careers in the defence industry. Capital investment of \$1.1 million has also been approved (see Chapter 6).

National Partnership on the Skilling Australians Fund (NPSAF)

As a result of lower than forecast growth in apprenticeship and traineeship commencements, partly due to the onset of COVID-19, the Department's expenditure in 2019-20 on training delivery in scope of the NPSAF was revised down by \$9 million.

Kimberley Juvenile Justice Strategy

As part of the Government's Kimberley Juvenile Justice Strategy, and to support the employment needs of young people, the North Regional TAFE College will spend an additional \$1.2 million in 2020-21 to deliver a pilot work-skills program for juveniles in Broome and Kununurra.

COMMUNITY SAFETY

Table 7

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| WESTERN AUSTRALIA POLICE FORCE | | | | | |
| – 800 Additional Police Officers | - | 13.0 | 50.7 | 81.5 | 111.6 |
| – Police Services Expenditure | -11.8 | 19.7 | 29.7 | 21.3 | 21.3 |
| – National Anti-Gangs Squad | 1.9 | 1.7 | 1.7 | - | - |
| – National Disability Insurance Scheme Worker Screening | - | 0.2 | 0.1 | 0.1 | 0.1 |
| – Road Trauma Trust Account - Infringement Management Reform Program and Operations | - | 3.1 | 5.5 | 3.2 | -1.1 |
| – WA Recovery Plan and Other COVID-19 Related Spending | 25.1 | 33.5 | 26.1 | 26.7 | 26.5 |
| JUSTICE | | | | | |
| Election Commitments | | | | | |
| – Family Violence Reforms | - | 1.0 | 1.8 | 1.8 | 1.8 |
| – Kimberley Juvenile Justice Strategy | - | 2.1 | 2.1 | 0.4 | 0.4 |
| Other Spending | | | | | |
| – Justice Services Expenditure | 36.8 | 63.3 | 58.8 | 29.8 | -41.6 |
| – National Legal Assistance Partnership Agreement 2020-25 | - | 17.0 | 17.3 | 16.6 | 16.8 |
| – Forecast Demand for Court Services | - | 1.4 | 5.0 | 11.4 | 18.7 |
| – RiskCover Insurance Premiums | - | 24.0 | - | - | - |
| – Magistrates Court Resourcing | - | 1.0 | 1.2 | 1.2 | 1.2 |
| – State Solicitor's Office Resourcing | 0.6 | 1.5 | 0.5 | 0.5 | 0.5 |
| – Prison Services Evaluation | - | 0.4 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 5.2 | 6.0 | - | - | - |
| LEGAL AID COMMISSION OF WESTERN AUSTRALIA | | | | | |
| Election Commitments | | | | | |
| – Family Violence Reforms - Shuttle Conferencing | - | 0.6 | 0.7 | 0.7 | 0.7 |
| Other Spending | | | | | |
| – Forecast Demand for Legal Assistance Services | 1.6 | 1.7 | 2.3 | 4.8 | 7.5 |
| – National Legal Assistance Partnership Agreement 2020-25 - Legal Aid | - | 1.4 | 1.8 | 2.1 | 2.5 |
| – Supplementation of Eligible Not-For-Profit Contracts | 0.5 | 0.8 | 1.0 | 1.2 | 1.4 |
| – State Indictable Matters and Expensive Cases | 5.6 | - | - | - | - |
| – Commonwealth Criminal Expensive Cases | 1.4 | 0.5 | - | - | - |
| – Commonwealth Family Law Legal Services | 1.0 | - | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 0.5 | - | - | - | - |
| FIRE AND EMERGENCY SERVICES | | | | | |
| – Disaster Recovery Funding Arrangements Western Australia (Administered) | - | 40.0 | - | - | - |
| – Strategic Aerial Intelligence and Reconnaissance Capability Service | - | 1.8 | 1.6 | 1.6 | 1.6 |
| – Emergency Alert System Phase 4 | - | 4.5 | - | - | - |
| – Western Australian Emergency Management Training Centre | - | 2.1 | - | - | - |
| – National Partnership Agreement - Disaster Risk Reduction | - | 0.9 | 2.5 | 2.5 | 6.6 |
| – Response to Bushfires and Severe Weather Events | 26.4 | - | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 4.0 | 4.0 | 0.8 | 0.8 |
| OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS | | | | | |
| – Forecast Demand for Prosecution Services | 0.6 | 0.6 | 2.2 | 3.7 | 6.8 |
| – Special Prosecution Division | - | 2.7 | - | - | - |
| – Legal Information Officers | - | 0.3 | - | - | - |

Table 7 (cont.)

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| CORRUPTION AND CRIME COMMISSION | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | 0.2 | - | - | - |
| PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION | | | | | |
| – 2020-21 Streamlined Budget Process Incentive Funding | - | - (a) | - | - | - |

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

Western Australia Police Force***800 Additional Police Officers***

The Government has approved additional spending totalling \$256.8 million over the forward estimates period for the recruitment of 800 additional police officers, commencing from 2020-21 (see feature box earlier in this chapter). This boost to police capability is in addition to \$73.4 million in expenditure for an additional 150 police officers to assist with the State's response to the COVID-19 pandemic. The additional resourcing funded in the 2020-21 Budget totals \$330.2 million for 950 additional police officers. This does not include the costs associated with increased demand expected for services provided by other agencies in the justice system, which are outlined below.

Police Services Expenditure

To account for updates to forecast costs for staffing, accommodation and contracted services, the Western Australia Police Force will spend an additional \$80.2 million over the period 2019-20 to 2023-24.

National Anti-Gangs Squad

The Commonwealth Government has provided \$5.3 million to be spent over 2019-20 to 2021-22 to continue the work of the National Anti-Gangs Squad Western Australia Strike Team, including investigations in regional Western Australia.

National Disability Insurance Scheme Worker Screening

To fulfill its obligations under the Intergovernmental Agreement on Nationally Consistent Worker Screening for the National Disability Insurance Scheme (NDIS), the Western Australia Police Force will spend \$1 million over 2020-21 to 2023-24 to enable worker screening. Of this, \$560,000 will be invested in related capital costs (see Chapter 6) and \$419,000 will be allocated to support the ongoing operations of worker screening.

Road Trauma Trust Account (RTTA) - Infringement Management Reform Program and Operations

An allocation of \$10.8 million from the RTTA will be spent over 2020-21 to 2023-24 to procure a replacement Infringement Image Processing System, and for project resourcing to further investigate options to reform the service delivery of the Infringement Management Office.

Justice

Election Commitments

Family Violence Reforms

The Government has allocated an additional \$6.5 million over 2020-21 to 2023-24 to progress its family violence reform program. This includes \$4.7 million to establish a shuttle conferencing mediation service, and \$1.7 million to provide psychological assessments to inform a court's decision to declare an individual a serial family violence offender. The Government has also approved additional funds to the Legal Aid Commission of Western Australia to establish a Shuttle Conferencing mediation service (see below), bringing total additional spending on family violence reforms approved in this Budget to \$9 million.

Kimberley Juvenile Justice Strategy

As part of the Government's Kimberley Juvenile Justice Strategy, an additional \$5 million will be spent over 2020-21 to 2023-24 to improve youth justice outcomes in the Kimberley. This includes \$2.4 million to establish new night patrols in Derby, Halls Creek and Wyndham; \$1.4 million to establish a bail support program for juveniles in the Kimberley; and \$1.2 million to continue six programs that provide constructive activity for juveniles after school and on weekends.

Other Spending

Justice Services Expenditure

Additional expenditure of \$147.1 million over the period 2019-20 to 2023-24 has been approved to meet revised estimates of demand growth for the Department's services, including forecast growth in the adult prisoner population, offenders managed in the community, and judicial services.

National Legal Assistance Partnership Agreement 2020-25

The Department will spend an additional \$67.7 million over the period 2020-21 to 2023-24, reflecting the impact of a five-year extension to Commonwealth funding under the National Legal Assistance Partnership Agreement 2020-25. The majority of this additional expenditure will be on-passed to external legal service providers (a function previously administered by the Legal Aid Commission of Western Australia), with the remainder to be utilised for the Department's administrative services.

Forecast Demand for Court Services

The Government has approved an increase in expenditure totalling \$36.4 million over the period 2020-21 to 2023-24 to bolster court capability and services, primarily additional judicial resources, to manage cases on hand and cases proceeding to trial. This is primarily to ensure effective flow-through operation of the justice system to support the recruitment of additional police officers, commencing from 2020-21. A similar investment has been made in prosecution and legal assistance services to support court operations.

RiskCover Insurance Premiums

Additional expenditure of \$24 million in 2020-21 has been approved in order to meet higher than budgeted RiskCover insurance premium payments, primarily driven by historical workers' compensation claims.

Magistrates Court Resourcing

Two additional Magistrates and associated support staff will be engaged at a cost of \$4.6 million over 2020-21 to 2023-24 to replace Justices of the Peace in court hearings across Western Australia from a centralised service in Perth.

State Solicitor's Office Resourcing

To meet demands on the State Solicitor's Office over 2019-20 to 2023-24, the Government has approved additional expenditure of:

- \$2 million to support the implementation of the Plan for Our Parks initiative, including legal advice and supporting the negotiation and drafting of ILUAs, joint management agreements and associated documents;
- \$1.4 million to manage civil litigation claims relating to institutional abuse in care, and to ensure claims are processed in a timely manner; and
- \$192,000 to provide advice on the ILUA registration and implementation process for the resolution of Native Title in the South West of Western Australia.

Prison Services Evaluation

The Government has approved additional spending of \$400,000 in 2020-21 to assist with the Prison Services Evaluation, a project designed to identify ways to operate prisons more efficiently.

Legal Aid Commission of Western Australia

Election Commitments

Family Violence Reforms - Shuttle Conferencing

To establish a Shuttle Conferencing mediation service with the Department of Justice, the Commission will spend \$2.7 million over 2020-21 to 2023-24. The service will make it easier and less traumatic for victims to obtain violence restraining orders across all metropolitan Magistrates Courts and the Children's Court.

Other Spending

Forecast Demand for Legal Assistance Services

The Government has approved an increase in expenditure totalling \$17.9 million over 2019-20 to 2023-24 to meet estimated growth in the demand for legal assistance services, including to ensure effective flow-through operation of the justice system to support the recruitment of additional police officers from 2020-21.

National Legal Assistance Partnership Agreement 2020-25 - Legal Aid

Under the new National Legal Assistance Partnership Agreement 2020-25, the Commission will spend an additional \$7.8 million over 2020-21 to 2023-24 on the delivery of Commonwealth-funded legal assistance services.

Supplementation of Eligible Not-For-Profit Contracts

In recognition of not-for-profit contracts established prior to the 2012 Fair Work Australia Equal Remuneration Order, the Commission will spend an additional \$4.9 million on eligible human and community services contracts.

State Indictable Matters and Expensive Cases

To address demand for grants of legal aid for indictable criminal matters and State expensive criminal cases (defined as matters where the cost of legal representation exceeds \$26,000), an additional \$5.6 million was provided to the Commission in 2019-20.

Commonwealth Criminal Expensive Cases

An amount of \$1.9 million over 2019-20 and 2020-21, funded by the Commonwealth, will be used to meet the costs incurred in defending clients in serious, high-cost, Commonwealth criminal matters.

Commonwealth Family Law Legal Services

Funded by the Commonwealth, \$1 million in 2019-20 enabled the Commission to meet additional demand in family law matters that involve Court-appointed Independent Children's Lawyers.

Fire and Emergency Services

Disaster Recovery Funding Arrangements Western Australia (Administered)

An additional \$40 million has been allocated in 2020-21 to meet the replacement costs of public infrastructure (roads and bridges), as a result of natural disaster events, such as Tropical Cyclone Veronica and severe flooding in the South West, Murchison and Upper Gascoyne regions.

Strategic Aerial Intelligence and Reconnaissance Capability Service

Over the period 2020-21 to 2023-24, \$6.6 million will be spent on a Strategic Aerial Intelligence and Reconnaissance Capability service. This service, using a fixed-wing aircraft, will enhance the Department's ability to map landscapes, provide bushfire reconnaissance across greater distances and improve the accuracy and behaviour modelling of bushfires to assist firefighters' response.

Emergency Alert System Phase 4

The Government has allocated \$4.5 million in 2020-21 to progress the development of the Emergency Alert System (EAS) Phase 4. The EAS is the national warning system used during an emergency to send messages within a defined area where lives and homes are deemed to be at risk.

Western Australian Emergency Management Training Centre (WAEMTC)

A further \$2.1 million will be spent in 2020-21 on the development of a comprehensive business case (including design and location) for the WAEMTC, which will replace the existing training centre in Forrestfield.

National Partnership Agreement - Disaster Risk Reduction

Commonwealth funding of \$12.5 million will be spent over 2020-21 to 2023-24 on initiatives and programs aimed at reducing disaster risks associated with natural hazards within Western Australia.

Response to Bushfires and Severe Weather Events

An additional \$26.4 million was spent in 2019-20 to meet unbudgeted bushfire suppression costs for significant fire incidents, including those at Esperance, Forrestania, Katanning, Norseman, Stirling Range National Park, and Yanchep, and additional support to State Emergency Services volunteers whilst responding to severe weather events, including tropical cyclones Damien and Blake.

Office of the Director of Public Prosecutions

Forecast Demand for Prosecution Services

The Government has approved additional expenditure totalling \$13.9 million over the period 2019-20 to 2023-24 to meet estimated growth in the demand for prosecution services, including to ensure effective flow-through operation of the justice system to support the recruitment of additional police officers from 2020-21.

Special Prosecution Division

An amount of \$2.7 million will be spent in 2020-21 to finalise the operations of a special prosecution division assigned to prosecute the complex and high-profile case of Bradley Robert Edwards.

Legal Information Officers

An additional \$305,000 will be spent in 2020-21 on the recruitment of legal information officers to manage increased information requests following the implementation of the National Redress Scheme and the relaxing of historical limitations on civil litigation for survivors of child sexual abuse.

COMMUNITY SERVICES

Table 8

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| COMMUNITIES | | | | | |
| Child Protection Services | | | | | |
| – Demand Growth | 10.5 | 7.9 | - | - | - |
| – Project Agreement for Family Law Information Sharing | 0.3 | 0.3 | 0.3 | - | - |
| Community Services | | | | | |
| – Remote Aboriginal Communities | - | 17.6 | 54.7 | 58.5 | 61.9 |
| – Supplementation of Eligible Not-For-Profit Sector Contracts | 2.0 | 5.8 | 7.4 | 8.6 | 9.8 |
| – Aboriginal Short Stay Accommodation - Derby, Broome and Kalgoorlie | - | 3.2 | 5.0 | 5.1 | 5.2 |
| – Aboriginal Community Connectors Program | - | 6.8 | - | - | - |
| – Peel Women's Refuge | - | - | -0.2 | 1.2 | 1.4 |
| – Commitment to Aboriginal Youth Wellbeing - Empowered Youth Network | - | 0.5 | 0.4 | 0.4 | - |
| Disability Services | | | | | |
| – State-administered Disability Services | - | 22.7 | 88.4 | 75.8 | 73.2 |
| – Accommodation Services Provided to National Disability Insurance Scheme (NDIS) Participants | - | - | -25.3 | -24.7 | -24.0 |
| – NDIS Contributions | -51.7 | - | - | - | - |
| – Sector Transition Support | - | 14.0 | 9.0 | - | - |
| – NDIS Worker Screening | 0.5 | 4.3 | 4.2 | 3.9 | 3.9 |
| Other | | | | | |
| – 2019-20 Services Expenditure Update | 27.7 | - | - | - | - |
| – RiskCover Insurance Premiums | 3.6 | 5.4 | - | - | - |
| – Civil Litigation Claim Costs | 5.1 | 0.3 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 8.0 | 134.9 | 14.9 | 0.7 | 0.7 |
| LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES | | | | | |
| Election Commitments | | | | | |
| – Stop Puppy Farming | - | 2.5 | 1.8 | 1.6 | 1.7 |
| – Kalgoorlie Motorsports | - | 1.0 | 1.0 | - | - |
| Other Spending | | | | | |
| – Western Australian Screen Fund | - | 4.0 | 4.0 | 4.0 | 4.0 |
| – WA Museum Boola Bardip - Operational Expenses | - | -0.8 | 4.2 | 3.9 | 4.1 |
| – Regional Athlete Support Program | - | 1.0 | 1.0 | 1.0 | - |
| – Commitment to Aboriginal Youth Wellbeing - Connecting to Country | - | 0.5 | 0.5 | 0.5 | - |
| – RiskCover Insurance | - | 0.7 | 0.5 | - | - |
| – Better Beginnings Early Literacy Program | - | 0.3 | 0.3 | 0.3 | 0.3 |
| – National Redress Scheme | - | 0.2 | 0.2 | 0.2 | 0.2 |
| – Perth City Deal - Perth Cultural Centre | - | 0.7 | 0.2 | 0.2 | - |
| – Security Services - Perth Cultural Centre | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 |
| – Relocation of WA Museum Stored Assets from A-Shed Victoria Quay | - | 0.8 | - | - | - |
| – Yamatji Nation Indigenous Land Use Agreement | - | - | 0.2 | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 1.5 | 53.4 | 34.1 | 55.8 | 52.0 |

Table 8 (cont.)

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| WESTERN AUSTRALIAN SPORTS CENTRE TRUST | | | | | |
| – Optus Stadium - Revised Financial Forecasts | -8.4 | -24.1 | 44.9 | 34.5 | 34.2 |
| – Revised Venue Activities Schedule | -7.0 | -9.0 | - | - | - |
| – Optus Stadium Rooftop Climb Activities | - | 0.6 | 1.4 | 1.4 | 1.5 |

Communities**Child Protection Services*****Demand Growth***

The Government has approved additional expenditure of \$18.4 million over 2019-20 and 2020-21 to meet forecast demand for child protection assessments and investigations.

Project Agreement for Family Law Information Sharing

As part of the Project Agreement for Family Law Information Sharing, \$902,000 will be spent over 2019-20 to 2021-22, funded by the Commonwealth Government, to trial the placement of child protection officials at family law courts to enhance information sharing and collaboration.

Community Services***Remote Aboriginal Communities***

The Government has committed an additional \$200.9 million over 2020-21 to 2023-24 for the provision of essential services in remote Aboriginal communities, following the Commonwealth's decision to cease its historical ongoing funding support. The spending will deliver remote housing support and maintenance, essential municipal services, town-based accommodation and remote swimming pools in these communities.

The Government's investment encompasses \$192.8 million for services delivered by the Department, and a further \$8.1 million to be granted by the Department of Planning, Lands and Heritage to the Aboriginal Affairs Planning Authority for the management of the Aboriginal Lands Trust Estate.

Supplementation of Eligible Not-For-Profit Contracts

In recognition of not-for-profit contracts established prior to the 2012 Fair Work Australia Equal Remuneration Order, the Department will spend an additional \$33.5 million on eligible human and community services contracts over 2019-20 to 2023-24.

Aboriginal Short Stay Accommodation - Derby, Broome and Kalgoorlie

To continue the ongoing provision of Aboriginal Short Stay Accommodation services in Derby, Broome and Kalgoorlie, the Government will spend a total of \$18.5 million over the Budget period. The three facilities provide accommodation for Aboriginal people for up to 28 days while they access health or other government services in these regional hub towns.

Aboriginal Community Connectors Program

The Government has approved additional spending of \$6.8 million in 2020-21 to continue the Aboriginal Community Connectors program. This program aims to improve community safety and reduce community consequences of alcohol and drug related at-risk behaviours.

Peel Women's Refuge

To ensure the operations of the Peel Women's refuge are funded over the Budget period, an additional \$2.4 million will be spent over 2022-23 and 2023-24 to provide tailored support services to family and domestic violence survivors and women fleeing abusive relationships.

Commitment to Aboriginal Youth Wellbeing - Empowered Youth Network

An additional \$1.3 million will be spent over 2020-21 to 2022-23 to establish an Empowered Youth Leadership Network in the Kimberley as part of the \$10 million Government Commitment to Aboriginal Youth Wellbeing. The network emphasises the importance of listening to young Aboriginal people when developing policies and programs that affect them.

Disability Services***State-administered Disability Services***

In addition to its investment in the NDIS, the Government has committed additional expenditure totalling \$237.5 million over 2021-22 to 2023-24 for the continuation of State-administered non-NDIS disability services. This will provide for the continuation of a broad range of disability services and supports, including frontline services (support for people with disability who are ineligible for the NDIS, aids and equipment, and respite services) and other supports (such as individual and systemic advocacy).

A further \$22.7 million will also be spent in 2020-21 on these services, redirected from the State's NDIS contributions (see below).

Accommodation Services Provided to NDIS Participants

Forecast expenditure on accommodation services provided to NDIS participants, and funded through NDIS support packages, has been revised down by \$73.9 million over 2021-22 to 2023-24 based on updated service cost estimates. The revised estimates are now reflective of the income expected to be received through the NDIS by Communities as a registered NDIS service provider, which reduces the State's overall costs for these services.

NDIS Contributions

Due to delays by the National Disability Insurance Agency in the transition of participants to the NDIS, the State's contributions towards package costs were lower than budgeted in 2019-20. As a result, \$51.7 million in expenditure has been redirected to non-NDIS disability services and functions over 2020-21 to 2023-24. The redirection will ensure continued delivery of existing State-administered services, plus additional spending on initiatives such as Sector Transition Support and NDIS Worker Screening (see below).

Sector Transition Support

Over the next two years, the Government will spend an additional \$23 million on support for the disability sector to successfully transition to the NDIS, including on workforce development, quality and safeguarding responsibilities, and behaviour support. Funding will support sector to remain sustainable while the continuing to deliver quality services to people with disability in Western Australia following the State's transition to the NDIS.

NDIS Worker Screening

A total of \$16.8 million over 2019-20 to 2023-24 will be spent to establish and undertake pre-employment screening of NDIS workers. Nationally-consistent worker screening, which is the responsibility of States and Territories under the Intergovernmental Agreement on Nationally Consistent Worker Screening for the NDIS, is scheduled to commence in 2021, subject to Parliamentary approval.

Other***2019-20 Services Expenditure Update***

Actual expenditure to deliver the Department's services was \$27.7 million higher than estimated in the Mid-year Review. The higher costs include spending on contracted services, including those provided to people experiencing homelessness and family and domestic violence, ensuring continuation of services to vulnerable people during the initial stages of the COVID-19 pandemic.

RiskCover Insurance Premiums

To meet higher than budgeted RiskCover insurance premiums, an additional \$9 million will be spent over 2019-20 and 2020-21, primarily driven by higher historical workers' compensation claims.

Civil Litigation Claim Costs

To support the Government's reforms to remove statutory limitation periods for historical child sexual abuse, \$5.4 million will be spent over 2019-20 and 2020-21 to meet the costs associated with civil litigation claims.

Local Government, Sport and Cultural Industries**Election Commitments*****Stop Puppy Farming***

A total of \$7.6 million will be spent over 2020-21 to 2023-24 on the implementation of the 'Stop Puppy Farming' initiative. This expenditure will facilitate the procurement, implementation and ongoing operations of an online system that will consolidate dog and cat registration processes into a single, uniform and integrated process. It will also support the transition of pet shops into adoption centres. Capital investment of \$906,000 in 2020-21 has also been approved for this project (see Chapter 6).

Kalgoorlie Motorsports

An amount of \$2 million will be spent over 2020-21 and 2021-22 to deliver upgrades to existing infrastructure at the Kalgoorlie International Speedway and Kalgoorlie Motocross facility.

Other Spending

Western Australian Screen Fund

An additional \$4 million per annum from 2020-21 to 2023-24 will be spent for the continuation of the Western Australian Screen Fund initiative to encourage regional film industry activity through strategic investments that aim to build regional capacity.

WA Museum Boola Bardip - Operational Expenses

Following a review of the new Museum's expected operating costs, an additional \$11.4 million has been approved over 2020-21 to 2023-24 to meet expenses relating to information and communications technology, cleaning, and exhibitions scheduled for the opening of the Museum in November 2020.

Regional Athlete Support Program

To enhance support for regionally-based talented athletes, coaches and officials, and to allow athletes to continue their development and progression along the athlete pathway from their home environment, an additional \$3 million will be spent over the period 2020-21 to 2022-23.

Commitment to Aboriginal Youth Wellbeing - Connecting to Country

A total of \$1.4 million will be spent over three years to 2022-23 on the Connecting to Country program which forms part of the \$10 million Government Commitment to Aboriginal Youth Wellbeing. Grants will be provided to Aboriginal organisations across Western Australia to strengthen the connections between Aboriginal people and their communities, country and culture.

RiskCover Insurance

An additional \$1.2 million will be spent over 2020-21 and 2021-22 to meet increased RiskCover premiums due to partial deferment of premiums, higher historical workers' compensation claims, additional staff employed by the Perth Theatre Trust from a new venue management model and the revision of RiskCover's three-year rolling claims performance adjustment.

Better Beginnings Early Literacy Program

An amount of \$1 million will be spent over 2020-21 to 2023-24 for the continuation of the regional component of the program, which provides support and resources to engage in early literacy activities with children.

National Redress Scheme

As part of the State's participation in the National Redress Scheme, the Department will spend an additional \$1 million over 2020-21 to 2023-24 to employ three full-time equivalents to support administration, and fulfil research on and responses to Scheme applications, requests for information and other associated activities.

Perth City Deal - Perth Cultural Centre

As part of the proposed Perth City Deal, \$1 million will be spent over 2020-21 to 2022-23 on the preparation of a business plan and employment of one full-time equivalent to support master planning and commencement of rejuvenation works at the Perth Cultural Centre. Capital investment of \$19 million over the same period has also been approved for this project (see Chapter 6).

Security Services - Perth Cultural Centre

An additional \$767,000 will be spent over 2019-20 to 2023-24 to meet the increased costs of a new contract for the provision of security services within the Perth Cultural Centre precinct.

Relocation of WA Museum Stored Assets from A-Shed Victoria Quay

To facilitate the redevelopment of the A-Shed at Victoria Quay, \$800,000 will be spent in 2020-21 by the WA Museum to assist with the relocation of office accommodation and storage of the State's historic boat collection.

Yamatji Nation Indigenous Land Use Agreement (ILUA)

Following registration of the Yamatji Nation ILUA on 30 July 2020, \$200,000 will be spent in 2021-22 for the short-term employment of a cultural advisor and procurement of software for storage of heritage and cultural records.

Western Australian Sports Centre Trust***Optus Stadium - Revised Financial Forecasts***

Financial forecasts for Optus Stadium have been revised to reflect the expected impact of the COVID-19 pandemic and updated revenue and expense projections in the outyears. From 2021-22 onwards, the forecasts are based on a return to normal operations, and updated information on attendance numbers, events booked, and patron spending patterns following the first two years of Stadium operations. This has resulted in increased expenditure of \$81.2 million over 2019-20 to 2023-24, due to a revised mix of events held at the Stadium, associated revisions to event-related costs and an interest rate service payment adjustment. This additional expenditure is more than offset by additional revenue of \$94.7 million over the same period.

Revised Venue Activities Schedule

Following the closure of all Western Australian Sports Centre Trust venues in March 2020, the subsequent staged re-opening of venues at lower capacity and the cancellation of scheduled events, variable expenses (for venues other than Optus Stadium) have been reduced by \$16 million over 2019-20 and 2020-21. Revenues over the same period have reduced by \$29 million.

Optus Stadium Rooftop Climb Activities

An amount of \$4.9 million will be spent over 2020-21 to 2023-24 to meet the costs associated with the operation of the Optus Stadium Rooftop Climb. These costs are more than offset by expected revenue of \$7.3 million from the Rooftop Climb attraction.

TRANSPORT

Table 9

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| TRANSPORT | | | | | |
| Election Commitments | | | | | |
| – Westport: Port and Environs Strategy | - | 3.3 | 11.3 | 23.1 | 19.0 |
| Other Spending | | | | | |
| – Settlement of a Legal Claim | 35.0 | - | - | - | - |
| – Perth City Deal - CBD Transport Plan | - | 6.2 | 15.2 | 11.9 | 0.1 |
| – Western Australian Bike Network and Bike Boulevard Grants Programs | - | - | - | 5.3 | 5.3 |
| – Taxi User Subsidy Scheme | 3.4 | - | - | - | - |
| – Coastal Protection for Port Beach Fremantle | 0.2 | - | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | – (a) | 15.5 | 9.7 | 4.0 | 3.3 |
| COMMISSIONER OF MAIN ROADS | | | | | |
| Election Commitments | | | | | |
| – Spoilbank Marina - Truck Haulage Route | - | 5.0 | - | - | - |
| Other Spending | | | | | |
| – State Road Funds to Local Government Agreement Update | - | -5.6 | -9.2 | -12.0 | -7.3 |
| – Perth City Deal - Parallel Walks Conversion Works | - | - | 2.9 | 1.9 | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | -0.5 | 3.4 | 11.6 | 5.3 | -5.5 |
| PUBLIC TRANSPORT AUTHORITY OF WESTERN AUSTRALIA ^(a) | | | | | |
| Election Commitments | | | | | |
| – METRONET - Yanchep Rail Extension Operating Costs | 0.3 | 2.4 | 7.3 | 20.1 | 26.5 |
| – METRONET - Thornlie-Cockburn Link Operating Costs | 0.3 | 0.3 | 0.5 | 3.0 | 11.7 |
| Other Spending | | | | | |
| – Revised Interest Expenses | -1.5 | -11.6 | -11.5 | -11.3 | -14.2 |
| – METRONET - Contribution to Perth Airport Skybridge | - | 22.2 | - | - | - |
| – METRONET - Forrestfield-Airport Link Commissioning Deferral | - | 12.2 | 3.1 | - | - |
| – Planning for Platform and Signalling Upgrade Program | - | 8.6 | 1.9 | - | - |
| – Trial of Road Coach Services between Mandurah and Bunbury | - | 0.5 | - | - | - |
| – One-year Freeze for Transwa Fares | - | 0.2 | 0.2 | 0.2 | 0.2 |
| – WA Recovery Plan and Other COVID-19 Related Spending | 38.3 | 70.3 | 3.3 | 3.6 | 4.3 |
| SOUTHERN PORTS AUTHORITY ^(b) | | | | | |
| – Government Support Package for Koolyanobbing Iron Ore (Administered) | - | -1.3 | 2.8 | -12.3 | - |
| KIMBERLEY PORTS AUTHORITY | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 2.7 | 0.6 | - | - |

(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.

Transport

Election Commitments

Westport: Port and Environs Strategy

To deliver the next stages of Westport, including the development of a strategic level business case for submission to Infrastructure Australia, the Department will spend an additional \$56.7 million over 2020-21 to 2023-24.

The Westport Project Office will coordinate work required for the business case including extensive environmental monitoring and assessment, and strategic infrastructure designs (amongst other technical analysis and strategic advice), for a future land-backed container port in Kwinana.

Across all relevant agencies, additional Westport expenditure funded in this Budget totals \$97.2 million over 2020-21 to 2023-24.

Other Spending

Settlement of a Legal Claim

A \$35 million payment was made in 2019-20 to settle an outstanding legal claim against the State.

Perth City Deal - CBD Transport Plan

As part of the proposed Perth City Deal, additional expenditure of \$33.4 million has been approved for Principal Shared Paths, upgrades to riding and walking paths, accessibility upgrades for bus stops and enhancements to Roe Street.

Western Australian Bike Network and Bike Boulevard Grants Programs

An additional \$10.6 million will be spent on Western Australian Bike Network Grants programs over the Budget period, funded through the State Road Funds to Local Government Agreement. This will continue cycling grants to local governments, the Safe Active Streets (Bike Boulevards) Program and expand Bike Week to Bike Month.

Taxi User Subsidy Scheme

The Government spent an additional \$3.4 million in 2019-20 on taxi fares under its Taxi User Subsidy Scheme. The scheme provides taxi travel at a heavily subsidised rate for people who have a severe or permanent disability that prevents them from being able to access public transport services.

Coastal Protection for Port Beach Fremantle

A rock wall was constructed at a cost of \$200,000 in 2019-20 as interim protection at Port Beach in Fremantle to prevent coastal erosion. This represents 50% of the total cost of the works, which is shared with the City of Fremantle.

Commissioner of Main Roads

Election Commitments

Spoilbank Marina - Truck Haulage Route

Main Roads will spend \$5 million in 2020-21 upgrading existing roads and intersections around the Spoilbank Marina site to facilitate freight movement in and out of the Marina.

Other Spending

State Road Funds to Local Government Agreement Update

Main Roads' expenditure on State-initiated local road projects under the State Road Funds to Local Government Agreement will be reduced by \$34.2 million over 2020-21 to 2023-24 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.

Perth City Deal - Parallel Walks Conversion Works

As part of the proposed Perth City Deal, a total of \$4.9 million will be spent over 2021-22 and 2022-23 to convert 12 non-parallel walk intersections across central Perth, which will improve traffic and pedestrian flow.

Public Transport Authority of Western Australia

Election Commitments

METRONET - Yanchep Rail Extension Operating Costs

The Authority will receive an additional operating subsidy totalling \$56.5 million over 2019-20 to 2023-24 for operating costs of the Yanchep Rail Extension. This includes recruitment and training costs prior to the commencement of services in 2022.

METRONET - Thornlie-Cockburn Link Operating Costs

Additional operating subsidy totalling \$15.8 million will be provided to the Authority for the operating costs of the Thornlie-Cockburn Link. This includes recruitment and training costs prior to the commencement of services in 2023.

Other Spending

Revised Interest Expenses

The operating subsidy paid to the Authority is estimated to decrease by \$50.1 million over 2019-20 to 2023-24 reflecting the impact of lower than forecast interest rates and changes in the timing of asset investment expenditure on the Authority's debt servicing costs.

METRONET - Contribution to Perth Airport Skybridge

The Government has approved an amount of \$22.2 million in 2020-21 to facilitate a contribution to the Perth Airport's Skybridge project. The Skybridge is a 280-metre elevated pedestrian bridge, which will connect Terminal 1 with the future Perth Airport Central station being delivered as part of the Forrestfield-Airport Link project.

METRONET - Forrestfield-Airport Link Commissioning Deferral

The Authority will receive an additional operating subsidy totalling \$15.2 million over 2020-21 and 2021-22 to offset the deferral of fare revenue until the revised anticipated start date of the Forrestfield-Airport Link in late 2021.

Planning for Platform and Signalling Upgrade Program

The Authority will spend an additional \$10.5 million over 2020-21 and 2021-22 on the Platform and Signalling Upgrade Program business case, increasing the total cost of planning to \$21.5 million. The project will be extended to include design and technical assessment work for platform extensions on the Midland and Fremantle train lines. The platform extensions are required to cater for the future operation of six-car trains.

Trial of Road Coach Services between Mandurah and Bunbury

The Authority will receive an additional operating subsidy of \$504,000 in 2020-21 to trial a return coach service between Mandurah and Bunbury on weekdays for 12 months prior to the new Australind diesel train being manufactured.

One-year Freeze for Transwa Fares

The Authority will receive an additional operating subsidy totalling \$811,000 over 2020-21 to 2023-24 to offset the decrease in fare revenue from the Government's one-year freeze for Transwa fares in 2020-21 (at 2019-20 levels). Transperth fares have also been frozen in 2020-21 at a cost to Government of \$13.7 million, as reflected in the WA Recovery Plan.

Southern Ports Authority***Government Support Package for Koolyanobbing Iron Ore (Administered)***

The Southern Ports Authority has revised its throughput, revenue and expenditure forecasts for the Government Support Package for Koolyanobbing Iron Ore. This results in a \$10.7 million decrease in operating subsidy requirements.

ENVIRONMENT

Table 10

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| WATER AND ENVIRONMENTAL REGULATION | | | | | |
| Election Commitments | | | | | |
| – Westport: Port and Environs Strategy | - | 0.3 | 0.3 | 0.3 | 0.3 |
| Other Spending | | | | | |
| – Payroll Tax Liability | - | 2.5 | 2.5 | 2.5 | 2.5 |
| – Rural Water Deficiency and Community Water Supply | - | 3.9 | - | - | - |
| – National On-Farm Emergency Water Infrastructure Rebate Scheme | 2.4 | - | - | - | - |
| – Port Hedland Dust Program - Additional Resourcing | 0.1 | 0.2 | 0.6 | 0.6 | 0.6 |
| – Yamatji Nation Indigenous Land Use Agreement | - | 0.4 | 0.4 | 0.6 | 0.3 |
| – Noise Regulation - Additional Resourcing | - | 0.2 | 0.2 | 0.2 | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 0.9 | 27.0 | 27.6 | 31.2 | 12.8 |
| BIODIVERSITY, CONSERVATION AND ATTRACTIONS | | | | | |
| Election Commitments | | | | | |
| – Plan for Our Parks | - | 8.0 | 8.6 | 5.1 | 1.8 |
| – Plan for Our Parks - Wellington National Park | - | 0.6 | 0.6 | 0.6 | 0.6 |
| – Murujuga World Heritage Listing | - | 0.6 | 0.6 | 0.3 | - (a) |
| Other Spending | | | | | |
| – Bushfire Suppression | 8.9 | - | - | - | - |
| – Rottnest Island Authority - Maintenance | 1.5 | 2.1 | 2.8 | 3.5 | 4.2 |
| – Gibson Desert Nature Reserve Joint Management | - | 2.1 | 0.9 | 0.7 | 0.7 |
| – Yawuru Nagulagun/Roeback Bay Marine Park | - | 0.5 | 0.5 | 0.5 | 0.5 |
| – Bushfire Recovery Package | 0.2 | 0.6 | - | - | - |
| – Road Maintenance within State Forest 65 | - | 0.2 | 0.2 | 0.2 | 0.2 |
| – Yamatji Nation Indigenous Land Use Agreement | - | - | - | 0.1 | 0.1 |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 1.0 | 2.4 | 2.5 | 2.5 |

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

Water and Environmental Regulation

Election Commitments

Westport: Port and Environs Strategy

Funding of \$1.2 million will be provided to the Department over 2020-21 to 2023-24 for additional staff to support environmental monitoring and assessment works for a new port in Kwinana. The Westport Project Office (Department of Transport) will lead this work, with input from the Department. Total Westport expenditure funded in this Budget is \$97.2 million over 2020-21 to 2023-24.

Other Spending

Payroll Tax Liability

Expenditure of \$2.5 million per annum over 2020-21 to 2023-24 has been approved to meet the Department's new obligation to pay payroll tax on the eligible wages of industry-funded staff from 1 July 2020.

Rural Water Deficiency and Community Water Supply

Additional expenditure of \$3.9 million has been approved in 2020-21 for the Rural Water Planning Program. The Program is aimed at developing long-term sustainable and reliable non-potable water supplies in the dryland agricultural area to support self-sufficient rural communities, and for carting of water for livestock in the event of a water deficiency declaration.

National On-Farm Emergency Water Infrastructure Rebate Scheme

The Department entered into the On-Farm Emergency Infrastructure Water Rebate Scheme Agreement with the Commonwealth in 2018-19. An additional \$2.4 million (recouped from the Commonwealth under the Agreement) was spent in 2019-20 on water infrastructure for farms and communities in drought-affected areas, enabling a targeted response to animal welfare.

Port Hedland Dust Program - Additional Resourcing

Additional industry-funded expenditure of \$2 million has been allocated over 2019-20 to 2023-24 to continue the implementation of the Department's regulatory program for dust management and the takeover of the operation of the air quality monitoring network.

Yamatji Nation Indigenous Land Use Agreement (ILUA)

Following registration of the Yamatji Nation ILUA on 30 July 2020, an additional \$1.6 million will be spent in 2020-21 to 2023-24 to reserve water for use by Aboriginal people, to investigate and develop groundwater resources, training and support to develop a water monitoring business, and to map and protect cultural water sites across traditional lands.

Noise Regulation - Additional Resourcing

The Department will spend an additional \$717,000, funded by industry, over 2020-21 to 2022-23 to support assessments and reporting of applications made under the Environmental Protection (Noise) Regulations 1997.

Biodiversity, Conservation and Attractions**Election Commitments*****Plan for Our Parks***

Additional expenditure of \$23.6 million has been approved over 2020-21 to 2023-24 to implement the Plan for Our Parks initiative that aims to increase the State's conservation estate by 20% over the next five years. The creation of new parks and reserves will be subject to endorsement from traditional owner groups with aspirations for the creation, joint vesting and joint management of new parks and reserves. In particular, the expenditure will be used for traditional owner engagement, ILUA negotiations, management planning, reserve creation and initial agency implementation costs.

Plan for Our Parks - Wellington National Park

As part of the expansion of the Wellington National Park, an additional \$560,000 per annum will be spent from 2020-21 onwards to employ five Aboriginal rangers.

Murujuga World Heritage Listing

To support a World Heritage nomination for the Murujuga National Park, an additional \$1.4 million will be spent over 2020-21 to 2023-24.

Other Spending

Bushfire Suppression

An additional \$8.9 million was spent in 2019-20 on bushfire suppression, due to significant bushfire activity in that year, which included several large and prolonged bushfires. This resulted in a significant increase in overtime and allowances, and aircraft and contract machinery costs.

Rottnest Island Authority - Maintenance

The Authority's expenses have been revised up by \$14.1 million over 2019-20 to 2023-24 reflecting higher spending on building maintenance.

Gibson Desert Nature Reserve Joint Management

An amount of \$4.5 million will be spent over 2020-21 to 2023-24 to establish joint management of the Gibson Desert Nature Reserve between the Department and the Mantjiltjarra people.

Yawuru Nagulagun/Roebuck Bay Marine Park

To continue operations at the Yawuru Nagulagun/Roebuck Bay Marine Park, \$530,000 per annum will be spent from 2020-21 onwards to continue the employment of Aboriginal Rangers and support ongoing management of the marine park.

Bushfire Recovery Package

As part of the Commonwealth Government's bushfire recovery package for wildlife and their habitat, \$800,000 will be spent over 2019-20 and 2020-21 to protect threatened flora, fauna and habitats affected by recent bushfires.

Road Maintenance within State Forest 65

The Government has committed \$800,000 over 2020-21 to 2023-24 for the maintenance of roads and tracks to assist with bushfire mitigation within State Forest 65.

Yamatji Nation Indigenous Land Use Agreement (ILUA)

Following registration of the Yamatji Nation ILUA on 30 July 2020, an additional \$160,000 will be spent over 2022-23 and 2023-24 to employ an Aboriginal Ranger.

PLANNING AND LAND USE

Table 11

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| PLANNING, LANDS AND HERITAGE | | | | | |
| Election Commitments | | | | | |
| – Westport: Port and Environs Strategy | - | 0.8 | 0.9 | 0.7 | - |
| – Swan Valley Planning Bill 2020 | - | - (a) | - (a) | - (a) | - (a) |
| Other Spending | | | | | |
| – Mitigation of Extreme Bushfire Risks | - | 3.8 | 3.8 | 3.8 | 3.8 |
| – Native Title Settlements (Administered) | - | 8.6 | - | - | - |
| – Northampton Lead Tailings Project | - | 4.0 | 1.2 | 0.2 | - |
| – Resolution of Native Title in the South West of Western Australia (Settlement) | - | 1.1 | - | - | - |
| – Pastoral Lands Reform - Three-year Monitoring and Compliance Development Project | - | 0.3 | 0.3 | 0.3 | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 0.1 | 11.5 | 4.7 | 2.3 | 2.1 |
| WESTERN AUSTRALIAN LAND INFORMATION AUTHORITY (LANDGATE) | | | | | |
| – Strategic Development Plan (b) | -10.6 | -0.2 | 3.7 | -0.9 | -6.1 |
| DEVELOPMENTWA (c) | | | | | |
| – Perth City Deal | - | 50.0 | - | - | - |
| – Yamatji Nation Indigenous Land Use Agreement | - | - | 5.6 | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 0.3 | 230.5 | 52.7 | 12.2 | 12.2 |
| HERITAGE COUNCIL OF WESTERN AUSTRALIA | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 0.4 | 0.6 | - | - |
| (a) Amounts less than \$50,000. | | | | | |
| (b) Decrease in expenditure excludes National Tax Equivalent regime and dividends. | | | | | |
| (c) Represented in general government expenses as grants and subsidies, sourced from the Consolidated Account and paid through the Department of Treasury. | | | | | |

Planning, Lands and Heritage

Election Commitments

Westport: Port and Environs Strategy

The Department will spend \$2.5 million over 2020-21 to 2022-23 to address planning issues for a new port in Kwinana. The Westport Project Office (Department of Transport) will lead this work, with input from the Department.

Total Westport expenditure funded in this Budget is \$97.2 million over 2020-21 to 2023-24.

Swan Valley Planning Bill 2020

An amount of \$125,000 over 2020-21 to 2023-24 has been approved for sitting fees related to the two proposed Swan Valley committees which will come into effect upon enactment of the Swan Valley Planning Bill 2020. The Bill provides a clear vision to guide land use planning and development within the Swan Valley.

Other Spending

Mitigation of Extreme Bushfire Risks

An amount of \$15 million will be spent over the four years to 2023-34 to continue to treat priority bushfire and other risks on unallocated Crown land, unmanaged Crown reserves, and Crown reserves under the care of local government authorities.

Native Title Settlements (Administered)

A total of \$8.6 million has been set aside in 2020-21 for Native Title compensation. Further information is not disclosed due to the commercial-in-confidence nature of the agreements and in order to avoid prejudicing ongoing negotiations.

Northampton Lead Tailings Project

Additional expenditure of \$5.5 million has been approved over 2020-21 to 2022-23 to complete the Northampton Lead Tailings Project. The approved funding will be used to design and construct a permanent containment facility at the former mine site at Wheal Ellen to store lead tailings from both the townsite and the former mine site.

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

Additional expenditure of \$1.1 million in 2020-21 has been approved for the land strategy and Aboriginal heritage management components of the Settlement.

Pastoral Lands Reform - Three-year Monitoring and Compliance Development Project

An amount of \$837,000 over 2020-21 to 2022-23 has been allocated to the Department to establish, in conjunction with the Department of Primary Industries and Regional Development, a framework to implement a risk-based approach to the management of the pastoral estate (with total spending of \$3.8 million allocated to this reform).

Western Australian Land Information Authority (Landgate)

Strategic Development Plan

Reduced expenditure totalling \$14.1 million over 2019-20 to 2023-24 reflects salaries and superannuation savings and lower depreciation expenses associated with a revised Asset Investment Program, partially offset by an increase in software service-related costs.

DevelopmentWA

Perth City Deal

Subject to the progress and outcome of negotiations to establish an inner city university campus in the Perth CBD, the Government has approved an operating subsidy of \$50 million in 2020-21 to be paid to DevelopmentWA for contributing land to Edith Cowan University to establish an inner-city campus as part of the Perth City Deal. A further \$100 million in payments to support this initiative are outlined in *Provisions* at the end of this chapter.

Yamatji Nation Indigenous Land Use Agreement (ILUA)

Following registration of the Yamatji Nation ILUA on 30 July 2020, an additional \$5.6 million will be spent in 2021-22 to reimburse DevelopmentWA for land parcels transferred as part of the agreement.

UTILITIES

Table 12

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| SYNERGY ^(a) | | | | | |
| – \$600 Household Electricity Credit | - | 617.5 | - | - | - |
| – Financial Viability Subsidies | 135.9 | 164.5 | 134.6 | 133.7 | 134.0 |
| – Distributed Energy Buyback Scheme | - | 0.2 | 0.4 | 0.6 | 0.8 |
| – WA Recovery Plan and Other COVID-19 Related Spending | 311.5 | 6.7 | 3.7 | 3.7 | 2.7 |
| HORIZON POWER ^(a) | | | | | |
| – \$600 Household Electricity Credit | - | 23.7 | - | - | - |
| – Non-Tariff Adjustment Payment Operating Subsidy | - | -6.5 | -6.6 | -6.8 | -6.7 |
| – Tariff Adjustment Payment Operating Subsidy | - | 1.2 | 2.7 | 3.0 | 2.4 |
| – WA Recovery Plan and Other COVID-19 Related Spending | 14.8 | 6.0 | 0.4 | 0.4 | 0.4 |
| WATER CORPORATION ^(a) | | | | | |
| – Operating Subsidy | - | 5.5 | -8.6 | -17.2 | -37.4 |
| – WA Recovery and Other COVID-19 Related Spending | 0.5 | 9.8 | 9.0 | 10.4 | 12.8 |

(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.

Synergy

\$600 Household Electricity Credit

Synergy will receive an additional operating subsidy of \$617.5 million in 2020-21 to meet the cost of providing a one-off \$600 tariff credit on the electricity bills of all of its residential customers (over one million of them). The credit will provide the ‘representative’ household around four months of relief from having to pay their electricity accounts, and will be rolled out from 1 November 2020.

Financial Viability Subsidies

Over 2019-20 to 2023-24, Synergy will be provided operating subsidies totalling an estimated \$702.7 million to fund a range of cost shortfalls that it is currently unable to recover, including costs in relation to the Tariff Equalisation Contribution, Renewable Energy Buyback Scheme, Feed-in Tariff scheme, and fees and charges that it must pay to service providers but is unable to pass on to customers.

These subsidies will ensure that Synergy is appropriately compensated for activities that it is required to undertake on behalf of the Government.

Distributed Energy Buyback Scheme

An increase to Synergy’s operating subsidy totalling an estimated \$2 million over 2020-21 to 2023-24 has been approved to meet the net cost associated with the introduction of the Distributed Energy Buyback Scheme. The Scheme replaces the Renewable Energy Buyback Scheme and is a ‘time-of-export’ scheme that will compensate customers for energy exported back to the grid at a price that reflects the value of energy at different times of the day.

Horizon Power

\$600 Household Electricity Credit

Horizon Power will receive an additional operating subsidy of \$23.7 million in 2020-21 to meet the cost of providing a one-off \$600 tariff credit on the electricity bills of all of its residential customers (around 40,000 of them). The credit will be rolled out from 1 November 2020.

Non-Tariff Adjustment Payment Operating Subsidy

The non-tariff adjustment payment has decreased by an estimated \$26.6 million over 2020-21 to 2023-24, primarily due to operating subsidies for electricity supply costs for Aboriginal and Remote Communities being discontinued. To ensure that electricity supply costs are treated consistently across all of Horizon Power's Aboriginal and Remote Communities, these costs are now recouped via the Tariff Equalisation Contribution.

Tariff Adjustment Payment Operating Subsidy

The Tariff Adjustment Payment operating subsidy, paid to Horizon Power for the difference between South West Interconnected System efficient costs and regulated tariff revenue, has been revised up by \$9.3 million over 2020-21 to 2023-24.

Water Corporation

Operating Subsidy

The Water Corporation's overall operating subsidy has been revised down by \$57.8 million over 2020-21 to 2023-24, reflecting the reprofiling of capital expenditure in the regions. This is partially offset by reductions to revenue due to reduced 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 total cost of \$1.2 billion over 2020-21 to 2023-24.

PROVISIONS

Table 13

| MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
| Provisions | | | | | |
| – Perth City Deal - Central Business District University Campuses | - | - | 100.0 | - | - |
| – Human and Community Services Contracts | -15.0 | -15.0 | -15.0 | -15.0 | - |
| – Revised Road Trauma Trust Account Spending | -1.1 | -2.8 | -0.2 | -6.4 | -6.4 |
| – Provision for Recurrent Underspending | 300.0 | -250.0 | -50.0 | - | - |
| – COVID-19 Industry Support Fund | - | 72.0 | - | - | - |
| – Provision for National Redress Scheme | - | 36.1 | 21.1 | 4.0 | 4.0 |
| – Provision for Business Case Development Fund | - | 13.0 | - | - | - |
| – Provision for COVID-19 Health Costs | - | 80.0 | - | - | - |

Provisions

Perth City Deal - Central Business District University Campuses

As part of the Perth City Deal, an amount of \$100 million has been allocated in 2021-22 to enable cash payments of up to \$50 million to both Murdoch University and Curtin University, dependent on the progress of negotiations for each of the institutions to establish a campus in the Perth CBD. A further \$50 million will be paid to DevelopmentWA for land contributions to Edith Cowan University (see *Planning and Land Use* earlier in this chapter). The proposed campuses will contribute to increased activation of the CBD through higher population density and provide an economic boost to city businesses (see feature box in Chapter 6: *Asset Investment*).

Human and Community Services Contracts

A \$60 million recurrent funding provision was included in the Mid-year Review to address cost pressures arising from the 2012 Fair Work Australia Equal Remuneration Order on certain human and community services contracts. These costs have been fully allocated to agencies as part of this Budget (detailed in this chapter), so this provision is no longer required.

Revised Road Trauma Trust Account (RTTA) Spending

The Mid-year Review included a \$35.4 million provision for anticipated spending from the RTTA over 2019-20 to 2022-23. The spending provision has since been extended to cover 2023-24 resulting in a total of \$56.8 million, comprising \$17 million in expenses and \$39.8 million in capital investment.

The provision has been fully allocated to infrastructure projects across the forward estimates period (see Chapter 6) - the changes in the table above reflect the removal of the \$17 million recurrent provision. RTTA spending in 2020-21 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.

Provision for Recurrent Underspending

The 2019-20 Budget included a provision for a \$300 million recurrent underspend for 2019-20, which was budgeted to be fully caught up across 2020-21 and 2021-22. The recent 2019-20 *Annual Report on State Finances* outlined that this underspend was reflected in the outturns recorded across a range of agencies. The forward estimates now include the outyear implications of the actual underspend in 2019-20. Accordingly, the provision has now been fully allocated to agencies.

COVID-19 Industry Support Fund

In response to the COVID-19 pandemic, the Government announced a \$300 million package of industry specific support measures. During the Budget process, around \$228 million of specific measures have been allocated to agencies.

Provision for National Redress Scheme

A provision of \$65 million over the forward estimates has been included in this Budget, utilising underspends in Scheme payments in 2019-20. The provision will be used to offset future costs associated with the Scheme and civil litigation claims for survivors of institutional child sexual abuse.

Provision for Business Case Development Fund

A provision for a Business Case Development Fund, totalling \$13 million, has been established to accelerate the development and completion of business cases and project definition plans for a range of economic recovery initiatives.

Provision for COVID-19 Health Costs

An \$80 million provision has been included in 2020-21 for costs expected to be incurred by WA Health for quarantine and COVID-19 preparedness initiatives. This reflects the ongoing uncertainty associated with the timing and magnitude of COVID-19 related expenditure that may be required over the remainder of 2020-21.

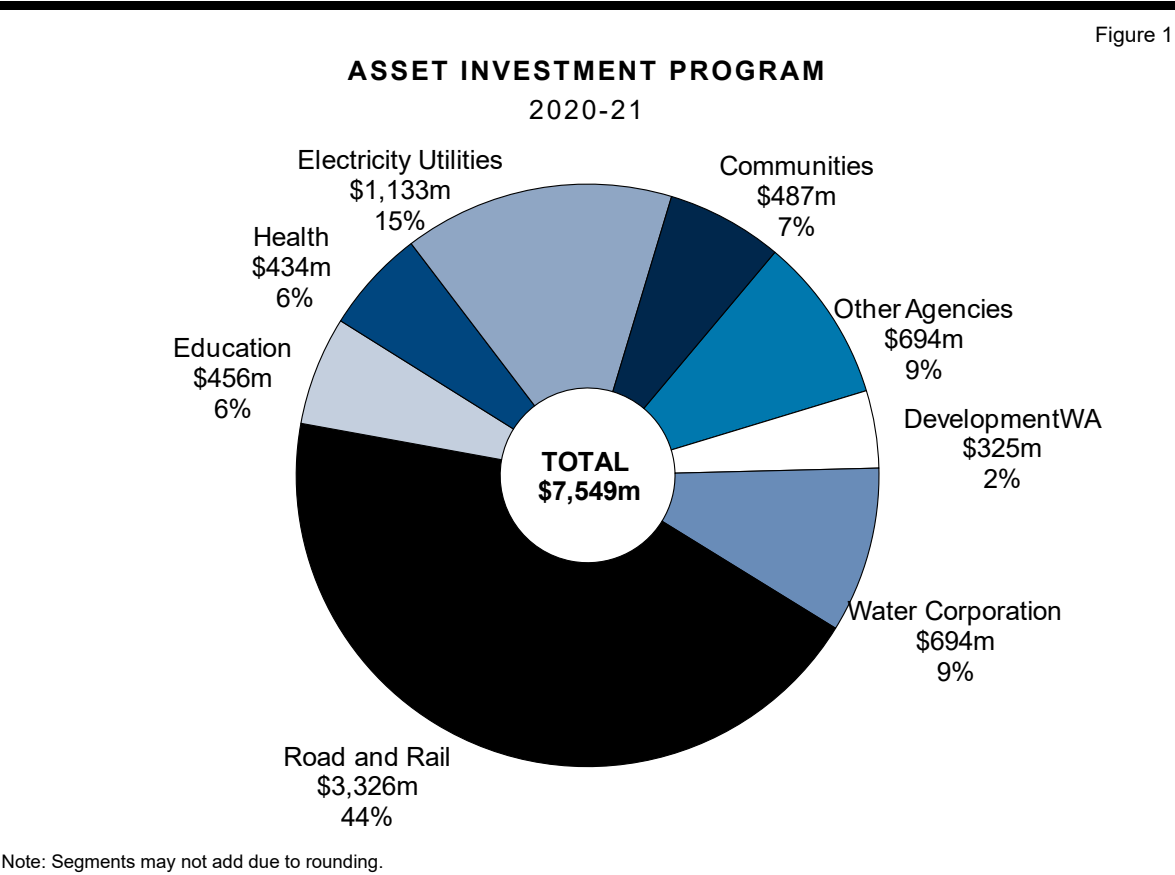
Asset Investment

HIGHLIGHTS

- The 2020-21 Budget includes a record \$27.1 billion Asset Investment Program (AIP) over the next four years. This includes the infrastructure component of the WA Recovery Plan, which comprises hundreds of small to medium-sized projects across the State aimed at generating activity and supporting jobs.
- A substantial \$7.5 billion AIP is budgeted for 2020-21 - almost 50% more than the 2019-20 AIP - followed by another very large program (\$7.5 billion) in 2021-22. The AIP is then forecast to return to more typical levels in the last two outyears (averaging around \$6 billion per annum).
- To assist in delivering this record program of works (especially over the next two years), the Government has established and funded a new Infrastructure Delivery Unit in the Department of Finance.
- This Budget also continues the Government's record investment in transport infrastructure, with funding for the Morley-Ellenbrook Line, the Byford Rail Extension, Level Crossing Removals, and Midland and Bayswater Stations.

Introduction

Record asset investment totalling \$27.1 billion over the next four years will support growth in the State’s economy, create jobs and enable the delivery of high quality services. In 2020-21, the Asset Investment Program (AIP) totals \$7.5 billion, an increase of almost 50% on 2019-20. Investment in transport infrastructure remains the most significant component of the State’s AIP, with roads and rail accounting for 44% of the total program in 2020-21. Other large contributors to the AIP include electricity (15%) and water (9%) - see figure below.



The share of the AIP attributable to economic infrastructure (for example, electricity, water and land development) as opposed to social infrastructure (schools, hospitals, prisons, etc.) is expected to average 60% over the period 2020-21 to 2023-24. This investment will play a key role in supporting the State’s economic recovery from COVID-19.

WA Recovery Plan

As detailed in Chapter 2, this Budget fully funds the WA Recovery Plan that will help drive economic and social recovery from the impacts of COVID-19 and create a pipeline of jobs for Western Australians.

The WA Recovery Plan includes a significant infrastructure component, with an estimated additional investment of \$2.2 billion over the forward estimates period. This includes spending across the entire State and across all areas of service delivery including schools, TAFEs, hospitals, roads, national parks, and other community facilities.

Creating Jobs and Strengthening the State's Economy

Investment in roads and public transport totals \$3.3 billion in 2020-21 and \$11.7 billion over the four years to 2023-24. This investment incorporates the Government's METRONET program and new roads spending. In total, the Budget allocates \$5.7 billion for METRONET projects over the forward estimates period (see feature box).

METRONET

The METRONET construction program and associated pipeline of work is helping to support local jobs and the State's economic recovery. Once complete, the long-term plan will connect our suburbs with world-class public transport, reduce road congestion and meet Perth's future planning needs. It is the largest single investment in public transport in the State's history.

The 2020-21 Budget includes funding for the Morley-Ellenbrook Line main contract and enabling works, as well as accelerated procurements of the Byford Rail Extension, the Midland Station Redevelopment, and level crossing removals on the Inner Armadale Line.

This brings total investment in METRONET projects over the forward estimates period to \$5.7 billion.

The Budget aggregates include global provisions to deliver a number of METRONET projects that are either still in planning (such as High Capacity Signalling) or currently in a live procurement process (such as the Morley-Ellenbrook Line, Byford Rail Extension and Midland Station). As was the case for earlier METRONET projects, these will be included in delivery agencies' Asset Investment Programs after contract award.

Key milestones for 2020-21 include:

- An estimated \$83.3 million will be spent in 2020-21 on METRONET pre-construction rail line planning deliverables, including technical project definition requirements, concept designs and procurement processes.
- Following the accelerated competitive alliance development phase, the final major construction contract for the Morley-Ellenbrook Line will be awarded in late 2020, with workforce mobilisation to start in early 2021.

- In the third quarter of 2020, business cases were submitted to Infrastructure Australia for the Byford Rail Extension and removal of level crossings along the Inner Armadale Line. Both projects are set to reduce congestion, provide enhanced urban amenity and create improved land use development opportunities in the longer term.
- Requests for Proposals for the construction of three major METRONET projects (Byford Rail Extension, Inner Armadale Line level crossing removals and Midland Station) will be released to the market by October 2020. Shortlisted proponents are planned to be announced in late 2020 and early 2021.
- Removal of the level crossing at Thomas Road has been fast-tracked to facilitate the Byford Rail Extension. Construction of the new \$52 million Thomas Road bridge over the railway line will start in late 2020 as part of the existing Armadale Road to North Lake Road bridge project.
- Detailed early works scoping will be undertaken in 2020-21 to prepare for the relocation of utility services along the inner section of the Armadale Line (as part of the project to remove level crossings at Mint Street, Oats Street and Welshpool Road). The key package of works concerns the relocation of Western Power infrastructure, which includes works to replace the existing overhead 132kv electricity transmission lines with underground power cables.
- For METRONET projects in the delivery stage (Thornlie-Cockburn Link, Yanchep Rail Extension, Bayswater Station and removal of the Denny Avenue level crossing on the Armadale Line), works will continue during 2020-21. Construction of key infrastructure works such as bridges and car parks is also starting on site.
- The Forrestfield-Airport Link has commenced tracklaying, following completion of tunnel boring in April 2020. Preparation is underway for the installation of overhead lines, signalling and communication systems.

Table 1

METRONET

| METRONET | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Total 2020-21 to 2023-24 |
|--|----------------|----------------|----------------|----------------|---|
| | \$m | \$m | \$m | \$m | \$m |
| Capital Expenditure | | | | | |
| Forrestfield-Airport Link | 354.5 | 297.6 | - | - | 652.0 |
| Thornlie-Cockburn Link | 195.0 | 270.9 | 148.4 | 26.8 | 641.2 |
| Yanchep Rail Extension | 184.7 | 198.4 | 54.7 | - | 437.8 |
| Public Transport Authority | 184.7 | 128.4 | 54.7 | - | 367.8 |
| Western Australian Planning Commission | - | 70.0 | - | - | 70.0 |
| Bayswater Station | 92.3 | 86.8 | 32.3 | - | 211.4 |
| Lakelands Station | 16.3 | 52.0 | 12.4 | - | 80.7 |
| Level Crossing Removal Program | 72.0 | 27.0 | - | - | 99.1 |
| Level Crossing Removal - Inner Armadale Line | 72.6 | 153.2 | 143.9 | 45.3 | 415.0 |
| Mandurah Car Park | 31.5 | - | - | - | 31.5 |
| Rail Line Planning | 83.3 | 0.1 | - | - | 83.4 |
| New and Existing Train Station Upgrades | 13.7 | 14.2 | 10.5 | 11.9 | 50.4 |
| High Capacity Signalling (Planning) | 4.6 | 1.5 | - | - | 6.1 |
| Railcar Acquisition | 275.3 | 114.4 | 189.5 | 88.8 | 668.0 |
| Provision for Projects Under Development | 123.9 | 479.4 | 775.3 | 540.8 | 1,919.4 |
| Provision for METRONET Roads Under Development | - | - | - | 39.1 | 39.1 |
| Land Acquisition and Enabling Works | 173.2 | 130.6 | 44.6 | - | 348.5 |
| Total | 1,692.9 | 1,826.1 | 1,411.6 | 752.9 | 5,683.5 |
| Capital Funding | | | | | |
| Commonwealth Funding | 195.4 | 691.8 | 388.0 | 273.7 | 1,549.0 |
| Land Sales | 8.6 | 5.0 | 10.0 | 10.0 | 33.6 |
| Metropolitan Region Improvement Fund | 90.6 | 70.0 | - | - | 160.6 |
| Consolidated Account | 797.3 | 425.5 | 621.0 | 302.5 | 2,146.3 |
| Royalties for Regions | 12.7 | - | - | - | 12.7 |
| Public Transport Authority Borrowings | 465.5 | 389.7 | 119.4 | 11.9 | 986.6 |
| Other (inc. Motor Vehicle Licence Revenue) | 90.2 | 92.2 | - | 84.4 | 266.8 |
| Interest Revenue | 1.9 | - | - | - | 1.9 |
| Cash at Bank | 30.6 | 151.9 | 273.2 | 70.3 | 526.0 |
| Recurrent Expenditure | | | | | |
| Operating Subsidy for METRONET Office | 2.8 | 2.7 | 2.2 | 1.5 | 9.2 |
| METRONET Precinct Planning | 2.5 | 2.5 | - | - | 5.0 |
| Total | 5.3 | 5.2 | 2.2 | 1.5 | 14.2 |

Delivering Quality Health Care, Education and Social Housing

Investment in the construction, refurbishment and expansion of the State’s health infrastructure totals more than \$1 billion 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 and Sustainable Health Review recommendations.

Significant new investments include the redevelopment of Bunbury Hospital, an additional 20 mental health acute inpatient beds at Fremantle Hospital, and expansion and upgrade of facilities at Sir Charles Gairdner Hospital, including a Behavioural Assessment Urgent Care Centre, upgrade of the Emergency Department, and expansion of facilities to meet future demand for diagnosis and treatment of cancer and neurological diseases.

This Budget also includes:

- \$1.5 billion for the construction, refurbishment and expansion of public schools across Western Australia, including \$456 million in 2020-21. This represents an additional \$489 million for the delivery of major education infrastructure projects across the State over the four years to 2023-24; and
- a substantial increase of \$431 million to maintain a sustainable social housing safety net, facilitate the availability of affordable housing and invest in infrastructure to support the delivery of social services. This brings total investment across the forward estimates period to \$1.7 billion.

Shaping our State and Investing in Our Suburbs and Towns

The Perth City Deal, a new \$1.5 billion partnership between the State and Commonwealth Governments and the City of Perth, will deliver significant economic benefits and opportunities for the Perth CBD (see below).

Perth City Deal

Since October 2019, the Australian Government, the Western Australian Government and the City of Perth have been working to progress the development of a City Deal focussed on the Perth Central Business District (CBD). The Perth City Deal will create an activated CBD for people to work, live and play through higher population density and an economic boost to city businesses.

The \$1.5 billion Perth City Deal, which was announced on 20 September 2020, comprises \$467 million from the State¹ and \$414 million from the Commonwealth, with the remaining contributions from the universities, the City of Perth, the Western Australian Cricket Association (WACA) and other private partners. The City Deal includes the following projects:

- up to \$1 billion for the development of up to three campuses in the Perth CBD by Edith Cowan, Curtin and Murdoch Universities, with the aim of attracting more international students to study and reside in central Perth;
- implementation of a CBD Transport Plan costing \$105 million to upgrade and augment transport infrastructure within the CBD for cyclists and pedestrians. This includes additional bike lanes and shared paths, conversion of the remaining non-parallel walk intersections across central Perth, accessibility upgrades for 52 bus stops in the CBD, enhancement of Roe Street and the construction of a new Causeway Cyclist and Pedestrian Bridge;
- redevelopment of the WACA's arena and surrounds valued at up to \$100 million;
- \$20 million for the East Perth Power Station redevelopment to upgrade necessary infrastructure and improve connectivity to the site and surrounding areas;
- \$36 million to support housing and homelessness initiatives within the CBD. This includes the development of a Common Ground facility to be located on the corner of Hill Street and Wellington Street;
- a \$42 million development of the Perth Concert Hall into a premier, world-class music venue;
- rejuvenation works within the Perth Cultural Centre precinct, at a cost of \$20 million, to improve its safety and amenity, and encourage increased visitation and use of the Cultural Centre and its surrounds; and
- a pre-feasibility study for an Aboriginal Culture Centre to be located in Perth on the traditional lands of the Whadjuk Noongar people.

¹ At the time of Budget cut-off (7 September 2020), negotiations on the future of Edith Cowan University's Mount Lawley campus as part of the City Deal were not concluded. As a result, \$100 million of the \$150 million grant funding subsequently committed for the ECU's CBD campus is not included in the Budget aggregates. The \$100 million grant is not expected to be made until after 2026.

Major Infrastructure Changes

Summary

The following tables provide details of major changes in total public sector infrastructure spending by agency since the 2019-20 Mid-year Review was released in December 2019. These include policy decisions made between the cut-off date for the Mid-year Review (2 December 2019) and the cut-off date for this Budget (7 September 2020), and other changes of a material nature affecting agency infrastructure spending over the forward estimates period.

Agency investment as part of the State Government’s \$5.5 billion WA Recovery Plan, along with other spending directly related to COVID-19, is reported at the aggregate level in the following tables. Information on specific agency WA Recovery Plan initiatives and other COVID-19 spending changes is available in Budget Paper No. 2: *Budget Statements*.

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*.

GOVERNMENT ADMINISTRATION

Table 2

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|--------------------|----------------|----------------|----------------|
| GOVERNOR'S ESTABLISHMENT | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 2.5 ^(a) | - | - | - |
| (a) As part of the WA Recovery Plan, \$2.5 million will be spent in 2020-21 on the Roof Repair and Reinstatement Project at Government House. | | | | | |

FINANCIAL ADMINISTRATION

Table 3

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| FINANCE | | | | | |
| – Office Accommodation - Office Fit-outs | 5.8 | 3.2 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | - | 0.7 | 11.7 | 1.4 |
| GOLD CORPORATION | | | | | |
| – One-Future Program | - | 2.7 | - | - | - |
| – Security System Upgrade | - | 2.1 | - | - | - |

Finance***Office Accommodation - Office Fit-outs***

An additional \$5.8 million was spent in 2019-20 on office fit-outs in newly leased office accommodation for the Western Australia Police Force. A further \$3.2 million will be spent in 2020-21 on office fit-outs for the Department of Primary Industries and Regional Development in newly leased accommodation. The costs of these fit-outs are funded from lease incentives provided by the respective landlords.

Gold Corporation***One-Future Program***

An additional \$2.7 million has been allocated in 2020-21 to upgrade the Corporation's Enterprise Resource Planning System and e-Commerce Systems (collectively the One-Future Program), funded through the reprioritisation of its existing Asset Investment Program. The One-Future Program supports the Corporation's ongoing operations and the development of new product offerings.

Security System Upgrade

The Corporation will spend \$2.1 million in 2020-21 on security system upgrades in order to protect precious metals held on site. These upgrades are expected to reduce ongoing security costs.

JOBS AND ECONOMIC DEVELOPMENT

Table 4

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| JOBS, TOURISM, SCIENCE AND INNOVATION | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 10.0 | - | - | - |
| PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT | | | | | |
| Election Commitments | | | | | |
| – Transforming Bunbury's Waterfront Stage 3 Phase 1 project | - | 1.7 | 5.6 | 40.3 | 30.5 |
| Other Spending | | | | | |
| – Metropolitan Accommodation Facilities | - | 11.8 | 3.0 | - | - |
| – Modern Biosecurity and Product Integrity | - | 0.7 | 2.0 | 1.0 | 1.0 |
| – Merredin Office - Insurance Recovery | 1.1 | - | - | - | - |
| – Wild Dogs Commonwealth Agreement | 0.3 | 0.7 | - | - | - |
| – Boosting Biosecurity Defences - RadSource X-ray irradiator ^(a) | - | 0.8 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | -5.0 | 4.7 | 7.5 | 40.9 | 30.5 |
| MINES, INDUSTRY REGULATION AND SAFETY | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 0.4 | 6.6 | - | - |
| RACING AND WAGERING WESTERN AUSTRALIA | | | | | |
| – Business Development Projects | -6.3 | -3.2 | -2.1 | -3.2 | -3.5 |

(a) This project has been funded from the reprioritisation of recurrent RfR funds.

Primary Industries and Regional Development

Election Commitments

Transforming Bunbury's Waterfront Stage 3 Phase 1 project

The Government has allocated \$78.1 million over 2021-22 to 2023-24, subject to finalisation of the business case, for the Transforming Bunbury's Waterfront Stage 3 Phase 1 project. This project includes the construction of a new breakwaters at Casuarina Boat Harbour and Koombana Bay, establishment of serviced hardstand areas and enabling infrastructure (lifter jetties and repair shed) in Casuarina Boat Harbour, site development for an onshore boat stacking facility, as well as upgrades to the existing boat launching facility and new public amenities.

Other Spending

Metropolitan Accommodation Facilities

An additional \$14.8 million will be spent over 2020-21 and 2021-22 to improve the accommodation facilities to enable the provision of laboratory services that meet the requirements of the primary industries sector. This involves the provision of temporary facilities, essential remediation work to existing facilities at the Kensington site, fit-out work for leased laboratory accommodation, and planning for the Department's future accommodation needs.

Modern Biosecurity and Product Integrity

The Government has approved expenditure of \$4 million over 2021-22 to 2023-24 to develop a system to meet national and international traceability requirements, and to ensure the appropriate policy and regulatory arrangements are in place to underpin effective traceability and product integrity across all major agrifood sectors.

Capital investment of \$750,000 in 2020-21 has also been allocated towards the replacement of the quarantine glasshouses at the South Perth site to enable the continued processing of imported plant materials and germplasm (including grain, grape vines and ornamentals) from other States.

Merredin Office - Insurance Recovery

Insurance proceeds of \$1.1 million were spent in 2019-20 to undertake remedial works resulting from storm damage, and on laboratory refurbishment at the Merredin Office.

Wild Dogs Commonwealth Agreement

An additional \$1 million will be spent over 2019-20 and 2020-21, to continue the construction of the wild dog exclusion fences under the Western Australian State Barrier Fence Esperance Extension Project.

Boosting Biosecurity Defences - RadSource X-ray irradiator

An amount of \$800,000 will be spent in 2020-21, funded through the reprioritisation of the recurrent RfR Program - Boosting Biosecurity Defences, on the replacement of the 'RadSource X-ray irradiator' equipment. This equipment is used to ensure there is an ongoing supply of Sterile Insect Technology Mediterranean fruit fly (Medfly) to assist in eradication (in the event of an outbreak).

Racing and Wagering Western Australia***Business Development Projects***

Expenditure on various business development projects has been reduced by \$18.3 million over 2019-20 to 2023-24 as a result of the changing wagering environment and requirements of the agency.

HEALTH

Table 5

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| WA HEALTH | | | | | |
| Election Commitments | | | | | |
| – Country Ambulance Initiatives | - | - | 0.8 | 0.8 | - |
| Other Spending | | | | | |
| – Community Health and Hospitals Program | -4.8 | 9.1 | 18.1 | 13.0 | 7.6 |
| – Spinal Cord Injury Service Reconfiguration Project | -9.0 | -18.0 | -2.0 | - | - |
| – Good Manufacturing Practice Laboratories and Cyclotron at Sir Charles Gairdner Hospital | - | 9.5 | 12.2 | 0.9 | - |
| – Minor Asset Investment Projects | – (a) | 11.0 | - | - | - |
| – WA Country Health Service Command Centre | - | 3.7 | 5.5 | 1.1 | - |
| – Human Resource Management Information System | - | 5.7 | 2.1 | - | - |
| – Newman Health Service Redevelopment | - | - | 6.0 | 1.7 | - |
| – Safety & Security Initiatives (Stop the Violence) | 0.9 | 4.1 | - | - | - |
| – Cladding Remediation | - | 3.1 | 1.6 | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 12.5 | 32.4 | 54.0 | 22.4 | 35.5 |
| MENTAL HEALTH COMMISSION | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 4.0 | 2.4 | 0.9 | - |
| ANIMAL RESOURCES AUTHORITY | | | | | |
| – Capital Upgrades and Maintenance | 0.1 | 0.1 | - | - | - |

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

WA Health

Election Commitments

Country Ambulance Initiatives

Following the release of the Country Ambulance Strategy in November 2019, the Government will invest an additional \$1.6 million over 2021-22 to 2022-23 for six new ambulances to ensure the Kimberley community has timely access to ambulances services. This is in addition to \$7.6 million in recurrent expenditure including for a two-year pilot of a new service delivery model in the Kimberley (see Chapter 5).

Other Spending

Community Health and Hospitals Program

Under the Commonwealth's Community Health and Hospitals Program (CHHP), an additional \$43 million will be spent over 2019-20 to 2023-24 to construct a new hospital at Laverton, develop a Mental Health Emergency Centre at the St John of God Midland Public Hospital, and develop the Peel Health Campus including refurbishing the Medical Imaging Department and constructing a new mental health facility. A further \$50 million will also be spent on recurrent projects under the CHHP (see Chapter 5).

Spinal Cord Injury Service Reconfiguration Project

Through extensive consultation, the residents of the Quadriplegic Centre identified that their preferred future accommodation option is for the Multiple Sclerosis Society of WA (MSWA) to develop a High Support Accommodation Facility in Shenton Park and provide ongoing care. As this approach will not involve the Government constructing the facility, \$20.1 million originally intended for the project will not be required. Instead, the Government will provide land as well as a \$9 million grant to MSWA to support this project (see Chapter 5).

Good Manufacturing Practice Laboratories and Cyclotron at Sir Charles Gairdner Hospital (SCGH)

An additional \$22.6 million will be spent over 2020-21 to 2022-23 to establish Good Manufacturing Practice-compliant laboratories and a second cyclotron at SCGH, taking the total cost of the project to \$23.3 million. The cyclotron produces Positron Emission Tomography (PET) radiopharmaceuticals which are used in PET scanners by public hospitals, private providers and research organisations. This project will allow the Hospital to meet future demand for diagnosis and management of cancer and neurological diseases.

Minor Asset Investment Projects

Capital expenditure of \$11 million has been approved over 2019-20 and 2020-21 on various new minor asset investment projects including the upgrade of cardiac catheter laboratories and interventional radiology rooms at SCGH, redevelopment of the Watling Walk retail precinct at the Queen Elizabeth II Medical Centre, and fit-out of the Adult Community Mental Health Service in Butler.

WA Country Health Service Command Centre

The Government has approved expenditure of \$10.3 million over 2020-21 to 2022-23 to refurbish and fit-out a new, larger location for the Service's Command Centre at 189 Wellington Street East Perth. This will enable key telehealth services to be co-located in a fit-for-purpose facility that will optimise the delivery of these services to country patients.

Human Resource Management Information System

To plan the implementation of a new Human Resource Management Information System, \$7.8 million will be provided over 2020-21 and 2021-22. This is in addition to \$7.2 million in recurrent expenditure for planning and remediation works (see Chapter 5).

Newman Health Service Redevelopment

The Government will invest an additional \$7.7 million over 2021-22 and 2022-23 on the new hospital at Newman. This will include 12 inpatient beds, six emergency department treatment bays, outpatient and GP consulting spaces, and rooms for medical imaging and pathology, taking the total cost of the project to \$61.4 million.

Safety & Security Initiatives (Stop the Violence)

In response to instances of violence towards hospital staff, the Government will invest a further \$5 million over 2019-20 and 2020-21 to implement a range of safety and security upgrades at Western Australian hospitals.

Cladding Remediation

In order to address the risks associated with combustible cladding, an additional \$4.7 million will be spent over 2020-21 and 2021-22 to carry out remediation works at Royal Perth Hospital, Rockingham General Hospital, King Edward Memorial Hospital and St John of God Midland Public Hospital. A further \$2.8 million will be spent over 2020-21 and 2021-22 for planning cladding remediation at Fiona Stanley Hospital, Queen Elizabeth II Medical Centre and Perth Children's Hospital (see also Chapter 5).

Animal Resources Authority

Capital Upgrades and Maintenance

Capital expenditure of \$200,000 over 2019-20 and 2020-21 has been approved for building-related upgrades (\$118,000), temporary storage facilities for the autoclave (\$12,000), and a culling chamber machine (\$70,000).

EDUCATION AND TRAINING

Table 6

| MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
| EDUCATION | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending - Priority Education Infrastructure | 1.4 | 54.4 | 178.2 | 216.5 | 38.8 |
| TRAINING AND WORKFORCE DEVELOPMENT/TAFE COLLEGES | | | | | |
| – Revitalising TAFE Campuses | - | 2.0 | 2.0 | - | - |
| – Defence Industry Workforce Initiatives | - | 1.1 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending - Including Priority Training Infrastructure | - | 9.2 | 85.5 | 60.6 | 12.2 |

Education

Priority Education Infrastructure

Forming part of the WA Recovery Plan, an additional \$489.3 million will be invested on major education infrastructure projects across the State. These works will support construction sector activity while meeting critical education infrastructure needs. The works include:

- \$215.4 million on additions and improvements across 36 secondary schools including upgrades and expansions at Carine (\$32 million), Karratha (\$22 million) and Kalamunda (\$18.3 million) Senior High Schools;
- \$87.5 million for second stage expansions at Bob Hawke College and Ridge View Secondary College;
- \$68.7 million for additions and improvements across 26 primary schools, including rebuilds of Lesmurdie (\$15.2 million) and Westminster (\$10 million) Primary Schools;
- \$60 million for the construction of a new secondary school located in Piara Waters; and
- \$45 million for additions and upgrades at Roebourne and Wyndham District High Schools.

Training and Workforce Development/TAFE Colleges

Priority Training Infrastructure

The WA Recovery Plan includes investment of \$167.4 million to upgrade infrastructure across the regional and metropolitan network of TAFE campuses. This will improve training service delivery across the State, while also supporting jobs growth and the State's economic recovery. The program of works comprises:

- \$32 million to construct a multistorey specialist teaching block at the Balga campus;
- \$17.6 million for a Light Auto workshop with technology laboratories at the Joondalup campus of North Metropolitan TAFE;

- \$22.6 million to construct a new Armadale training campus to replace the various existing leased training premises dispersed across the City of Armadale;
- \$9.2 million for a new Hospitality and Tourism Training Centre at the Mandurah campus of South Metropolitan TAFE;
- \$22 million to construct a new workshop to expand training in trades relating to the resources sector at the Pundulmurra (South Hedland) campus;
- \$10 million for a new Hospitality and Student Services Centre at the Broome campus of North Regional TAFE;
- \$17 million to construct a new Albany Trade Workshop to replace existing workshops to meet contemporary training requirements for automotive, engineering and construction trades at South Regional TAFE;
- \$10 million for construction of a Heavy Plant and Engineering trade workshop at the Kalgoorlie campus; and
- \$2 million for upgrades to workshop facilities and equipment to the Northam campus of Central Regional TAFE.

Revitalising TAFE Campuses

An additional \$4 million that is funded through a Commonwealth agreement will be spent over 2020-21 and 2021-22 on upgrades and refurbishments of TAFE Colleges' infrastructure assets to improve the quality of training delivery State-wide.

Defence Industry Workforce Initiatives

An additional \$1.1 million will be invested in 2020-21 on equipment and facilities upgrades to enhance TAFE Colleges' defence training capability. This investment will supplement the additional \$17.2 million in recurrent expenditure over the forward estimates period on a package of initiatives to support the development of a defence industry-ready workforce (see Chapter 5).

COMMUNITY SAFETY

Table 7

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| WESTERN AUSTRALIA POLICE FORCE | | | | | |
| – National Disability Insurance Scheme - Worker Screening | - | 0.6 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 2.8 | 36.3 | 25.0 | 29.8 | - |
| JUSTICE | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | 1.0 | 3.1 | - | - | - |
| FIRE AND EMERGENCY SERVICES | | | | | |
| – Koolinup Emergency Services Centre - Collie | - | 4.0 | 1.4 | - | - |
| – Fixed Repeater Tower | - | - (a) | 0.3 | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 2.3 | 4.7 | - | - |

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

Western Australia Police Force

National Disability Insurance Scheme - Worker Screening

In line with nationally consistent National Disability Insurance Scheme requirements, \$560,000 will be spent in 2020-21 for information and communication technology (ICT) system enhancements to support worker screening.

Fire and Emergency Services

Koolinup Emergency Services Centre - Collie

An additional \$5.4 million will be spent over 2020-21 and 2021-22 to complete the construction of the Emergency Services Centre that will improve the emergency management capability in Collie and the surrounding areas. The Centre will comprise an emergency driving training school, a Level 3 Incident Control Centre, and will maintain and manage up to 70 high fire season appliances.

Fixed Repeater Tower

A total of \$355,000 will be spent over 2020-21 and 2021-22 for the construction of a fixed repeater tower to address communication coverage black spot areas in the Esperance region, as identified in the Esperance Bushfire Coronial Inquest.

COMMUNITY SERVICES

Table 8

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| COMMUNITIES | | | | | |
| – Housing Authority Outlook Update | -68.5 | -2.0 | -16.3 | -9.4 | 35.2 |
| – METRONET Social and Affordable Housing and Jobs Package | -8.5 | -0.3 | 1.5 | 0.5 | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 115.4 | 146.5 | 12.7 | - |
| LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES | | | | | |
| Election Commitments | | | | | |
| – Stop Puppy Farming | - | 0.5 | 0.3 | 0.2 | - |
| Other Spending | | | | | |
| – Perth City Deal - Perth Cultural Centre | - | 2.5 | 8.3 | 8.3 | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 0.1 | 5.9 | 28.2 | 39.6 | 9.2 |
| WESTERN AUSTRALIAN SPORTS CENTRE TRUST | | | | | |
| – Optus Stadium Lifecycle Replacement and Furniture, Fixtures and Equipment | - | 0.9 | 0.9 | 1.5 | 3.3 |
| – Western Australian Athletics Stadium | - | 0.2 | 0.7 | 0.1 | 0.4 |
| – Optus Stadium Rooftop Climb | - | 0.6 | - | - | - |
| – Optus Stadium Stairs | 0.2 | - | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 0.5 | 6.0 | 3.8 | - | - |
| LOTTERIES COMMISSION | | | | | |
| – Grants Management System | - | 1.7 | - | - | - |

Communities

Housing Authority Outlook Update

Forecast asset investment by the Department has been revised down by \$61 million over 2019-20 to 2023-24, reflecting current conditions in the property market (including as a result of COVID-19).

METRONET Social and Affordable Housing and Jobs Package

Asset investment under the METRONET Social and Affordable Housing and Jobs Package has been reprofiled to reflect updates to delivery timeframes and project scope as a result of changes in housing market conditions, with a downward revision of \$6.8 million over 2019-20 to 2022-23.

Local Government, Sport and Cultural Industries

Election Commitments

Stop Puppy Farming

Asset investment of \$906,000 will be spent over three years to implement the ‘Stop Puppy Farming’ election commitment. The initiative includes the procurement and implementation of an online system that will consolidate dog and cat registration processes into a single, uniform and integrated process across Western Australian local governments. This is on top of additional recurrent expenditure of \$7.6 million (see Chapter 5).

Other Spending

Perth City Deal - Perth Cultural Centre

As part of the Perth City Deal, \$19 million will be spent over 2020-21 to 2022-23 on the development of a master plan and the commencement of rejuvenation works for the Perth Cultural Centre.

Western Australian Sports Centre Trust

Optus Stadium Lifecycle Replacement and Furniture, Fixtures and Equipment

An additional \$6.6 million will be spent over 2020-21 to 2023-24 to align the Western Australian Sports Centre Trust's asset investment program to contracted lifecycle replacement of furniture, fixtures and equipment at Optus Stadium.

Western Australian Athletics Stadium

A total of \$1.4 million from the Perry Lakes Maintenance Account has been allocated over 2020-21 to 2023-24 to upgrades at the Western Australian Athletics Stadium, including the replacement of the Stadium membrane roof, communications, fire protection systems, infield installations and sports equipment.

Optus Stadium Rooftop Climb

An amount of \$575,000 will be spent in 2020-21 to procure capital items essential for the safe and effective operation of the Optus Stadium Rooftop Climb. This is on top of additional recurrent expenditure of \$4.9 million (see Chapter 5).

Optus Stadium Stairs

An additional \$177,000 was spent in 2019-20 on a standalone stair solution from Level 1 seating platforms to the field, which were originally hired on an event-by-event basis.

Lotteries Commission

Grants Management System

The Government has approved expenditure of \$1.7 million in 2020-21 on the implementation of an integrated Grants Management System for both the Lotteries Commission and Healthway, with the key objectives of improved service delivery, the achievement of efficiencies through integration and improved statutory compliance and governance.

TRANSPORT

Table 9

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| TRANSPORT | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 13.8 | 20.5 | 2.0 | - |
| COMMISSIONER OF MAIN ROADS | | | | | |
| Election Commitments | | | | | |
| – METRONET - Byford Rail Extension Thomas Road Bridge | - | 21.6 | 28.6 | 1.7 | - |
| – Westport: Port and Environs Strategy - Thomas and Anketell Roads Freight Upgrade - Stages 1 and 2 Planning | - | 2.0 | 3.0 | - | - |
| Other Spending | | | | | |
| – Commonwealth Infrastructure Stimulus Package | - | 142.0 | 34.0 | - | -- |
| – Tonkin Highway Corridor Upgrades | 3.1 | 82.0 | 102.0 | 42.9 | - |
| – Acceleration of Commonwealth Priority Road Projects | -25.5 | -28.4 | 23.1 | -42.4 | 225.4 |
| – Provision for Road Projects Under Development | -24.9 | 18.7 | 36.9 | -77.5 | 35.3 |
| – Perth City Deal - Principal Shared Path - Causeway Cyclist and Pedestrian Bridge | - | - | - | 5.4 | 14.4 |
| – Great Northern Highway - Port Hedland Airport Deviation | - | 5.0 | 8.3 | - | - |
| – Karel Avenue | 1.8 | 3.5 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending ^(a) | -2.5 | 40.6 | 30.9 | 12.7 | -0.9 |
| PUBLIC TRANSPORT AUTHORITY | | | | | |
| Election Commitments | | | | | |
| – METRONET - Rail Line Planning | 7.4 | 74.7 | - | - | - |
| – METRONET - Bayswater Station Upgrade Tender Outcome | -10.3 | 8.7 | 50.3 | 32.3 | - |
| – METRONET - Level Crossing Removal - Inner Armadale Line Project Acceleration | -1.5 | 12.6 | 80.2 | 70.9 | -91.6 |
| – Railcar Acquisition for METRONET and A-Series Railcar Replacement | -52.5 | 197.1 | -24.0 | 7.3 | -91.5 |
| – METRONET - Denny Avenue Level Crossing Removal | -16.5 | 38.6 | 9.6 | - | - |
| Other Spending | | | | | |
| – Future Urban Railcar Procurement - Kenwick Rail Freight Facility | - | 24.0 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 16.8 | - | - | - |
| FREMANTLE PORT AUTHORITY | | | | | |
| – Technology Projects | - | 4.7 | 2.2 | - | - |
| – Reprioritisation of Existing Asset Investment Program | -63.3 | 25.8 | -7.7 | -5.3 | -1.5 |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 3.5 | - | - | - |
| MID WEST PORTS AUTHORITY | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 11.1 | 0.5 | - | - |

Table 9

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW (CONT.)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| PILBARA PORTS AUTHORITY | | | | | |
| Election Commitments | | | | | |
| – Port Hedland Spoilbank Marina | - | 13.5 | 14.0 | - | - |
| Other Spending | | | | | |
| – Reprioritisation of Existing Asset Investment Program | -10.1 | -3.0 | 0.3 | 5.8 | 1.1 |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 35.6 | 35.6 | - | - |
| SOUTHERN PORTS AUTHORITY | | | | | |
| – Re-engine of the Tuart Pilot Launch - Bunbury Port | - | 0.6 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 11.0 | 14.3 | - | - |

(a) Includes a reduction of \$58.5 million in Main Roads' expenditure on METRONET provision for road projects under development over 2019-20 to 2023-24. This is due to a forecast decrease in motor vehicle licence revenue (from the freeze on motor vehicle licence fees in 2020-21) hypothecated to Main Roads under the *Road Traffic (Administration) Act 2008*.

Commissioner of Main Roads**Election Commitments*****METRONET - Byford Rail Extension - Thomas Road Bridge***

The Thomas Road rail crossing in Byford will be reconfigured to accommodate METRONET's Byford Rail Extension. A total of \$52 million will be spent by Main Roads over 2020-21 to 2022-23 to construct a road bridge over the rail line to facilitate the future rail development.

Westport: Port and Environs Strategy - Thomas and Anketell Roads Freight Upgrade - Stages 1 and 2 Planning

Of the total \$97.2 million approved for the Westport: Port and Environs Strategy in this Budget, \$5 million will be invested by Main Roads over 2020-21 and 2021-22 to undertake project planning for Stages 1 and 2 to upgrade Thomas and Anketell Roads.

Other Spending***Commonwealth Infrastructure Stimulus Package***

To stimulate the Western Australian economy and support construction jobs, \$223 million will be spent on priority projects, funded by contributions of \$176 million from the Commonwealth and \$47 million of reprioritised funding from the State Government (captured in the WA Recovery Plan). The projects include:

- Regional State Road Safety Improvement Program (\$100 million);
- Bussell Highway Duplication - Stages 1 and 2 (\$85 million);
- Exmouth Road - Minilya to Exmouth and Yardie Creek (\$20 million);
- Thomas Road (\$8 million);

- Toodyay Road (\$7 million); and
- Great Eastern Highway - Coates Gully Bridge (\$3 million).

Tonkin Highway Corridor Upgrades

As part of the Tonkin Highway Corridor upgrades, an additional \$230 million will be invested over 2019-20 to 2022-23 based on tender outcomes.

Acceleration of Commonwealth Priority Road Projects

Main Roads' capital expenditure will increase by \$152.3 million over the Budget period due to accelerating three joint Commonwealth and State-funded road projects (Bunbury Outer Ring Road, the Manuwarra Red Dog Highway and the Great Northern Highway - Ord River Corridor) and recognising an increase in Commonwealth funding for NorthLink WA.

Provision for Road Projects Under Development

The provision for Main Roads' expenditure on METRONET-related road projects under development will be reduced by \$11.4 million over 2019-20 to 2023-24. This reflects a forecast decrease in motor vehicle licence revenue (other than for the freeze in fees in 2020-21) hypothecated to Main Roads under the *Road Traffic (Administration) Act 2008*.

Perth City Deal - Principal Shared Path - Causeway Cyclist and Pedestrian Bridge

As part of the Perth City Deal, an additional \$19.8 million will be spent by Main Roads for a pedestrian and cycling bridge to be built near the Causeway, bringing the total cost of the project to \$50 million. The bridge will connect Victoria Park to the Perth CBD and is also part of the WA Recovery Plan.

Great Northern Highway - Port Hedland Airport Deviation

An additional \$13.3 million will be spent over 2020-21 and 2021-22 to upgrade the Great Northern Highway in the vicinity of the Port Hedland airport, taking the total cost of the project to \$35.8 million. The additional works are funded by a third party.

Karel Avenue

Main Roads will spend an additional \$5.3 million over 2019-20 and 2020-21 to widen Karel Avenue bridge over Roe Highway to create a dual carriageway, taking the total cost of the project to \$28.7 million. The additional works are funded by a third party.

Public Transport Authority

Election Commitments

METRONET - Rail Line Planning

Additional expenditure of \$82.1 million over 2019-20 and 2020-21 will facilitate early Alliance payments and detailed design work to enable the contracting of the Morley-Ellenbrook Line and Byford Rail Extension.

METRONET - Bayswater Station Upgrade Tender Outcome

Following a competitive alliance tender process, an additional \$81 million will be invested over 2019-20 to 2022-23 for the METRONET Bayswater Station project. The new Bayswater Station will become a key transport connection, increasing travel options for passengers and linking the Morley-Ellenbrook Line, Forrestfield-Airport Link and Midland Line.

METRONET - Level Crossing Removal - Inner Armadale Line Project Acceleration

Cashflows have been revised due to an accelerated project delivery of the Oats Street Package of level crossing removals on the Armadale Line (Mint Street, Oats Street and Welshpool Road). As a result, expenditure totalling \$70.5 million has been brought forward from beyond the forward estimates period.

Railcar Acquisition for METRONET and A-Series Railcar Replacement

An additional \$36.5 million will be invested over 2019-20 to 2023-24 under the Railcar program to enable early contractor payments and establishment of a local manufacturer for railcar bogie frames. The Railcar program includes delivery of new railcars for METRONET projects and the replacement of the ageing A-series trains and Australind diesel railcars.

METRONET - Denny Avenue Level Crossing Removal

To reflect tender outcomes, a further \$31.6 million will be spent over 2019-20 to 2021-22 on the Denny Avenue Level Crossing Removal. This project will deliver a rail-over-road solution and the widening of Davis Road to improve connectivity for motorists, cyclists and pedestrians in Kelmscott and surrounding areas.

Other Spending

Future Urban Railcar Procurement - Kenwick Rail Freight Facility

The Authority will invest an additional \$24 million in 2020-21 under the Future Urban Railcar Procurement project, for amended scope and increased site remediation and earthworks costs for the Kenwick Rail Freight Facility. This will be funded by contributions from third parties, land sales revenue and reprioritised funding from the State Government.

Fremantle Port Authority

Technology Projects

The Fremantle Port Authority will spend \$6.8 million over 2020-21 and 2021-22 to replace and renew technology-related systems, applications and infrastructure, funded by a reallocation of its existing Asset Investment Program.

Reprioritisation of Existing Asset Investment Program

The Authority has reprioritised its Asset Investment Program in all years from 2019-20 to 2023-24 to reflect its changing customer demands and risks and retiming of planned expenditure due to delays from the impact of COVID-19. Reprioritisations include \$25 million for the Kwinana Bulk Terminal Material Handling Infrastructure Renewal of Import System as part of the WA Recovery Plan.

Pilbara Ports Authority

Election Commitments

Port Hedland Spoilbank Marina

The design of the Marina has been finalised and expanded following extensive consultation with the local community and traditional owners. An additional \$27.5 million, of which \$25.9 million is funded by industry and the Town of Port Hedland, has been allocated to the project. This takes the total expenditure allocated to the project to \$136.5 million, with works being undertaken by the Authority, Main Roads and the Department of Transport.

Other Spending

Reprioritisation of Existing Asset Investment Program

The Authority has reprioritised its Asset Investment Program over 2019-20 to 2023-24 to reflect changing customer demands and risks. Reprioritisations include \$25 million for the Kwinana Bulk Terminal Material Handling Infrastructure Renewal of Import System as part of the WA Recovery Plan.

Southern Ports Authority

Re-engine of the Tuart Pilot Launch - Bunbury Port

An amount of \$550,000 will be spent in 2020-21 on a replacement engine for the Authority's primary pilot launch. The expenditure is required to ensure Bunbury Port has the ability to provide complete pilotage services and reduces the risk of disruption to operations as a result of engine failure.

ENVIRONMENT

Table 10

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| WATER AND ENVIRONMENTAL REGULATION | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | -2.9 | 7.4 | 7.6 | 7.8 | - |
| BIODIVERSITY, CONSERVATION AND ATTRACTIONS | | | | | |
| Election Commitments | | | | | |
| – Plan for Our Parks - Wellington National Park | - | 0.4 | 0.4 | 0.4 | - |
| Other Spending | | | | | |
| – Collie Tourism Readiness and Economic Stimulation | - | 3.1 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 27.1 | 27.2 | 15.4 | 9.9 |

Biodiversity, Conservation and Attractions**Election Commitments***Plan for Our Parks - Wellington National Park*

As part of the expansion of the Wellington National Park, an additional \$1.1 million will be spent over 2020-21 to 2022-23 on upgrading roads and providing visitor facilities such as lookouts, tracks, trails and campgrounds.

Other Spending*Collie Tourism Readiness and Economic Stimulation*

As part of the Collie Tourism Readiness and Economic Stimulation project, \$3.1 million will be spent in 2020-21 (funded from the Collie Industry Attraction and Development Fund) on tourism facilities at the dam in Wellington National Park, and for wayfinding and tourism amenities in the Collie township.

PLANNING AND LAND USE

Table 11

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| PLANNING, LANDS AND HERITAGE | | | | | |
| – Asset Acquisition | - | 1.5 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 2.0 | 0.4 | - | - |
| WESTERN AUSTRALIAN PLANNING COMMISSION | | | | | |
| – Acquisition of Land | 11.3 | 79.6 | 10.0 | - | - |
| – Forrestfield North Residential Precinct | - | 15.7 | 15.7 | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 2.6 | 3.8 | 1.1 | - |
| DEVELOPMENTWA | | | | | |
| – Strategic Development Plan | -4.1 | -9.8 | -11.3 | -11.1 | -4.7 |
| – WA Recovery Plan and Other COVID-19 Related Spending | -31.1 | 50.1 | 47.6 | 4.0 | 2.7 |
| WESTERN AUSTRALIAN LAND INFORMATION AUTHORITY (LANDGATE) | | | | | |
| – Asset Investment Program | -4.3 | 0.3 | 4.1 | -1.6 | -0.7 |

Planning, Lands and Heritage

Asset Acquisition

An amount of \$1.5 million has been set aside in 2020-21 for asset acquisition. Further information is not disclosed in order to avoid prejudicing ongoing negotiations.

Western Australian Planning Commission

Acquisition of Land

An amount \$100.9 million from the Metropolitan Region Improvement Fund (MRIF) will be spent over 2019-20 and 2021-22 to acquire land for transport infrastructure.

Forrestfield North Residential Precinct

The Government has allocated \$31.4 million from the MRIF over 2020-21 and 2021-22 to acquire 27 properties in the Forrestfield North Residential Precinct. The purchases will assist in delivering urbanisation and environmental conservation spaces around the new METRONET station at High Wycombe.

DevelopmentWA

Strategic Development Plan

DevelopmentWA's updated revenue and expenditure forecasts for 2019-20 to 2023-24 reflect its strategic direction in terms of land sales, acquisitions and development expenditure, and revised market forecasts. This has resulted in a reduction in development and acquisition expenditure totalling \$40.9 million from the agency's metropolitan, regional and industrial programs.

Western Australian Land Information Authority (Landgate)

Asset Investment Program

A net reduction in spending of \$2.2 million over 2019-20 to 2023-24 reflects the changing business needs of Landgate following the partial commercialisation transaction in 2019-20.

UTILITIES

Table 12

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| SYNERGY | | | | | |
| – Network Control Services | 4.7 | - | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 0.5 | 4.2 | 2.0 | 1.6 | 0.9 |
| WESTERN POWER | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | -0.4 | 17.5 | 29.6 | 3.3 | - |
| HORIZON POWER | | | | | |
| – Impact of Cyclone Damien | - | 2.5 | - | - | - |
| – WA Recovery Plan and Other COVID-19 Related Spending | 0.8 | 61.9 | 9.4 | - | - |
| WATER CORPORATION | | | | | |
| – Asset Investment Program | -30.0 | - | -10.0 | -17.0 | -23.0 |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 4.9 | 14.6 | 17.4 | 12.6 |
| BUNBURY WATER CORPORATION | | | | | |
| – WA Recovery Plan and Other COVID-19 Related Spending | - | 11.9 | - | - | - |

Synergy

Network Control Services

In 2019-20, Synergy undertook capital works on behalf of Western Power totalling \$4.7 million. The works improved the northern section of the South West Interconnected System's ability to generate its own power without support from the electricity grid and to replace an unsupported control system at the West Kalgoorlie gas turbine.

Horizon Power

Impact of Cyclone Damien

Horizon Power will spend \$2.5 million in 2020-21 to complete remaining repair works associated with damage caused by Cyclone Damien.

Water Corporation

Asset Investment Program

The Water Corporation's Asset Investment Program (AIP) has been reduced by \$80 million over 2019-20 to 2023-24 due to improvements to the Corporation's water services delivery model. The Corporation's AIP still totals a substantial \$2.7 billion over the next four years.

PROVISIONS

Table 13

MAJOR SPENDING CHANGES SINCE THE 2019-20 MID-YEAR REVIEW

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| Provisions | | | | | |
| – Removal of 2019-20 Slippage Provision | 700.0 | -150.0 | -150.0 | -400.0 | - |
| – Removal of 2022-23 Population Provision | - | - | - | -400.0 | - |
| – 2020-21 Slippage Provision | - | -400.0 | - | - | 400.0 |
| – 2023-24 Population Provision | - | - | - | - | 400.0 |
| – METRONET Projects Under Development | -59.6 | -61.1 | -11.9 | 483.3 | 253.2 |
| – Revised Road Trauma Trust Account Spending | -2.7 | -6.6 | -0.5 | -15.0 | -15.0 |

Provisions

Removal of 2019-20 Slippage Provision

The slippage provision previously included for 2019-20 has been removed, with this retimed spending now being fully reflected in agency budgets.

Removal of 2022-23 Population Provision

The population provision previously included for 2022-23 has been removed, with additional spending now being fully reflected in agency budgets.

2020-21 Slippage Provision

Consistent with Budgets in previous years, this Budget includes a provision for ‘slippage’ in agency infrastructure programs, reflecting that agencies are generally not able to account for unforeseen and unavoidable issues that can delay project delivery (and associated expenditure). Notwithstanding this provision, the Government is expecting to deliver a very large Asset Investment Program of \$7.5 billion in 2020-21, which is almost 50% larger than in 2019-20.

2023-24 Population Provision

A \$400 million provision for unidentified Asset Investment Program spending has been incorporated into the 2023-24 year for this Budget. The inclusion of this provision lifts the 2023-24 Asset Investment Program to \$5.8 billion.

METRONET Projects Under Development

Further investment of \$603.9 million over 2019-20 to 2023-24 has been provisioned for METRONET projects under development. This will enable acceleration of various METRONET projects through the procurement stage in parallel with project planning. Funding will be transferred to delivery agencies’ budgets upon completion of tender processes and final investment decisions.

Revised Road Trauma Trust Account Spending

The 2019-20 Mid-year Review included a \$35.4 million provision for anticipated spending from the Road Trauma Trust Account (RTTA) over 2019-20 to 2022-23. The spending provision has since been extended to cover 2023-24, resulting in a total of \$56.8 million over the forward estimates period (\$17 million for expenses and \$39.8 million for capital investment).

As part of this Budget, the provision has been fully allocated to projects across the forward estimates period and is expected to be exhausted by 2023-24. In 2020-21, this reflects allocation of RTTA spending to programs including metropolitan and regional road improvement projects and replacement of core infringement processing technology.

Investing in Regional Western Australia

HIGHLIGHTS

- In addition to the provision of high quality health, education, justice, community safety and other key services, the 2020-21 Budget delivers a record \$7.5 billion infrastructure investment in the regions.
- As part of this, expenditure under the Royalties for Regions program totals \$4.2 billion over the next four years. This includes \$201 million to provide essential services in remote Aboriginal communities, including repairs and maintenance for Aboriginal housing, tenancy support, and delivery of essential and municipal services.
- Significant regional investment is also being provided through the WA Recovery Plan.
- Other key regional initiatives funded in the 2020-21 Budget include:
 - bringing forward \$146.3 million from beyond the forward estimates to accelerate three joint Commonwealth and State-funded road projects (Bunbury Outer Ring Road, the Manuwarra Red Dog Highway and the Great Northern Highway - Ord River Corridor Road);
 - \$78.1 million for Transforming Bunbury's Waterfront;
 - a further \$27.5 million for the construction of the Port Hedland Spoilbank Marina, bringing the total project cost to \$136.5 million; and
 - \$18.5 million to provide short stay accommodation services in Derby, Broome and Kalgoorlie for Aboriginal people accessing health or other government services in these towns.

WA Recovery Plan – Supporting Regional Jobs

As part of the \$5.5 billion WA Recovery Plan, over \$900 million will be spent on approximately 200 projects in regional areas across Western Australia. This is in addition to State-wide initiatives such as the \$2,500 Small Business and Charity Tariff Offset, the payroll tax waiver for the four months to June 2020, and \$17,500 grants to small and medium sized payroll tax paying businesses.

Some of the significant regional initiatives within the Plan include:

- \$116.4 million to incentivise land activation in regional areas, which involves repricing land, offering rebates and other incentives to temporarily lower the entry hurdles for new land developments and support jobs in the construction sector;
- \$80 million in 2020-21 for a targeted regional maintenance program for 3,800 social housing properties - including housing in remote Aboriginal communities and subsidised housing for regional government workers. This program is part of the \$318.7 million Social Housing Economic Recovery Package, which also includes additional construction and refurbishment of social and supported residential housing across the State;
- \$78.1 million for the Transforming Bunbury's Waterfront Stage 3 Phase 1 project, subject to finalisation of the business case;
- \$71.2 million to undertake two upgrade projects at the Port of Port Hedland, including replacing damaged retaining walls and sheet pile walls at the Nelson Point Tug Haven and upgrades to other damaged retaining walls within the Inner Harbour;
- \$38.9 million to deliver improved water and wastewater services to Remote Aboriginal Communities and Town Based Communities. The communities that have been identified to participate in the program include Ardyaloon, Djarindjin, Lombadina and Beagle Bay;
- \$35.4 million to commence the Bunbury Hospital Redevelopment, at an estimated total cost of \$200.1 million to 2027-28. This project will provide a high-quality modern medical facility for the region and address projected demand for the greater Bunbury area, as highlighted in the Sustainable Health Review;
- \$25 million to implement the Healthy Estuaries WA program, entailing locally targeted and community supported actions in the Vasse-Geographe region in partnership with the Vasse Taskforce, delivering the core management actions in the Peel-Harvey Estuary Protection Plan (under development), and undertaking water quality improvement actions in the catchments of other regional 'at risk' estuaries; and
- \$15.5 million for the Bunbury Port Inner Harbour Access Road and Bridge, which forms part of the staged expansion of Bunbury Port.

Delivering Quality Health Care, Education and Community Services

The Government remains committed to a long-term vision for the future of health care in Western Australia, including maintaining a strong focus on improving the quality and sustainability of regional health services.

The Government is supporting this vision through its investment of approximately \$2 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 \$93 million under the Commonwealth Community Health and Hospitals Program, including for regional projects such as the WA Country Health Service Cancer Strategy, a new hospital at Laverton, reconfiguration of the Peel Heath Campus and the Geraldton Health campus redevelopment;
- \$10.3 million over 2020-21 to 2022-23 to refurbish and fit-out a new, larger location for the WA Country Health Service Command Centre to enable key telehealth services to be co-located in a fit-for-purpose facility that will optimise the delivery of these services to country patients;
- an additional \$9.2 million over 2020-21 to 2023-24 for ambulance services in the Kimberley, including three paid paramedics at Derby, Fitzroy Crossing and Halls Creek and six new ambulances to ensure the Kimberley community has continual timely access to ambulances services; and
- \$3.9 million over 2020-21 and 2021-22 on the Syphilis Prevention and Control Program, which aims to reduce preventable hospitalisations from this disease in the Kimberley, Pilbara and the Goldfields.

Investing in Our Children's Education

The State Government will spend an estimated \$1.4 billion per annum to provide access to a quality education for approximately 84,000 students, enrolled in over 330 schools across regional Western Australia.

In addition, \$231.7 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.

Over \$50 million will be spent in regional Western Australia over the forward estimates period on the Employer Incentive Scheme, which provides incentive payments and training subsidies for employers of apprentices and trainees located in the regions.

An estimated \$15.6 million will be spent in regional Western Australia as part of the Lower Fees, Local Skills initiative, halving the price of fees and introducing fee caps for 34 priority qualifications.

Over 2020-21 to 2023-24, an estimated \$181 million per annum will be spent delivering vocational education and training, career and employment advice, and TAFE support services across regional Western Australia. New initiatives include:

- \$36.6 million over 2020-21 to 2022-23 to refurbish and upgrade training facilities and infrastructure at regional TAFE campuses across the State, including the construction of a replacement TAFE campus in Esperance;
- \$4.7 million over 2020-21 and 2021-22 to revitalise regional TAFE campuses and support industry areas identified as requiring an urgent training response, including agricultural machinery apprentices, heavy haulage driver training and technology-enabled training; and

- \$1.2 million in 2020-21 for a vocational skills Integrated Learning Program at North Regional TAFE to address the employment needs of young people in Broome and Kununurra.

Investing in Our Communities

The Department of Communities has approximately 1,650 staff spread across regional Western Australia, providing access to disability services, housing, child protection, and family supports and services. The Department also administers over 4,900 Government Regional Officers' Housing (GROH) properties across regional Western Australia and will invest a further \$85.9 million in the GROH stock between 2020-21 and 2023-24.

To support the Government's commitment to keep regional communities safe, over \$360 million per annum will be spent on services provided by the Western Australia Police Force's regional districts. This encompasses 122 police stations and over 1,700 police officers and staff.

The Department of Justice will spend \$296 million per annum on court and tribunal administration in the regions, community corrections, and the operation of the State's eight regional prisons (and workcamps). 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.

An additional \$5 million will be spent over 2020-21 to 2023-24 to improve youth justice outcomes in the Kimberley. This includes \$2.4 million to establish new night patrols in Derby, Halls Creek and Wyndham, and \$1.4 million to establish a bail support program for juveniles in the Kimberley.

A total of \$1.3 million will also be spent over 2020-21 to 2022-23 to establish an Empowered Youth Leadership Network in the Kimberley, as part of the \$10 million Government Commitment to Aboriginal Youth Wellbeing. This program will emphasise the importance of listening to young people when developing policies and programs that affect them.

An additional \$201 million will be spent over 2020-21 to 2023-24 to provide services in remote Aboriginal communities, following the Commonwealth's decision in recent years to cease its ongoing support. The spending will deliver remote housing support and maintenance, essential municipal services, town-based accommodation and remote community swimming pools.

To continue the operations of the Aboriginal Community Connectors program across Western Australia, the Government has approved additional expenditure of \$6.8 million in 2020-21. The program aims to improve community safety and reduce community consequences of alcohol and drug related at-risk behaviours.

A total of \$18.5 million will be spent over the Budget period on the provision of Aboriginal Short Stay Accommodation services in Derby, Broome and Kalgoorlie. These three facilities provide accommodation for Aboriginal people for up to 28 days while they access health or other government services in these regional hub towns.

The Government has also committed funding of \$390 million from 2020-21 to 2023-24 (\$1.3 billion over 15 years) towards the establishment of various Indigenous Land Use Agreements (ILUAs), including:

- as part of the Resolution of Native Title in the South West of Western Australia (Settlement), the State has allocated \$302 million over 2020-21 to 2023-24 (\$817 million over 12 years) towards the Settlement's compensation package, in addition to land and housing that will be transferred into the Noongar Boodja Trust. This includes \$2.4 million in 2020-21 to meet the implementation costs across State government to prepare for commencement of the Settlement;
- in line with registration of the Yamatji Nation ILUA on 30 July 2020, \$72 million will be spent over 2020-21 to 2023-24 (\$452 million over 15 years), comprising a cash component, strategic water reserves, water monitoring activities, tourism development, land parcels, the provision of targeted revenue streams, establishment of a Business Development Unit and the purchase of Corporate Headquarters. An additional \$3.6 million will be spent over 2020-21 to 2023-24 in State implementation costs;
- \$7.2 million will be spent over 2019-20 to 2022-23 for the operational costs associated with the first stage of the Economic Transformation Project in Bidyadanga, including negotiating an ILUA, progressing land tenure changes and developing community capacity. The Economic Transformation Project's main objectives include economic activation and job creation, together with improved health, education and social outcomes; and
- \$5.3 million will be spent over 2020-21 to 2023-24 (\$11 million over ten years) for the Gibson Desert Nature Reserve Agreement.

Other initiatives include:

- an additional \$27.5 million over 2020-21 and 2021-22 to deliver the Port Hedland Spoilbank Marina, taking the total project expenditure to \$136.5 million. The project will deliver safe recreational boating facilities as well as public open spaces in Port Hedland;
- as part of the Collie Tourism Readiness and Economic Stimulation project, \$4.4 million will be spent in 2020-21 to fund a town beautification program, tourism facilities at the dam in Wellington National Park and the development of new business workshop content customised for Collie;
- \$3 million over 2020-21 to 2022-23 to enhance support for regionally-based talented athletes, coaches and officials, and to allow athletes to continue their development and progression along the athlete pathway from their home environment;
- \$2.8 million in 2020-21 for continuation of the SMART drumline trial in waters off Gracetown for a further 12-month period; and
- expenditure of \$2 million over 2020-21 to 2021-22 to deliver upgrades to existing infrastructure at the Kalgoorlie International Speedway and Kalgoorlie Motocross facility.

Shaping Our State, Investing in Our Suburbs and Towns

Investing in Roads

More than \$3.3 billion will be spent on the State's regional roads over the next four years. This includes bringing forward \$146.3 million from beyond the forward estimates to accelerate three joint Commonwealth and State-funded road projects (Bunbury Outer Ring Road, the Manuwarra Red Dog Highway and the Great Northern Highway - Ord River Corridor). Major ongoing projects include:

- Bunbury Outer Ring Road, with a total cost of \$852 million to complete a 27 km free-flowing highway linking Forrest Highway to Bussell Highway;
- 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;
- Manuwarra Red Dog Highway, with a total cost of \$310 million to reseal a 108 km section from the Rio Tinto rail crossing to Nanutarra-Munjina Road; and
- 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.

This Budget includes \$245.8 million in new spending on regional roads (funded jointly by the Commonwealth and State Governments), including:

- \$100 million through the Regional State Road Safety Improvement Program to treat 1,400 km of roads with shoulder sealing and audible edge lines;
- \$85 million to duplicate 17 km of carriageway between the Capel Bypass and Busselton;
- \$20 million to upgrade roads between Minilya and Exmouth and Yardie Creek; and
- \$20 million to undertake project planning for EastLink WA, a new freight corridor that connects Perth with the eastern states.

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 2020-21 to 2023-24. 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 \$1.2 billion over the next four years through the Country Water Pricing Subsidy. This subsidy covers the difference between the cost of providing water, sewerage and drainage services to regional customers, and the (subsidised) price paid by these customers.

Investing in Our Environment

The Department of Biodiversity, Conservation and Attractions maintains a network of 102 national parks, 20 marine reserves, 74 conservation parks, 60 State forests and other lands and waters across the State. Total direct recurrent regional expenditure by the Department is estimated at \$190 million in 2020-21, employing around 960 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.

\$3.8 million over 2020-21 to 2022-23 has been allocated to establish a framework to implement a risk-based approach to the management of the Government's pastoral estate. This will encompass a robust land condition monitoring and compliance system based on ground-based confirmation of satellite monitoring data, a voluntary accreditation system, and the supporting policies, standards and guidelines.

An additional \$2 million will be spent over 2019-20 to 2023-24 to continue the implementation of the Department of Water and Environmental Regulation's regulatory program for dust management in Port Hedland and to take over the operation of the air quality monitoring network.

In addition, expenditure of \$25.6 million will be incurred over 2020-21 to 2023-24 to implement the Government's Plan for Our Parks initiative that aims to increase the State's conservation estate by 20% over the next five years.

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 2020-21 to 2023-24 to support service delivery and infrastructure provision in regional Western Australia.

The 2020-21 Budget RfR program is detailed in the following table.

| ROYALTIES FOR REGIONS EXPENDITURE | | | | | | | |
|--|-------------------|----------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------|
| INITIATIVE | 2018-19 Actual | 2019-20 Actual ^(e) | 2020-21 Budget Estimate | 2021-22 Forward Estimate | 2022-23 Forward Estimate | 2023-24 Forward Estimate | Total Four Years |
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| INVESTING IN JOBS | | | | | | | |
| Aboriginal Tourism Development Program | 1.2 | - | - | - | - | - | - |
| Agricultural Sciences Research and Development Fund | 4.5 | 3.7 | 0.9 | - | - | - | 0.9 |
| Albany Middleton Beach Stage 2 | 1.1 | 0.1 | 1.1 | 1.2 | - | - | 2.4 |
| Albany Wave Energy Project | 4.2 | 1.1 | 1.1 | - | - | - | 1.1 |
| Brand WA - Destination Marketing | 3.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 22.0 |
| Brand WA - Event Tourism | 0.1 | 5.2 | 6.6 | 6.3 | 6.3 | 6.3 | 25.4 |
| Brand WA - Stage 2 | 0.7 | 0.6 | 2.7 | 2.7 | - | - | 5.4 |
| Building Western Australian Grains Research and Development Capacity | - | 11.1 | 12.5 | 12.5 | 12.5 | 10.0 | 47.5 |
| Collie Adventure Trails | - | 0.9 | 4.9 | 2.2 | 2.0 | - ^(a) | 9.1 |
| Collie Delivery Unit | - | 0.7 | 0.8 | 0.8 | 0.8 | 0.8 | 3.3 |
| Collie Emergency Services Vehicle Manufacturing | - | 1.8 | 0.7 | - | - | - | 0.7 |
| Collie Futures Fund | 0.7 | 2.5 | 11.8 | 5.0 | - | - | 16.8 |
| Collie Regional Processing Centre | - | - ^(a) | 0.3 | - | - | - | 0.3 |
| Collie Tourism Readiness and Economic Stimulation | - | - | 4.4 | - | - | - | 4.4 |
| Combined Pilbara Water Projects - West Canning Basin Sandfire | - ^(a) | - | - | - | - | - | - |
| Develop Serviced Land at Shotts and Kemerton | 5.3 | 2.8 | 2.4 | - | - | - | 2.4 |
| Digital Farm | 0.6 | 1.7 | 2.9 | 1.8 | - | - | 4.7 |
| Doppler Radar Project | - ^(a) | - | - | - | - | - | - |
| Exploration Incentive Scheme | 4.6 | - | - | - | - | - | - |
| Extension of Doppler Radar Coverage | 0.4 | 0.5 | - | - | - | - | - |
| Ferguson Valley Wellington Forest Marketing | 0.3 | - | - | - | - | - | - |
| Food Industry Export Assistance | - | 0.6 | 0.4 | - | - | - | 0.4 |
| Food Industry Innovation | - | - | 1.5 | 1.5 | 1.5 | 1.5 | 6.0 |
| Gascoyne Food Bowl | 0.2 | 1.6 | 0.3 | - | - | - | 0.3 |
| Geraldton Marine Finfish Nursery Facility | - | 0.1 | 6.0 | 0.8 | - | - | 6.8 |
| Goldfields Major Solar Feasibility | 0.1 | - | 0.4 | - | - | - | 0.4 |
| Grainbelt Digital Enhancement Project | - ^(a) | 0.1 | 0.4 | 0.1 | - | - | 0.4 |
| Halifax Business Park | 1.5 | 0.8 | 0.7 | - | - | - | 0.7 |
| Help Grain Growers to Better Manage Risk (e-Connected Grainbelt) | 2.3 | 1.3 | 2.0 | 2.0 | 2.0 | 2.4 | 8.5 |
| Industry Attraction and Development Fund - Collie | - | - | 11.2 | 10.6 | - | - | 21.9 |
| Jawun Indigenous Corporate Partnership Program | 0.3 | 0.4 | - | - | - | - | - |
| Kalbarri Skywalk and National Park Infrastructure | 5.2 | 6.2 | - | - | - | - | - |
| Kariyarra Indigenous Land Use Agreement | 0.1 | 0.1 | 0.1 | 0.1 | - | - | 0.2 |
| Karratha City of the North Project | 2.7 | - | - | - | - | - | - |
| Koolinup Emergency Services Centre - Collie | - | 1.7 | 10.0 | 1.7 | - | - | 11.7 |
| Lake Kepwari | 0.3 | 2.3 | 1.7 | 0.8 | - | - | 2.5 |
| Local Projects Local Jobs | 0.1 | - | - | - | - | - | - |
| Myalup-Wellington Water for Growth | 2.8 | 0.5 | 5.0 | 13.5 | 9.8 | - | 28.3 |
| Northern Beef Industry Strategy | 1.2 | 1.1 | 2.4 | 2.1 | 2.1 | 2.1 | 8.6 |
| Ord-East Kimberley Expansion Project | 0.3 | 0.4 | 4.0 | 4.0 | 1.0 | - | 9.0 |
| Pilbara Underground Power - Stage 2 | 5.2 | - | - | - | - | - | - |

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

| INITIATIVE | 2018-19 Actual \$m | 2019-20 Actual ^(e) \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m | Total Four Years \$m |
|---|--------------------------|---|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------------------------------|
| Plan for Our Parks - Indigenous Land Use Agreements | - | 0.4 | 0.2 | 0.2 | 0.1 | - | 0.5 |
| Port Hedland Waterfront Revitalisation - Spoilbank Marina | 0.3 | - | 24.5 | 40.0 | - | - | 64.5 |
| Potato Marketing Board - Structural Readjustment | 0.6 | - | - | - | - | - | - |
| Premium Food Centre Manjimup | 0.4 | 0.4 | - | - | - | - | - |
| Rebuilding our Agriculture Capability | 10.0 | - | - | - | - | - | - |
| Regional Accommodation and Travel Support Scheme | - | - | 3.1 | - | - | - | 3.1 |
| Regional Events Program - Larger Events | 10.0 | - | - | - | - | - | - |
| Regional Local Content Initiative | - | - ^(a) | 0.2 | 0.1 | 0.1 | - | 0.3 |
| Regional Natural Resource Management - State Barrier Fence | 0.3 | 1.3 | 2.4 | 1.1 | - | - | 3.5 |
| Regional Telecommunications Project | 10.1 | 5.9 | 11.3 | - | - | - | 11.3 |
| Roadhouse Assistance Package | - | - | 0.5 | - | - | - | 0.5 |
| Science and Agribusiness Connect Program | 0.6 | 0.5 | 0.6 | - | - | - | 0.6 |
| South Coast Aquaculture Development Zone | 0.2 | 0.1 | 0.3 | 0.5 | - | - | 0.8 |
| Southern Forests Irrigation Scheme | 1.0 | 1.0 | 1.8 | 1.5 | 1.7 | - | 4.9 |
| Specialist Food Centre Albany | 0.2 | 0.1 | - | - | - | - | - |
| State Agricultural Telecommunications Infrastructure Improvement Fund | 0.1 | 0.1 | 4.8 | 4.6 | 4.7 | - | 14.0 |
| Sustainable Development of the Abrolhos Islands | - | 0.5 | 5.0 | 4.5 | - | - | 9.5 |
| Transform Peel - Phase 1 | 6.1 | 11.8 | 12.7 | 7.3 | 6.7 | - | 26.7 |
| Transforming Agriculture in the Pilbara | 0.9 | 1.3 | 2.5 | 0.9 | - | - | 3.4 |
| Transforming Bunbury Waterfront - Stages 1 and 2 | 13.3 | 4.8 | 8.6 | 5.1 | - | - | 13.7 |
| Special Regional Event Sponsorship | - | - | 0.3 | - | - | - | 0.3 |
| Water for Food West Kimberley | 0.2 | - ^(a) | 0.6 | - | - | - | 0.6 |
| WA Regional Small Business Awards | - ^(a) | - | - | - | - | - | - |
| Water for Food - Part II | 0.9 | - | - | - | - | - | - |
| Wellington Dam Mural and Collie Art Trail | - | - ^(a) | 1.5 | - | - | - | 1.5 |
| Western Australian Screen Fund | - | - | 4.0 | 4.0 | 4.0 | 4.0 | 16.0 |
| Western Australian Regional Film Fund | 3.0 | 3.0 | - | - | - | - | - |
| Wild Dogs Action Plan | 3.3 | 4.2 | 7.2 | - | - | - | 7.2 |
| Yawuru Strategic Economic Development | - | 0.1 | 0.3 | 0.2 | - | - | 0.5 |
| TOTAL - INVESTING IN JOBS | 110.6 | 90.8 | 197.1 | 145.0 | 60.8 | 32.6 | 435.4 |
| PUTTING PATIENTS FIRST | | | | | | | |
| Digital Innovation, Transport and Access to Care | 62.9 | 59.8 | 62.6 | 58.1 | 58.3 | 58.3 | 237.4 |
| Emergency and Acute Workforce | 19.8 | 22.0 | 21.3 | 20.5 | 20.5 | 20.5 | 82.8 |
| Health Services | | | | | | | |
| Albany Radiation Oncology | - | 0.3 | 9.4 | 2.5 | 0.8 | - | 12.8 |
| Expand the Ear Bus Program | 1.0 | 0.7 | 1.4 | - | - | - | 1.4 |
| Find Cancer Early | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 1.6 |
| Meet and Greet Service | 0.3 | 0.4 | 0.6 | 0.5 | 0.5 | 0.5 | 2.0 |
| Pilbara Health Initiatives | 2.9 | 3.0 | 3.5 | 3.5 | 3.5 | - | 10.4 |
| Renal Dialysis | 1.8 | 5.3 | 3.3 | 3.4 | 3.4 | 3.4 | 13.5 |
| Residential Aged and Dementia Care Investment Program | 1.6 | 0.9 | 1.6 | 0.7 | - | - | 2.4 |
| Health Infrastructure | | | | | | | |
| Bunbury Hospital | - | - | 6.8 | 1.1 | 0.3 | - | 8.1 |
| Bunbury Hospital Redevelopment | - | 0.6 | 2.7 | 2.8 | 4.4 | 10.0 | 19.9 |
| Carnarvon Residential Aged Care Facility | 0.1 | 0.3 | 9.7 | 5.5 | - | - | 15.2 |
| Collie Hospital Upgrade | - | 0.3 | 4.2 | 7.7 | - | - | 11.9 |

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

| INITIATIVE | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Total |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Actual (e) | Budget | Forward | Forward | Forward | Four |
| | \$m | \$m | Estimate | Estimate | Estimate | Estimate | Years |
| Derby Community Health Service | - (a) | 0.1 | 2.3 | 1.1 | 0.1 | - | 3.5 |
| District Hospital Investment Program | 27.4 | - | 2.4 | - | - | - | 2.4 |
| Dongara Aged Care | - | - | 0.5 | 0.5 | - | - | 1.0 |
| Geraldton Health Campus | | | | | | | |
| Redevelopment | 0.9 | 2.0 | 15.5 | 26.1 | 28.9 | - | 70.5 |
| Kalgoorlie Health Campus Magnetic | | | | | | | |
| Resonance Imaging Suite | - | 0.4 | 2.1 | 0.5 | - | - | 2.6 |
| Karratha Health Campus | 22.4 | 1.6 | 5.3 | 0.8 | - | - | 6.1 |
| Kimberley Mobile Dialysis Unit | - | 0.3 | 0.7 | - | - | - | 0.7 |
| Newman Health Service Redevelopment | | | | | | | |
| Project | 0.1 | - | 16.6 | 17.9 | 1.3 | - | 35.9 |
| Nickol Bay Hospital Site | 0.3 | 5.6 | 1.9 | - | - | - | 1.9 |
| Onslow Health Service Redevelopment | | | | | | | |
| Project | 5.3 | 2.4 | 2.0 | - | - | - | 2.0 |
| Primary Health Centres Demonstration | | | | | | | |
| Program | 3.9 | 1.6 | 12.0 | - | - | - | 12.0 |
| Remote Indigenous Health Clinics | 3.2 | 0.6 | 2.9 | 0.5 | - | - | 3.4 |
| Small Hospital and Nursing Post | | | | | | | |
| Refurbishment Program | 6.1 | 0.6 | - | - | - | - | - |
| Tom Price Hospital Redevelopment | 0.1 | - | 5.0 | 0.2 | - | - | 5.2 |
| Valley View Aged Care Centre | 0.5 | - | - | - | - | - | - |
| Other Health Programs | | | | | | | |
| Newman Renal Dialysis Service | - | - | 1.3 | - | - | - | 1.3 |
| Warmun Facility Upgrade | - | - | 0.5 | - | - | - | 0.5 |
| Mental Health Programs | | | | | | | |
| Geraldton Step Up/Step Down Facilities | - | 2.9 | 4.3 | 2.5 | 2.5 | 2.5 | 11.7 |
| Ice Breaker Program - Albany | 0.2 | - | - | - | - | - | - |
| Mental Health Step Up/Step Down | | | | | | | |
| Facilities - Kalgoorlie/Goldfields | | | | | | | |
| 10 beds | 1.3 | 1.6 | 5.4 | 2.6 | 2.6 | 2.6 | 13.2 |
| Methamphetamine Action Plan | | | | | | | |
| - Kimberley AOD Residential | | | | | | | |
| Rehabilitation and Treatment Service | 0.1 | 0.1 | - | - | - | - | - |
| Methamphetamine Action Plan | | | | | | | |
| - South West AOD Residential | | | | | | | |
| Rehabilitation and Treatment Service | 0.9 | 2.6 | 2.7 | 2.8 | 2.8 | 2.9 | 11.2 |
| North West Drug and Alcohol Support | | | | | | | |
| Program | 6.3 | 6.3 | 0.2 | - | - | - | 0.2 |
| North West Drug and Alcohol Support | | | | | | | |
| Program - Kimberley | - | - | 6.3 | 6.7 | 6.9 | 7.1 | 27.0 |
| Regional Men's Health | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 3.2 |
| Sub-acute Mental Health Services in | | | | | | | |
| Bunbury | 2.4 | 2.9 | 2.2 | 2.2 | 2.3 | 2.3 | 9.0 |
| Sub-acute Mental Health Services in | | | | | | | |
| Karratha | 1.6 | 0.5 | 6.6 | 2.7 | 2.8 | 2.7 | 14.8 |
| Three Tier Youth Mental Health Program | | | | | | | |
| - GP Down South | 0.1 | 0.1 | - | - | - | - | - |
| TOTAL - PUTTING PATIENTS FIRST | 174.6 | 127.1 | 227.1 | 174.5 | 143.1 | 113.9 | 658.6 |
| INVESTING IN OUR CHILDREN'S | | | | | | | |
| EDUCATION | | | | | | | |
| Aboriginal and Islander Education | | | | | | | |
| Officers | 1.5 | 2.8 | 3.6 | 3.6 | 3.6 | 3.6 | 14.3 |
| Albany Secondary Education Support | | | | | | | |
| Centre and North Albany Senior High | | | | | | | |
| School | 0.5 | 5.6 | 3.6 | 0.1 | - | - | 3.7 |
| Better Beginnings - Early Literacy | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 1.0 |
| Boarding Away From Home | - (a) | - | - | - | - | - | - |
| Broome Residential College - Stage 2 | 0.1 | - (a) | 0.1 | - | - | - | 0.1 |
| Broome Senior High School | 0.8 | 11.3 | 4.5 | 2.8 | - | - | 7.3 |

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

| INITIATIVE | 2018-19 Actual | 2019-20 Actual ^(e) | 2020-21 Budget Estimate | 2021-22 Forward Estimate | 2022-23 Forward Estimate | 2023-24 Forward Estimate | Total Four Years |
|---|-------------------|----------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Bunbury Senior High School - Upgrades | 0.2 | 0.9 | 3.2 | 0.5 | - | - | 3.7 |
| Cape Naturaliste College - Stage 2 | 18.1 | 4.5 | 2.6 | 0.5 | - | - | 3.1 |
| Carnarvon Community College | 14.9 | 2.0 | 4.6 | - | - | - | 4.6 |
| Champion Bay Senior High School | 5.8 | 0.4 | 1.8 | - | - | - | 1.8 |
| Clontarf Colleges | 1.6 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 6.2 |
| Collie Senior High School - New Facilities | 3.6 | 3.3 | 0.1 | - | - | - | 0.1 |
| Collie TAFE - Major Upgrade | - ^(a) | - | - | - | - | - | - |
| Curtin Jiji Program | 0.3 | - | 0.8 | - | - | - | 0.8 |
| Eaton Community College - New Facilities | 0.4 | 3.8 | 0.7 | - | - | - | 0.7 |
| Eaton Primary School | 0.3 | 2.5 | 0.2 | - | - | - | 0.2 |
| Feasibility Study Residential Colleges for Aboriginal Students in Newman | 0.1 | - ^(a) | 0.1 | - | - | - | 0.1 |
| Flinders Park Primary School - Early Childhood | 0.4 | 1.4 | 0.1 | - | - | - | 0.1 |
| Geraldton Senior College | 0.9 | - | - | - | - | - | - |
| Glen Huon Primary School | 1.2 | 0.1 | 0.1 | - | - | - | 0.1 |
| Improving Teacher Quality | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 7.7 |
| Independent Learning Co-ordinators | 1.1 | 1.2 | 1.5 | 1.5 | 1.5 | 1.5 | 6.0 |
| Investing in Science | 0.6 | 0.3 | - | - | - | - | - |
| Kalgoorlie-Boulder Community High School | 0.2 | - | - | - | - | - | - |
| Kimberley Schools Project | 3.4 | 4.8 | 4.5 | 4.9 | 4.6 | - | 14.0 |
| Margaret River Senior High School | 18.9 | 7.1 | 1.7 | - | - | - | 1.7 |
| Mental Health Support | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 3.2 |
| Mount Lockyer Primary School - Upgrade | - | 0.5 | 2.5 | - | - | - | 2.5 |
| Muresk Institute Agricultural Degree | 0.7 | 0.3 | 0.7 | - | - | - | 0.7 |
| Muresk Institute Agricultural Skills Development Pathway | 1.5 | 0.1 | - | - | - | - | - |
| Newton Moore Senior High School - STEM Centre | 0.3 | 2.2 | 0.5 | - | - | - | 0.5 |
| Peel Workforce Development Centre | 0.1 | - | - | - | - | - | - |
| Pilbara Partnerships for Student Success | 1.9 | 1.1 | 0.4 | 0.2 | - | - | 0.6 |
| Pilbara Universities Centre | 0.3 | - | 0.3 | - | - | - | 0.3 |
| Preventative Maintenance Programs | 2.4 | 2.5 | - ^(a) | - | - | - | - ^(a) |
| Put Education Assistants Back in the Classroom | 3.8 | 6.5 | 9.1 | 9.1 | 9.1 | 9.1 | 36.6 |
| Regional Learning Specialists | 0.9 | 1.4 | 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 | 79.9 | 239.8 |
| South Bunbury Primary School - Upgrade | 0.4 | 2.6 | - | - | - | - | - |
| South Regional TAFE Esperance - New Replacement Campus | - | - | 10.0 | - | - | - | 10.0 |
| Vocational Education Regional Subsidies | - | 44.4 | 44.9 | 45.4 | 45.4 | 45.4 | 181.1 |
| TOTAL - INVESTING IN OUR CHILDREN'S EDUCATION | 90.6 | 118.2 | 108.7 | 154.8 | 150.4 | 145.8 | 559.7 |
| INVESTING IN OUR COMMUNITIES | | | | | | | |
| Aboriginal Governance and Leadership Development Program | 0.3 | 0.4 | 1.3 | 1.1 | 1.1 | 1.1 | 4.5 |
| Aboriginal Tourism Initiatives | - | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 3.6 |
| Aboriginal Youth Transitions | 0.2 | - | - | - | - | - | - |

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

| INITIATIVE | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Total |
|---|------------------|-----------------------|------------------|----------|----------|----------|------------------|
| | Actual | Actual ^(e) | Budget | Forward | Forward | Forward | Four |
| | \$m | \$m | Estimate | Estimate | Estimate | Estimate | Years |
| | | | \$m | \$m | \$m | \$m | \$m |
| Air-conditioning at Five Remote | | | | | | | |
| Multifunctional Policing Facilities | 3.2 | 4.2 | 5.2 | - | - | - | 5.2 |
| Albany Artificial Surf Reef Business Case | 0.3 | 0.2 | 0.1 | - | - | - | 0.1 |
| 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 | - | - | - | - | - |
| Avon Well Aged Housing Project | - ^(a) | - | - | - | - | - | - |
| Batavia Coast Marina Stage 2 | 0.1 | - ^(a) | - | - | - | - | - |
| Beach Emergency Numbering System | 0.2 | 0.1 | 0.3 | 0.2 | - | - | 0.5 |
| Bedingfeld Park Expansion - Stage 1 | 1.8 | 0.2 | - | - | - | - | - |
| Bridge St. Affordable Housing Project | | | | | | | |
| - Donnybrook | 0.6 | - | 1.4 | - | - | - | 1.4 |
| Broome Aboriginal Short Stay | | | | | | | |
| Accommodation Facility | 3.9 | 2.0 | 2.6 | 2.6 | 2.7 | 2.8 | 10.7 |
| Brunswick River Cottages - Brunswick | | | | | | | |
| Junction | 1.4 | 0.2 | - | - | - | - | - |
| Bunbury Regional Prison | 10.7 | 11.8 | 1.8 | - | - | - | 1.8 |
| Busselton Margaret River Airport | - | 1.7 | - | - | - | - | - |
| Capel Police Station | 0.4 | 2.8 | 4.7 | 0.1 | - | - | 4.8 |
| Carnarvon Fascine Revitalisation | | | | | | | |
| - Completion - Independent Project | | | | | | | |
| Manager Advisor Services | - ^(a) | - | - ^(a) | - | - | - | - ^(a) |
| Centennial Park Sporting and Event | | | | | | | |
| Precinct | 3.4 | - | 0.5 | - | - | - | 0.5 |
| Collie Crisis and Transitional | | | | | | | |
| Accommodation | 0.4 | - | - | - | - | - | - |
| Collie Mineworkers Memorial Pool | | | | | | | |
| Enclosure | - | - | 1.9 | - | - | - | 1.9 |
| Community Chest Grants Scheme | 0.2 | 0.1 | 0.2 | - | - | - | 0.2 |
| Community Resource Centres | 12.8 | 12.3 | 13.7 | 13.0 | 13.0 | 13.0 | 52.7 |
| Community Safety Network | 12.0 | 10.1 | 8.7 | 8.5 | 8.5 | 8.5 | 34.1 |
| Coral Bay Key Worker Housing | | | | | | | |
| - Headworks | 1.8 | 0.1 | - ^(a) | - | - | - | - ^(a) |
| Country Age Pension Fuel Card | 29.0 | 29.1 | 30.5 | 30.5 | 30.5 | 30.5 | 122.0 |
| Country Water Pricing Subsidy | - | 191.5 | 250.0 | 250.0 | 250.0 | 250.0 | 1,000.0 |
| Creative Regions Program | 4.4 | - | - | - | - | - | - |
| Culturally Appropriate Services to | | | | | | | |
| Victims of Domestic Violence | 0.1 | - | 0.1 | 0.1 | 0.1 | - | 0.3 |
| Dalyellup Family Centre | - | - ^(a) | 0.3 | 0.3 | 0.3 | 0.3 | 1.1 |
| Dampier Peninsula Activation | - | - | 2.9 | 1.0 | - | - | 3.9 |
| Dongara Age Appropriate | | | | | | | |
| Accommodation Facility | 0.5 | 2.0 | - | - | - | - | - |
| Donnybrook Town Centre Revitalisation | 0.2 | - | 1.8 | - | - | - | 1.8 |
| Doors Wide Open | - | 0.1 | 0.1 | - | - | - | 0.1 |
| East Kimberley Transitional Housing | - | 3.9 | 2.4 | 1.0 | 0.9 | 0.9 | 5.1 |
| Eaton Bowling Club Upgrade | - | 2.0 | - | - | - | - | - |
| Eaton/Australind Waterfront Historic | | | | | | | |
| Walk Trail | 0.3 | - | - | - | - | - | - |
| Enhanced Driver Training and Education | | | | | | | |
| for Regional and Remote Communities | 1.3 | 1.5 | 1.5 | 1.5 | 1.5 | 1.4 | 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 | 3.1 | 1.0 | - | - | - | - | - |
| Essential and Municipal Services | | | | | | | |
| Improvement in Remote Aboriginal | | | | | | | |
| Communities | 7.9 | 0.9 | 13.1 | 18.0 | 5.7 | - | 36.7 |
| Expansion of Aged Care for the | | | | | | | |
| Esperance Community | 0.6 | - | - | - | - | - | - |

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

| INITIATIVE | 2018-19 Actual \$m | 2019-20 Actual ^(e) \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m | Total Four Years \$m |
|--|--------------------------|---|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------------------------------|
| Family and Domestic Violence | | | | | | | |
| Counselling Services - Peel | 0.3 | 0.3 | 0.3 | 0.3 | - | - | 0.5 |
| Family Domestic Violence Refuge - Peel | 0.1 | 1.4 | 3.0 | 1.1 | 1.2 | 1.4 | 6.7 |
| Financial Counselling Services | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 2.9 |
| Fitzroy Crossing Courthouse | - | 0.1 | - | - | - | - | - |
| Funding for the Royal Agricultural | | | | | | | |
| Society of Western Australia | - | - | 1.7 | - | - | - | 1.7 |
| Goldfields Arts Centre | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.6 |
| Goldfields Esperance Arts and Culture | | | | | | | |
| Trail | 0.1 | 0.1 | 0.1 | - | - | - | 0.1 |
| Great Southern Housing Initiative | 2.3 | 0.3 | - | - | - | - | - |
| Gwoonwardu Mia Aboriginal Heritage | | | | | | | |
| and Cultural Centre - Carnarvon | 0.1 | 1.4 | 0.6 | 0.6 | - | - | 1.2 |
| Hedland Transitional Housing | - ^(a) | - | 1.9 | 0.9 | 1.2 | - | 4.0 |
| Hospital Site Remediation - Port Hedland | - ^(a) | - | - | - | - | - | - |
| Indigenous Visitor Hostels | 1.6 | 1.6 | 2.5 | 2.3 | 2.4 | 2.5 | 9.6 |
| Kalgoorlie Motorsports Precinct | - | 0.1 | 1.0 | 1.0 | - | - | 2.0 |
| Karratha Arts and Community Precinct | 4.6 | 0.4 | - | - | - | - | - |
| Karratha City Centre Infrastructure | | | | | | | |
| Works Project | 0.9 | - | - | - | - | - | - |
| Killarney Retirement Living | 0.4 | - | - | - | - | - | - |
| Kimberley Aboriginal Law and Culture | | | | | | | |
| Centre to Document and Teach | | | | | | | |
| Traditional Languages | 0.1 | 0.1 | 0.1 | 0.1 | - | - | 0.3 |
| Kimberley Juvenile Justice Strategy | 1.0 | 0.3 | 0.3 | 0.3 | - | - | 0.6 |
| Koombana Bay Park Facilities | 1.8 | 0.1 | 2.9 | - | - | - | 2.9 |
| Kununurra, Broome and Karratha | | | | | | | |
| Courthouse | 0.3 | 0.2 | - | - | - | - | - |
| Laverton Aged Care Project | 0.1 | - | - | - | - | - | - |
| Laverton Visitor Centre | - | 0.3 | 1.0 | - | - | - | 1.0 |
| Leonora Ageing in Place Project | - ^(a) | - | 3.5 | - | - | - | 3.5 |
| Lock Hospitals Memorial | 0.1 | - | - | - | - | - | - |
| Mandurah Eastern Foreshore | | | | | | | |
| Redevelopment | - | 5.0 | 5.0 | - | - | - | 5.0 |
| Margaret River Hub of Entertainment | | | | | | | |
| Arts Regional Tourism Project | 0.6 | - | - | - | - | - | - |
| Minninup Pool | 0.1 | 0.2 | - | - | - | - | - |
| Miriuwung and Gajerrong Corporation | 0.2 | 0.2 | - | - | - | - | - |
| Motoring South West - Marketing | | | | | | | |
| Campaign | 0.1 | - | - | - | - | - | - |
| Motorplex Complex Albany | 0.3 | - | 5.5 | - | - | - | 5.5 |
| Multipurpose Outdoor Courts | | | | | | | |
| - Weatherproof Structure, Seating and | | | | | | | |
| Lighting | - | 1.8 | 0.1 | - | - | - | 0.1 |
| Murujuga Aboriginal Corporation - Living | | | | | | | |
| Knowledge Centre and Tourism | | | | | | | |
| Precinct | 0.3 | 1.0 | - | - | - | - | - |
| Multi-functional Policing Facilities | | | | | | | |
| Air-Conditioning System Replacement | - | - | 5.0 | 0.8 | - | - | 5.8 |
| Newman Town Centre Revitalisation | | | | | | | |
| - Stage 3 | 0.2 | 0.1 | - | - | - | - | - |
| NGO Housing Strategic Intervention | | | | | | | |
| - Stage 2 | - ^(a) | - | - | - | - | - | - |
| Norseman: The Heart of the Great | | | | | | | |
| Western Woodlands | - | 0.4 | - | - | - | - | - |
| North West Aboriginal Housing Initiative | - | - | 9.8 | 9.8 | 13.6 | 26.7 | 59.8 |
| Pilbara Aboriginal Town Based Reserves | | | | | | | |
| - Unallocated | - | - | 2.6 | 2.4 | 3.1 | 8.0 | 16.0 |
| Pilbara Aboriginal Town Based Reserves | | | | | | | |
| - Tjalka Boorda Transition Plan | - | 0.2 | 1.3 | 0.6 | 0.3 | - | 2.1 |

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

| INITIATIVE | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Total |
|---|------------------|-----------------------|--------------|--------------|--------------|--------------|----------------|
| | Actual | Actual ^(e) | Budget | Forward | Forward | Forward | Four |
| | \$m | \$m | Estimate | Estimate | Estimate | Estimate | Years |
| | | | \$m | \$m | \$m | \$m | \$m |
| Pilbara Aboriginal Town Based Reserves (Stage 1) | 0.3 | - | - | - | - | - | - |
| Police Radio Network | 5.9 | 4.7 | 0.4 | 0.4 | 0.5 | 0.7 | 2.0 |
| Regional Arts and Cultural Investment Program | - | 3.3 | 5.0 | 5.0 | 4.9 | 4.9 | 19.8 |
| Regional Athlete Support Program | 1.0 | 0.9 | 1.0 | 1.0 | 1.0 | - | 3.0 |
| Regional Centres Development Plan | - ^(a) | - | 1.5 | 1.5 | 1.5 | - | 4.5 |
| Regional Community Childcare Development Fund | 1.3 | - ^(a) | - | - | - | - | - |
| Regional COVID-19 Response Provision | - | - | - | - | - | 0.1 | 0.1 |
| Regional Economic Development Grants | 2.1 | 6.0 | 12.8 | 5.0 | 5.0 | 3.0 | 25.8 |
| Regional Enforcement Unit | 4.0 | 4.2 | 5.5 | 5.5 | 5.5 | 5.5 | 21.9 |
| Regional Exhibition Touring Boost | 0.5 | 1.8 | 1.8 | 1.8 | 1.8 | - | 5.3 |
| Regional Grants Scheme | 1.1 | 1.2 | 0.6 | - | - | - | 0.6 |
| Regional Investment Initiative | - | - | 0.2 | - | - | - | 0.2 |
| Regional Museum Grants - Regional Collections Development Program | 0.1 | 0.1 | 0.6 | 0.3 | - | - | 0.9 |
| Regional Police Incentives | 1.5 | 1.7 | 2.5 | 2.5 | 2.5 | 2.5 | 10.0 |
| Regional Taxi Transition Fund | - | 2.9 | 0.1 | 0.1 | - | - | 0.2 |
| Regional Workers Campaign | - | - | 1.7 | - | - | - | 1.7 |
| Regional Youth Justice Services | 5.3 | 5.3 | 5.4 | 5.5 | - | - | 10.8 |
| Remote Aboriginal Communities | - | - | 19.6 | 56.8 | 60.5 | 64.0 | 200.9 |
| Remote Aboriginal Communities COVID-19 Emergency Relief Fund | - | - | 2.1 | - | - | - | 2.1 |
| Remote and Essential Services | - | 56.0 | 56.0 | 56.0 | 56.0 | 56.0 | 224.0 |
| Remote Rural and Regional Women's Network | 0.3 | - | - | - | - | - | - |
| Remote Swimming Pools | 6.9 | 7.6 | 0.6 | 0.8 | 0.8 | 0.6 | 2.8 |
| Respectful Relationship Programs in Schools | - | 0.1 | 0.1 | 0.1 | - | - | 0.2 |
| Regional Aviation Support | - | 0.7 | 2.3 | - | - | - | 2.3 |
| Riverview Residence - Upgrade to Over 55's Estate | - | - | - | 2.0 | - | - | 2.0 |
| Shark Mitigation - SMART Drumline Trials | 1.4 | 1.7 | 0.4 | - | - | - | 0.4 |
| Social Service Worker Housing | 0.2 | - | - | - | - | - | - |
| South Hedland and CBD Revitalisation - Stage 2 | 0.1 | 0.1 | 1.2 | - | - | - | 1.2 |
| Southern Forests Food Council | 0.6 | 0.5 | 0.4 | - | - | - | 0.4 |
| South West Emergency Rescue Helicopter Service | 5.0 | - | - | - | - | - | - |
| Stockton Lake | - ^(a) | - ^(a) | 0.1 | - | - | - | 0.1 |
| Thomas Little Memorial Hall | 0.3 | 0.3 | - | - | - | - | - |
| Upgrade Surf Life Saving Club - Dalyellup | 0.3 | - | - | - | - | - | - |
| Upgrades to Hay Park - Bunbury | 2.5 | 1.3 | 0.1 | - | - | - | 0.1 |
| Volunteer Fuel Card | 0.7 | 0.6 | 1.0 | 1.0 | 1.0 | 1.0 | 4.0 |
| Wellington Dam Walk Trails | 0.1 | - | - | - | - | - | - |
| West Kimberley Transitional Housing Program | - ^(a) | - | - | - | - | - | - |
| Wheatbelt South Aged Housing Alliance | - ^(a) | 1.5 | 1.3 | - | - | - | 1.3 |
| TOTAL - INVESTING IN OUR COMMUNITIES | 160.3 | 400.1 | 519.5 | 495.3 | 479.2 | 487.5 | 1,981.4 |

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

| INITIATIVE | 2018-19 Actual \$m | 2019-20 Actual ^(e) \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m | Total Four Years \$m |
|---|--------------------------|---|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------------------------------|
| INVESTING IN OUR ROADS AND PORTS | | | | | | | |
| AgLime Routes | 3.5 | 5.2 | 1.3 | - | - | - | 1.3 |
| Albany Ring Road - Design, Preconstruction and Construction Activities | 0.9 | 1.1 | 4.9 | 16.7 | - | 10.0 | 31.6 |
| Bidyadanga Road (Kimberley) - Seal 13km | 3.9 | - | - | - | - | - | - |
| Broome Boating Facilities Upgrade | 4.5 | 0.8 | 1.1 | - | - | - | 1.1 |
| Broome Marina Planning | 0.1 | 0.2 | 0.6 | - | - | - | 0.6 |
| Broome Town Beach Jetty | - | - | 3.0 | - | - | - | 3.0 |
| Broome-Cape Leveque Road | 1.1 | 3.9 | 2.8 | - | - | - | 2.8 |
| Bunbury Outer Ring Road Design and Technical Assessment | - ^(a) | - | - | - | - | - | - |
| Bunbury Port - Inner Harbour Access Bridge | - | - | 2.3 | 13.3 | - | - | 15.5 |
| Bunbury Port Planning | 0.5 | - | - | - | - | - | - |
| Collie Preston Region - Upgrades Over Multiple Local Roads | 3.1 | 2.4 | 9.5 | - | - | - | 9.5 |
| Coolgardie-Esperance Highway (Goldfields) - Widen, Overlay and Reconstruction | 0.3 | 1.8 | 5.0 | 1.0 | - | - | 6.0 |
| Dongara Road Alignment | 0.1 | 0.1 | 0.5 | - | - | - | 0.5 |
| Duncan Road and Gordon Downs Road Upgrade | - | 0.9 | 2.4 | 2.4 | 3.8 | 0.7 | 9.3 |
| Geraldton Airport Runway Pavement Renewal | 6.5 | - | - | - | - | - | - |
| Gibb River Road | 7.2 | 2.5 | - | - | - | - | - |
| Great Eastern Highway - Dual Anzac Drive to Gatacre Drive, Kalgoorlie | 2.2 | 11.3 | - | - | - | - | - |
| Great Northern Highway - Ord River North (Turkey Creek) | 2.6 | 8.0 | - | - | - | - | - |
| Great Northern Highway - Wyndham Spur and Maggie's Jump Up | 4.2 | - | - | - | - | - | - |
| Greenbushes Lithium Supply Chain | - | - | 3.8 | - | - | - | 3.8 |
| Karratha-Tom Price Road - Sealing of 50km to Millstream | 4.5 | - ^(a) | 6.0 | 20.0 | 19.0 | - | 45.0 |
| Local Government Commodity Freight Roads Fund | - | 8.7 | 1.3 | - | - | - | 1.3 |
| Mandurah Train Station - New Parking Bays | - | 0.3 | 15.8 | - | - | - | 15.8 |
| Marble Bar Road - Coongan Gorge | 6.4 | - | - | - | - | - | - |
| Margaret River Perimeter Road | 3.2 | - | - | - | - | - | - |
| Moonamang Road | - | - | 10.0 | 6.3 | - | - | 16.3 |
| Outback Way - Seal Priority Sections | - ^(a) | 0.4 | 1.3 | 4.0 | 0.9 | - | 6.2 |
| Planning for the Upgrade of Bremer Bay Boat Harbour | 0.2 | - ^(a) | - | - | - | - | - |
| Port of Broome Dredging | 1.1 | 8.4 | - | - | - | - | - |
| Rail Future Fund | 0.2 | 3.7 | 9.8 | 8.3 | 9.8 | - | 27.8 |
| Rail to Kemerton Industrial Park | 0.4 | 0.1 | 5.7 | - | - | - | 5.7 |
| Recreational Boating Facilities Scheme | 0.1 | - | - | - | - | - | - |
| South Coast Highway - Widening Pfeiffer Road Manypeaks to Jerramungup Road | 8.2 | 8.1 | 12.4 | 1.1 | - | - | 13.5 |
| Square Kilometre Array Roads | 0.2 | 8.3 | 1.6 | 5.0 | 18.7 | - | 25.4 |
| Trial of Subsidised Perth-Derby Regular Public Transport Air Services | - | - | 1.0 | - | - | - | 1.0 |
| TOTAL - INVESTING IN OUR ROADS AND PORTS | 65.4 | 76.2 | 102.1 | 78.0 | 52.2 | 10.7 | 243.0 |

Table 1 (cont.)

| ROYALTIES FOR REGIONS EXPENDITURE | | | | | | | |
|--|------------------|-----------------------|----------------|----------------|----------------|--------------|----------------|
| INITIATIVE | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Total |
| | Actual | Actual ^(e) | Budget | Forward | Forward | Forward | Four |
| | \$m | \$m | Estimate | Estimate | Estimate | Estimate | Years |
| | | | \$m | \$m | \$m | \$m | \$m |
| INVESTING IN OUR ENVIRONMENT | | | | | | | |
| Aboriginal Ranger Program | 2.0 | 3.9 | 6.3 | 5.4 | - | - | 11.7 |
| Bushfire Mitigation on Crown Land | | | | | | | |
| Regional Townsites | 4.0 | 5.4 | 3.8 | 3.8 | 3.8 | 3.8 | 15.0 |
| Carnarvon Flood Mitigation Works | | | | | | | |
| - Stage 2 | - | 0.3 | 2.8 | - | - | - | 2.8 |
| Collie River Revitalisation | - | 0.1 | - | - | - | - | - |
| Dampier Peninsula Project | 0.4 | 0.0 | 0.6 | - | - | - | 0.6 |
| Enhanced Prescribed Burning Program | 3.4 | 5.3 | 5.5 | 5.5 | 5.5 | 5.5 | 22.0 |
| Fitzroy River Catchment | 0.3 | - | - | 0.1 | - | - | 0.1 |
| Fitzroy River Management Plan | - | 0.6 | 0.9 | 0.2 | - | - | 1.1 |
| Great Kimberley Marine Park | 1.3 | - | 0.3 | - | - | - | 0.3 |
| Healthy Estuaries WA Program | - | - | 6.3 | 6.3 | 6.3 | 6.3 | 25.0 |
| Living Lakes | 0.7 | 0.3 | - | - | - | - | - |
| Managing Western Australia's Natural | | | | | | | |
| Resources: Supporting Community | | | | | | | |
| Involvement | 2.2 | 0.2 | - | - | - | - | - |
| Marine Parks Management | 1.8 | 0.7 | 0.5 | 0.5 | 0.5 | 0.5 | 2.1 |
| Murujuga Joint Management | 1.0 | 1.2 | 1.1 | - | - | - | 1.1 |
| Natural Resource Management Program | 2.2 | 4.9 | 7.7 | 7.2 | 7.2 | 7.2 | 29.3 |
| New Kimberley National Park | - | 0.1 | 1.0 | - | - | - | 1.0 |
| Ngari Capes Marine Park | - | 1.1 | 1.2 | 1.2 | 1.2 | 1.2 | 4.6 |
| Ningaloo Coastal Reserve | - | 1.3 | 1.8 | 1.8 | 1.8 | 1.3 | 6.7 |
| Oyster Reef Habitat Restoration - Albany | 0.3 | 0.5 | 0.3 | - | - | - | 0.3 |
| Peel-Harvey - Estuary Protection Plan | - | 1.0 | - | - | - | - | - |
| Peel-Harvey Estuary 1 FTE | 0.1 | 0.1 | - | - | - | - | - |
| Plan for Our Parks - Indigenous Land | | | | | | | |
| Use Agreement | - | - | 5.0 | - | - | - | 5.0 |
| Preston River to Ocean Regional Park | | | | | | | |
| and Leschenault Regional Park | 0.7 | 1.4 | 4.5 | 3.9 | - | - | 8.4 |
| Public Recreation and Joint Management | | | | | | | |
| Arrangements for the Ningaloo Coast | 1.6 | 1.3 | - | - | - | - | - |
| Regional Estuaries Initiative | 4.2 | 3.3 | 0.7 | - | - | - | 0.7 |
| Regional Water Availability, Planning and | | | | | | | |
| Investigation | - ^(a) | - | - | - | - | - | - |
| Renewable Hydrogen Strategy | - | - | 0.5 | 2.5 | 3.0 | - | 6.0 |
| Revitalising Waterways of | | | | | | | |
| Geographe Bay | 1.1 | 1.3 | 0.4 | - | - | - | 0.4 |
| Watering Western Australia | 1.8 | 0.8 | 1.7 | - | - | - | 1.7 |
| William Bay National Park Infrastructure | | | | | | | |
| Project | - | 0.2 | 1.0 | 1.3 | - | - | 2.3 |
| Yawuru Joint Management | 1.1 | 1.1 | 1.1 | - | - | - | 1.1 |
| TOTAL - INVESTING IN OUR ENVIRONMENT | 30.2 | 36.4 | 55.0 | 39.5 | 29.2 | 25.7 | 149.4 |
| ADMINISTRATION AND ADMINISTERED ITEMS | | | | | | | |
| Administration ^(b) | 79.9 | 87.8 | 94.8 | 84.8 | 83.9 | 85.7 | 349.2 |
| Administered Items ^(c) | - | - | 12.7 | 22.0 | 49.3 | 37.0 | 121.1 |
| TOTAL - ADMINISTRATION AND ADMINISTERED ITEMS | 79.9 | 87.8 | 107.5 | 106.8 | 133.2 | 122.8 | 470.3 |
| Underspend Provision | - | - | -150.0 | -99.8 | - | - | -249.8 |
| TOTAL - ROYALTIES FOR REGIONS FUND | 711.7 | 936.5 | 1,166.9 | 1,094.1 | 1,048.0 | 939.0 | 4,248.0 |
| 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 commitments, including the Transforming Bunbury's Waterfront Stage 3 Phase 1 project, where further planning is required to deliver these proposals.

(d) Total Royalties for Regions contributions are forecast to be \$150 million.

(e) Based on preliminary actual data for 2019-20. Final outcomes for some initiatives/projects may be adjusted for updated information available after the Budget Papers were finalised.

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

Source: Department of Primary Industries and Regional Development.

APPENDIX 1

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*.

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Table 1.1

GENERAL GOVERNMENT **Operating Statement**

| | Note | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|------|---------------|---------------|---------------|---------------|---------------|
| | | Actual | Budget | Forward | Forward | Forward |
| | | \$m | Estimate | Estimate | Estimate | Estimate |
| <i>Results from Transactions</i> | | | | | | |
| REVENUE | | | | | | |
| Taxation | | 9,077 | 8,806 | 9,122 | 9,611 | 9,980 |
| Current grants and subsidies | | 9,379 | 8,861 | 9,444 | 9,957 | 11,042 |
| Capital grants | | 642 | 1,026 | 1,500 | 1,292 | 927 |
| Sales of goods and services | | 2,754 | 2,783 | 3,026 | 2,962 | 2,959 |
| Interest income | | 124 | 100 | 104 | 93 | 93 |
| Revenue from public corporations | | | | | | |
| Dividends from other sector entities | | 392 | 2,776 | 1,379 | 1,424 | 1,402 |
| Tax equivalent income | | 732 | 902 | 714 | 742 | 781 |
| Royalty income | | 8,450 | 8,287 | 5,733 | 5,827 | 5,801 |
| Other | | 614 | 601 | 596 | 557 | 560 |
| Total | 3 | 32,162 | 34,139 | 31,618 | 32,466 | 33,547 |
| EXPENSES | | | | | | |
| Salaries | | 12,887 | 12,997 | 13,118 | 13,487 | 13,968 |
| Superannuation | | | | | | |
| Concurrent costs | | 1,276 | 1,290 | 1,358 | 1,456 | 1,571 |
| Superannuation interest cost | | 89 | 74 | 82 | 93 | 103 |
| Other employee costs | | 401 | 360 | 348 | 353 | 357 |
| Depreciation and amortisation | | 1,751 | 1,854 | 1,859 | 1,858 | 1,835 |
| Services and contracts | | 2,590 | 2,632 | 2,495 | 2,504 | 2,523 |
| Other gross operating expenses | | 5,391 | 5,723 | 5,461 | 5,540 | 5,673 |
| Interest | | | | | | |
| Interest on leases | | 142 | 145 | 143 | 138 | 130 |
| Other interest | | 737 | 664 | 645 | 645 | 634 |
| Current transfers | 5 | 5,003 | 6,665 | 5,443 | 5,128 | 5,033 |
| Capital transfers | 5 | 228 | 532 | 301 | 198 | 245 |
| Total | 6 | 30,493 | 32,935 | 31,254 | 31,399 | 32,073 |
| NET OPERATING BALANCE | 7 | 1,669 | 1,204 | 363 | 1,067 | 1,474 |
| <i>Other economic flows - included in the operating result</i> | | | | | | |
| Net gains on assets/liabilities | | -27 | -18 | 13 | 8 | -10 |
| Provision for doubtful debts | | -126 | -14 | -14 | -14 | -14 |
| Changes in accounting policy/adjustment of prior periods | | -44 | - | - | - | - |
| Total other economic flows | | -197 | -31 | -1 | -6 | -24 |
| OPERATING RESULT | | 1,472 | 1,173 | 362 | 1,061 | 1,450 |
| <i>All other movements in equity</i> | | | | | | |
| <i>Items that will not be reclassified to operating result</i> | | | | | | |
| Revaluations | | 392 | 67 | 717 | 972 | 1,188 |
| Net actuarial gains/-loss - superannuation | | 5 | -207 | -200 | -170 | -174 |
| Gains recognised directly in equity | | -1 | -54 | -53 | -53 | -53 |
| Change in net worth of the public corporations sectors | | 217 | -691 | -127 | 467 | 575 |
| All other | | -239 | - | - | - | - |
| Total all other movements in equity | | 373 | -885 | 336 | 1,216 | 1,536 |
| TOTAL CHANGE IN NET WORTH | | 1,845 | 288 | 699 | 2,277 | 2,986 |
| KEY FISCAL AGGREGATES | | | | | | |
| NET OPERATING BALANCE | 7 | 1,669 | 1,204 | 363 | 1,067 | 1,474 |
| <i>Less Net acquisition of non-financial assets</i> | | | | | | |
| Purchase of non-financial assets | 6 | 2,553 | 3,013 | 2,997 | 2,566 | 2,373 |
| Changes in inventories | | 38 | 21 | - | - | - |
| Other movement in non-financial assets | | -15 | - | - | - | -33 |
| <i>Less:</i> | | | | | | |
| Sales of non-financial assets | | 1,476 | 143 | 157 | 98 | 87 |
| Depreciation | | 1,751 | 1,854 | 1,859 | 1,858 | 1,835 |
| Total net acquisition of non-financial assets | | -651 | 1,038 | 981 | 609 | 419 |
| NET LENDING/-BORROWING | 7 | 2,320 | 167 | -617 | 457 | 1,055 |

Note: Columns may not add due to rounding.

Table 1.2

GENERAL GOVERNMENT
Balance Sheet at 30 June

| Note | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| ASSETS | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and deposits | 513 | 477 | 493 | 523 | 512 |
| Advances paid | 715 | 748 | 731 | 724 | 716 |
| Investments, loans and placements | 5,924 | 3,441 | 3,016 | 2,783 | 2,450 |
| Receivables | 3,938 | 3,184 | 2,554 | 2,572 | 2,538 |
| Shares and other equity | | | | | |
| Investments in other public sector entities - equity method | 40,962 | 40,271 | 40,143 | 40,611 | 41,186 |
| Investments in other public sector entities - direct injections | 10,602 | 12,013 | 13,458 | 14,547 | 15,331 |
| Investments in other entities | 22 | 22 | 22 | 22 | 22 |
| Other financial assets | 8 | 8 | 9 | 9 | 9 |
| <i>Total financial assets</i> | <i>62,684</i> | <i>60,164</i> | <i>60,427</i> | <i>61,790</i> | <i>62,765</i> |
| <i>Non-financial assets</i> | | | | | |
| Land | 35,238 | 35,353 | 35,636 | 36,264 | 36,959 |
| Property, plant and equipment | 46,363 | 48,162 | 50,084 | 51,590 | 52,916 |
| Right-of-use assets | 2,484 | 2,465 | 2,385 | 2,225 | 2,059 |
| Biological assets | 109 | 109 | 109 | 109 | 109 |
| Inventories | | | | | |
| Land inventories | - | - | - | - | - |
| Other inventories | 108 | 130 | 130 | 130 | 130 |
| Intangibles | 603 | 585 | 566 | 525 | 485 |
| Non-current assets held for sale | 21 | 17 | 17 | 17 | 17 |
| Investment property | 7 | 7 | 7 | 7 | 7 |
| Other | 229 | 217 | 210 | 202 | 193 |
| <i>Total non-financial assets</i> | <i>85,163</i> | <i>87,044</i> | <i>89,144</i> | <i>91,069</i> | <i>92,875</i> |
| TOTAL ASSETS | 147,847 | 147,208 | 149,571 | 152,858 | 155,640 |
| LIABILITIES | | | | | |
| Deposits held | 1,472 | 730 | 648 | 457 | 468 |
| Advances received | 326 | 309 | 291 | 273 | 256 |
| Borrowings | | | | | |
| Lease liabilities | 2,722 | 3,098 | 3,044 | 2,887 | 2,726 |
| Other borrowings | 26,389 | 26,104 | 28,127 | 29,646 | 29,720 |
| Unfunded superannuation | 6,818 | 6,643 | 6,532 | 6,419 | 6,380 |
| Other employee benefits | 3,543 | 3,574 | 3,601 | 3,637 | 3,649 |
| Payables | 1,463 | 1,471 | 1,474 | 1,479 | 1,485 |
| Other liabilities | 2,674 | 2,553 | 2,429 | 2,358 | 2,269 |
| TOTAL LIABILITIES | 45,409 | 44,482 | 46,146 | 47,157 | 46,952 |
| NET ASSETS | 102,438 | 102,726 | 103,425 | 105,701 | 108,688 |
| <i>Of which:</i> | | | | | |
| Contributed equity | - | - | - | - | - |
| Accumulated surplus | 7,587 | 8,209 | 8,318 | 9,147 | 10,367 |
| Other reserves | 94,851 | 94,517 | 95,107 | 96,555 | 98,320 |
| NET WORTH | 7 | 102,438 | 103,425 | 105,701 | 108,688 |
| MEMORANDUM ITEMS | | | | | |
| <i>Net financial worth</i> | <i>17,276</i> | <i>15,682</i> | <i>14,281</i> | <i>14,633</i> | <i>15,813</i> |
| <i>Net financial liabilities</i> | <i>34,288</i> | <i>36,602</i> | <i>39,321</i> | <i>40,525</i> | <i>40,704</i> |
| <i>Net debt</i> | | | | | |
| Gross debt liabilities | 30,910 | 30,241 | 32,110 | 33,264 | 33,169 |
| Less: liquid financial assets | 7,152 | 4,665 | 4,240 | 4,029 | 3,678 |
| <i>Net debt</i> | <i>23,758</i> | <i>25,576</i> | <i>27,870</i> | <i>29,235</i> | <i>29,491</i> |

Note: Columns may not add due to rounding.

Table 1.3

GENERAL GOVERNMENT
Cash Flow Statement

| Note | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| <i>Cash received</i> | | | | | |
| Taxes received | 9,018 | 8,715 | 9,139 | 9,626 | 9,996 |
| Grants and subsidies received | 11,825 | 11,564 | 12,881 | 13,286 | 14,087 |
| Receipts from sales of goods and services | 2,589 | 2,756 | 2,990 | 2,912 | 2,941 |
| Interest receipts | 119 | 95 | 100 | 89 | 91 |
| Dividends and tax equivalents | 1,071 | 3,761 | 2,086 | 2,177 | 2,186 |
| Other receipts | 10,825 | 10,780 | 8,190 | 7,589 | 7,590 |
| <i>Total cash received</i> | <i>35,447</i> | <i>37,671</i> | <i>35,387</i> | <i>35,679</i> | <i>36,892</i> |
| <i>Cash paid</i> | | | | | |
| Wages, salaries and supplements, and superannuation | -14,192 | -14,711 | -14,841 | -15,285 | -15,843 |
| Payments for goods and services | -8,494 | -8,848 | -8,431 | -8,522 | -8,651 |
| Interest paid | -905 | -819 | -792 | -784 | -774 |
| Grants and subsidies paid | -6,641 | -8,356 | -7,271 | -6,923 | -6,921 |
| Dividends and tax equivalents | - | - | - | - | - |
| Other payments | -2,004 | -1,664 | -1,640 | -1,646 | -1,655 |
| <i>Total cash paid</i> | <i>-32,237</i> | <i>-34,399</i> | <i>-32,976</i> | <i>-33,160</i> | <i>-33,844</i> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 3,211 | 3,272 | 2,411 | 2,519 | 3,048 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| <i>Cash flows from investments in non-financial assets</i> | | | | | |
| Purchase of non-financial assets | -2,553 | -3,013 | -2,997 | -2,566 | -2,373 |
| Sales of non-financial assets | 1,476 | 143 | 157 | 98 | 87 |
| <i>Total cash flows from investments in non-financial assets</i> | <i>-1,077</i> | <i>-2,870</i> | <i>-2,840</i> | <i>-2,468</i> | <i>-2,286</i> |
| <i>Cash flows from investments in financial assets</i> | | | | | |
| <i>Cash received</i> | | | | | |
| For policy purposes | 64 | 10 | 10 | 10 | 10 |
| For liquidity purposes | 56 | 64 | 47 | 11 | 11 |
| <i>Cash paid</i> | | | | | |
| For policy purposes | -862 | -1,786 | -1,572 | -1,256 | -852 |
| For liquidity purposes | -38 | -46 | - | - | - |
| <i>Total cash flows from investments in financial assets</i> | <i>-780</i> | <i>-1,758</i> | <i>-1,515</i> | <i>-1,235</i> | <i>-832</i> |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | -1,857 | -4,628 | -4,355 | -3,703 | -3,118 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| <i>Cash received</i> | | | | | |
| Advances received | 17 | 17 | 18 | 18 | 18 |
| Borrowings | 845 | 284 | 2,133 | 1,631 | 194 |
| Deposits received | - | - | - | - | - |
| Other financing receipts | 312 | 54 | 30 | 14 | 19 |
| <i>Total cash receipts from financing activities</i> | <i>1,174</i> | <i>355</i> | <i>2,180</i> | <i>1,663</i> | <i>231</i> |
| <i>Cash paid</i> | | | | | |
| Advances paid | -17 | -17 | -18 | -18 | -18 |
| Borrowings repaid | -1,379 | -118 | -111 | -112 | -119 |
| Deposits paid | - | - | - | - | - |
| Other financing payments | -492 | -492 | -408 | -362 | -378 |
| <i>Total payments for financing activities</i> | <i>-1,888</i> | <i>-628</i> | <i>-537</i> | <i>-492</i> | <i>-515</i> |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | -714 | -272 | 1,643 | 1,171 | -284 |
| Net increase in cash and cash equivalents | 640 | -1,628 | -300 | -13 | -354 |
| Cash and cash equivalents at the beginning of the year | 5,005 | 5,645 | 4,016 | 3,716 | 3,703 |
| Cash and cash equivalents at the end of the year | 5,645 | 4,016 | 3,716 | 3,703 | 3,350 |
| KEY FISCAL AGGREGATES | | | | | |
| Net cash flows from operating activities | 3,211 | 3,272 | 2,411 | 2,519 | 3,048 |
| Net cash flows from investing in non-financial assets | -1,077 | -2,870 | -2,840 | -2,468 | -2,286 |
| Cash surplus/-deficit | 7 | 402 | -429 | 52 | 762 |

Note: Columns may not add due to rounding.

Table 1.4

PUBLIC NON-FINANCIAL CORPORATIONS
Operating Statement

| Note | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Actual \$m | Budget Estimate \$m | Forw ard Estimate \$m | Forw ard Estimate \$m | Forw ard Estimate \$m |
| <i>Results from Transactions</i> | | | | | |
| REVENUE | | | | | |
| Current grants and subsidies | 2,446 | 3,466 | 2,410 | 2,246 | 2,207 |
| Capital grants | 64 | 138 | 122 | 8 | 50 |
| Sales of goods and services | 34,089 | 40,540 | 41,491 | 42,014 | 42,631 |
| Interest income | 126 | 124 | 136 | 133 | 137 |
| Other | 468 | 440 | 474 | 523 | 540 |
| <i>Total</i> | <i>37,192</i> | <i>44,707</i> | <i>44,632</i> | <i>44,925</i> | <i>45,566</i> |
| EXPENSES | | | | | |
| Salaries | 1,101 | 1,251 | 1,274 | 1,311 | 1,333 |
| Superannuation | | | | | |
| Concurrent costs | 110 | 124 | 132 | 141 | 150 |
| Superannuation interest cost | - | - | - | - | - |
| Other employee costs | 34 | 24 | 25 | 25 | 26 |
| Depreciation and amortisation | 2,152 | 2,183 | 2,259 | 2,316 | 2,367 |
| Services and contracts | 792 | 830 | 846 | 695 | 652 |
| Other gross operating expenses | 29,615 | 36,197 | 36,623 | 37,141 | 37,521 |
| Interest | | | | | |
| Interest on leases | 90 | 92 | 88 | 84 | 76 |
| Other interest | 572 | 554 | 576 | 578 | 607 |
| Tax equivalents | 609 | 665 | 669 | 688 | 720 |
| Current transfers | 1,482 | 1,813 | 1,103 | 1,120 | 1,141 |
| Capital transfers | 15 | - | - | - | - |
| <i>Total</i> | <i>36,571</i> | <i>43,734</i> | <i>43,594</i> | <i>44,100</i> | <i>44,592</i> |
| NET OPERATING BALANCE | 7 | 621 | 1,038 | 825 | 973 |
| <i>Other economic flows - included in the operating result</i> | | | | | |
| Net gains on assets/liabilities | -65 | -215 | 58 | 150 | 155 |
| Provision for doubtful debts | -72 | -34 | -33 | -32 | -32 |
| Changes in accounting policy/adjustment of prior periods | -44 | - | - | - | - |
| <i>Total other economic flows</i> | <i>-181</i> | <i>-249</i> | <i>24</i> | <i>118</i> | <i>123</i> |
| OPERATING RESULT | 440 | 723 | 1,062 | 942 | 1,096 |
| <i>Other non-owner movements in equity</i> | | | | | |
| <i>Items that will not be reclassified to operating result</i> | | | | | |
| Revaluations | 459 | 618 | -27 | 691 | 591 |
| Net actuarial gains/-loss - superannuation | -27 | 2 | 2 | 3 | 2 |
| Gains recognised directly in equity | 4 | - | - | 1 | 2 |
| All other | -105 | - | - | - | - |
| <i>Total other non-owner movements in equity</i> | <i>331</i> | <i>620</i> | <i>-25</i> | <i>695</i> | <i>595</i> |
| <i>Movements in owner equity</i> | | | | | |
| Dividends | -162 | -2,269 | -1,315 | -1,355 | -1,326 |
| Capital injections | 652 | 1,424 | 1,453 | 1,106 | 803 |
| <i>Total movements in owner equity</i> | <i>490</i> | <i>-845</i> | <i>138</i> | <i>-249</i> | <i>-523</i> |
| TOTAL CHANGE IN NET WORTH | 1,261 | 498 | 1,175 | 1,388 | 1,168 |
| KEY FISCAL AGGREGATES | | | | | |
| NET OPERATING BALANCE | 7 | 621 | 1,038 | 825 | 973 |
| <i>Less Net acquisition of non-financial assets</i> | | | | | |
| Purchase of non-financial assets | 2,683 | 4,593 | 4,570 | 3,707 | 3,387 |
| Changes in inventories | 2,050 | 119 | 80 | 90 | 54 |
| Other movement in non-financial assets | 109 | 134 | 147 | 168 | 176 |
| <i>Less:</i> | | | | | |
| Sales of non-financial assets | 311 | 408 | 649 | 657 | 633 |
| Depreciation | 2,152 | 2,183 | 2,259 | 2,316 | 2,367 |
| <i>Total net acquisition of non-financial assets</i> | <i>2,380</i> | <i>2,255</i> | <i>1,888</i> | <i>992</i> | <i>618</i> |
| NET LENDING/-BORROWING | 7 | -1,758 | -849 | -167 | 355 |

Note: Columns may not add due to rounding.

Table 1.5

PUBLIC NON-FINANCIAL CORPORATIONS
Balance Sheet at 30 June

| Note | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| ASSETS | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and deposits | 2,938 | 1,701 | 1,775 | 1,732 | 1,938 |
| Advances paid | - | - | - | - | - |
| Investments, loans and placements | 5,407 | 6,123 | 5,999 | 5,995 | 6,008 |
| Receivables | 2,026 | 2,079 | 1,987 | 1,972 | 1,961 |
| Shares and other equity | | | | | |
| Investments in other public sector entities - equity method | - | - | - | - | - |
| Investments in other public sector entities - direct injections | - | - | - | - | - |
| Investments in other entities | 9 | 25 | 22 | 19 | 17 |
| Other financial assets | 580 | 438 | 338 | 303 | 247 |
| Total financial assets | 10,960 | 10,366 | 10,122 | 10,023 | 10,171 |
| <i>Non-financial assets</i> | | | | | |
| Land | 8,361 | 8,276 | 7,859 | 8,095 | 8,338 |
| Property, plant and equipment | 56,208 | 58,350 | 60,517 | 61,964 | 63,077 |
| Right-of-use assets | 505 | 459 | 533 | 477 | 416 |
| Biological assets | 209 | 212 | 211 | 216 | 220 |
| Inventories | | | | | |
| Land inventories | 1,809 | 2,141 | 2,228 | 2,151 | 2,098 |
| Other inventories | 6,325 | 6,444 | 6,523 | 6,614 | 6,668 |
| Intangibles | 445 | 425 | 412 | 405 | 402 |
| Non-current assets held for sale | 16 | 16 | 16 | 16 | 16 |
| Investment property | 26 | 45 | 45 | 39 | 39 |
| Other | 190 | 284 | 253 | 208 | 151 |
| Total non-financial assets | 74,092 | 76,650 | 78,597 | 80,184 | 81,423 |
| TOTAL ASSETS | 85,052 | 87,016 | 88,719 | 90,207 | 91,595 |
| LIABILITIES | | | | | |
| Deposits held | - | - | - | - | - |
| Advances received | 326 | 309 | 291 | 273 | 256 |
| Borrowings | | | | | |
| Lease liabilities | 815 | 1,069 | 1,083 | 950 | 797 |
| Other borrowings | 23,310 | 24,951 | 25,423 | 25,671 | 26,090 |
| Unfunded superannuation | 97 | 83 | 72 | 66 | 64 |
| Other employee benefits | 423 | 392 | 395 | 399 | 399 |
| Payables | 8,488 | 8,311 | 8,452 | 8,481 | 8,539 |
| Other liabilities | 1,807 | 1,619 | 1,544 | 1,519 | 1,434 |
| TOTAL LIABILITIES | 35,267 | 36,733 | 37,260 | 37,360 | 37,580 |
| NET ASSETS | 49,786 | 50,283 | 51,459 | 52,847 | 54,015 |
| <i>Of which:</i> | | | | | |
| Contributed equity | 10,887 | 12,312 | 13,764 | 14,870 | 15,673 |
| Accumulated surplus | 17,448 | 18,106 | 17,788 | 17,320 | 17,022 |
| Other reserves | 21,450 | 19,865 | 19,906 | 20,657 | 21,320 |
| NET WORTH | 49,786 | 50,283 | 51,459 | 52,847 | 54,015 |
| MEMORANDUM ITEMS | | | | | |
| <i>Net financial worth</i> | -24,307 | -26,367 | -27,138 | -27,337 | -27,408 |
| <i>Net debt</i> | | | | | |
| Gross debt liabilities | 24,451 | 26,329 | 26,798 | 26,895 | 27,143 |
| Less : liquid financial assets | 8,345 | 7,824 | 7,775 | 7,728 | 7,946 |
| Net debt | 16,106 | 18,505 | 19,023 | 19,168 | 19,196 |

Note: Columns may not add due to rounding.

Table 1.6

PUBLIC NON-FINANCIAL CORPORATIONS
Cash Flow Statement

| Note | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | \$m | Estimate | Estimate | Estimate |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| <i>Cash received</i> | | | | | |
| Grants and subsidies received | 2,507 | 3,595 | 2,538 | 2,261 | 2,259 |
| Receipts from sales of goods and services | 25,130 | 26,102 | 27,008 | 27,236 | 27,651 |
| Interest receipts | 129 | 121 | 130 | 131 | 134 |
| Dividends and tax equivalents | 61 | 63 | 88 | 99 | 101 |
| Other receipts | 1,361 | 1,033 | 1,110 | 1,036 | 994 |
| <i>Total cash received</i> | <i>29,189</i> | <i>30,913</i> | <i>30,874</i> | <i>30,763</i> | <i>31,139</i> |
| <i>Cash paid</i> | | | | | |
| Wages, salaries and supplements, and superannuation | -1,184 | -1,433 | -1,423 | -1,465 | -1,495 |
| Payments for goods and services | -19,602 | -20,973 | -21,143 | -21,301 | -21,400 |
| Interest paid | -689 | -599 | -612 | -611 | -628 |
| Grants and subsidies paid | -708 | -731 | -697 | -711 | -728 |
| Tax equivalents | -614 | -764 | -703 | -742 | -771 |
| Other payments | -3,628 | -4,117 | -3,103 | -2,987 | -3,040 |
| <i>Total cash paid</i> | <i>-26,424</i> | <i>-28,617</i> | <i>-27,682</i> | <i>-27,816</i> | <i>-28,062</i> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 2,764 | 2,296 | 3,191 | 2,947 | 3,078 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| <i>Cash flows from investments in non-financial assets</i> | | | | | |
| Purchase of non-financial assets | -2,683 | -4,593 | -4,570 | -3,707 | -3,387 |
| Sales of non-financial assets | 311 | 408 | 649 | 657 | 633 |
| <i>Total cash flows from investments in non-financial assets</i> | <i>-2,372</i> | <i>-4,185</i> | <i>-3,920</i> | <i>-3,050</i> | <i>-2,755</i> |
| <i>Cash flows from investments in financial assets</i> | | | | | |
| <i>Cash received</i> | | | | | |
| For policy purposes | - | - | - | - | - |
| For liquidity purposes | 74 | 67 | 10 | 5 | 18 |
| <i>Cash paid</i> | | | | | |
| For policy purposes | -21 | -22 | -25 | -4 | - |
| For liquidity purposes | -30 | -23 | -14 | -7 | -21 |
| <i>Total cash flows from investments in financial assets</i> | <i>23</i> | <i>21</i> | <i>-29</i> | <i>-6</i> | <i>-3</i> |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | -2,349 | -4,164 | -3,949 | -3,056 | -2,758 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| <i>Cash received</i> | | | | | |
| Advances received | - | - | - | - | - |
| Borrowings | 7,014 | 6,791 | 4,496 | 6,690 | 5,194 |
| Deposits received | - | - | - | - | - |
| Other financing receipts | 902 | 1,918 | 1,661 | 1,282 | 899 |
| <i>Total cash received</i> | <i>7,916</i> | <i>8,709</i> | <i>6,157</i> | <i>7,971</i> | <i>6,093</i> |
| <i>Cash paid</i> | | | | | |
| Advances paid | -17 | -17 | -18 | -18 | -18 |
| Borrowings repaid | -6,565 | -5,682 | -3,909 | -6,440 | -4,772 |
| Deposits paid | - | - | - | - | - |
| Other financing payments | -172 | -176 | -134 | -137 | -139 |
| Dividends paid | -162 | -2,204 | -1,273 | -1,311 | -1,277 |
| <i>Total cash paid</i> | <i>-6,917</i> | <i>-8,079</i> | <i>-5,334</i> | <i>-7,906</i> | <i>-6,206</i> |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 1,000 | 629 | 823 | 65 | -113 |
| Net increase in cash and cash equivalents | 1,415 | -1,239 | 65 | -44 | 207 |
| Cash and cash equivalents at the beginning of the year | 1,818 | 3,233 | 1,994 | 2,060 | 2,016 |
| Cash and cash equivalents at the end of the year | 3,233 | 1,994 | 2,060 | 2,016 | 2,223 |
| KEY FISCAL AGGREGATES | | | | | |
| Net cash flows from operating activities | 2,764 | 2,296 | 3,191 | 2,947 | 3,078 |
| Net cash flows from investing in non-financial assets | -2,372 | -4,185 | -3,920 | -3,050 | -2,755 |
| Dividends paid | -162 | -2,204 | -1,273 | -1,311 | -1,277 |
| Cash surplus/-deficit | 7 | 230 | -2,002 | -1,414 | -954 |

Note: Columns may not add due to rounding.

Table 1.7

TOTAL NON-FINANCIAL PUBLIC SECTOR **Operating Statement**

| Note | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| <i>Results from Transactions</i> | | | | | |
| REVENUE | | | | | |
| Taxation | 8,554 | 8,323 | 8,625 | 9,102 | 9,466 |
| Current grants and subsidies | 9,379 | 8,861 | 9,444 | 9,957 | 11,042 |
| Capital grants | 642 | 1,026 | 1,500 | 1,292 | 927 |
| Sales of goods and services | 36,251 | 42,658 | 43,760 | 44,374 | 45,030 |
| Interest income | 229 | 202 | 219 | 207 | 213 |
| Royalty income | 8,450 | 8,287 | 5,733 | 5,827 | 5,801 |
| Dividend and tax equivalents | 415 | 831 | 209 | 224 | 236 |
| Other | 980 | 913 | 940 | 950 | 973 |
| <i>Total</i> | <i>64,899</i> | <i>71,101</i> | <i>70,429</i> | <i>71,935</i> | <i>73,689</i> |
| EXPENSES | | | | | |
| Salaries | 13,989 | 14,248 | 14,391 | 14,798 | 15,301 |
| Superannuation | | | | | |
| Concurrent costs | 1,385 | 1,414 | 1,490 | 1,598 | 1,721 |
| Superannuation interest cost | 89 | 74 | 82 | 93 | 103 |
| Other employee costs | 355 | 304 | 293 | 298 | 303 |
| Depreciation and amortisation | 3,899 | 4,029 | 4,111 | 4,167 | 4,195 |
| Services and contracts | 3,374 | 3,469 | 3,345 | 3,205 | 3,181 |
| Other gross operating expenses | 34,286 | 41,135 | 41,200 | 41,947 | 42,499 |
| Interest | | | | | |
| Interest on leases | 230 | 233 | 227 | 218 | 204 |
| Other interest | 1,289 | 1,201 | 1,205 | 1,207 | 1,227 |
| Current transfers | 3,693 | 4,684 | 3,811 | 3,670 | 3,632 |
| Capital transfers | 178 | 394 | 179 | 189 | 195 |
| <i>Total</i> | <i>62,769</i> | <i>71,186</i> | <i>70,334</i> | <i>71,391</i> | <i>72,561</i> |
| NET OPERATING BALANCE | 7 | 2,131 | -85 | 544 | 1,128 |
| <i>Other economic flows - included in the operating result</i> | | | | | |
| Net gains on assets/liabilities | -92 | -232 | 70 | 158 | 146 |
| Provision for doubtful debts | -198 | -48 | -47 | -46 | -46 |
| Changes in accounting policy/adjustment of prior periods | 13 | - | - | - | - |
| <i>Total other economic flows</i> | <i>-277</i> | <i>-281</i> | <i>23</i> | <i>112</i> | <i>99</i> |
| OPERATING RESULT | 1,854 | -366 | 118 | 656 | 1,227 |
| <i>All other movements in equity</i> | | | | | |
| <i>Items that will not be reclassified to operating result</i> | | | | | |
| Revaluations | 850 | 711 | 706 | 1,696 | 1,817 |
| Net actuarial gains/-loss - superannuation | -22 | -205 | -198 | -168 | -172 |
| Gains recognised directly in equity | -1 | -62 | -61 | -59 | -58 |
| Change in net worth of the PFC sector | -493 | 210 | 134 | 152 | 173 |
| All other | -344 | - | - | - | - |
| <i>Total all other movements in equity</i> | <i>-9</i> | <i>654</i> | <i>581</i> | <i>1,621</i> | <i>1,759</i> |
| TOTAL CHANGE IN NET WORTH | 1,845 | 288 | 699 | 2,277 | 2,986 |
| KEY FISCAL AGGREGATES | | | | | |
| NET OPERATING BALANCE | 7 | 2,131 | -85 | 544 | 1,128 |
| <i>Less Net acquisition of non-financial assets</i> | | | | | |
| Purchase of non-financial assets | 5,185 | 7,544 | 7,451 | 6,272 | 5,761 |
| Changes in inventories | 2,088 | 140 | 80 | 90 | 54 |
| Other movement in non-financial assets | 94 | 134 | 147 | 168 | 144 |
| <i>Less:</i> | | | | | |
| Sales of non-financial assets | 1,735 | 489 | 691 | 755 | 720 |
| Depreciation | 3,899 | 4,029 | 4,111 | 4,167 | 4,195 |
| <i>Total net acquisition of non-financial assets</i> | <i>1,732</i> | <i>3,300</i> | <i>2,876</i> | <i>1,609</i> | <i>1,044</i> |
| NET LENDING/-BORROWING | 7 | 399 | -2,781 | -1,065 | 84 |

Note: Columns may not add due to rounding.

Table 1.8

TOTAL NON-FINANCIAL PUBLIC SECTOR
Balance Sheet at 30 June

| Note | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| ASSETS | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and deposits | 1,995 | 1,464 | 1,636 | 1,813 | 1,998 |
| Advances paid | 389 | 439 | 440 | 450 | 461 |
| Investments, loans and placements | 11,270 | 9,499 | 8,950 | 8,711 | 8,381 |
| Receivables | 5,824 | 5,151 | 4,422 | 4,438 | 4,399 |
| Shares and other equity | | | | | |
| Investments in other public sector entities - equity method | 1,778 | 2,000 | 2,143 | 2,311 | 2,502 |
| Investments in other public sector entities - direct injections | - | - | - | - | - |
| Investments in other entities | 32 | 48 | 45 | 42 | 39 |
| Other financial assets | 8 | 8 | 9 | 9 | 9 |
| <i>Total financial assets</i> | 21,294 | 18,608 | 17,643 | 17,774 | 17,790 |
| <i>Non-financial assets</i> | | | | | |
| Land | 43,599 | 43,628 | 43,496 | 44,359 | 45,296 |
| Property, plant and equipment | 102,570 | 106,512 | 110,601 | 113,554 | 115,993 |
| Right-of-use assets | 2,984 | 2,881 | 2,882 | 2,694 | 2,492 |
| Biological assets | 317 | 321 | 320 | 325 | 329 |
| Inventories | | | | | |
| Land inventories | 1,809 | 2,141 | 2,228 | 2,151 | 2,098 |
| Other inventories | 6,433 | 6,573 | 6,653 | 6,743 | 6,798 |
| Intangibles | 1,047 | 1,009 | 978 | 930 | 886 |
| Non-current assets held for sale | 37 | 33 | 33 | 33 | 33 |
| Investment property | 33 | 51 | 51 | 46 | 46 |
| Other | 419 | 494 | 455 | 402 | 336 |
| <i>Total non-financial assets</i> | 159,250 | 163,645 | 167,698 | 171,238 | 174,307 |
| TOTAL ASSETS | 180,544 | 182,253 | 185,341 | 189,012 | 192,097 |
| LIABILITIES | | | | | |
| Deposits held | 14 | 14 | 14 | 14 | 14 |
| Advances received | 326 | 309 | 291 | 273 | 256 |
| Borrowings | | | | | |
| Lease liabilities | 3,471 | 4,061 | 4,027 | 3,764 | 3,464 |
| Other borrowings | 49,700 | 51,056 | 53,550 | 55,317 | 55,810 |
| Unfunded superannuation | 6,915 | 6,726 | 6,604 | 6,485 | 6,444 |
| Other employee benefits | 3,966 | 3,965 | 3,997 | 4,035 | 4,049 |
| Payables | 9,812 | 9,670 | 9,807 | 9,855 | 9,925 |
| Other liabilities | 3,901 | 3,726 | 3,627 | 3,566 | 3,448 |
| TOTAL LIABILITIES | 78,105 | 79,527 | 81,916 | 83,311 | 83,409 |
| NET ASSETS | 102,438 | 102,726 | 103,425 | 105,701 | 108,688 |
| <i>Of which:</i> | | | | | |
| Contributed equity | - | - | - | - | - |
| Accumulated surplus | 25,043 | 26,322 | 26,113 | 26,474 | 27,396 |
| Other reserves | 77,396 | 76,404 | 77,312 | 79,228 | 81,292 |
| NET WORTH | 7 | 102,438 | 103,425 | 105,701 | 108,688 |
| MEMORANDUM ITEMS | | | | | |
| <i>Net financial worth</i> | -56,811 | -60,919 | -64,273 | -65,536 | -65,619 |
| <i>Net financial liabilities</i> | 58,589 | 62,919 | 66,416 | 67,847 | 68,122 |
| <i>Net debt</i> | | | | | |
| Gross debt liabilities | 53,511 | 55,440 | 57,882 | 59,369 | 59,544 |
| Less: liquid financial assets | 13,653 | 11,401 | 11,025 | 10,975 | 10,840 |
| <i>Net debt</i> | 39,858 | 44,038 | 46,857 | 48,394 | 48,704 |

Note: Columns may not add due to rounding.

Table 1.9

TOTAL NON-FINANCIAL PUBLIC SECTOR
Cash Flow Statement

| Note | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| <i>Cash received</i> | | | | | |
| Taxes received | 8,496 | 8,221 | 8,631 | 9,116 | 9,473 |
| Grants and subsidies received | 11,825 | 11,564 | 12,881 | 13,286 | 14,087 |
| Receipts from sales of goods and services | 27,051 | 28,162 | 29,186 | 29,488 | 29,975 |
| Interest receipts | 226 | 195 | 209 | 201 | 208 |
| Dividends and tax equivalents | 355 | 856 | 198 | 223 | 238 |
| Other receipts | 11,808 | 11,409 | 8,918 | 8,253 | 8,215 |
| <i>Total cash received</i> | <i>59,760</i> | <i>60,407</i> | <i>60,023</i> | <i>60,568</i> | <i>62,195</i> |
| <i>Cash paid</i> | | | | | |
| Wages, salaries and supplements, and superannuation | -15,375 | -16,145 | -16,264 | -16,750 | -17,338 |
| Payments for goods and services | -27,194 | -28,817 | -28,468 | -28,878 | -29,150 |
| Interest paid | -1,572 | -1,397 | -1,383 | -1,376 | -1,384 |
| Grants and subsidies paid | -4,809 | -5,460 | -5,406 | -5,349 | -5,367 |
| Dividends and tax equivalents | - | - | - | - | - |
| Other payments | -5,105 | -5,285 | -4,235 | -4,122 | -4,171 |
| <i>Total cash paid</i> | <i>-54,056</i> | <i>-57,105</i> | <i>-55,756</i> | <i>-56,475</i> | <i>-57,410</i> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 5,704 | 3,302 | 4,266 | 4,093 | 4,785 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| <i>Cash flows from investments in non-financial assets</i> | | | | | |
| Purchase of non-financial assets | -5,185 | -7,544 | -7,451 | -6,272 | -5,761 |
| Sales of non-financial assets | 1,735 | 489 | 691 | 755 | 720 |
| <i>Total cash flows from investments in non-financial assets</i> | <i>-3,449</i> | <i>-7,055</i> | <i>-6,760</i> | <i>-5,518</i> | <i>-5,041</i> |
| <i>Cash flows from investments in financial assets</i> | | | | | |
| <i>Cash received</i> | | | | | |
| For policy purposes | 64 | 10 | 10 | 10 | 10 |
| For liquidity purposes | 130 | 110 | 57 | 17 | 29 |
| <i>Cash paid</i> | | | | | |
| For policy purposes | -63 | -10 | -10 | -10 | -10 |
| For liquidity purposes | -67 | -48 | -14 | -7 | -21 |
| <i>Total cash flows from investments in financial assets</i> | <i>64</i> | <i>61</i> | <i>43</i> | <i>9</i> | <i>8</i> |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | -3,386 | -6,994 | -6,717 | -5,509 | -5,033 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| <i>Cash received</i> | | | | | |
| Advances received | - | - | - | - | - |
| Borrowings | 7,859 | 7,075 | 6,629 | 8,321 | 5,388 |
| Deposits received | - | - | - | - | - |
| Other financing receipts | 300 | 21 | 5 | 10 | 19 |
| <i>Total cash received</i> | <i>8,159</i> | <i>7,095</i> | <i>6,633</i> | <i>8,332</i> | <i>5,407</i> |
| <i>Cash paid</i> | | | | | |
| Advances paid | -17 | -17 | -18 | -18 | -18 |
| Borrowings repaid | -7,944 | -5,800 | -4,020 | -6,552 | -4,891 |
| Deposits paid | - | - | - | - | - |
| Other financing payments | -462 | -453 | -380 | -402 | -397 |
| <i>Total cash paid</i> | <i>-8,424</i> | <i>-6,270</i> | <i>-4,418</i> | <i>-6,972</i> | <i>-5,306</i> |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | -264 | 825 | 2,216 | 1,359 | 101 |
| Net increase in cash and cash equivalents | 2,055 | -2,867 | -235 | -56 | -147 |
| Cash and cash equivalents at the beginning of the year | 6,822 | 8,876 | 6,010 | 5,775 | 5,718 |
| Cash and cash equivalents at the end of the year | 8,876 | 6,010 | 5,775 | 5,718 | 5,572 |
| KEY FISCAL AGGREGATES | | | | | |
| Net cash flows from operating activities | 5,704 | 3,302 | 4,266 | 4,093 | 4,785 |
| Net cash flows from investing in non-financial assets | -3,449 | -7,055 | -6,760 | -5,518 | -5,041 |
| Cash surplus/-deficit | 7 | 2,255 | -2,494 | -1,425 | -255 |

Note: Columns may not add due to rounding.

Table 1.10

PUBLIC FINANCIAL CORPORATIONS
Operating Statement

| Note | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Actual \$m | Budget Estimate \$m | Forw ard Estimate \$m | Forw ard Estimate \$m | Forw ard Estimate \$m |
| <i>Results from Transactions</i> | | | | | |
| REVENUE | | | | | |
| Current grants and subsidies | - | - | - | - | - |
| Capital grants | - | - | - | - | - |
| Sales of goods and services | 1,186 | 1,870 | 1,253 | 1,309 | 1,369 |
| Interest income | 1,626 | 1,699 | 1,740 | 1,775 | 1,808 |
| Other | 100 | 112 | 111 | 121 | 132 |
| <i>Total</i> | <i>2,912</i> | <i>3,681</i> | <i>3,104</i> | <i>3,205</i> | <i>3,309</i> |
| EXPENSES | | | | | |
| Salaries | 62 | 67 | 67 | 68 | 70 |
| Superannuation | | | | | |
| Concurrent costs | 6 | 7 | 7 | 7 | 8 |
| Superannuation interest cost | - | - | - | - | - |
| Other employee costs | 1 | 2 | 2 | 2 | 2 |
| Depreciation and amortisation | 8 | 9 | 10 | 10 | 10 |
| Services and contracts | 11 | 11 | 12 | 12 | 12 |
| Other gross operating expenses | 1,127 | 1,295 | 1,326 | 1,362 | 1,415 |
| Interest | | | | | |
| Interest on leases | 1 | 1 | 1 | - | - |
| Other interest | 1,344 | 1,480 | 1,510 | 1,543 | 1,575 |
| Tax equivalents | 123 | 236 | 45 | 54 | 61 |
| Current transfers | 4 | 5 | 5 | 5 | 5 |
| Capital transfers | 16 | 10 | 15 | 15 | 15 |
| <i>Total</i> | <i>2,704</i> | <i>3,121</i> | <i>2,999</i> | <i>3,079</i> | <i>3,172</i> |
| NET OPERATING BALANCE | 7 | 208 | 104 | 127 | 136 |
| <i>Other economic flows - included in the operating result</i> | | | | | |
| Net gains on assets/liabilities | -316 | 271 | 209 | 228 | 248 |
| Provision for doubtful debts | - | - | - | - | - |
| Changes in accounting policy/adjustment of prior periods | 8 | - | - | - | - |
| <i>Total other economic flows</i> | <i>-307</i> | <i>271</i> | <i>209</i> | <i>228</i> | <i>248</i> |
| OPERATING RESULT | -99 | 831 | 314 | 355 | 384 |
| <i>Other non-owner movements in equity</i> | | | | | |
| <i>Items that will not be reclassified to operating result</i> | | | | | |
| Revaluations | - | - | - | - | - |
| Net actuarial gains/-loss - superannuation | - | - | - | - | - |
| Gains recognised directly in equity | 1 | - | - | - | - |
| All other | -2 | - | - | - | - |
| <i>Total other non-owner movements in equity</i> | <i>-1</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| <i>Movements in owner equity</i> | | | | | |
| Dividends | -292 | -595 | -164 | -170 | -174 |
| Capital injections | -50 | -13 | -8 | -17 | -19 |
| <i>Total movements in owner equity</i> | <i>-343</i> | <i>-608</i> | <i>-171</i> | <i>-187</i> | <i>-193</i> |
| TOTAL CHANGE IN NET WORTH | -443 | 223 | 142 | 168 | 191 |
| KEY FISCAL AGGREGATES | | | | | |
| NET OPERATING BALANCE | 7 | 208 | 104 | 127 | 136 |
| <i>Less Net acquisition of non-financial assets</i> | | | | | |
| Purchase of non-financial assets | 4 | 5 | 6 | 6 | 7 |
| Changes in inventories | - | - | - | - | - |
| Other movement in non-financial assets | - | - | - | - | - |
| <i>Less:</i> | | | | | |
| Sales of non-financial assets | - | - | - | - | - |
| Depreciation | 8 | 9 | 10 | 10 | 10 |
| <i>Total net acquisition of non-financial assets</i> | <i>-5</i> | <i>-4</i> | <i>-4</i> | <i>-3</i> | <i>-3</i> |
| NET LENDING/-BORROWING | 7 | 213 | 109 | 130 | 140 |

Note: Columns may not add due to rounding.

Table 1.11

PUBLIC FINANCIAL CORPORATIONS
Balance Sheet at 30 June

| Note | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| ASSETS | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and deposits | 354 | 341 | 350 | 357 | 364 |
| Advances paid | 4,873 | 5,671 | 5,568 | 5,569 | 5,574 |
| Investments, loans and placements | 67,860 | 70,187 | 73,119 | 75,276 | 76,156 |
| Receivables | 651 | 698 | 707 | 717 | 726 |
| Shares and other equity | | | | | |
| Investments in other public sector entities - equity method | - | - | - | - | - |
| Investments in other public sector entities - direct injections | - | - | - | - | - |
| Investments in other entities | 1,812 | 1,985 | 2,180 | 2,385 | 2,599 |
| Other financial assets | 7 | 7 | 7 | 7 | 7 |
| Total financial assets | 75,558 | 78,888 | 81,930 | 84,311 | 85,427 |
| <i>Non-financial assets</i> | | | | | |
| Land | - | -4 | -4 | -4 | -4 |
| Property, plant and equipment | 4 | 5 | 4 | 4 | 4 |
| Right-of-use assets | 24 | 20 | 16 | 13 | 9 |
| Biological assets | - | - | - | - | - |
| Inventories | | | | | |
| Land inventories | - | - | - | - | - |
| Other inventories | - | - | - | - | - |
| Intangibles | 7 | 7 | 7 | 7 | 7 |
| Non-current assets held for sale | - | - | - | - | - |
| Investment property | - | - | - | - | - |
| Other | 5 | 5 | 5 | 5 | 5 |
| Total non-financial assets | 41 | 33 | 28 | 25 | 21 |
| TOTAL ASSETS | 75,599 | 78,921 | 81,959 | 84,335 | 85,449 |
| LIABILITIES | | | | | |
| Deposits held | - | - | - | - | - |
| Advances received | 3 | 3 | 3 | 3 | 3 |
| Borrowings | | | | | |
| Lease liabilities | 29 | 25 | 21 | 17 | 12 |
| Other borrowings | 68,646 | 71,391 | 73,879 | 75,689 | 76,212 |
| Unfunded superannuation | 5 | 5 | 5 | 6 | 6 |
| Other employee benefits | 15 | 16 | 16 | 17 | 17 |
| Payables | 319 | 269 | 275 | 285 | 291 |
| Other liabilities | 4,803 | 5,212 | 5,617 | 6,010 | 6,406 |
| TOTAL LIABILITIES | 73,821 | 76,920 | 79,816 | 82,024 | 82,946 |
| NET ASSETS | 1,778 | 2,000 | 2,143 | 2,311 | 2,502 |
| <i>Of which:</i> | | | | | |
| Contributed equity | -286 | -299 | -307 | -323 | -342 |
| Accumulated surplus | 2,041 | 2,258 | 2,385 | 2,541 | 2,718 |
| Other reserves | 23 | 41 | 64 | 93 | 127 |
| NET WORTH | 7 | 2,000 | 2,143 | 2,311 | 2,502 |
| MEMORANDUM ITEMS | | | | | |
| <i>Net financial worth</i> | 1,737 | 1,968 | 2,114 | 2,286 | 2,481 |
| <i>Net debt</i> | | | | | |
| Gross debt liabilities | 68,678 | 71,419 | 73,903 | 75,708 | 76,227 |
| Less: liquid financial assets | 73,088 | 76,199 | 79,036 | 81,203 | 82,095 |
| Net debt | -4,409 | -4,779 | -5,134 | -5,494 | -5,868 |

Note: Columns may not add due to rounding.

Table 1.12

PUBLIC FINANCIAL CORPORATIONS
Cash Flow Statement

| Note | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Forw ard | Forw ard | Forw ard |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| <i>Cash received</i> | | | | | |
| Grants and subsidies received | - | 5 | 5 | 5 | 5 |
| Receipts from sales of goods and services | 1,203 | 1,998 | 1,437 | 1,512 | 1,590 |
| Interest receipts | 1,712 | 1,699 | 1,740 | 1,775 | 1,808 |
| Dividends and tax equivalents | - | - | - | - | - |
| Other receipts | 163 | 175 | 170 | 178 | 186 |
| Total cash received | 3,078 | 3,878 | 3,352 | 3,470 | 3,589 |
| <i>Cash paid</i> | | | | | |
| Wages, salaries and supplements, and superannuation | -66 | -73 | -74 | -75 | -77 |
| Payments for goods and services | -866 | -934 | -958 | -1,001 | -1,048 |
| Interest paid | -1,665 | -1,479 | -1,509 | -1,542 | -1,574 |
| Grants and subsidies paid | - | - | - | - | - |
| Tax equivalents | -88 | -764 | -70 | -81 | -91 |
| Other payments | -160 | -167 | -174 | -182 | -190 |
| Total cash paid | -2,845 | -3,418 | -2,784 | -2,881 | -2,980 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 233 | 460 | 568 | 589 | 609 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| <i>Cash flows from investments in non-financial assets</i> | | | | | |
| Purchase of non-financial assets | -4 | -5 | -6 | -6 | -7 |
| Sales of non-financial assets | - | - | - | - | - |
| Total cash flows from investments in non-financial assets | -4 | -5 | -6 | -6 | -7 |
| <i>Cash flows from investments in financial assets</i> | | | | | |
| <i>Cash received</i> | | | | | |
| For policy purposes | - | - | - | - | - |
| For liquidity purposes | 11,914 | 6,910 | 7,201 | 7,189 | 7,284 |
| <i>Cash paid</i> | | | | | |
| For policy purposes | -70 | -1 | -1 | -8 | -17 |
| For liquidity purposes | -14,128 | -8,003 | -7,478 | -7,579 | -7,688 |
| Total cash flows from investments in financial assets | -2,284 | -1,094 | -277 | -399 | -421 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | -2,287 | -1,099 | -283 | -405 | -427 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| <i>Cash received</i> | | | | | |
| Advances received | - | - | - | - | - |
| Borrowings | 28,790 | 28,812 | 28,381 | 28,865 | 26,795 |
| Deposits received | - | - | - | - | - |
| Other financing receipts | 19 | 36 | - | - | - |
| Total cash received | 28,809 | 28,848 | 28,381 | 28,865 | 26,795 |
| <i>Cash paid</i> | | | | | |
| Advances paid | - | - | - | - | - |
| Borrowings repaid | -26,254 | -28,069 | -28,499 | -28,870 | -26,796 |
| Deposits paid | - | - | - | - | - |
| Other financing payments | -4 | -5 | -5 | -5 | -4 |
| Dividends paid | -267 | -92 | -128 | -142 | -146 |
| Total cash paid | -26,526 | -28,166 | -28,631 | -29,017 | -26,947 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 2,283 | 682 | -250 | -151 | -151 |
| Net increase in cash and cash equivalents | 229 | 43 | 35 | 33 | 30 |
| Cash and cash equivalents at the beginning of the year | 1,890 | 2,119 | 2,162 | 2,197 | 2,230 |
| Cash and cash equivalents at the end of the year | 2,119 | 2,162 | 2,197 | 2,230 | 2,260 |
| KEY FISCAL AGGREGATES | | | | | |
| Net cash flows from operating activities | 233 | 460 | 568 | 589 | 609 |
| Net cash flows from investing in non-financial assets | -4 | -5 | -6 | -6 | -7 |
| Dividends paid | -267 | -92 | -128 | -142 | -146 |
| Cash surplus/-deficit | 7 | 363 | 434 | 441 | 456 |

Note: Columns may not add due to rounding.

Table 1.13

TOTAL PUBLIC SECTOR **Operating Statement**

| Note | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------------|---------------------------|----------------------------|----------------------------|----------------------------|
| | Actual \$m | Budget Estimate \$m | Forward Estimate \$m | Forward Estimate \$m | Forward Estimate \$m |
| <i>Results from Transactions</i> | | | | | |
| REVENUE | | | | | |
| Taxation | 8,550 | 8,319 | 8,620 | 9,098 | 9,461 |
| Current grants and subsidies | 9,379 | 8,861 | 9,444 | 9,957 | 11,042 |
| Capital grants | 642 | 1,026 | 1,500 | 1,292 | 927 |
| Sales of goods and services | 37,054 | 44,136 | 44,615 | 45,277 | 45,977 |
| Interest income | 555 | 664 | 708 | 728 | 754 |
| Royalty income | 8,450 | 8,287 | 5,733 | 5,827 | 5,801 |
| Other | 1,077 | 1,011 | 1,049 | 1,070 | 1,104 |
| Total | 65,706 | 72,303 | 71,670 | 73,249 | 75,067 |
| EXPENSES | | | | | |
| Salaries | 14,051 | 14,315 | 14,459 | 14,866 | 15,371 |
| Superannuation | | | | | |
| Concurrent costs | 1,392 | 1,421 | 1,497 | 1,605 | 1,729 |
| Superannuation interest cost | 89 | 74 | 82 | 93 | 103 |
| Other employee costs | 356 | 306 | 295 | 300 | 305 |
| Depreciation and amortisation | 3,908 | 4,038 | 4,121 | 4,176 | 4,204 |
| Services and contracts | 3,385 | 3,469 | 3,345 | 3,205 | 3,181 |
| Other gross operating expenses | 35,027 | 42,035 | 42,139 | 42,913 | 43,503 |
| Interest | | | | | |
| Interest on leases | 231 | 234 | 228 | 219 | 204 |
| Other interest | 1,333 | 1,442 | 1,463 | 1,497 | 1,534 |
| Current transfers | 3,693 | 4,685 | 3,811 | 3,670 | 3,633 |
| Capital transfers | 194 | 404 | 194 | 204 | 210 |
| Total | 63,659 | 72,423 | 71,635 | 72,748 | 73,977 |
| NET OPERATING BALANCE | 7 | 2,047 | -120 | 35 | 1,090 |
| <i>Other economic flows - included in the operating result</i> | | | | | |
| Net gains on assets/liabilities | -408 | -47 | 279 | 386 | 394 |
| Provision for doubtful debts | -198 | -48 | -47 | -46 | -46 |
| Changes in accounting policy/adjustment of prior periods | -79 | - | - | - | - |
| Total other economic flows | -685 | -96 | 232 | 340 | 347 |
| OPERATING RESULT | 1,362 | -216 | 268 | 841 | 1,438 |
| <i>All other movements in equity</i> | | | | | |
| <i>Items that will not be reclassified to operating result</i> | | | | | |
| Revaluations | 850 | 771 | 690 | 1,663 | 1,779 |
| Net actuarial gains/-loss - superannuation | -22 | -205 | -198 | -168 | -172 |
| Gains recognised directly in equity | - | -62 | -61 | -59 | -58 |
| All other | -345 | - | - | - | - |
| Total all other movements in equity | 483 | 504 | 431 | 1,436 | 1,549 |
| TOTAL CHANGE IN NET WORTH | 1,845 | 288 | 699 | 2,277 | 2,986 |
| KEY FISCAL AGGREGATES | | | | | |
| NET OPERATING BALANCE | 7 | 2,047 | -120 | 35 | 1,090 |
| <i>Less Net acquisition of non-financial assets</i> | | | | | |
| Purchase of non-financial assets | 5,188 | 7,549 | 7,458 | 6,279 | 5,768 |
| Changes in inventories | 2,088 | 140 | 80 | 90 | 54 |
| Other movement in non-financial assets | 94 | 134 | 147 | 168 | 144 |
| Less: | | | | | |
| Sales of non-financial assets | 1,736 | 489 | 692 | 755 | 720 |
| Depreciation | 3,908 | 4,038 | 4,121 | 4,176 | 4,204 |
| Total net acquisition of non-financial assets | 1,727 | 3,296 | 2,872 | 1,606 | 1,041 |
| NET LENDING/-BORROWING | 7 | 320 | -3,416 | -1,105 | 50 |

Note: Columns may not add due to rounding.

Table 1.14

TOTAL PUBLIC SECTOR
Balance Sheet at 30 June

| Note | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Forw ard | Forw ard | Forw ard |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| ASSETS | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash and deposits | 2,346 | 1,802 | 1,983 | 2,168 | 2,360 |
| Advances paid | 5,259 | 6,107 | 6,005 | 6,017 | 6,032 |
| Investments, loans and placements | 25,495 | 23,282 | 23,286 | 23,438 | 23,489 |
| Receivables | 5,923 | 5,347 | 4,623 | 4,650 | 4,632 |
| Equity - Investments in other entities | 1,844 | 2,033 | 2,224 | 2,426 | 2,639 |
| Other financial assets | 15 | 15 | 15 | 16 | 16 |
| <i>Total financial assets</i> | <i>40,882</i> | <i>38,585</i> | <i>38,136</i> | <i>38,716</i> | <i>39,167</i> |
| <i>Non-financial assets</i> | | | | | |
| Land | 43,599 | 43,624 | 43,491 | 44,354 | 45,292 |
| Property, plant and equipment | 102,575 | 106,516 | 110,605 | 113,559 | 115,997 |
| Right-of-use assets | 3,008 | 2,902 | 2,899 | 2,707 | 2,501 |
| Biological assets | 317 | 321 | 320 | 325 | 329 |
| Inventories | | | | | |
| Land inventories | 1,809 | 2,141 | 2,228 | 2,151 | 2,098 |
| Other inventories | 6,433 | 6,573 | 6,653 | 6,743 | 6,798 |
| Intangibles | 1,054 | 1,016 | 985 | 937 | 894 |
| Non-current assets held for sale | 37 | 33 | 33 | 33 | 33 |
| Investment property | 33 | 51 | 51 | 46 | 46 |
| Other | 424 | 499 | 460 | 408 | 341 |
| <i>Total non-financial assets</i> | <i>159,290</i> | <i>163,677</i> | <i>167,726</i> | <i>171,263</i> | <i>174,329</i> |
| TOTAL ASSETS | 200,172 | 202,263 | 205,862 | 209,978 | 213,496 |
| LIABILITIES | | | | | |
| Deposits held | 12 | 12 | 12 | 12 | 12 |
| Advances received | 326 | 309 | 291 | 273 | 256 |
| Borrowings | | | | | |
| Lease liabilities | 3,500 | 4,086 | 4,047 | 3,781 | 3,476 |
| Other borrowings | 64,711 | 66,043 | 68,646 | 70,457 | 70,974 |
| Unfunded superannuation | 6,920 | 6,731 | 6,610 | 6,490 | 6,450 |
| Other employee benefits | 3,981 | 3,981 | 4,013 | 4,052 | 4,066 |
| Payables | 9,978 | 9,834 | 9,977 | 10,035 | 10,112 |
| Other liabilities | 8,305 | 8,541 | 8,841 | 9,176 | 9,463 |
| TOTAL LIABILITIES | 97,734 | 99,537 | 102,438 | 104,277 | 104,808 |
| NET ASSETS | 102,438 | 102,726 | 103,425 | 105,701 | 108,688 |
| <i>Of which:</i> | | | | | |
| Contributed equity | - | - | - | - | - |
| Accumulated surplus | 27,083 | 28,581 | 28,498 | 29,015 | 30,114 |
| Other reserves | 75,355 | 74,145 | 74,927 | 76,687 | 78,574 |
| NET WORTH | 7 | 102,438 | 103,425 | 105,701 | 108,688 |
| MEMORANDUM ITEMS | | | | | |
| <i>Net financial worth</i> | | <i>-56,852</i> | <i>-60,951</i> | <i>-64,301</i> | <i>-65,641</i> |
| <i>Net financial liabilities</i> | | <i>56,852</i> | <i>60,951</i> | <i>64,301</i> | <i>65,641</i> |
| <i>Net debt</i> | | | | | |
| Gross debt liabilities | 68,549 | 70,450 | 72,997 | 74,523 | 74,717 |
| Less : liquid financial assets | 33,100 | 31,191 | 31,273 | 31,623 | 31,881 |
| <i>Net debt</i> | <i>35,449</i> | <i>39,259</i> | <i>41,723</i> | <i>42,900</i> | <i>42,836</i> |

Note: Columns may not add due to rounding.

Table 1.15

TOTAL PUBLIC SECTOR Cash Flow Statement

| Note | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| <i>Cash received</i> | | | | | |
| Taxes received | 8,492 | 8,212 | 8,622 | 9,108 | 9,463 |
| Grants and subsidies received | 11,825 | 11,564 | 12,881 | 13,286 | 14,087 |
| Receipts from sales of goods and services | 27,956 | 29,769 | 30,224 | 30,593 | 31,143 |
| Interest receipts | 565 | 659 | 716 | 744 | 771 |
| Dividends and tax equivalents | - | - | - | - | - |
| Other | 11,965 | 11,566 | 9,082 | 8,425 | 8,395 |
| Total cash received | 60,802 | 61,770 | 61,525 | 62,157 | 63,860 |
| <i>Cash paid</i> | | | | | |
| Wages, salaries and supplements, and superannuation | -15,441 | -16,218 | -16,338 | -16,825 | -17,414 |
| Payments for goods and services | -27,762 | -29,359 | -29,026 | -29,472 | -29,775 |
| Interest paid | -1,864 | -1,642 | -1,658 | -1,687 | -1,713 |
| Grants and subsidies paid | -4,810 | -5,455 | -5,401 | -5,344 | -5,362 |
| Dividends and tax equivalents | - | - | - | - | - |
| Other payments | -5,256 | -5,427 | -4,395 | -4,290 | -4,347 |
| Total cash paid | -55,132 | -58,100 | -56,819 | -57,617 | -58,612 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 5,670 | 3,669 | 4,706 | 4,539 | 5,248 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| <i>Cash flows from investments in non-financial assets</i> | | | | | |
| Purchase of non-financial assets | -5,188 | -7,549 | -7,458 | -6,279 | -5,768 |
| Sales of non-financial assets | 1,736 | 489 | 692 | 755 | 720 |
| Total cash flows from investments in non-financial assets | -3,453 | -7,060 | -6,766 | -5,524 | -5,047 |
| <i>Cash flows from investments in financial assets</i> | | | | | |
| <i>Cash received</i> | | | | | |
| For policy purposes | 64 | 10 | 10 | 10 | 10 |
| For liquidity purposes | 12,044 | 7,020 | 7,258 | 7,205 | 7,312 |
| <i>Cash paid</i> | | | | | |
| For policy purposes | -63 | -10 | -10 | -10 | -10 |
| For liquidity purposes | -14,195 | -8,052 | -7,492 | -7,587 | -7,709 |
| Total cash flows from investments in financial assets | -2,150 | -1,032 | -234 | -382 | -396 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | -5,603 | -8,092 | -7,000 | -5,906 | -5,444 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| <i>Cash received</i> | | | | | |
| Advances received | - | - | - | - | - |
| Borrowings | 20,848 | 23,014 | 24,364 | 22,316 | 21,907 |
| Deposits received | - | - | - | - | - |
| Other financing receipts | 231 | 20 | 4 | 3 | 3 |
| Total cash received | 21,078 | 23,033 | 24,368 | 22,318 | 21,910 |
| <i>Cash paid</i> | | | | | |
| Advances paid | -17 | -17 | -18 | -18 | -18 |
| Borrowings repaid | -18,397 | -20,996 | -21,872 | -20,551 | -21,411 |
| Deposits paid | - | - | - | - | - |
| Other financing payments | -448 | -421 | -385 | -406 | -401 |
| Total cash paid | -18,862 | -21,434 | -22,274 | -20,975 | -21,830 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 2,217 | 1,599 | 2,093 | 1,343 | 80 |
| Net increase in cash and cash equivalents | 2,284 | -2,823 | -200 | -23 | -116 |
| Cash and cash equivalents at the beginning of the year | 8,710 | 10,994 | 8,170 | 7,970 | 7,947 |
| Cash and cash equivalents at the end of the year | 10,994 | 8,170 | 7,970 | 7,947 | 7,830 |
| KEY FISCAL AGGREGATES | | | | | |
| Net cash flows from operating activities | 5,670 | 3,669 | 4,706 | 4,539 | 5,248 |
| Net cash flows from investing in non-financial assets | -3,453 | -7,060 | -6,766 | -5,524 | -5,047 |
| Cash surplus/-deficit | 7 | 2,217 | -3,391 | -985 | 201 |

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 the 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 2019-20 *Annual Report on State Finances* (ARSF), which are described in detail in Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2019-20 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*.

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 | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | Actual | Budget | Forward | Forward | Forward |
| | Estimate | Estimate | Estimate | Estimate | Estimate |
| | \$m | \$m | \$m | \$m | \$m |
| <i>Dividends</i> | | | | | |
| From public non-financial corporations | 162 | 2,269 | 1,315 | 1,355 | 1,326 |
| From public financial corporations | 229 | 507 | 64 | 69 | 76 |
| <i>Total dividends</i> | 392 | 2,776 | 1,379 | 1,424 | 1,402 |
| <i>Tax equivalent income</i> | | | | | |
| From public non-financial corporations | 609 | 665 | 669 | 688 | 720 |
| From public financial corporations | 123 | 236 | 45 | 54 | 61 |
| <i>Total tax equivalent income</i> | 732 | 902 | 714 | 742 | 781 |
| Total revenue from public corporations | 1,123 | 3,678 | 2,093 | 2,166 | 2,183 |

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 | | | | | |
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | Actual | Budget | Forw ard | Forw ard | Forw ard |
| | Estimate | Estimate | Estimate | Estimate | Estimate |
| | \$m | \$m | \$m | \$m | \$m |
| CURRENT TRANSFERS | | | | | |
| Local government | 323 | 465 | 358 | 336 | 298 |
| Local government on-passing | - | - | - | - | - |
| Private and not-for-profit sector | 1,609 | 2,037 | 1,733 | 1,581 | 1,536 |
| Private and not-for-profit sector on-passing | - | - | - | - | - |
| Other sectors of government | 3,071 | 4,164 | 3,352 | 3,211 | 3,199 |
| <i>Total Current Transfers</i> | <i>5,003</i> | <i>6,665</i> | <i>5,443</i> | <i>5,128</i> | <i>5,033</i> |
| CAPITAL TRANSFERS | | | | | |
| Local government | 96 | 62 | 57 | 69 | 82 |
| Local government on-passing | - | - | - | - | - |
| Private and not-for-profit sector | 68 | 332 | 122 | 120 | 113 |
| Private and not-for-profit sector on-passing | - | - | - | - | - |
| Other sectors of government | 64 | 138 | 122 | 8 | 50 |
| <i>Total Capital Transfers</i> | <i>228</i> | <i>532</i> | <i>301</i> | <i>198</i> | <i>245</i> |

(a) Includes grants, subsidies and other transfer expenses.

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*. This disclosure is in line with functional reporting by all States and Territories under the UPF.

CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT (a)

General Government

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| <i>Expenses</i> | | | | | |
| General public services | 1,334 | 1,502 | 1,323 | 1,328 | 1,453 |
| Public order and safety | 3,826 | 3,776 | 3,726 | 3,742 | 3,776 |
| Economic affairs | 1,651 | 2,257 | 1,324 | 1,223 | 1,181 |
| Environmental protection | 395 | 426 | 413 | 411 | 395 |
| Housing and community amenities | 1,223 | 1,647 | 1,375 | 1,365 | 1,330 |
| Health | 9,557 | 9,928 | 9,979 | 10,187 | 10,509 |
| Recreation, culture and religion | 806 | 811 | 822 | 834 | 834 |
| Education | 6,536 | 6,828 | 6,950 | 7,102 | 7,348 |
| Social protection | 2,674 | 2,925 | 2,669 | 2,671 | 2,739 |
| Transport | 2,490 | 2,835 | 2,673 | 2,537 | 2,509 |
| Total General Government Expenses | 30,493 | 32,935 | 31,254 | 31,399 | 32,073 |
| <i>Purchases of new non-financial assets</i> | | | | | |
| General public services | 137 | 125 | 91 | 103 | 90 |
| Public order and safety | 203 | 293 | 213 | 146 | 81 |
| Economic affairs | 18 | 70 | 45 | 59 | 51 |
| Environmental protection | 41 | 86 | 72 | 47 | 35 |
| Housing and community amenities | 125 | 180 | 176 | 80 | 80 |
| Health | 152 | 436 | 321 | 156 | 121 |
| Recreation, culture and religion | 131 | 98 | 79 | 71 | 39 |
| Education | 450 | 505 | 533 | 470 | 212 |
| Social protection | 5 | 7 | 6 | 5 | 4 |
| Transport | 1,292 | 1,491 | 1,464 | 1,429 | 1,262 |
| Provisions not allocated ^(b) | - | -278 | -5 | - | 400 |
| Total Purchases of Non-financial Assets | 2,553 | 3,013 | 2,997 | 2,566 | 2,373 |

(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) 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 as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules, a convergence difference arises.

Full convergence on GFS and Generally Accepted Accounting Principles (GAAP) has not been achieved. This means that there are some differences between AASB 1049 aggregates in this report and the GFS information that the ABS reports.

The following outlines the key convergence differences.

- GFS recognises dividends to owners by the PNFC and PFC sectors as a GFS expense, whereas under GAAP they are treated as a distribution to owners and therefore a direct reduction of accumulated funds. This difference does not flow through to the total public sector as dividends are eliminated on consolidation.
- GFS does not recognise an allowance for doubtful debts as the statistical framework only recognises bad debts when they are written off. Under GAAP, an allowance for doubtful debts is recognised in the balance sheet and doubtful debts are recognised in the Operating Statement as ‘other economic flows’.
- Transactions with owners as owners (such as equity injections) are excluded from the ‘total change in net worth’. However, these transactions are included in the movement in GFS net worth. These types of transactions result in a convergence difference as the total change in net worth under GAAP is disclosed before such transactions, while under GFS, these transactions are included in the movement in GFS net worth.

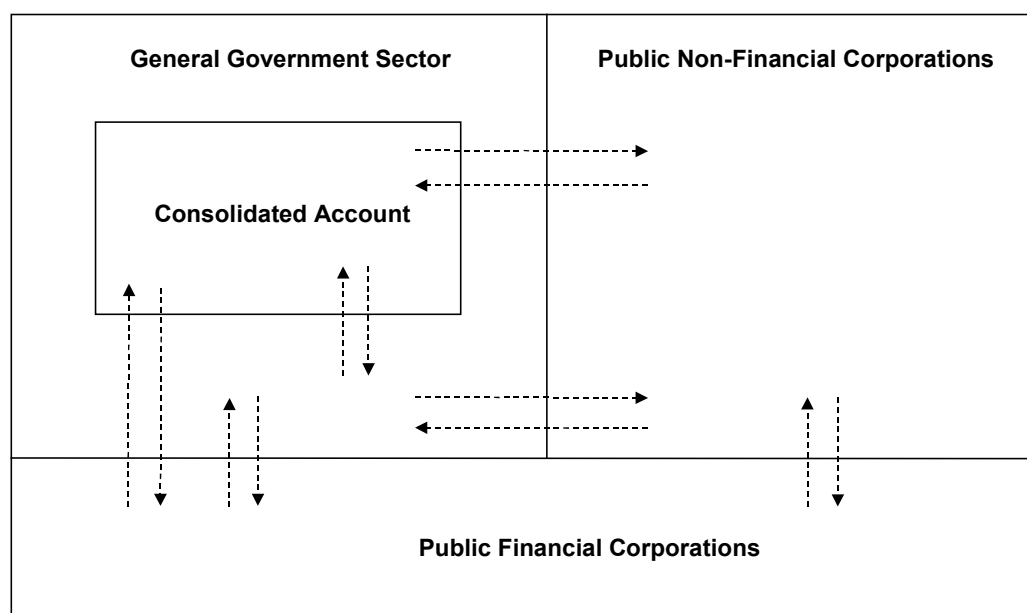
Western Australia included forecast convergence notes in its Budgets and Mid-year Reviews since AASB 1049 came into effect from 2008-09. However, with the adoption of AASB 16: *Leases*, the distinction between operating leases and finance leases under previous accounting standards disappears from 2019-20. Accordingly, convergence differences for net debt aggregates produced in this Budget and GFS concepts is not currently available.

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 | North Metropolitan TAFE |
| Building and Construction Industry Training Board | North Metropolitan Health Service |
| Botanical Gardens and Parks Authority | North Regional TAFE |
| Central Regional TAFE | Office of the Auditor General |
| Chemistry Centre (WA) | Office of the Director of Public Prosecutions |
| Child and Adolescent Health Service | Office of the Information Commissioner |
| Combat Sports Commission | Office of the Inspector of Custodial Services |
| Commissioner for Children and Young People | Office of the Parliamentary Inspector of the Corruption and Crime Commission |
| Commissioner for Equal Opportunity | Parliamentary Commissioner for Administrative Investigations |
| Commissioner of Main Roads | Parliamentary Services Department |
| Corruption and Crime Commission | Peel Development Commission |
| Department of Biodiversity Conservation and Attractions | Perth Theatre Trust |
| Department of Communities | Pilbara Development Commission |
| Department of Education | Professional Standards Council |
| Department of Finance | Public Sector Commission |
| Department of Fire and Emergency Services | Quadruplegic Centre Board |
| Department of Health (including public hospitals) | Racing Penalties Appeal Tribunal of Western Australia |
| Department of Jobs, Tourism, Science and Innovation | Rural Business Development Corporation |
| Department of Justice | Salaries and Allowances Tribunal |
| Department of Local Government, Sport and Cultural Industries | School Curriculum and Standards Authority |
| Department of Mines, Industry Regulation and Safety | ScreenWest Inc. |
| Department of Planning, Lands and Heritage | Small Business Development Corporation |
| Department of Primary Industries and Regional Development | South Metropolitan TAFE |
| Department of Training and Workforce Development | South Metropolitan Health Service |
| Department of Transport | South Regional TAFE |
| Department of Treasury | South West Development Commission |
| Department of the Legislative Assembly | The Aboriginal Affairs Planning Authority |
| Department of the Legislative Council | The ANZAC Day Trust |
| Department of the Premier and Cabinet | The Board of the Art Gallery of Western Australia |
| Department of the Registrar, Western Australian Industrial Relations Commission | The Burswood Park Board |
| Department of Water and Environmental Regulation | 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.) |
| Energy Policy WA | The Queen Elizabeth II Medical Centre Trust |
| Gascoyne Development Commission | The Western Australian Museum |
| Gaming and Wagering Commission of Western Australia | Trustees of the Public Education Endowment |
| Goldfields Development Commission | Western Australia Police Force |
| Governor's Establishment | Western Australian Country Health Service |
| Great Southern Development Commission | Western Australian Building Management Authority |
| Health and Disability Services Complaints Office | Western Australian Electoral Commission |
| Health Support Services | Western Australian Energy Disputes Arbitrator |
| Heritage Council of Western Australia | Western Australian Greyhound Racing Association |
| Infrastructure WA | Western Australian Health Promotion Foundation |
| Keep Australia Beautiful Council (W.A.) | Western Australian Institute of Sport |
| Kimberley Development Commission | Western Australian Land Information Authority |
| Law Reform Commission of Western Australia | Western Australian Meat Industry Authority |
| Legal Aid Commission of Western Australia | Western Australian Planning Commission |
| Legal Costs Committee | Western Australian Sports Centre Trust |
| Local Health Authorities Analytical Committee | WorkCover Western Australia Authority |
| Mental Health Commission | Wheatbelt Development Commission |
| Mid West Development Commission | Zoological Parks Authority |
| Minerals Research Institute of Western Australia | |

Public Non-Financial Corporations

| | |
|---|---|
| Animal Resources Authority | Metropolitan Redevelopment Authority |
| Bunbury Water Corporation | Mid West Ports Authority |
| Busselton Water Corporation | Pilbara Ports Authority |
| Department of Communities (Housing Authority) | Public Transport Authority of Western Australia |
| Electricity Networks Corporation (Western Power) | Racing and Wagering Western Australia |
| Electricity Generation and Retail Corporation (Synergy) | Regional Power Corporation (Horizon Power) |
| Forest Products Commission | Rottneest Island Authority |
| Fremantle Port Authority | Southern Ports Authority |
| Gold Corporation and its subsidiaries | 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 |

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.

Table 2.1

OPERATING REVENUE
General Government

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|--------------|--------------|--------------|--------------|--------------|
| | Actual | Budget | Forw ard | Forw ard | Forw ard |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| TAXATION | | | | | |
| Taxes on employers' payroll and labour force | | | | | |
| <i>Payroll tax</i> | 3,642 | 3,566 | 3,801 | 3,991 | 4,070 |
| Property taxes | | | | | |
| <i>Land tax</i> | 792 | 770 | 749 | 747 | 771 |
| Transfer duty | 1,190 | 1,121 | 1,081 | 1,257 | 1,407 |
| Foreign Buyers surcharge | 19 | 19 | 18 | 22 | 25 |
| Landholder duty | 120 | 119 | 119 | 119 | 119 |
| <i>Total duty on transfers</i> | 1,329 | 1,259 | 1,218 | 1,398 | 1,551 |
| Metropolitan Region Improvement Tax | 88 | 86 | 84 | 83 | 86 |
| Perth Parking Levy | 56 | 51 | 59 | 60 | 61 |
| Emergency Services Levy | 387 | 353 | 389 | 409 | 430 |
| Loan guarantee fees | 157 | 134 | 137 | 141 | 142 |
| Building and Construction Industry Training Fund Levy | 39 | 24 | 32 | 33 | 33 |
| <i>Total other property taxes</i> | 726 | 649 | 701 | 727 | 753 |
| Taxes on provision of goods and services | | | | | |
| Government Lotteries | 174 | 146 | 156 | 158 | 160 |
| Video lottery terminals | – (a) | – (a) | – (a) | – (a) | – (a) |
| Casino tax | 40 | 41 | 46 | 53 | 54 |
| Point of Consumption tax | 77 | 84 | 81 | 89 | 97 |
| <i>Total taxes on gambling</i> | 291 | 272 | 283 | 300 | 312 |
| Insurance duty | 694 | 678 | 711 | 729 | 751 |
| Other | 19 | 20 | 20 | 21 | 21 |
| <i>Total taxes on insurance</i> | 713 | 697 | 732 | 750 | 772 |
| <i>On-demand Transport Levy</i> | 41 | 30 | 30 | 23 | – |
| Taxes on use of goods and performance of activities | | | | | |
| Vehicle licence duty | 375 | 380 | 368 | 373 | 379 |
| Permits - oversize vehicles and loads | 9 | 8 | 8 | 8 | 8 |
| Motor vehicle registrations | 1,045 | 1,060 | 1,117 | 1,180 | 1,251 |
| <i>Total motor vehicle taxes</i> | 1,429 | 1,447 | 1,492 | 1,561 | 1,637 |
| <i>Mining Rehabilitation Levy</i> | 33 | 32 | 32 | 32 | 32 |
| <i>Landfill Levy</i> | 80 | 83 | 83 | 83 | 83 |
| Total Taxation | 9,077 | 8,806 | 9,122 | 9,611 | 9,980 |

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|--------------|--------------|--------------|--------------|---------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | \$m | Estimate | Estimate | Estimate |
| | | | \$m | \$m | \$m |
| CURRENT GRANTS AND SUBSIDIES | | | | | |
| General Purpose Grants | | | | | |
| GST grants | 3,466 | 2,322 | 2,554 | 4,849 | 5,091 |
| Commonwealth-funded 70% floor | 814 | 1,547 | 1,849 | - | - |
| North West Shelf grants | 629 | 361 | 367 | 293 | 255 |
| Commonwealth compensation for changed crude oil excise arrangements | 21 | 14 | 15 | 12 | 10 |
| National Specific Purpose Payment Agreement Grants | | | | | |
| National Agreement for Skills and Workforce Development | 158 | 159 | 160 | 162 | 163 |
| National Disability Agreement | 176 | - | - | - | - |
| National Housing and Homelessness Agreement | 166 | 168 | 161 | 163 | 164 |
| National School Reform Agreement - Quality Schools | 829 | 918 | 1,012 | 1,109 | 1,196 |
| National Health Reform Agreement | 2,402 | 2,521 | 2,661 | 2,815 | 2,980 |
| Other Grants/National Partnerships | | | | | |
| Health | 365 | 187 | 139 | 106 | 105 |
| Transport | 88 | 207 | 115 | 129 | 99 |
| Disability Services | 62 | 30 | 140 | 143 | 816 |
| Other | 203 | 428 | 271 | 177 | 164 |
| Total Current Grants and Subsidies | 9,379 | 8,861 | 9,444 | 9,957 | 11,042 |
| CAPITAL GRANTS | | | | | |
| Other Grants/National Partnerships | | | | | |
| Transport | 621 | 985 | 1,463 | 1,263 | 917 |
| Other | 20 | 41 | 37 | 29 | 11 |
| Total Capital Grants | 642 | 1,026 | 1,500 | 1,292 | 927 |

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| SALES OF GOODS AND SERVICES | | | | | |
| WA Health | 748 | 779 | 793 | 819 | 847 |
| Department of Transport | 226 | 217 | 241 | 239 | 244 |
| Department of Education | 194 | 214 | 220 | 216 | 220 |
| State Training Providers/TAFE Colleges | 121 | 71 | 117 | 125 | 124 |
| Department of Training and Workforce Development | 29 | 20 | 37 | 38 | 38 |
| Western Australian Land Information Authority | 183 | 75 | 86 | 92 | 78 |
| Department of Biodiversity, Conservation and Attractions | 99 | 99 | 115 | 117 | 118 |
| Department of Justice | 153 | 155 | 158 | 162 | 166 |
| Department of Mines, Industry Regulation and Safety | 155 | 146 | 162 | 163 | 164 |
| All Other | 845 | 1,008 | 1,097 | 990 | 959 |
| Total Sale of Goods and Services | 2,754 | 2,783 | 3,026 | 2,962 | 2,959 |
| INTEREST INCOME | 124 | 100 | 104 | 93 | 93 |
| REVENUE FROM PUBLIC CORPORATIONS | | | | | |
| Dividends | 392 | 2,776 | 1,379 | 1,424 | 1,402 |
| Tax Equivalent Regime | 732 | 902 | 714 | 742 | 781 |
| Total Revenue from Public Corporations | 1,123 | 3,678 | 2,093 | 2,166 | 2,183 |
| ROYALTY INCOME | 8,450 | 8,287 | 5,733 | 5,827 | 5,801 |
| OTHER | | | | | |
| Lease rentals | 115 | 116 | 121 | 127 | 134 |
| Fines | 192 | 194 | 199 | 198 | 199 |
| Revenue not elsew here counted | 308 | 291 | 275 | 232 | 228 |
| Total Other | 614 | 601 | 596 | 557 | 560 |
| TOTAL REVENUE | 32,162 | 34,139 | 31,618 | 32,466 | 33,547 |

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

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 accumulated deficit at 30 June 2021 is \$20.4 billion. This includes \$15.7 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 in a \$4.7 billion deficit position at 30 June 2021, a \$1.4 billion increase on the \$3.3 billion cash deficit balance at 30 June 2020.

State borrowings held by the Consolidated Account are forecast to increase by a net \$3.6 billion across the forward estimates period. These centrally-held borrowings totalled \$26 billion at 30 June 2019, and following net repayments of \$540 million in 2019-20, totalled \$25.4 billion at 30 June 2020. By the end of the forward estimates period, Consolidated Account borrowings are projected to be \$29.1 billion. This remains below the \$34.5 billion cumulative limit approved by the *Loan Act 2017* and preceding *Loan Acts*¹.

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 3.1

CONSOLIDATED ACCOUNT TRANSACTIONS

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forward | Forward | Forward |
| | \$m | Estimate | Estimate | Estimate | Estimate |
| REVENUE | | | | | |
| <i>Operating Activities</i> | | | | | |
| Taxation | 6,971 | 6,876 | 7,066 | 7,463 | 7,758 |
| Commonwealth Grants | 4,991 | 4,231 | 4,893 | 5,279 | 6,148 |
| Government Enterprises | 2,494 | 3,761 | 2,086 | 2,177 | 2,186 |
| Revenue from other agencies | 9,960 | 10,347 | 7,853 | 7,345 | 7,402 |
| Other | 716 | 566 | 506 | 463 | 455 |
| <i>Total Operating Activities</i> | 25,131 | 25,782 | 22,404 | 22,726 | 23,949 |
| <i>Financing Activities</i> | | | | | |
| Repayments of Recoverable Advances | 7 | - | - | - | - |
| Transfers from the Debt Reduction SPA | - | 1,547 | 1,849 | - | - |
| Other Receipts | 8 | 7 | 1 | 1 | 1 |
| Borrowings | 777 | 150 | 2,000 | 1,500 | - |
| <i>Total Financing Activities</i> | 793 | 1,704 | 3,850 | 1,501 | 1 |
| TOTAL REVENUE | 25,924 | 27,486 | 26,254 | 24,227 | 23,950 |
| EXPENDITURE | | | | | |
| <i>Recurrent</i> | | | | | |
| Authorised by Other Statutes | 2,594 | 2,613 | 2,512 | 2,460 | 2,472 |
| Appropriation Act (No. 1) | 20,019 | 22,774 | 21,167 | 21,204 | 21,417 |
| Recurrent Expenditure under the Treasurer's Advance | 795 | - | - | - | - |
| <i>Total Recurrent Expenditure</i> | 23,409 | 25,387 | 23,680 | 23,664 | 23,889 |
| <i>Investing Activities</i> | | | | | |
| Authorised by Other Statutes | 259 | 248 | 262 | 372 | 484 |
| Appropriation Act (No. 2) | 1,913 | 3,029 | 2,867 | 2,283 | 1,439 |
| Investing Expenditure under the Treasurer's Advance | 23 | - | - | - | - |
| <i>Total Investing Activities</i> | 2,194 | 3,276 | 3,129 | 2,655 | 1,923 |
| <i>Financing Activities</i> | | | | | |
| Loan repayments | 1,318 | - | - | 7 | 16 |
| Appropriation Act (No. 2) | - | 1,547 | 1,849 | - | - |
| Other financing | 7 | 6 | - | - | - |
| <i>Total Financing Activities</i> | 1,324 | 1,553 | 1,849 | 7 | 16 |
| TOTAL EXPENDITURE | 26,927 | 30,216 | 28,658 | 26,326 | 25,827 |
| NET MOVEMENT (REVENUE LESS EXPENDITURE) | -1,003 | -2,730 | -2,404 | -2,099 | -1,877 |
| Consolidated Account Balance | | | | | |
| Opening balance at 1 July | -16,630 | -17,634 | -20,364 | -22,768 | -24,866 |
| Closing balance at 30 June | -17,634 | -20,364 | -22,768 | -24,866 | -26,743 |
| <i>Of which:</i> | | | | | |
| Appropriations payable | -14,342 | -15,662 | -17,011 | -18,423 | -19,794 |
| Cash balance at 30 June | -3,292 | -4,702 | -5,757 | -6,443 | -6,949 |

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 authorised limit for the Treasurer's Advance in 2020-21 is \$688.8 million². Due to the later than usual passage of this Budget, there are currently no excesses or new items forecast to impact the Treasurer's Advance in 2020-21. An allowance of \$20 million is included for net recoverable advances that are charged to the Treasurer's Advance.

The following table summarises the Treasurer's Advance for the year ending 30 June 2021.

| TREASURER'S ADVANCE AS AT 30 JUNE | | | Table 3.2 |
|--|----------------------------------|--------------------------------------|-----------|
| | 2019-20 Actual ^(a) | 2020-21 Projection ^(a) | |
| | \$m | \$m | |
| AUTHORISED LIMIT | 1,658.4 | 688.8 | |
| <i>Total Drawn Against Treasurer's Advance Account</i> | 824.5 | 20.0 | |
| Comprising: | | | |
| Net recoverable advances at 30 June | 6.2 | 20.0 | |
| Overdraw n Special Purpose Accounts | - | - | |
| Excesses and New Items | | | |
| - recurrent | 795.4 | - | |
| - capital | 22.9 | - | |

(a) Details of the final outturn for the year ending 30 June 2020 are available in the 2019-20 *Annual Report on State Finances*. A total of \$1,658.4 million was authorised for 2019-20. The original \$658.4 million authority was increased by \$1 billion through the passage of the *Treasurer's Advance Authorisation Amendment Act 2020* which provided for additional spending expected to emerge as a result of the COVID-19 pandemic response.

Note: Columns may not add due to rounding.

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 2020-21, the \$688.8 million limit represents 3% of the total \$23 billion appropriated by Appropriation Bills 1 and 2 in the 2019-20 Budget.

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 major/material SPAs. The forecast SPA balances (and transactions in and out of these accounts) form part of the overall consolidated projections for 2020-21 outlined elsewhere in this Budget.

Debt Reduction Account

In line with the Government's election commitment for responsible financial management, a Debt Reduction Account was established in 2017-18 to apply windfall funds to reduce Consolidated Account borrowings.

A total of \$1,547 million is expected to flow through the account in 2020-21, reflecting the GST floor grants that were received in August 2020. This funding will be redirected back to the Consolidated Account to reduce the need for new borrowings that would otherwise be required in 2020-21.

This follows debt repayments totalling \$1,318 million in 2019-20, sourced from the 2019-20 GST floor grants and surplus funds from RiskCover. These funds were applied to debt repayment through the Western Australian Treasury Corporation during 2019-20.

DEBT REDUCTION ACCOUNT

Table 4.1

| | 2019-20 \$m | 2020-21 \$m |
|--------------------------|----------------|----------------|
| <i>Balance at 1 July</i> | - | - |
| Receipts | 1,318 | 1,547 |
| Payments | 1,318 | 1,547 |
| 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 2020-21 reflect State funding (\$537 million), payments from other Government agencies (\$90 million), Commonwealth funding (\$75 million), proceeds from land sales (\$9 million) and interest earnings on the account balance (\$2 million). The funds are to be drawn down as works progress for the METRONET program of projects, including the Yanchep Rail Extension, Thornlie-Cockburn Link, level crossing removals and Bayswater Station. Forecast payments in 2020-21 include over \$1 billion for transport infrastructure.

METRONET ACCOUNT

Table 4.2

| | 2019-20 | 2020-21 |
|--------------------------|------------|------------|
| | \$m | \$m |
| <i>Balance at 1 July</i> | 274 | 527 |
| Receipts | 462 | 712 |
| Payments | 210 | 1,013 |
| Closing Balance | 527 | 226 |

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 road projects under development. In 2020-21, funds are to be drawn down as works progress for the METRONET program of projects, including Bayswater Station, Denny Avenue Level Crossing Removal and the new Lakelands Station.

METRONET ROADS ACCOUNT

Table 4.3

| | 2019-20 | 2020-21 |
|--------------------------|-----------|-----------|
| | \$m | \$m |
| <i>Balance at 1 July</i> | - | 72 |
| Receipts | 101 | 72 |
| Payments | 30 | 90 |
| Closing Balance | 72 | 54 |

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 2020-21 include MRIT collections (\$87 million), rent and interest income (\$9 million) and proceeds from the sale of land and buildings (\$40 million). Forecast payments in 2020-21 are for a contribution towards the acquisition and improvement of land for transport infrastructure (\$116 million), the acquisition of land and buildings (\$45 million), service delivery costs (\$29 million), and works in progress on a range of smaller infrastructure projects (\$4 million).

| METROPOLITAN REGION IMPROVEMENT FUND | | | Table 4.4 |
|--------------------------------------|------------|------------|-----------|
| | 2019-20 | 2020-21 | |
| | \$m | \$m | |
| <i>Balance at 1 July</i> | 440 | 434 | |
| Receipts | 122 | 137 | |
| Payments | 128 | 195 | |
| Closing Balance | 434 | 376 | |

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 and interest earned on the account balance. 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.

| MINING REHABILITATION FUND | | | Table 4.5 |
|----------------------------|------------|------------|-----------|
| | 2019-20 | 2020-21 | |
| | \$m | \$m | |
| <i>Balance at 1 July</i> | 150 | 185 | |
| Receipts | 36 | 36 | |
| Payments | 1 | 5 | |
| Closing Balance | 185 | 216 | |

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 survivors of institutional child sexual abuse. Forecast payments in 2020-21 are to meet scheme payments, civil litigation claims and administration costs.

Table 4.6

| NATIONAL REDRESS SCHEME AND CIVIL LITIGATION FOR SURVIVORS OF INSTITUTIONAL CHILD SEXUAL ABUSE ACCOUNT | | |
|---|----------------|----------------|
| | 2019-20 \$m | 2020-21 \$m |
| <i>Balance at 1 July</i> | 151 | 141 |
| Receipts | - | - |
| Payments | 11 | 64 |
| Closing Balance | 141 | 77 |

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 will be finalised after an extended defect liability period, with any remaining funds in the account to be returned to the Consolidated Account.

Table 4.7

| PERTH CHILDREN'S HOSPITAL ACCOUNT | | |
|-----------------------------------|----------------|----------------|
| | 2019-20 \$m | 2020-21 \$m |
| <i>Balance at 1 July</i> | 13 | 7 |
| Receipts | - | - |
| Payments | 5 | 7 |
| Closing Balance | 7 | - |

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 4.8

| | 2019-20 | 2020-21 |
|--------------------------|------------|------------|
| | \$m | \$m |
| <i>Balance at 1 July</i> | 93 | 131 |
| Receipts | 57 | 51 |
| Payments | 19 | 29 |
| Closing Balance | 131 | 153 |

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.

An amount of \$0.2 million will be paid in 2020-21 to support the closeout activities of the Stadium Transport Infrastructure project. The Public Transport Authority will also return \$11.2 million of unspent project funds to the SPA in 2020-21.

A decision on the closure of the SPA will take place later this financial year, with any unspent moneys to be returned to the Consolidated Account.

PERTH STADIUM ACCOUNT

Table 4.9

| | 2019-20 | 2020-21 |
|--------------------------|-----------|-----------|
| | \$m | \$m |
| <i>Balance at 1 July</i> | 12 | 12 |
| Receipts | - | 11 |
| Payments | - | -(a) |
| Closing Balance | 12 | 22 |

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

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 of \$123 million are expected from the account in 2020-21. Payments approved as part of the 2020-21 Budget include:

- \$23 million in 2020-21 for the delivery of approved road safety initiatives where payments have been delayed from 2019-20 as a result of changes in the timing of projects;
- \$3.1 million for Run-off Road Crash Road Improvements on State roads delivered by Main Roads;
- \$3.1 million to the Western Australia Police Force to progress the Infringement Management Reform Program;
- \$1.4 million to Main Roads for the Metropolitan Intersection Crash Program to upgrade road safety treatments to major metropolitan intersections; and
- \$1 million for the Metropolitan Intersection Low Cost Treatment Crash Program to allow Main Roads to provide grants to upgrade road safety treatments to intersections on local government roads.

ROAD TRAUMA TRUST ACCOUNT

Table 4.10

| | 2019-20 \$m | 2020-21 \$m |
|--------------------------|----------------|----------------|
| <i>Balance at 1 July</i> | 60 | 54 |
| Receipts | 98 | 94 |
| Payments | 104 | 123 |
| Closing Balance | 54 | 25 |

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, the return of unused funds by agencies, and the statutory funding for the program based on 25% of forecast royalty income at the time of the 2020-21 Budget, adjusted for the \$1 billion legislated cap on the Fund balance. Payments from the Fund include transfers to agencies that deliver RfR projects supporting infrastructure, business and economic development and other regional activities.

Details of the RfR program and other regional spending are available in Chapter 7: *Investing in Regional Western Australia*.

ROYALTIES FOR REGIONS FUND

Table 4.11

| | 2019-20 | 2020-21 |
|--------------------------|--------------|--------------|
| | \$m | \$m |
| <i>Balance at 1 July</i> | 1,000 | 1,000 |
| Receipts | 910 | 1,018 |
| Payments | 910 | 1,018 |
| 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 reforms in regional Western Australia, with a focus on regional Aboriginal reform initiatives. To date, \$100 million has been transferred to this SPA, with the next contribution of \$16 million forecast to be made in 2021-22. Forecast total payments of \$24 million in 2020-21 are 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 4.12

| | 2019-20 | 2020-21 |
|--------------------------|-----------|-----------|
| | \$m | \$m |
| <i>Balance at 1 July</i> | 80 | 69 |
| Receipts | - | - |
| Payments | 11 | 24 |
| Closing Balance | 69 | 46 |

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 4.13

| | 2019-20 | 2020-21 |
|--------------------------|-----------|-----------|
| | \$m | \$m |
| <i>Balance at 1 July</i> | 40 | 40 |
| Receipts | 21 | 22 |
| Payments | 21 | 35 |
| Closing Balance | 40 | 26 |

Note: Columns may not add due to rounding.

Western Australian Future Health Research and Innovation Fund

The Western Australian Future Fund was established under the *Western Australian Future Fund Act 2012*. The *Western Australian Future Fund Amendment (Future Health Research and Innovation Fund) Bill 2019* received Royal Assent in late May 2020 and took effect from 24 June 2020. This Act discontinued the Future Fund and created the Western Australian Future Health Research and Innovation Fund into which 1% of forecast annual royalties are to be paid each year. From 2020-21, this Act also applies forecast annual investment income from the new fund to a new account (administered by the Minister for Health) that provides long-term support for medical and health research, innovation and commercialisation activities in Western Australia.

Forecast receipts include 1% of the State's Budget-time forecast of royalty income (\$83 million) and interest earned on the account balance (\$34 million). Payments from the Fund (\$34 million) reflect the on-passing of the interest earnings to WA Health for medical research and innovation.

Table 4.14

WESTERN AUSTRALIAN FUTURE HEALTH RESEARCH AND INNOVATION FUND

| | 2019-20 \$m | 2020-21 \$m |
|--------------------------|----------------|----------------|
| <i>Balance at 1 July</i> | 1,313 | 1,408 |
| Receipts | 95 | 117 |
| Payments | - | 34 |
| Closing Balance | 1,408 | 1,491 |

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 2018-19 and 2019-20, and estimated expenditure in 2020-21.

The total value of State Government social concessions in 2020-21 is estimated at \$2.6 billion, including \$1.7 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 7.5 in Appendix 7: *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.

Table 5.1

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

| | 2018-19 | 2018-19 | 2019-20 | 2019-20 | 2020-21 | 2020-21 |
|--|--------------|------------|--------------|------------|--------------|------------|
| | Actual | Actual | Actual | Actual | Budget | Budget |
| | \$'000 | Recipients | \$'000 | Recipients | Estimate | Estimate |
| | | | | | \$'000 | Recipients |
| BIODIVERSITY, CONSERVATION AND ATTRACTIONS | | | | | | |
| Perth Zoo | | | | | | |
| - Children Under Four - Free Entry ^(a) | 4,376 | 136,753 | 3,420 | 103,641 | 4,392 | 133,097 |
| - Children's Discount ^(a) | 1,414 | 85,725 | 956 | 57,948 | 1,375 | 83,834 |
| - Education Excursion Discount ^(a) | 782 | 39,645 | 561 | 27,107 | 794 | 38,585 |
| - Seniors and Concessions Card Discounts ^(a) | 395 | 56,361 | 298 | 42,504 | 384 | 54,854 |
| - Carers - Free Entry ^(a) | 140 | 4,368 | 124 | 3,766 | 141 | 4,271 |
| National Parks | | | | | | |
| - Day Entrance Fee Concessions | 606 | 55,575 | 665 | 53,547 | 707 | 55,575 |
| - Annual Pass Concessions ^(a) | 111 | 3,578 | 87 | 2,225 | 146 | 3,578 |
| - RAC Concession Passes | 35 | 2,252 | 55 | 2,792 | 46 | 2,252 |
| Camping Concessions ^(a) | 482 | 66,180 | 511 | 70,155 | 482 | 66,180 |
| Valley of the Giants Tree Top Walk Concession | 90 | 18,014 | 68 | 13,677 | 90 | 18,014 |
| Monkey Mia Park Entry Fee Concessions | | | | | | |
| - Day Entry ^(a) | 52 | 12,238 | 47 | 10,402 | 56 | 12,238 |
| - Monthly Entry ^(a) | 7 | 1,648 | 6 | 1,400 | 7 | 1,648 |
| Geike Gorge Boat Trip Concessions ^(a) | 15 | 1,129 | 11 | 840 | 15 | 1,129 |
| Penguin Island Concessions ^(a) | 15 | 10,724 | 10 | 7,584 | 15 | 10,744 |
| Rottne Island | | | | | | |
| - Train/Bus/Bike Concessions ^(a) | 5 | 1,103 | 8 | 1,884 | 4 | 941 |
| - Tour Concessions ^(a) | 7 | 3,582 | 5 | 2,746 | 3 | 1,374 |
| Leeuw in-Naturaliste National Park - Cave Concessions ^(a) | 4 | 819 | 4 | 612 | 5 | 819 |
| Yanchep National Park - Cave Concessions ^(a) | 3 | 1,055 | 2 | 480 | 4 | 1,055 |
| Barna Mia Dryandra Woodland Tour Fee Concessions | 3 | 609 | 3 | 585 | 3 | 609 |
| Sub Total | 8,542 | | 6,840 | | 8,669 | |
| BUNBURY WATER CORPORATION | | | | | | |
| Pensioners and Seniors Consumption Rebate ^(b) | 424 | 3,489 | 445 | 3,664 | 379 | 3,738 |
| Pensioners and Seniors Supply Charge Rebate ^(b) | 317 | 4,207 | 315 | 4,186 | 332 | 4,548 |
| Ex-Gratia Water (Leak) Allowance | 141 | 153 | 119 | 183 | 132 | 165 |
| Pensioners Tenant Rebate ^(b) | 12 | 114 | 14 | 133 | 15 | 124 |
| Sub Total | 894 | | 894 | | 858 | |

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 5.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

| | 2018-19 | 2018-19 | 2019-20 | 2019-20 | 2020-21 | 2020-21 |
|--|----------------|------------|----------------|------------|----------------|------------|
| | Actual | Actual | Actual | Actual | Budget | Budget |
| | \$'000 | Recipients | \$'000 | Recipients | Estimate | Estimate |
| | | | | | \$'000 | Recipients |
| BUSSELTON WATER CORPORATION | | | | | | |
| Pensioners Supply Charge and Consumption Rebate ^(b) | 496 | 2,529 | 538 | 2,610 | 550 | 2,675 |
| Seniors Supply Charge and Consumption Rebate ^(b) | 58 | 656 | 65 | 659 | 86 | 675 |
| Ex-Gratia Water (Leak) Allowance | 42 | 76 | 58 | 84 | 60 | 86 |
| Pensioners Tenant Rebate ^(b) | 31 | 366 | 33 | 377 | 34 | 385 |
| Sub Total | 626 | | 695 | | 730 | |
| COMMUNITIES | | | | | | |
| Rental Subsidy | 232,370 | 29,896 | 221,504 | 29,179 | 220,821 | 28,805 |
| Seniors Cost of Living Rebate | 23,429 | 307,296 | 24,230 | 310,228 | 25,868 | 322,446 |
| Bond Assistance Loans - Interest Foregone ^(a) | 389 | 24,922 | 290 | 22,076 | 325 | 34,623 |
| Centenarian Initiative | 73 | 10 | 178 | 17 | 117 | 15 |
| Rental Sales Scheme Subsidy | 25 | 10 | 17 | 9 | 67 | 27 |
| Homes for Carers - Placement Support Subsidy | 86 | 12 | 82 | 12 | 65 | 5 |
| Cash Assistance Grants | - | - | 1 | 1 | 5 | 2 |
| Sub Total | 256,372 | | 246,302 | | 247,268 | |
| EDUCATION | | | | | | |
| Secondary Assistance Scheme | | | | | | |
| - Education Program Allowance | 7,060 | 30,004 | 6,858 | 30,360 | 8,164 | 34,777 |
| - Clothing Allowance | 3,450 | 30,004 | 3,491 | 30,360 | 3,999 | 34,777 |
| - Abstudy Supplement | 38 | 476 | 30 | 378 | 31 | 391 |
| Boarding Away from Home Allowance | | | | | | |
| - Isolated Children and Students in Respite | 2,582 | 1,350 | 2,423 | 1,376 | 2,254 | 1,403 |
| - Agriculture College - Special Subsidy | 544 | 294 | 495 | 285 | 447 | 282 |
| - Gifted and Talented | 50 | 28 | 42 | 25 | 49 | 32 |
| Sub Total | 13,724 | | 13,340 | | 14,946 | |
| FINANCE | | | | | | |
| Seniors (25%) and Pensioners (50%) Rebates | | | | | | |
| - Local Government Rates ^(a) | 100,803 | 230,827 | 102,232 | 230,662 | 115,000 | 259,495 |
| - Emergency Services Levy ^(a) | 21,593 | 230,893 | 21,901 | 228,014 | 24,650 | 256,515 |
| Energy Subsidies | | | | | | |
| - Thermoregulatory Dysfunction | 1,822 | 2,571 | 1,972 | 3,091 | 2,525 | 3,500 |
| - Life Support Equipment | 1,222 | 1,505 | 1,285 | 1,695 | 1,500 | 1,900 |
| Energy Concession Extension Scheme ^(a) | 1,322 | 4,239 | 3,305 | 5,610 | 2,100 | 6,700 |
| Sub Total | 126,762 | | 130,695 | | 145,775 | |
| GOLD CORPORATION | | | | | | |
| Perth Mint Admission Concessions ^(a) | 22 | 11,162 | 17 | 8,332 | 12 | 6,000 |
| Sub Total | 22 | | 17 | | 12 | |

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 5.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

| | 2018-19 | 2018-19 | 2019-20 | 2019-20 | 2020-21 | 2020-21 |
|--|----------------|------------|----------------|------------|----------------|------------|
| | Actual | Actual | Actual | Actual | Budget | Budget |
| | \$'000 | Recipients | \$'000 | Recipients | Estimate | Estimate |
| | | | | | \$'000 | Recipients |
| HEALTH | | | | | | |
| Ambulance Services for Seniors | 49,348 | 137,550 | 50,007 | 135,464 | 53,637 | 141,600 |
| Patient Assisted Travel Scheme | | | | | | |
| - WA Country Health Service | 33,722 | 37,579 | 31,010 | 35,779 | 31,413 | 36,244 |
| - Peel Health Service ^(a) | 40 | 63 | 14 | 44 | 26 | 80 |
| Subsidised Dental Care | | | | | | |
| - Dental Health Services | 17,445 | 59,628 | 15,997 | 57,548 | 16,000 | 57,500 |
| - Oral Health Centre of WA ^(a) | 13,910 | 12,517 | 14,164 | 10,706 | 14,351 | 13,500 |
| Dental Subsidy Schemes | | | | | | |
| - Country Patients ^(d) | 2,085 | 10,442 | 2,640 | 13,829 | 2,500 | 13,200 |
| - Metropolitan Patients ^(d) | 188 | 725 | 704 | 3,293 | 690 | 3,500 |
| Spectacle Subsidy Scheme | 2,502 | 46,562 | 2,428 | 45,214 | 2,695 | 49,599 |
| Child and Adolescent Health Service | | | | | | |
| - Concession Parking ^(a) | 324 | 24,728 | 308 | 19,663 | 416 | 26,908 |
| - Patient Meal Vouchers ^(e) | 33 | 1,354 | 41 | 1,488 | 46 | 1,562 |
| - Patient Cabcharge ^(e) | 3 | 132 | 20 | 289 | 22 | 303 |
| - Patient Pre-loaded SmartRiders ^(e) | 4 | 308 | 4 | 308 | 4 | 323 |
| Home Haemodialysis Subsidy | 54 | 89 | 54 | 88 | 57 | 91 |
| Sub Total | 119,659 | | 117,390 | | 121,857 | |
| HORIZON POWER | | | | | | |
| Tariff Adjustment Payment ^{(b)(f)} | 74 | 38,362 | 5,926 | 37,739 | 6,994 | 37,795 |
| Energy Assistance Payment ^(b) | 1,612 | 7,827 | 1,834 | 8,733 | 1,267 | 4,568 |
| - Energy Assistance Payment Boost ^{(b)(c)} | - | - | 1,766 | 5,785 | 519 | 1,700 |
| Feed-In Tariff ^(b) | 968 | 556 | 888 | 510 | 1,090 | 601 |
| Dependent Child Rebate ^(b) | 722 | 2,889 | 843 | 3,291 | 652 | 1,655 |
| Air Conditioning Rebate - Electricity ^(b) | 830 | 3,001 | 1,060 | 3,294 | 636 | 1,940 |
| Tariff Migration (Caravan Park Subsidy) ^(b) | 72 | 11 | 92 | 9 | 148 | 11 |
| Aboriginal and Remote Communities | | | | | | |
| Project - Subsidy | | | | | | |
| - Stage 1 ^{(b)(g)} | 5,626 | 765 | 5,657 | 750 | - | - |
| - Stage 2 ^{(b)(g)} | 2,534 | 248 | 2,304 | 245 | - | - |
| Sub Total | 12,437 | | 20,370 | | 11,306 | |
| INSURANCE COMMISSION | | | | | | |
| OF WESTERN AUSTRALIA | | | | | | |
| Farm Vehicles - 50% Insurance Premium Rebate | 1,155 | 7,017 | 1,263 | 7,444 | 1,286 | 7,579 |
| Voluntary Emergency Vehicles | 150 | 900 | 146 | 876 | 151 | 892 |
| Sub Total | 1,305 | | 1,409 | | 1,437 | |
| JUSTICE | | | | | | |
| Legal Aid Concessions | 44,422 | 124,746 | 51,521 | 125,493 | 49,408 | 142,339 |
| Court and Tribunal Concessions | 3,567 | 14,686 | 4,108 | 15,063 | 4,584 | 15,540 |
| Public Trustee Concessions | 298 | 1,308 | 267 | 1,136 | 298 | 1,300 |
| Registry of Births, Deaths and Marriages | 14 | 279 | 18 | 359 | 21 | 425 |
| Sub Total | 48,301 | | 55,914 | | 54,311 | |

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 5.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

| | 2018-19 | 2018-19 | 2019-20 | 2019-20 | 2020-21 | 2020-21 |
|--|--------------|------------|--------------|------------|--------------|------------|
| | Actual | Actual | Actual | Actual | Budget | Budget |
| | \$'000 | Recipients | \$'000 | Recipients | Estimate | Estimate |
| | | | | | \$'000 | Recipients |
| KEYSTART HOUSING SCHEME TRUST | | | | | | |
| Hardship Program ^{(a)(b)(h)} | n/a | 594 | n/a | 4,280 | n/a | 2,077 |
| Sub Total | n/a | | n/a | | n/a | |
| LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES | | | | | | |
| KidSport Financial Assistance Vouchers ^(a) | 3,420 | 24,915 | 2,365 | 16,720 | 6,000 | 40,000 |
| Museum Concessions ^(a) | 608 | 72,002 | 317 | 41,299 | 318 | 39,547 |
| Perth Theatre Trust Concessions | 81 | 4,844 | 233 | 12,809 | 85 | 5,086 |
| Recreation Camp Fee Concessions ^(a) | 31 | 468 | 26 | 413 | 44 | 530 |
| Sub Total | 4,140 | | 2,941 | | 6,447 | |
| MINES, INDUSTRY REGULATION AND SAFETY | | | | | | |
| Building Commission - Complaint Fee Concessions | 4 | 62 | 3 | 48 | 4 | 65 |
| Sub Total | 4 | | 3 | | 4 | |
| NATIONAL TRUST OF AUSTRALIA (WA) | | | | | | |
| Seniors' Entry Fee Discount | 16 | 5,353 | 16 | 5,398 | 16 | 5,410 |
| Children's Entry Fee Discount | 2 | 370 | 2 | 375 | 2 | 380 |
| Sub Total | 18 | | 18 | | 18 | |
| PLANNING, LANDS AND HERITAGE | | | | | | |
| Fremantle Prison Entry Concessions ^(a) | 699 | 64,638 | 476 | 45,174 | 309 | 29,357 |
| Pension Protection Plan Fees and Charges ^(Rebates & Deferrals Act 1992) | 3 | 1 | 3 | 1 | 3 | 1 |
| Sub Total | 702 | | 479 | | 312 | |
| PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT | | | | | | |
| Recreational Fishing Licence Fee Concessions | | | | | | |
| - Fishing from a Boat | 656 | 32,779 | 663 | 33,123 | 720 | 36,000 |
| - Rock Lobster | 284 | 11,376 | 302 | 12,097 | 331 | 13,223 |
| - Net Fishing | 113 | 4,503 | 113 | 4,505 | 123 | 4,900 |
| - Abalone | 68 | 2,714 | 72 | 2,899 | 80 | 3,200 |
| - Marron | 64 | 2,555 | 64 | 2,563 | 75 | 3,000 |
| - South West Freshwater Angling | 50 | 2,019 | 52 | 2,074 | 65 | 2,600 |
| Sub Total | 1,234 | | 1,266 | | 1,394 | |

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 5.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

| | 2018-19 | 2018-19 | 2019-20 | 2019-20 | 2020-21 | 2020-21 |
|---|----------------|------------|----------------|------------|------------------|------------|
| | Actual | Actual | Actual | Actual | Budget | Budget |
| | \$'000 | Recipients | \$'000 | Recipients | Estimate | Estimate |
| | | | | | \$'000 | Recipients |
| PUBLIC TRANSPORT AUTHORITY OF WESTERN AUSTRALIA | | | | | | |
| Transperth | | | | | | |
| - General Fare Subsidy ^(b) | 543,251 | 84,730,892 | 623,235 | 69,333,399 | 787,930 | 71,583,053 |
| - Concession Fares ^(b) | 75,883 | 35,045,008 | 63,862 | 29,426,443 | 67,069 | 30,995,194 |
| - Pensioners, Seniors and Carers Free Travel ^(a) | 20,522 | 5,858,044 | 17,298 | 4,890,139 | 19,353 | 5,458,165 |
| - Free Transit Zone ^(b) | 15,742 | 13,342,451 | 15,412 | 10,898,029 | 15,293 | 11,687,987 |
| - Perth Stadium Special Events ^(b) | 7,376 | 2,446 | 5,774 | 1,311 | 11,644 | 3,861 |
| Regional Town Bus Services | | | | | | |
| - General Fare Subsidy ^(b) | 12,290 | 2,086,262 | 12,100 | 1,945,959 | 12,819 | 1,992,571 |
| - Concession Fares ^(b) | 3,959 | 1,880,239 | 3,733 | 1,719,629 | 3,888 | 1,794,389 |
| - Pensioners, Seniors and Carers Free Travel | 469 | 151,533 | 536 | 169,663 | 467 | 145,231 |
| Regional School Bus Services | | | | | | |
| - General Fare Subsidy ^(b) | 126,056 | 25,664 | 131,198 | 25,879 | 127,729 | 26,008 |
| - Student Conveyance Allowance ^(b) | 2,240 | 4,719 | 2,013 | 4,358 | 2,336 | 4,380 |
| Transw a | | | | | | |
| - General Fare Subsidy ^(b) | 29,419 | 159,512 | 32,100 | 220,566 | 31,523 | 194,092 |
| - Concession Fares ^(b) | 3,950 | 184,932 | 3,122 | 144,513 | 3,660 | 169,454 |
| - Annual Free Trip for Regional Pensioners ^(b) | 2,026 | 24,386 | 1,838 | 19,549 | 2,155 | 22,934 |
| Sub Total | 843,183 | | 912,221 | | 1,085,866 | |
| SYNERGY | | | | | | |
| Energy Assistance Payment ^{(a)(b)} | 69,688 | 291,147 | 73,714 | 311,707 | 75,027 | 299,356 |
| - Energy Assistance Payment Boost ^{(b)(c)} | - | - | 77,543 | 289,547 | 11,242 | 38,138 |
| Feed-In Tariff ^(b) | 51,011 | 69,529 | 48,455 | 67,640 | 33,071 | 54,123 |
| Dependent Child Rebate ^(b) | 19,297 | 68,643 | 20,240 | 73,058 | 20,743 | 70,578 |
| Customer De-energisation ^{(a)(b)} | 4,324 | 75,932 | 2,476 | 46,459 | 4,381 | 78,073 |
| Customer Re-energisation ^{(a)(b)} | 3,356 | 50,838 | 2,467 | 36,030 | 3,400 | 52,271 |
| Paper Bill Fee Waiver ^{(a)(b)} | 2,477 | 256,056 | 1,742 | 235,222 | 2,426 | 263,275 |
| Account Establishment Fee Rebate ^{(a)(b)} | 1,055 | 32,165 | 929 | 29,366 | 1,372 | 33,072 |
| Over the Counter Fee Waivers ^(b) | 1,309 | 695,292 | 1,266 | 602,512 | 1,326 | 714,896 |
| Late Payment Waiver ^{(a)(b)} | 806 | 97,137 | 526 | 67,618 | 949 | 99,876 |
| Air Conditioning Rebate - Electricity ^(b) | 56 | 327 | 54 | 326 | 58 | 336 |
| Sub Total | 153,378 | | 229,411 | | 153,994 | |

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 5.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

| | 2018-19 | 2018-19 | 2019-20 | 2019-20 | 2020-21 | 2020-21 |
|--|----------------|------------|----------------|------------|----------------|------------|
| | Actual | Actual | Actual | Actual | Budget | Budget |
| | \$'000 | Recipients | \$'000 | Recipients | Estimate | Estimate |
| | | | | | \$'000 | Recipients |
| TRAINING AND WORKFORCE DEVELOPMENT | | | | | | |
| Tuition Fees - Vocational Education and Training Courses | | | | | | |
| - General Subsidy | 237,417 | 52,469 | 237,824 | 52,759 | 283,165 | 58,302 |
| - Concession Card Holders (70% Course Fee Discount) | 9,622 | 12,503 | 8,756 | 12,309 | 8,691 | 13,110 |
| - Severe Financial Hardship (100% Course Fee Waiver) | 3,862 | 2,625 | 3,438 | 2,885 | 2,934 | 2,923 |
| South West Bus Service - Fare Concessions ^(b) | 325 | 109 | 218 | 92 | 210 | 90 |
| Fee Relief for Displaced Apprentices and Trainees ^(c) | - | - | - | - | 1,970 | 4,770 |
| Sub Total | 251,226 | | 250,236 | | 296,970 | |
| TRANSPORT | | | | | | |
| Light Vehicle Licence Fee Concessions | | | | | | |
| - Seniors (50% Discount) | 30,735 | 201,487 | 32,358 | 206,155 | 33,510 | 213,492 |
| - Pensioners (100% Discount) | 11,599 | 38,020 | 12,136 | 38,659 | 12,388 | 39,463 |
| Travel Subsidy Schemes | | | | | | |
| - Permanently Disabled - Taxi Subsidy | 13,049 | 14,380 | 12,787 | 14,179 | 10,785 | 14,000 |
| - Remote Boarding Students | 1,316 | 1,687 | 1,157 | 1,524 | 1,236 | 1,520 |
| - Seniors - Annual Free Trip South ^(b) | 1,188 | 1,178 | 793 | 928 | 1,077 | 930 |
| - Seniors - Inter Town Bus Services | 282 | 13,553 | 249 | 10,649 | 350 | 10,500 |
| - Seniors - Intra Town Bus Services | 97 | 53,812 | 86 | 34,067 | 162 | 34,000 |
| Drivers Licence Fee Concessions | | | | | | |
| - Pensioners (100% Discount) | 3,371 | 76,526 | 3,927 | 89,150 | 3,967 | 90,047 |
| - Seniors (50% Discount) | 1,652 | 56,768 | 1,933 | 66,411 | 2,053 | 70,562 |
| Perth Parking Licence Fee - Social Exemptions | 1,031 | 992 | 1,044 | 1,005 | 1,033 | 994 |
| Sub Total | 64,320 | | 66,470 | | 66,561 | |

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 5.1 (cont.)

SUMMARY OF STATE GOVERNMENT SOCIAL CONCESSIONS
Western Australia

| | 2018-19 | 2018-19 | 2019-20 | 2019-20 | 2020-21 | 2020-21 |
|--|------------------|------------|------------------|------------|------------------|------------|
| | Actual | Actual | Actual | Actual | Budget | Budget |
| | \$'000 | Recipients | \$'000 | Recipients | Estimate | Estimate |
| | | | | | \$'000 | Recipients |
| WATER CORPORATION | | | | | | |
| Country Customer Equity Policies | | | | | | |
| - Country Water Pricing Subsidy ^{(a)(b)} | 255,883 | 233,439 | 262,077 | 234,769 | 281,218 | 236,352 |
| - Drainage Charge Exemption ^{(a)(i)} | 19,178 | n/a | 23,170 | n/a | 23,690 | n/a |
| Service Charge Rebates | | | | | | |
| - Pensioner or State Concession Card Holders (up to 50%) ^(b) | 61,998 | 145,836 | 59,949 | 147,475 | 64,912 | 149,449 |
| - Dual Commonwealth Seniors Health Card and WA Seniors Card Holders (up to 50%) ^(b) | 8,848 | 19,220 | 8,828 | 19,436 | 9,116 | 19,696 |
| - WA Seniors Card Holders (up to 25%) ^(b) | 4,558 | 62,347 | 4,462 | 63,048 | 4,610 | 63,892 |
| - Rebates for Retirement Properties (up to 25%) ^(a) | 5 | 53 | 5 | 54 | 5 | 55 |
| Pensioners Consumption Concessions ^(b) | 23,227 | 185,113 | 23,361 | 187,193 | 24,161 | 189,699 |
| Ex-Gratia Water (Leak) Allowance ^(b) | 10,617 | 12,449 | 10,878 | 12,449 | 10,890 | 12,449 |
| Pensioners Rate Deferral Policy – Interest Costs ^(b) | 642 | 19,422 | 436 | 19,640 | 476 | 19,903 |
| Haemodialysis Allowance ^(b) | 40 | 77 | 40 | 77 | 41 | 77 |
| Sub Total | 384,996 | | 393,206 | | 419,117 | |
| WESTERN AUSTRALIAN SPORTS CENTRE TRUST – VENUESWEST | | | | | | |
| Aquatic Centre Entry Concessions | | | | | | |
| - Single-entry ^(a) | 22 | 16,890 | 16 | 12,013 | 16 | 12,013 |
| - Multi-entry (Aqua Card) ^(a) | 32 | 1,650 | 16 | 1,031 | 16 | 1,031 |
| Fitness Membership Concessions ^(a) | 36 | 367 | 29 | 296 | 30 | 302 |
| Sub Total | 90 | | 61 | | 62 | |
| Total | 2,291,934 | | 2,450,178 | | 2,637,913 | |

(a) This concession has been significantly affected by the COVID-19 pandemic, COVID-19 restrictions and related initiatives.

(b) Operating subsidies are reported in Appendix 7.

(c) This is a new concession in response to the COVID-19 pandemic.

(d) The increase in the cost and number of recipients of Dental Subsidy Scheme concessions from 2019-20 onwards reflects a reduction in the level of Commonwealth funding for this service.

(e) This is a new concession reported by the Service. The concession is provided to patients and their families with financial hardship.

(f) 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.

(g) The Aboriginal and Remote Communities Project ceased in 2019-20.

(h) A value for the Hardship Program concession cannot be identified as this program assists borrowers with reduced payments for up to six months with further extension subject to a case-by-case assessment. When the client comes out of the Hardship Program, they generally resume making normal repayments.

(i) The Water Corporation is reviewing its systems to determine current and potential beneficiaries of country drainage services provided free of charge.

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.

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 6.1

ASSET INVESTMENT PROGRAM

| | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
|---|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| PARLIAMENT | | | | | |
| Legislative Council | - | - | - | - | - |
| Legislative Assembly | - (a) | - | - | - | - |
| Parliamentary Services | 1.0 | 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 | 0.6 | 0.1 | 0.1 | 0.1 | 0.1 |
| Public Sector Commission | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Governor's Establishment | 0.2 | 2.8 | 0.1 | 0.1 | 0.1 |
| Western Australian Electoral Commission | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 |
| Salaries and Allowances Tribunal | - | - | - | - | - |
| Commissioner for Equal Opportunity | - | - (a) | - | - | - |
| Commissioner for Children and Young People | - | - | - | - | - |
| Office of the Information Commissioner | - | - (a) | - | - | - |
| WorkCover WA Authority | 0.6 | 1.4 | 0.7 | 1.0 | 0.8 |
| Registrar, Western Australian Industrial Relations Commission | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| FINANCIAL ADMINISTRATION | | | | | |
| Treasury | 0.6 | 1.0 | 0.4 | 0.4 | 0.4 |
| Western Australian Treasury Corporation | 1.2 | 0.5 | 0.4 | 0.6 | 0.4 |
| Office of the Auditor General | - (a) | 0.9 | 0.7 | 0.7 | 0.7 |
| Finance | 128.3 | 116.7 | 86.9 | 97.9 | 86.6 |
| Insurance Commission of Western Australia | 2.4 | 4.0 | 5.3 | 5.3 | 5.3 |
| Gold Corporation | 19.8 | 26.5 | 10.3 | 6.5 | 5.9 |
| JOBS AND ECONOMIC DEVELOPMENT | | | | | |
| Jobs, Tourism, Science and Innovation | 0.3 | 11.5 | 1.0 | 1.0 | 1.0 |
| Primary Industries and Regional Development | 13.1 | 42.5 | 27.2 | 57.7 | 56.6 |
| Mines, Industry Regulation and Safety | 2.7 | 3.0 | 7.8 | 0.9 | 0.9 |
| Western Australian Meat Industry Authority | 0.3 | 0.5 | 0.5 | 0.5 | 0.5 |
| Small Business Development Corporation | - (a) | 0.3 | 0.1 | 0.1 | 0.1 |
| Rural Business Development Corporation | - | - | - | - | - |
| Economic Regulation Authority | 0.2 | 0.1 | - | - | - |
| Energy Policy WA | 0.1 | 0.2 | - | - | - |
| Infrastructure WA | - | - | - | - | - |
| Forest Products Commission | 4.5 | 0.6 | 0.7 | 0.9 | 0.6 |
| Racing and Wagering Western Australia | 5.2 | 7.8 | 7.6 | 8.2 | 9.1 |
| Western Australian Greyhound Racing Association | 0.5 | 0.2 | 0.3 | 0.3 | 0.3 |
| Burswood Park Board | 0.2 | 0.6 | 0.4 | 0.6 | 0.3 |
| HEALTH | | | | | |
| WA Health | 150.2 | 433.7 | 320.1 | 155.4 | 121.3 |
| Mental Health Commission | - (a) | 4.0 | 2.4 | 0.9 | - |
| Health and Disability Services Complaints Office | - | 0.1 | - | - | - |
| Animal Resources Authority | 0.5 | 1.0 | 0.2 | 0.2 | 0.2 |

ASSET INVESTMENT PROGRAM

Table 6.1 (cont.)

| | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
|--|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| EDUCATION AND TRAINING | | | | | |
| Education | 428.2 | 456.2 | 428.0 | 390.5 | 178.4 |
| Training and Workforce Development | 18.1 | 42.4 | 102.8 | 75.9 | 27.5 |
| TAFE Colleges | 4.9 | 8.4 | 5.5 | 6.2 | 7.2 |
| Building and Construction Industry Training Board | - | - | - | - | - |
| COMMUNITY SAFETY | | | | | |
| Western Australia Police Force | 62.1 | 140.8 | 75.9 | 46.0 | 17.2 |
| Justice | 105.5 | 77.6 | 98.9 | 74.2 | 31.5 |
| Legal Aid Commission of Western Australia | 0.5 | 3.3 | 1.7 | 1.5 | 1.4 |
| Fire and Emergency Services | 33.5 | 74.6 | 36.3 | 22.5 | 27.3 |
| Office of the Director of Public Prosecutions | 1.0 | 1.5 | 1.1 | 0.9 | 0.6 |
| Corruption and Crime Commission | 0.9 | 1.3 | 1.3 | 1.3 | 1.3 |
| Chemistry Centre (WA) | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Office of the Inspector of Custodial Services | - | - | - | - | - |
| Parliamentary Inspector of the Corruption and Crime Commission | - | - | - | - | - |
| COMMUNITY SERVICES | | | | | |
| Communities | 113.1 | 487.3 | 512.5 | 376.9 | 336.3 |
| Keystart Housing Scheme Trust | 0.3 | 0.6 | 0.6 | 0.6 | 1.2 |
| Local Government, Sport and Cultural Industries | 113.8 | 56.0 | 43.9 | 49.6 | 10.8 |
| Western Australian Sports Centre Trust | 15.7 | 26.9 | 23.3 | 14.7 | 20.4 |
| Western Australian Institute of Sport | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Combat Sports Commission | -(a) | - | - | - | - |
| Lotteries Commission | 2.2 | 7.1 | 2.7 | 3.5 | 6.8 |
| Metropolitan Cemeteries Board | 5.6 | 4.3 | 9.3 | 9.7 | 9.7 |
| TRANSPORT | | | | | |
| Transport | 32.9 | 50.5 | 43.9 | 22.8 | 20.8 |
| Commissioner of Main Roads | 1,256.0 | 1,432.6 | 1,416.8 | 1,403.7 | 1,240.1 |
| Public Transport Authority of Western Australia | 642.5 | 1,769.7 | 1,391.5 | 724.0 | 318.2 |
| Fremantle Port Authority | 17.5 | 95.5 | 70.7 | 48.1 | 51.9 |
| Kimberley Ports Authority | 16.1 | 6.8 | 2.2 | 1.6 | 1.6 |
| Mid West Ports Authority | 4.5 | 24.4 | 6.0 | 5.5 | 5.5 |
| Pilbara Ports Authority | 77.3 | 116.3 | 128.8 | 25.0 | 20.3 |
| Southern Ports Authority | 16.2 | 31.3 | 23.3 | 9.0 | 9.0 |
| ENVIRONMENT | | | | | |
| Water and Environmental Regulation | 12.1 | 26.0 | 23.4 | 20.9 | 13.1 |
| Biodiversity, Conservation and Attractions | 45.9 | 93.9 | 78.3 | 48.4 | 37.9 |
| PLANNING AND LAND USE | | | | | |
| Planning, Lands and Heritage | 3.5 | 12.3 | 4.0 | 3.8 | 3.8 |
| Western Australian Planning Commission | 97.1 | 149.9 | 149.7 | 51.3 | 50.3 |
| Western Australian Land Information Authority (Landgate) | 12.9 | 8.7 | 10.8 | 6.7 | 7.0 |
| DevelopmentWA | 166.5 | 324.6 | 283.8 | 145.0 | 111.3 |
| Heritage Council of Western Australia | - | - | - | - | - |
| National Trust of Australia (WA) | 1.1 | 1.9 | 0.7 | 0.7 | 0.7 |

Table 6.1 (cont.)

ASSET INVESTMENT PROGRAM

| | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
|---|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| UTILITIES | | | | | |
| Synergy | 68.2 | 57.7 | 51.0 | 43.0 | 41.7 |
| Western Power | 831.5 | 892.2 | 832.5 | 811.9 | 808.6 |
| Horizon Power | 71.7 | 183.2 | 55.5 | 36.1 | 31.8 |
| Water Corporation | 634.6 | 694.2 | 702.5 | 671.6 | 671.5 |
| Bunbury Water Corporation | 12.1 | 15.9 | 2.8 | 2.5 | 4.5 |
| Busselton Water Corporation | 2.5 | 2.9 | 2.9 | 4.4 | 4.6 |
| PROVISIONS | | | | | |
| METRONET Projects Under Development | - | 123.9 | 479.4 | 775.3 | 540.8 |
| Jobs Package | - | -155.0 | -9.0 | - | - |
| Inter-agency Purchases | -76.1 | -62.9 | -115.3 | - | - |
| Provision for Slippage | - | -400.0 | - | - | 400.0 |
| Provision for 2023-24 Program not yet allocated | - | - | - | - | 400.0 |
| TOTAL | 5,188.4 | 7,549.3 | 7,457.7 | 6,278.9 | 5,767.6 |
| <i>Funded by:</i> | | | | | |
| APPROPRIATIONS | | | | | |
| Capital Appropriation ^(b) | 1,379.9 | 1,856.2 | 2,080.4 | 1,413.7 | 920.2 |
| OTHER FUNDING | | | | | |
| Holding Account | 217.3 | 223.8 | 193.5 | 126.3 | 135.2 |
| Agency Borrowings | 610.5 | 1,480.8 | 1,368.6 | 1,372.6 | 1,349.1 |
| Royalties for Regions | 188.1 | 246.8 | 203.6 | 140.2 | 75.5 |
| Commonwealth Grants | 511.0 | 833.3 | 811.8 | 908.5 | 653.4 |
| Land and Property Sales | 264.0 | 273.3 | 426.0 | 440.3 | 332.8 |
| Internal Funds and Balances | 1,905.7 | 2,579.2 | 2,290.2 | 1,813.8 | 2,253.4 |
| Special Purpose Accounts ^(c) | 112.0 | 55.9 | 83.6 | 63.5 | 47.9 |
| TOTAL | 5,188.4 | 7,549.3 | 7,457.7 | 6,278.9 | 5,767.6 |

(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 is expected to receive a net \$554.7 million from public corporations in 2020-21 (see following table). That is, tax equivalent and dividend revenue received from these corporations (almost \$3.7 billion) is expected to exceed subsidy payments made to them (around \$3.1 billion) by \$554.7 million.

This is a \$1.7 billion turnaround on the \$1.15 billion net amount paid to public corporations in 2019-20. This primarily reflects the timing of dividend revenue (with interim dividends deferred from 2019-20 to 2020-21) and the receipt of a one-off special dividend and tax equivalent payment (totalling \$655.4 million) in 2020-21 relating to the recent Bell Group settlement.

Table 7.1

PUBLIC CORPORATIONS
Revenue to and Expenses from the General Government Sector ^(a)

| | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m |
|---|--------------------------|--------------------------------------|
| Electricity Corporations | | |
| Dividends, Tax Equivalents, and Local Government Rate Equivalents | | |
| Horizon Power | 5.3 | 19.7 |
| Synergy | 3.6 | 23.6 |
| Western Power | 180.9 | 608.9 |
| TOTAL | 189.8 | 652.2 |
| Operating Subsidies | | |
| Horizon Power | 34.9 | 40.2 |
| Synergy | 528.9 | 915.6 |
| Western Power | - | - |
| Subtotal | 563.8 | 955.8 |
| Other Subsidies | | |
| Horizon Power | 0.4 | 0.2 |
| Synergy | 3.6 | 7.9 |
| Western Power | 2.8 | 3.1 |
| Subtotal | 6.8 | 11.2 |
| Net Electricity Corporations | -380.8 | -314.8 |
| Water Corporation | | |
| Dividends, Tax Equivalents, and Local Government Rate Equivalents | 376.7 | 1,608.0 |
| Operating Subsidies | 430.9 | 466.9 |
| Other Subsidies | 12.6 | 17.8 |
| Net Water Corporation | -66.8 | 1,123.3 |
| Public Transport Authority ^(b) | | |
| Operating Subsidies | 901.9 | 1,088.6 |
| Other Subsidies | 20.4 | 20.6 |
| Net Public Transport Authority | -922.4 | -1,109.1 |
| Other Public Corporations | | |
| Dividends, Tax Equivalents, and Local Government Rate Equivalents | 557.0 | 1,417.6 |
| Operating Subsidies | 82.3 | 163.3 |
| Other Subsidies | 254.9 | 398.9 |
| Net Other Public Corporations | 219.8 | 855.4 |
| Total revenue from Public Corporations | 1,123.5 | 3,677.7 |
| Dividends | 391.9 | 2,776.2 |
| Tax Equivalents | 708.9 | 875.8 |
| Local Government Rate Equivalents | 22.7 | 25.7 |
| Total expense to Public Corporations | 2,273.7 | 3,123.0 |
| Operating Subsidies | 1,979.0 | 2,674.6 |
| Other Subsidies | 294.7 | 448.4 |
| Net impact on General Government Sector ^(c) | -1,150.2 | 554.7 |

(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 the Royalties for Regions Fund (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 2020-21 is estimated to total almost \$3.7 billion, comprising \$2.8 billion in dividend payments, \$876 million in income tax equivalent payments, and \$26 million in local government rate equivalent payments. This is a significant \$2.6 billion (or 227.5%) higher than in 2019-20, and reflects the deferred payment of 2019-20 interim dividends to 2020-21 and the proceeds from the recent Bell Group settlement (see below).

Deferral of 2019-20 Interim Dividend

In response to early uncertainty around the impact of COVID-19 on the State's cashflows, and to reduce the need for new borrowings in the short term, interim dividend payments previously expected to be paid in 2019-20 were deferred to 2020-21. With the exception of the electricity corporations and the Insurance Commission of Western Australia (ICWA), these payments are incorporated into 2019-20 final dividend payments (the majority of which are scheduled to be paid by 31 December 2020). This allows for final dividend payments to factor in the impact of decisions made as part of the 2020-21 Budget process and the effect of COVID-19 on 2019-20 results.

Bell Group Settlement

On 20 August 2020, the Supreme Court of Western Australia gave final approval to the agreement reached between creditors of the Bell Group on the distribution of the proceeds of a settlement reached on the matter in 2013. As a creditor of the Bell Group, ICWA received \$665.4 million from the settlement. After retaining \$10 million to extinguish the portion of the Government Insurance Fund right of indemnity arrangement in relation to Bell expenses, \$655.4 million is expected to be distributed to the Government by way of a special interim dividend of \$455.4 million and tax equivalent payments of \$200 million in 2020-21.

A detailed list of revenue items from individual public corporations to the general government sector is provided in the following table.

Table 7.2

| GENERAL GOVERNMENT REVENUE FROM PUBLIC CORPORATIONS | | | | | |
|--|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
| Details of Payment | | | | | |
| ELECTRICITY CORPORATIONS | | | | | |
| Horizon Power | | | | | |
| Income tax expense | 2.7 | 5.4 | 7.2 | 5.1 | 4.8 |
| Local Government Rates expense | 0.3 | 0.7 | 0.7 | 0.7 | 0.7 |
| Dividends | 2.4 | 13.6 | 11.9 | 8.2 | 8.5 |
| <i>Subtotal</i> | <i>5.3</i> | <i>19.7</i> | <i>19.8</i> | <i>14.0</i> | <i>14.0</i> |
| Synergy | | | | | |
| Income tax expense | - | - | - | - | - |
| Local Government Rates expense | 0.7 | 1.0 | 1.0 | 1.0 | 1.0 |
| Dividends | 2.8 | 22.6 | - | - | - |
| <i>Subtotal</i> | <i>3.6</i> | <i>23.6</i> | <i>1.0</i> | <i>1.0</i> | <i>1.0</i> |
| Western Power | | | | | |
| Income tax expense | 98.9 | 115.8 | 122.0 | 117.3 | 117.4 |
| Local Government Rates expense | 1.5 | 1.8 | 1.8 | 1.7 | 1.7 |
| Dividends | 80.5 | 491.3 | 323.7 | 303.7 | 279.5 |
| <i>Subtotal</i> | <i>180.9</i> | <i>608.9</i> | <i>447.5</i> | <i>422.7</i> | <i>398.6</i> |
| WATER CORPORATIONS | | | | | |
| Water Corporation | | | | | |
| Income tax expense | 366.1 | 341.8 | 384.4 | 400.7 | 423.8 |
| Local Government Rates expense | 6.8 | 7.8 | 8.0 | 8.2 | 8.4 |
| Dividends | 3.8 | 1,258.3 | 704.1 | 759.9 | 798.9 |
| <i>Subtotal</i> | <i>376.7</i> | <i>1,608.0</i> | <i>1,096.5</i> | <i>1,168.8</i> | <i>1,231.1</i> |
| Bunbury Water Corporation (Aqwest) | | | | | |
| Income tax expense | 1.3 | 1.0 | 0.8 | 1.0 | 1.1 |
| Local Government Rates expense | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Dividends | 2.6 | 1.8 | 1.5 | 0.9 | 1.2 |
| <i>Subtotal</i> | <i>4.0</i> | <i>2.9</i> | <i>2.4</i> | <i>2.0</i> | <i>2.4</i> |
| Busselton Water Corporation | | | | | |
| Income tax expense | 1.1 | 0.5 | 0.5 | 0.6 | 0.6 |
| Local Government Rates expense | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Dividends | 1.0 | 1.1 | 0.5 | 0.5 | 0.7 |
| <i>Subtotal</i> | <i>2.2</i> | <i>1.7</i> | <i>1.1</i> | <i>1.2</i> | <i>1.4</i> |
| PORT AUTHORITIES | | | | | |
| Fremantle Port Authority | | | | | |
| Income tax expense | 19.9 | 18.8 | 19.5 | 17.7 | 20.4 |
| Local Government Rates expense | 0.7 | 0.6 | 0.6 | 0.7 | 0.7 |
| Dividends | 12.8 | 57.2 | 30.0 | 28.1 | 30.5 |
| <i>Subtotal</i> | <i>33.4</i> | <i>76.6</i> | <i>50.1</i> | <i>46.5</i> | <i>51.6</i> |
| Kimberley Ports Authority | | | | | |
| Income tax expense | - | - | - | 0.4 | 0.8 |
| Local Government Rates expense | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Dividends | - | - | - | 0.5 | 1.2 |
| <i>Subtotal</i> | <i>0.1</i> | <i>0.1</i> | <i>0.1</i> | <i>1.1</i> | <i>2.1</i> |
| Mid West Ports Authority | | | | | |
| Income tax expense | 5.0 | 5.1 | 4.1 | 7.5 | 7.5 |
| Local Government Rates expense | 0.9 | 0.9 | 0.9 | 0.9 | 1.0 |
| Dividends | 4.1 | 22.1 | 6.3 | 9.0 | 10.4 |
| <i>Subtotal</i> | <i>10.0</i> | <i>28.1</i> | <i>11.3</i> | <i>17.4</i> | <i>18.9</i> |

Table 7.2 (cont.)

| GENERAL GOVERNMENT REVENUE FROM PUBLIC CORPORATIONS | | | | | |
|--|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
| Details of Payment | | | | | |
| Pilbara Ports Authority | | | | | |
| Income tax expense | 56.5 | 80.6 | 80.0 | 82.8 | 84.0 |
| Local Government Rates expense | 2.8 | 2.7 | 2.8 | 2.9 | 3.0 |
| Dividends | 31.7 | 190.4 | 128.4 | 132.1 | 135.2 |
| Subtotal | 90.9 | 273.7 | 211.2 | 217.8 | 222.2 |
| Southern Ports Authority | | | | | |
| Income tax expense | 18.3 | 13.3 | 13.8 | 17.1 | 17.5 |
| Local Government Rates expense | 0.8 | 0.7 | 0.7 | 0.7 | 0.8 |
| Dividends | 6.4 | 56.0 | 25.9 | 28.5 | 30.4 |
| Subtotal | 25.5 | 70.0 | 40.5 | 46.3 | 48.7 |
| OTHER AGENCIES | | | | | |
| DevelopmentWA | | | | | |
| Income tax expense | 1.2 | 51.5 | 5.1 | 2.5 | 5.9 |
| Local Government Rates expense | 7.5 | 8.6 | 7.4 | 7.6 | 7.7 |
| Dividends | 8.4 | 131.4 | 71.9 | 72.6 | 15.5 |
| Subtotal | 17.1 | 191.4 | 84.4 | 82.6 | 29.2 |
| Gold Corporation | | | | | |
| Income tax expense | 15.4 | 5.9 | 6.2 | 6.6 | 7.0 |
| Local Government Rates expense | 0.2 | 0.5 | 0.5 | 0.6 | 0.6 |
| Dividends | 6.0 | 23.5 | 10.2 | 10.9 | 11.6 |
| Subtotal | 21.5 | 29.8 | 17.0 | 18.1 | 19.2 |
| Western Australian Treasury Corporation | | | | | |
| Income tax expense | 12.3 | 10.1 | 10.3 | 10.9 | 11.0 |
| Dividends | 21.9 | 16.5 | 17.6 | 18.1 | 19.0 |
| Subtotal | 34.2 | 26.5 | 27.9 | 28.9 | 30.1 |
| Insurance Commission of Western Australia | | | | | |
| Income tax expense | 110.2 | 226.0 | 35.0 | 43.4 | 50.4 |
| Dividends | 207.5 | 490.4 | 46.6 | 51.3 | 56.7 |
| Subtotal | 317.7 | 716.5 | 81.6 | 94.7 | 107.2 |
| Forest Products Commission | | | | | |
| Income tax expense | - | - | - | 2.9 | 3.3 |
| Local Government Rates expense | 0.4 | 0.1 | 0.1 | 0.1 | 0.1 |
| Dividends | - | - | - | - | 2.5 |
| Subtotal | 0.4 | 0.1 | 0.1 | 3.0 | 5.8 |
| Subtotal Amounts | | | | | |
| Income tax expense ^(a) | 708.9 | 875.8 | 689.0 | 716.5 | 755.5 |
| Local Government Rates expense | 22.7 | 25.7 | 24.9 | 25.4 | 25.9 |
| Dividends | 391.9 | 2,776.2 | 1,378.7 | 1,424.3 | 1,401.9 |
| TOTAL | 1,123.5 | 3,677.7 | 2,092.7 | 2,166.2 | 2,183.3 |

(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. Currently approved payout ratios (reflected as a share of each corporation's net profit after tax) are reflected in the following table.

| PUBLIC CORPORATION DIVIDEND PAYOUT RATIOS | | | | | |
|--|---------|---------|---------|---------|---------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| | % | % | % | % | % |
| 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 | 75 | 75 | 75 |
| Pilbara Ports Authority | 85 | 85 | 85 | 85 | 85 |
| Southern Ports Authority | 100 | 100 | 75 | 75 | 75 |
| DevelopmentWA ^(a) | 125 | 100 | 75 | 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) DevelopmentWA's dividend arrangement consists of a net profit after tax payout ratio and a number of special dividends as a result of undertaking Government commitments.

(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 2020-21 are estimated at \$3.1 billion, an increase of \$849.3 million (or 37.4%) from 2019-20. The general government sector is forecast to pay a total of \$9.8 billion across the four year period to 2023-24 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 changes in 2020-21 are outlined later in this appendix.

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 22.6% in 2020-21; and
- the Water Corporation is expected to receive operating subsidies totalling \$466.9 million in 2020-21, a significant portion of which (\$298.3 million) is to support the provision of water, sewerage and drainage services to regional areas, the cost of which is significantly under recovered.

The decision to leave the residential electricity tariff unchanged in 2020-21 results in it being around 7.5% below cost reflectivity in 2020-21.

\$600 Household Electricity Credit

In 2020-21, Synergy and Horizon Power will be provided additional operating subsidies of \$617.5 million and \$23.7 million respectively to meet the cost of applying a one-off \$600 Household Electricity Credit to more than one million residential electricity customers' invoices. The credit is expected to provide the 'representative' household around four months of relief from having to pay their electricity accounts.

This initiative is funded by the proceeds from the recent Bell Group settlement.

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 \$1.2 billion over the forward estimates period. For 2019-20, a portion of this subsidy is funded via the Consolidated Account (\$80.7 million) with the rest from the Royalties for Regions Fund (\$191.5 million). From 2020-21 onwards, the Country Water Pricing Subsidy will be funded from the Royalties for Regions (RfR) Fund up to a cap of \$250 million, with excess subsidy requirements funded via the Consolidated Account. Over the four year forward estimates period, \$1 billion of the subsidy is funded from RfR, with the remaining \$203.6 million funded from the Consolidated Account.

Regional 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 (Synergy and other electricity retailers).

In 2020-21, approximately 49% of the TEC will be funded by an operating subsidy provided to Synergy to compensate it for its residential tariffs under-recovering the cost of supply (which includes the TEC) and the remaining 51% by small businesses, and 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 7.4

| REGIONAL UTILITIES PRICING SUBSIDIES | | | | | | |
|--------------------------------------|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m | Total 2020-21 to 2023-24 \$m |
| Country Water Pricing Subsidy | 272.2 | 298.3 | 302.5 | 302.9 | 299.9 | 1,203.6 |
| Tariff Equalisation Contribution | 171.0 | 185.0 | 178.0 | 173.0 | 173.0 | 709.0 |
| TOTAL | 443.2 | 483.3 | 480.5 | 475.9 | 472.9 | 1,912.6 |

Synergy Financial Viability Subsidy

From 2019-20 onwards, Synergy will be provided operating subsidies to fund a range of revenue shortfalls, as reflected in the following table. The subsidies will ensure that Synergy is appropriately compensated for activities that it is required to undertake on behalf of Government.

Table 7.5

| SYNERGY FINANCIAL VIABILITY SUBSIDY | | | | | | |
|--------------------------------------|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m | Total 2019-20 to 2023-24 \$m |
| Renewable Energy Buyback Scheme | 26.4 | 32.1 | 32.2 | 32.4 | 32.5 | 155.5 |
| Distributed Energy Buyback Scheme | - | 0.2 | 0.4 | 0.6 | 0.8 | 2.0 |
| Feed-in Tariff | 18.2 | 15.7 | - | - | - | 33.8 |
| Re- and De-energisation Fees | 4.9 | 7.8 | 7.9 | 7.9 | 8.0 | 36.5 |
| Over-the-Counter and Paper-bill Fees | 3.0 | 3.8 | 3.8 | 3.9 | 3.9 | 18.4 |
| Tariff Equalisation Contribution | 83.4 | 90.7 | 86.3 | 84.8 | 85.3 | 430.5 |
| Wholesale Electricity Market Reform | - | 14.5 | 4.4 | 4.7 | 4.3 | 27.9 |
| TOTAL | 135.9 | 164.7 | 135.0 | 134.3 | 134.8 | 704.7 |

A detailed list of expenses to individual public corporations from the general government sector is provided in the following table.

Table 7.6

| EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS | | | | | | |
|--|----------------------------|--------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| Details of Payment | Funding Department | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
| ELECTRICITY CORPORATIONS | | | | | | |
| Horizon Power | | | | | | |
| <i>Operating Subsidies ^(a)</i> | | | | | | |
| \$600 Household Electricity Credit | Treasury | - | 23.7 | - | - | - |
| COVID-19 - WA Government Energy Assistance Payment Boost | Treasury | 1.8 | 0.5 | - | - | - |
| COVID-19 - Small Business and Charity Tariff Offset | Treasury | 13.0 | 0.6 | - | - | - |
| COVID-19 - Hardship Response | Treasury | - | 1.1 | 0.4 | 0.4 | 0.4 |
| WA Recovery Plan - Solar and Energy Storage for Derby Hospital | Treasury | - | 3.7 | - | - | - |
| Aboriginal and Remote Communities Project - Stage 1 | Treasury | 5.7 | - | - | - | - |
| Aboriginal and Remote Communities Project - Stage 2 | Treasury | 2.3 | - | - | - | - |
| Air Conditioning Allowance (North of 26th Parallel) | Treasury | 1.1 | 0.6 | 0.7 | 0.7 | 0.7 |
| Dependent Child Rebate | Treasury | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 |
| WA Government Energy Assistance Payment | Treasury | 1.8 | 1.3 | 1.3 | 1.3 | 1.4 |
| Feed-In Tariff | Treasury | - ^(b) | - ^(b) | - ^(b) | - ^(b) | - ^(b) |
| Tariff Adjustment Payment - Operating Subsidy | Treasury | 5.9 | 7.0 | 8.5 | 9.3 | 8.8 |
| Tariff Migration - Movement to L2 and A2 Tariff | Treasury | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 |
| Remote Communities Essential Services | Treasury | 2.4 | 0.8 | 0.8 | 0.8 | 0.8 |
| <i>Other Subsidies</i> | | | | | | |
| Hardship Utility Grant Scheme | Communities ^(c) | 0.4 | 0.2 | 0.2 | 0.2 | 0.2 |
| Subtotal | | 35.3 | 40.4 | 12.7 | 13.5 | 13.1 |

Table 7.6 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

| Details of Payment | Funding Department | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
|--|----------------------------|--------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| Synergy | | | | | | |
| <i>Operating Subsidies ^(a)</i> | | | | | | |
| \$600 Household Electricity Credit | Treasury | - | 617.5 | - | - | - |
| COVID-19 - WA Government Energy Assistance Payment Boost | Treasury | 77.5 | 11.2 | - | - | - |
| COVID-19 - Small Business and Charity Tariff Offset | Treasury | 189.7 | - | - | - | - |
| COVID-19 - Hardship Response | Treasury | - | 1.7 | 1.7 | 1.7 | 1.7 |
| WA Recovery Plan - Community Energy Exchange | Treasury | - | 4.0 | - | - | - |
| WA Recovery Plan - Renewable Energy for Social Housing | Treasury | - | 1.0 | 2.0 | 2.0 | 1.0 |
| Account Establishment Fee Rebate | Treasury | 0.9 | 1.4 | 1.0 | 1.0 | 1.0 |
| Air Conditioning Allowance | Treasury | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Re- and De-energisation Fee Recovery | Treasury | 4.9 | 7.8 | 7.9 | 7.9 | 8.0 |
| Dependent Child Rebate | Treasury | 20.2 | 20.7 | 19.8 | 20.1 | 20.4 |
| Distributed Energy Buyback Scheme | Treasury | - | 0.2 | 0.4 | 0.6 | 0.8 |
| Feed-In Tariff | Treasury | 48.5 | 33.1 | - | - | - |
| Late Payment Fee Waiver | Treasury | 0.5 | 0.9 | 0.8 | 0.8 | 0.7 |
| Over-the-Counter and Paper-bill Fee Recovery | Treasury | 3.0 | 3.8 | 3.8 | 3.9 | 3.9 |
| Renewable Energy Buyback Scheme | Treasury | 26.4 | 32.1 | 32.2 | 32.4 | 32.5 |
| Tariff Equalisation Contribution Recovery | Treasury | 83.4 | 90.7 | 86.3 | 84.8 | 85.3 |
| WA Government Energy Assistance Payment | Treasury | 73.7 | 75.0 | 71.5 | 72.6 | 73.6 |
| Wholesale Electricity Market Reform | Treasury | - | 14.5 | 4.4 | 4.7 | 4.3 |
| <i>Other Subsidies</i> | | | | | | |
| Hardship Utility Grant Scheme | Communities ^(c) | 3.6 | 7.9 | 7.9 | 7.9 | 7.9 |
| <i>Subtotal</i> | | 532.5 | 923.5 | 239.7 | 240.4 | 241.2 |
| Western Power | | | | | | |
| <i>Other Subsidies</i> | | | | | | |
| State Underground Power Program | EPWA ^(d) | 2.8 | 3.1 | 1.1 | - | - |
| <i>Subtotal</i> | | 2.8 | 3.1 | 1.1 | - | - |

Table 7.6 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

| Details of Payment | Funding Department | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
|--|----------------------------|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| WATER CORPORATIONS | | | | | | |
| Water Corporation | | | | | | |
| <i>Operating Subsidies ^(a)</i> | | | | | | |
| Country Water Pricing Subsidy | Treasury | 272.2 | 298.3 | 302.5 | 302.9 | 299.9 |
| Pensioner and Senior Concessions | Treasury | 97.0 | 103.3 | 105.4 | 107.5 | 109.7 |
| Concessional Lands ^(e) | Treasury | 59.7 | 63.7 | 66.3 | 69.1 | 72.1 |
| Metropolitan Operations | Treasury | 2.0 | 1.6 | 1.7 | 1.7 | 1.8 |
| <i>Other Subsidies ^(f)</i> | | | | | | |
| Hardship Utility Grant Scheme | Communities ^(c) | - | 0.4 | 0.4 | 0.4 | - |
| Burrup Water Supply System | JTSI ^(g) | 10.6 | 10.9 | 11.1 | 11.4 | 11.7 |
| Onslow Water Infrastructure Upgrade Project ^(h) | JTSI ^(g) | - | - | - | - | - |
| Essential and Municipal Services Upgrade Program | Communities ^(c) | 0.7 | 5.2 | 2.6 | 2.9 | 1.1 |
| Burrup Water Infrastructure Expansion | JTSI ^(g) | 1.1 | 1.3 | - | - | - |
| Water Efficiency Projects | WDC & WRF ⁽ⁱ⁾ | 0.2 | - | - | - | - |
| <i>Subtotal</i> | | <i>443.5</i> | <i>484.7</i> | <i>489.9</i> | <i>496.0</i> | <i>496.3</i> |
| Bunbury Water Corporation (Aqwest) | | | | | | |
| <i>Operating Subsidies ^(a)</i> | | | | | | |
| Pensioner and Senior Concessions | Treasury | 0.8 | 0.7 | 0.7 | 0.8 | 0.8 |
| <i>Subtotal</i> | | <i>0.8</i> | <i>0.7</i> | <i>0.7</i> | <i>0.8</i> | <i>0.8</i> |
| Busselton Water Corporation | | | | | | |
| <i>Operating Subsidies ^(a)</i> | | | | | | |
| Pensioner and Senior Concessions | Treasury | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 |
| <i>Subtotal</i> | | <i>0.6</i> | <i>0.7</i> | <i>0.7</i> | <i>0.7</i> | <i>0.7</i> |

Table 7.6 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

| | Funding Department | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
|--|-----------------------|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Details of Payment | | | | | | |
| PORT AUTHORITIES | | | | | | |
| Kimberly Ports Authority | | | | | | |
| <i>Operating Subsidies ^(a)</i> | | | | | | |
| COVID-19 - Waiver of rent owed to State Government Agencies | Treasury | - | 0.3 | - | - | - |
| WA Recovery Plan Projects | Treasury | - | 2.4 | 0.6 | - | - |
| <i>Subtotal</i> | | - | 2.7 | 0.6 | - | - |
| Pilbara Ports Authority | | | | | | |
| <i>Other Subsidies</i> | | | | | | |
| Dampier - Burrup Port Infrastructure | JTSI ^(g) | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| <i>Subtotal</i> | | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| Southern Ports Authority | | | | | | |
| <i>Other Subsidies</i> | | | | | | |
| Government Support Package - Koolyanobbing Iron Ore | Treasury | 30.2 | 21.4 | 8.1 | - | - |
| Esperance Minerals Concentrate Circuit Unit - Debt Servicing | Treasury | 0.2 | 0.1 | - | - | - |
| <i>Subtotal</i> | | 30.4 | 21.5 | 8.1 | - | - |

Table 7.6 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

| Details of Payment | Funding Department | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
|--|--------------------|--------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| LAND AGENCIES | | | | | | |
| DevelopmentWA | | | | | | |
| <i>Operating Subsidies ^(a)</i> | | | | | | |
| COVID-19 - Waiver of rent owed to State Government Agencies | Treasury | 1.4 | 1.4 | - | - | - |
| WA Recovery Plan - Council of Australian Governments' Waste Export Ban | Treasury | - | - | 5.0 | - | - |
| WA Recovery Plan - Australian Marine Complex | Treasury | - | 15.0 | 14.5 | 0.5 | - |
| WA Recovery Plan - Neerabup Automation and Robotics Park | Treasury | - | 4.0 | 11.5 | 3.5 | 1.0 |
| WA Recovery Plan - East Perth Redevelopment | Treasury | - | 0.3 | 2.8 | 7.0 | 10.0 |
| WA Recovery Plan - East Keralup Economic Activation | Treasury | - | 3.5 | 5.2 | - | - |
| WA Recovery Plan - Bentley Tech Park | Treasury | - | 1.0 | 4.1 | 1.2 | 1.2 |
| WA Recovery Plan - Kemerton General Industrial Area | Treasury | - | 2.0 | 5.5 | - | - |
| WA Recovery Plan - Nyamba Buru Yawuru Health and Wellbeing Campus | Treasury | - | 3.0 | 4.0 | - | - |
| WA Recovery Plan - Nyamba Buru Yawuru Retail Big Box | Treasury | - | 3.0 | 4.0 | - | - |
| WA Recovery Plan - Nyamba Buru Yawuru Broome Projects | Treasury | 0.9 | - | - | - | - |
| WA Recovery Plan - Hamilton Senior High School Redevelopment | Treasury | - | 1.8 | 0.4 | - | - |
| WA Recovery Plan - Middleton Beach Foreshore Enhancement | Treasury | - | 1.1 | - | - | - |
| 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 | 1.6 | 1.7 | 1.7 | 1.7 |
| Subi East | Treasury | 24.3 | 21.7 | 14.4 | 10.2 | 10.8 |
| Sustainable Funding Model Principles | Treasury | 16.4 | 16.6 | 16.0 | 15.9 | 15.5 |
| East Perth Power Station | Treasury | 5.2 | 32.2 | 9.7 | 0.9 | - |
| Ocean Reef Marina | Treasury | 5.0 | 13.8 | 7.0 | 10.7 | - |
| Townsite Development Program | Treasury | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Forrestdale Business Park West | Treasury | - | 14.5 | 5.0 | - | - |
| Kwinana Land - Holding Costs | Treasury | 1.8 | 1.9 | 1.9 | 2.0 | 2.0 |
| Yamatji Nation Settlement | Treasury | - | - | 5.6 | - | - |
| Armadale City West of Rail | Treasury | 2.0 | - | - | - | - |
| Burrup Strategic Industrial Area | Treasury | 0.5 | 0.7 | - | - | - |

Table 7.6 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

| Details of Payment | Funding Department | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
|---|----------------------|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| DevelopmentWA | | | | | | |
| <i>Other Subsidies</i> | | | | | | |
| WA Recovery Plan - Collie Eco-Concrete Processing Plant | JTSI ^(g) | - | 0.6 | - | - | - |
| WA Recovery Plan - Australian Marine Complex | JTSI ^(g) | - | 23.8 | 30.2 | - | - |
| WA Recovery Plan - Boodarie Entrance Road | JTSI ^(g) | - | 10.5 | - | - | - |
| WA Recovery Plan - Incentivising Regional Land | Treasury | - | 166.3 | - | - | - |
| WA Recovery Plan - Moonamang Road Upgrade | JTSI ^(g) | - | - | - | 2.0 | - |
| Perth City Deals - Perth City Link | Treasury | - | 50.0 | - | - | - |
| Mount Barker Yerriminup | DPIRD ⁽ⁱ⁾ | 0.3 | - | - | - | - |
| Royalties for Regions - Various Projects | Treasury | 13.9 | 28.7 | 19.9 | 6.7 | - |
| <i>Subtotal</i> | | 95.1 | 441.8 | 191.3 | 85.2 | 65.2 |
| OTHER | | | | | | |
| Racing and Wagering Western Australia | | | | | | |
| <i>Other Subsidies</i> | | | | | | |
| Direct Grants - Racing Bets Levy | GWC ^(k) | 89.4 | 82.1 | 83.2 | 84.2 | 85.4 |
| Point of Consumption Tax - Racing Funding | Treasury | 22.9 | 24.8 | 26.2 | 26.9 | 27.5 |
| <i>Subtotal</i> | | 112.3 | 106.9 | 109.4 | 111.1 | 112.9 |
| Lotteries Commission | | | | | | |
| <i>Other Subsidies</i> | | | | | | |
| WA Recovery Plan - COVID-19 Relief Fund - Contribution to Event Cancellation Grants Program | LGSCI ^(l) | 4.0 | - | - | - | - |
| <i>Subtotal</i> | | 4.0 | - | - | - | - |
| Forest Products Commission | | | | | | |
| <i>Other Subsidies</i> | | | | | | |
| Relocation of Gngangara Pines Harvesting | Treasury | - | 0.2 | 0.2 | 0.2 | - |
| Partial Compensation for Retention of a Portion of Gngangara Pines | Treasury | 0.2 | - | - | - | - |
| <i>Subtotal</i> | | 0.2 | 0.2 | 0.2 | 0.2 | - |

Table 7.6 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

| Details of Payment | Funding Department | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
|---|--------------------|--------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| Public Transport Authority ^(m) | | | | | | |
| <i>Operating Subsidies ^(a)</i> | | | | | | |
| Transperth and Regional Town Services | | | | | | |
| General | Treasury | 623.2 | 787.9 | 734.9 | 672.9 | 653.5 |
| Concession Fares | Treasury | 40.4 | 41.0 | 53.6 | 54.6 | 54.9 |
| Pensioners, Seniors and Carers Free Travel | Treasury | 17.3 | 19.4 | 23.0 | 23.7 | 24.3 |
| School Children Fares | Treasury | 23.5 | 26.1 | 29.0 | 30.9 | 33.0 |
| Perth Stadium Special Events | Treasury | 5.8 | 11.6 | 7.5 | 7.5 | 7.5 |
| Regional Town Bus Services | Treasury | 16.4 | 17.2 | 16.6 | 16.8 | 16.8 |
| Regional School Bus Services | | | | | | |
| School Bus Services | Treasury | 126.2 | 122.5 | 121.2 | 121.2 | 121.2 |
| Conveyance Allowance | Treasury | 2.0 | 2.3 | 2.4 | 2.4 | 2.4 |
| Transwa | | | | | | |
| General | Treasury | 32.1 | 31.5 | 28.9 | 29.3 | 29.1 |
| Concession Fares | Treasury | 3.1 | 3.7 | 3.9 | 3.9 | 4.1 |
| Annual Free Trip for Pensioners | Treasury | 1.8 | 2.2 | 2.3 | 2.3 | 2.4 |
| Freight Network - General | Treasury | 10.2 | 23.3 | 16.9 | 15.5 | 15.7 |
| <i>Other Subsidies</i> | | | | | | |
| Royalties for Regions - District Allowance Payments | Treasury | - (b) | - (b) | - (b) | - (b) | - (b) |
| Regional School Bus Services - Intensive English Centres and Other Services | Education | 5.0 | 5.3 | 5.3 | 5.3 | 5.3 |
| Transperth Free Transit Zone - Recurrent Grant | Transport | 15.4 | 15.3 | 15.3 | 15.3 | 15.3 |
| Subtotal | | 922.4 | 1,109.1 | 1,060.7 | 1,001.5 | 985.5 |

Table 7.6 (cont.)

EXPENSES FROM THE GENERAL GOVERNMENT SECTOR TO PUBLIC CORPORATIONS

| | Funding Department | 2019-20 Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m |
|---|-----------------------|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Details of Payment | | | | | | |
| Department of Communities, Housing Services ⁽ⁿ⁾ | | | | | | |
| <i>Other Subsidies</i> | | | | | | |
| WA Recovery Plan - Social Housing Economic Recovery Package | Treasury | - | 83.0 | 3.0 | - | - |
| Remote Communities | Treasury | 67.7 | 78.6 | 115.5 | 119.3 | 122.6 |
| National Rental Affordability Scheme | Treasury | 9.4 | 14.4 | 12.3 | 12.2 | 0.0 |
| Housing and Homelessness Investment Package | Treasury | 2.0 | 2.7 | 2.8 | 2.9 | 2.9 |
| North West Aboriginal Housing Fund | DPIRD ⁽ⁱ⁾ | 2.6 | 3.0 | 1.8 | 2.1 | 0.9 |
| Step-up Step-down Facilities - Karratha, Kalgoorlie, Geraldton | MHC ^(o) | - | 11.2 | - | - | - |
| Geraldton Alternative Settlement Agreement | Treasury | 0.3 | 0.5 | 0.5 | 0.5 | 0.5 |
| Various Programs | Treasury | 2.8 | 1.6 | 1.6 | 1.7 | 1.7 |
| <i>Subtotal</i> | | 84.8 | 195.0 | 137.4 | 138.7 | 128.7 |
| Total | | 2,273.7 | 3,339.3 | 2,261.6 | 2,097.0 | 2,053.3 |

- (a) Details of operating subsidies contained in this appendix may differ to those disclosed in Budget Paper No. 2: *Budget Statements*. Details contained in this appendix are accrual in nature, while appropriations detailed in Budget Paper No. 2 are 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 5: *State Government Social Concessions Expenditure Statement*.
- (b) Amount less than \$50,000.
- (c) Department of Communities.
- (d) Energy Policy WA.
- (e) Includes concessions provided for non-rated and exempt properties.
- (f) Total grant profile has not been adjusted to reflect 2019-20 actuals outcome. This will be adjusted at the 2020-21 Mid-year Review process.
- (g) Department of Jobs, Tourism, Science and Innovation.
- (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) Wheatbelt Development Commission & Water Research Foundation.
- (j) Department of Primary Industries and Regional Development.
- (k) Gaming and Wagering Commission.
- (l) Department of Local Government, Sport and Cultural Industries.
- (m) Includes service appropriations authorised under the *Salaries and Allowances Act 1975*.
- (n) The Department of Communities (Housing Services) will also receive funding from the Commonwealth for affordable housing programs (\$495 million across 2020-21 to 2023-24), which is not included here as it has no net impact on the general government sector.
- (o) 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 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).

As part of the Government’s response to the economic impacts of COVID-19, household tariffs, fees and charges will not increase in 2020-21. Treasury has performed a review of the assumptions underpinning the ‘representative’ household, and has incorporated some minor changes (which are reflected in the following table).

Results

The impact of changes in Government tariffs, fees and charges in 2020-21 on the 'representative' household is shown in the table below.

| ESTIMATED IMPACT ON THE 'REPRESENTATIVE' HOUSEHOLD | | | | |
|---|---------------------|--------------|----------------|---------------------|
| | 2019-20 \$ level | % change | \$ change | 2020-21 \$ level |
| Motor Vehicles ^(a) | | | | |
| Vehicle licence charge | 384.84 | 0.0 | 0.00 | 384.84 |
| Recording fee | 10.29 | 0.0 | 0.00 | 10.29 |
| Drivers licence | 88.10 | 0.0 | 0.00 | 88.10 |
| Motor Injury Insurance (MII) | 403.93 | 0.0 | 0.00 | 403.93 |
| <i>Total</i> | <i>887.17</i> | <i>0.0</i> | <i>0.00</i> | <i>887.17</i> |
| Utility Charges ^(b) | | | | |
| Electricity ^(c) | 1,748.53 | 0.0 | 0.00 | 1,748.53 |
| \$600 Household Electricity Credit ^(d) | n/a | n/a | -600.00 | -600.00 |
| Water, wastewater and drainage ^{(e)(f)} | 1,777.34 | -1.3 | -23.52 | 1,753.82 |
| <i>Total</i> | <i>3,525.87</i> | <i>-17.7</i> | <i>-623.52</i> | <i>2,902.35</i> |
| Public Transport ^(g) | | | | |
| Student fares ^(h) | 280.00 | 0.0 | 0.00 | 280.00 |
| Standard fares ⁽ⁱ⁾ | 1,128.96 | 0.0 | 0.00 | 1,128.96 |
| <i>Total</i> | <i>1,408.96</i> | <i>0.0</i> | <i>0.00</i> | <i>1,408.96</i> |
| Emergency Services Levy (ESL) ^(f) | 311.00 | -12.9 | -40.00 | 271.00 |
| Stamp Duty ^(j) | | | | |
| Stamp duty on general insurance ^(k) | 188.54 | 0.0 | 0.00 | 188.54 |
| Stamp duty on MII | 40.39 | 0.0 | 0.00 | 40.39 |
| <i>Total</i> | <i>228.93</i> | <i>0.0</i> | <i>0.00</i> | <i>228.93</i> |
| Total Expenditure | 6,361.93 | -10.4 | -663.52 | 5,698.41 |

(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).

(b) Assumes no access to concessions, rebates or hardship packages.

(c) Consumes 4,758 kWh of electricity per annum, revised down from 4,904 kWh in the 2019-20 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 2019-20 have been estimated using the 2020-21 average consumption in order to isolate the price increase.

(d) Reflects the Government's decision to deliver further relief to households in the form of a one-off \$600 Household Electricity Credit to be applied on each residential electricity customer's bill.

(e) Consumes 240 kL of water per annum, based on the current average consumption level for a household.

(f) Owns and occupies a property that has an average gross rental value (GRV) (for calculation of wastewater, drainage and ESL charges).

(g) 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.

(h) Purchases 10 Transperth student fares in 40 weeks of the year. Reflects travel on student fares occurs only during the school term.

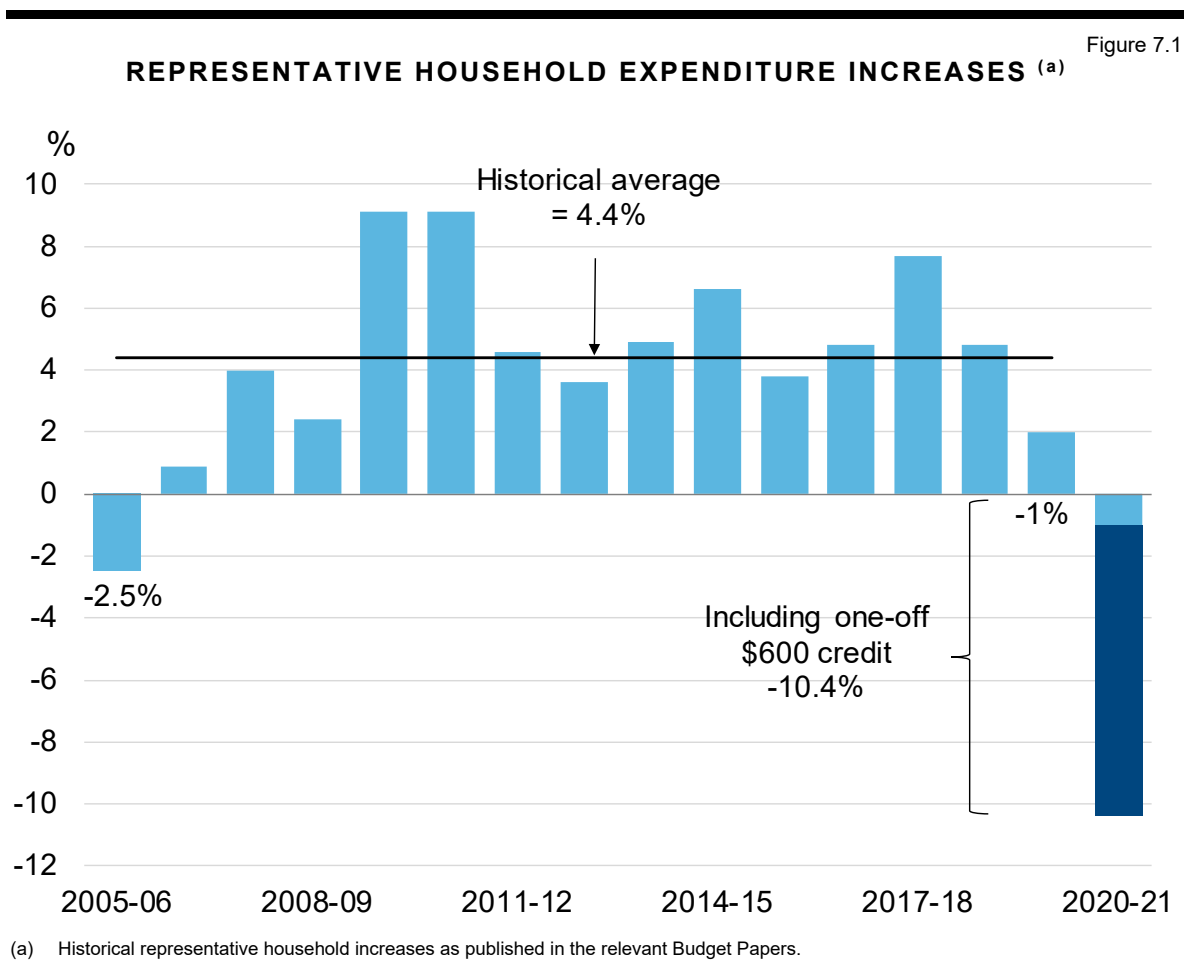
(i) Purchases six standard two zone Transperth fares in 48 weeks per year. Reflects travel to attend work three days per week and accounts for annual leave provisions.

(j) Stamp duty in 2019-20 has been estimated using 2020-21 insurance premiums in order to isolate the price impact.

(k) The 'representative' household pays average home and contents and motor vehicle insurance, based on information from the insurance industry.

Note: Columns may not add due to rounding.

Total expenditure by the ‘representative’ household on this basket of public sector goods and services in 2020-21 is \$5,698.41. This represents a decrease of \$663.52 (or 10.4%) relative to 2019-20 levels (see feature box in Chapter 1: *Overview* for more detail on the \$600 Household Electricity Credit). Excluding the \$600 credit, the standard ‘representative’ household will have a 1% or \$63.52 reduction on its overall basket of fees and charges in 2020-21. The last decrease in the overall household basket of expenditure was in 2005-06.



Electricity Tariffs

Approved electricity tariff changes for 2020-21, and assumed changes for Budget planning purposes from 2021-22 onwards, are outlined below.

| 2020-21 BUDGET ELECTRICITY TARIFF PRICE PATH | | | | | Table 7.8 |
|--|--------------|--------------|--------------|--------------|-----------|
| | 2020-21 % | 2021-22 % | 2022-23 % | 2023-24 % | |
| NON-CONTESTABLE TARIFFS | | | | | |
| Residential (A1/A2) ^(a) | 0.0 | 2.25 | 2.25 | 2.25 | |
| 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)(c)} | 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) | 2.3 | 2.3 | 2.3 | 2.3 | |
| Traffic Lighting (W1/W2) ^(b) | 2.3 | 2.3 | 2.3 | 2.3 | |
| Street Lighting (Z) - South West Interconnected System ^{(b)(d)} | 2.3 | 2.3 | 2.3 | 2.3 | |
| Street Lighting (Z) - Horizon Power service area ^{(a)(d)} | 10.6 | 9.6 | 8.7 | 8.0 | |
| CONTESTABLE TARIFFS ^(b) | | | | | |
| Medium Business (L3/L4) | 2.9 | 2.9 | 2.9 | 2.9 | |
| Medium Business Time of Use (R3) | 3.5 | 3.5 | 3.5 | 3.5 | |

(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 in the South West Interconnected System and have been smoothed over the forward estimates period in order to minimise large year-on-year movements in price.

(c) As part of the WA Recovery Plan, small businesses on the L1/L2 tariffs were provided a \$2,500 electricity offset that is expected to meet the costs of 10 months of electricity bills for the average small business.

(d) Represents the average change across all types of streetlight tariffs. Price paths for specific streetlight types may differ from the average.

The Government has not increased residential (i.e. A1/A2) electricity tariffs in 2020-21.

For Budget planning purposes, residential tariffs are assumed to increase by 2.25% per annum from 2021-22 onwards. Residential electricity tariffs remain around 7.5% below cost reflective levels in 2020-21.

As part of the WA Recovery Plan, small businesses on the L1/L2 tariffs were provided a \$2,500 electricity offset that is expected to meet the costs of around 10 months of electricity bills for the average small business.

The Government has approved a price path for streetlights in Horizon Power's service area that differs from the streetlight price path in the South West Interconnected System (SWIS). This will result in recovery of a greater proportion of costs in Horizon Power's service area and reduce cross-subsidisation by SWIS customers.

All other non-contestable and contestable electricity tariffs have been smoothed across the Budget period to minimise large year-on-year movements in price.

Water Tariffs

For the ‘representative’ household, in 2020-21 there will be no increases in water consumption (fixed and variable), wastewater, and drainage tariffs for metropolitan and country customers.

A selection of key tariff changes from 2019-20 to 2020-21 is provided in the following table.

| WATER CORPORATION'S 2020-21 TARIFF CHANGES | | | |
|---|---------|---------|----------|
| | 2019-20 | 2020-21 | % Change |
| METROPOLITAN RESIDENTIAL TARIFFS | | | |
| Water | | | |
| Standard fixed service charge (\$) | 264.4 | 264.4 | - |
| Consumption charges (c/kL) ^(a) | | | |
| 0-150kL | 182.7 | 182.7 | - |
| 151-500kL | 243.4 | 243.4 | - |
| Over 500kL | 455.3 | 455.3 | - |
| Wastewater (c in \$GRV) ^(b) | | | |
| First \$16,400 Gross Rental Value (GRV) | 4.4 | 5.2 | - |
| Over \$16,400 GRV | 3.3 | 3.8 | - |
| Drainage | | | |
| Drainage charge (c in \$GRV) ^(c) | 0.6 | 0.6 | - |
| METROPOLITAN NON-RESIDENTIAL TARIFFS | | | |
| Water | | | |
| Standard fixed service charge (\$) | 272.1 | 278.9 | 2.5 |
| Minimum charge (15 or 20 mm) ^(d) | 272.1 | 278.9 | 2.5 |
| Consumption charges (c/kL) ^(e) | 251.8 | 258.1 | 2.5 |
| Wastewater ^(f) | | | |
| First fixture (\$) | 1,021.2 | 1,046.7 | 2.5 |
| Volumetric charge (c/kL) | 375.2 | 384.6 | 2.5 |
| Drainage | | | |
| Drainage charge (c in \$GRV) ^(c) | 0.3 | 0.4 | 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) Drainage is not charged in the country.
 (d) The charge varies depending upon the size of the meter.
 (e) Country non-residential water consumption charges are based on the cost of delivering services.
 (f) 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, tariff rates have not changed. Due to a reduction in the average gross rental value there has been a decrease in wastewater and drainage charges. This will result in an overall 1.3% decrease in water costs in 2020-21.

For Budget planning purposes, it has been assumed that water, wastewater and drainage tariffs increase by 2.5% per annum from 2021-22 to 2023-24.

Public Transport Fares

The Government has approved a one-year freeze in public transport fares. The following table details the Transperth cash fares for various journey lengths, which remain unchanged in 2020-21.

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 CPI from 2021-22 to 2023-24. It is assumed that concession fares will increase as a proportion of standard fares by 1% per annum from 2021-22 to 2023-24. 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.

TRANSPERTH FARES 2020-21

Table 7.10

| | 2020-21 |
|--|---------|
| Standard Cash Fare ^(a) | |
| 2 sections | \$2.20 |
| 1 zone | \$3.20 |
| 2 zones | \$4.90 |
| 3 zones | \$5.80 |
| 4 zones | \$6.90 |
| 5 zones | \$8.50 |
| 6 zones | \$9.60 |
| 7 zones | \$11.30 |
| 8 zones | \$12.20 |
| 9 zones | \$13.10 |
| Day Rider | \$13.10 |
| Family Rider | \$13.10 |
| Student | \$0.70 |

(a) Concession fares are 43% of the full standard fare subject to rounding.

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 under the Loan Acts are paid into the Consolidated Account. The funds are then appropriated to agencies by Parliament in accordance with the State Budget.

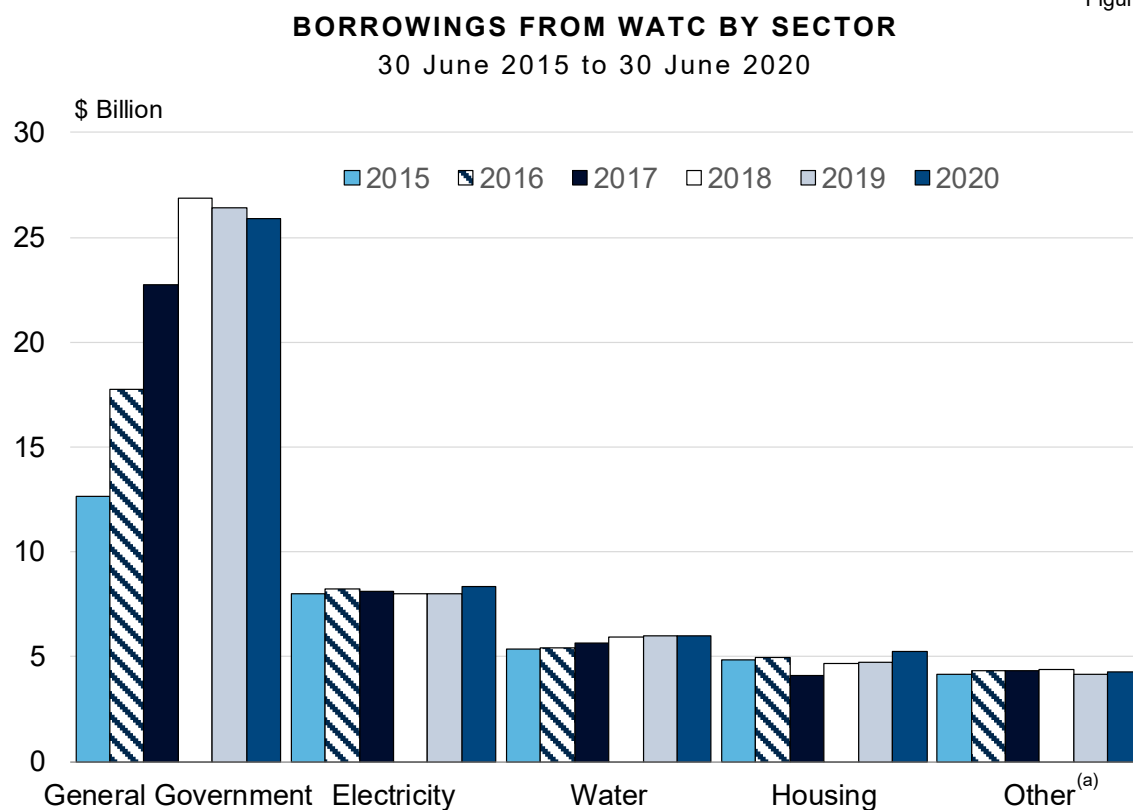
Individual agencies with borrowing powers in their enabling legislation also borrow from WATC. These include Government Trading Enterprises, some general government statutory authorities, public universities and local government.

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 2020, total borrowings from WATC totalled \$49.7 billion. A breakdown of this portfolio by broad industry/sector, and its evolution since 30 June 2015, 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.

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 8.1

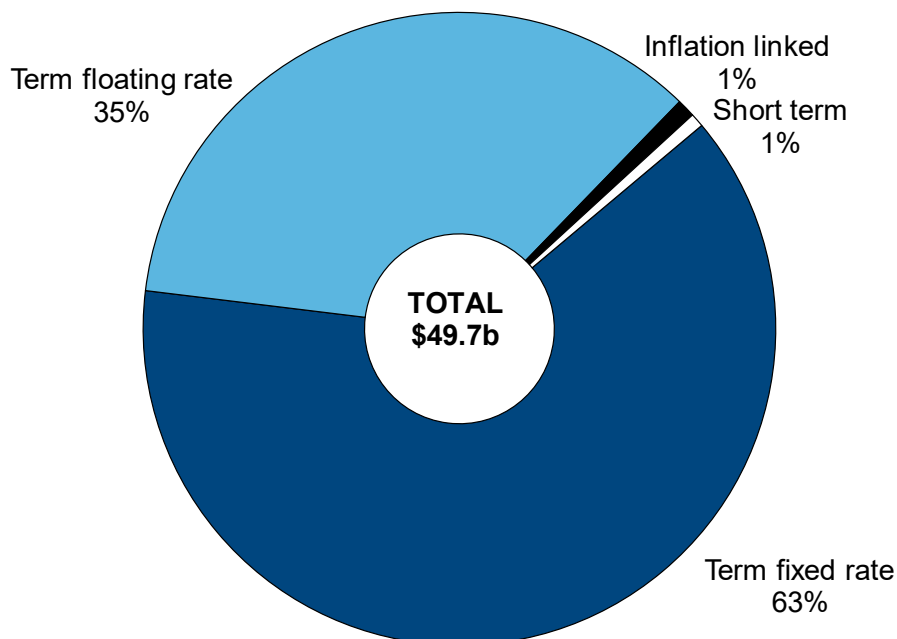


(a) Ports, transport, public universities, local governments and all other public entity borrowings from WATC.

Total Borrowings from WATC

As at 30 June 2020, total agency borrowing from WATC stood at \$49.7 billion, allocated over WATC's loan products as shown below, at an average portfolio interest rate of 2.32%.

Figure 8.2

ALLOCATION OF LOAN PRODUCTS AT 30 JUNE 2020

Total borrowings from WATC are projected to be \$56.5 billion by the end of 2022-23 (\$3.5 billion higher than expected at the time of the 2019-20 Budget), and remain at \$56.5 billion by the end of 2023-24.

Consolidated Account Borrowings

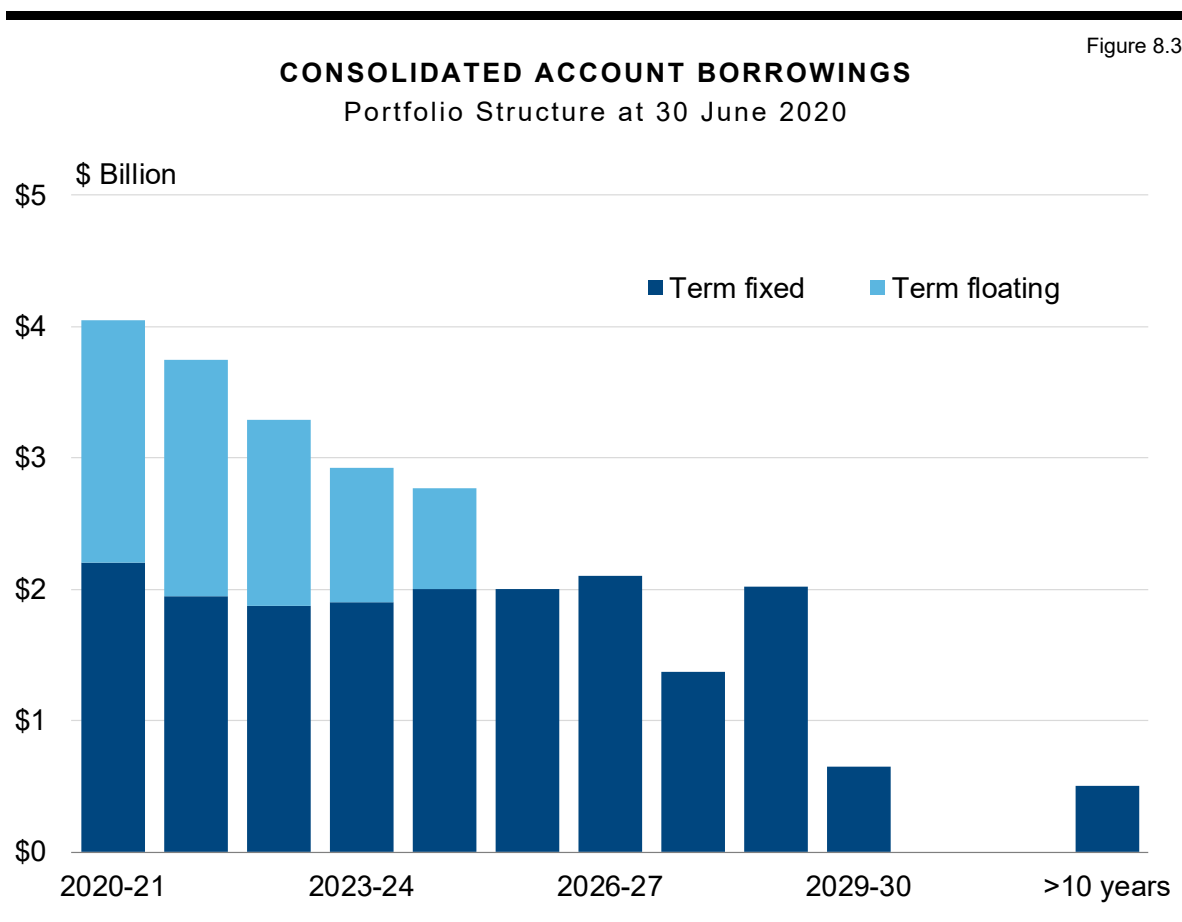
Consolidated Account borrowings (i.e. borrowings for general public purposes) represented 51.1% of WATC lending at 30 June 2020.

The *Loan Act 2017* authorised 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 2020, authorisation for an estimated \$7.1 billion in new borrowings remains available under the *Loan Act 2017*.

The Department of Treasury is responsible for administering 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. This borrowing strategy is informed by financial modelling performed by WATC and prevailing market conditions. 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 structure of the Consolidated Account borrowing profile at 30 June 2020 is shown below. This reflects the outcome of borrowing activity undertaken by WATC to achieve the interest rate risk management objective within the context of its responsiveness to market demand. A key change in the past year has been the addition of some longer dated debt, reflecting favourable pricing and investor interest.



The impacts of COVID-19 have evolved rapidly, from being described as an emerging concern in China in January 2020, to being designated a global pandemic in mid-March. Sovereign bond markets saw 10-year bond yields initially fall to historic lows in early March. However, a surge in demand for liquidity in mid-March saw a broad-based sell-off across a wide range of financial market assets, including sovereign bonds. The volume of selling was sufficient to cause significant dysfunction in markets, a spike in long-term interest rates, and an almost complete halt in semi-government bond market activity. Financial market function was gradually restored as a consequence of Reserve Bank of Australia (RBA) intervention. However, the prospect of future market volatility remains due to the continuing economic uncertainty from the effects of the pandemic, emerging geopolitical risks and growing debt issuance requirements in Australia and around the world.

At 30 June 2020, Consolidated Account borrowings totalled \$25.4 billion at an average interest rate of 2.58% across a portfolio of term fixed-rate and term floating-rate loans, and are expected to reach \$29.1 billion by 2023-24. The outlook for Consolidated Account borrowings has deteriorated since the 2019-20 Budget, with expected net new borrowings \$2.3 billion higher over the period 2019-20 to 2022-23 relative to last year's Budget (see table below). The increase in Consolidated Account borrowings, relative to the 2019-20 Budget, is mainly due to the Government's \$5.5 billion WA Recovery Plan in response to the COVID-19 pandemic.

Table 8.1

| CONSOLIDATED ACCOUNT BORROWING PROGRAM | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
| 2019-20 BUDGET | | | | | |
| – New Borrowing | 2,000 | 250 | - | - | N/A |
| – Repayments | 1,327 | 48 | 23 | 14 | N/A |
| Net New Borrowing | 673 | 202 | -23 | -14 | N/A |
| 2020-21 BUDGET | | | | | |
| – New Borrowing | 777 | 150 | 2,000 | 1,500 | - |
| – Repayments | 1,318 | - | - | 7 | 16 |
| Net New Borrowing | -540 | 150 | 2,000 | 1,493 | -16 |

All Other Borrowings from WATC

WATC also undertakes all other borrowings required by individual agencies with borrowing powers in their enabling legislation. This involves borrowing 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).

² In support of non-government school loans previously administered by the Department of Education Services.

At 30 June 2020, all other borrowings from WATC (i.e. excluding the Consolidated Account) totalled \$24.3 billion, at an average portfolio interest rate of 2.05%. This is forecast to increase to \$26.5 billion over 2020-21.

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 30 June 2020 had a face value of \$40.7 billion outstanding, with eleven annual bond maturities from 2020 to 2029 and a further maturity in 2031.
- **Non-Benchmark Bonds** - fixed coupon bonds with insufficient volume (typically less than \$1 billion) on issue at 30 June 2020 to be considered Benchmark Bonds had a face value of \$1.2 billion, with maturities in 2034 and 2041.
- **Floating Rate Notes (FRNs)** - with coupon rates that change every three months, which had \$8.9 billion outstanding at 30 June 2020 with five maturities from 2021 to 2025.
- **Short Term Inscribed Stock (STIS)** - domestically issued short-term paper with maturities out to one year, with \$3.34 billion outstanding at 30 June 2020.
- **Euro Commercial Paper (ECP)** - short-term paper issued in a range of currencies offshore, out to one-year maturities, with the Australian dollar equivalent of \$694 million outstanding at 30 June 2020. All proceeds are swapped back into Australian dollars so that no currency risk exists.
- **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 12 years.
- **Other Borrowings** - these include retail bonds (smaller parcels of bonds issued in conjunction with migrant schemes) and other smaller programs.

It is estimated that about 57% of WATC paper is currently held by Australian banks³ to meet regulatory requirements for their Tier 1 High Quality Liquid Asset portfolios⁴. It is also estimated that between 20% and 25% of WATC's paper is held by offshore investors. Currently, approximately 60% of WATC's offshore investors come from North Asia, with the balance primarily from Europe.

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 cash, deposits at the RBA, Commonwealth and State-issued paper are currently eligible to meet this requirement from the Australian Prudential Regulation Authority.

By comparison, the Commonwealth has approximately 60% of its investors offshore, and other large Australian State issuers estimate that as many as 25% to 35% of their investors are offshore. This suggests that opportunity exists for WATC to increase its percentage of offshore issuance through targeted offshore investor engagement as a means of diversifying the risk of relying on a relatively small pool of investors.

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). It should be noted, however, that if some exemptions or concessions were removed many of the affected taxpayers would be entitled to a different exemption or concession instead.

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).

2020–21 Economic and Fiscal Outlook

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 expenditures for 2018-19 and 2019-20.

Table 9.1

SUMMARY OF MAJOR TAX AND ROYALTY EXPENDITURES
Western Australia

| | 2018-19 Estimated Actual \$m | 2019-20 Estimated Actual \$m |
|--|---------------------------------------|---------------------------------------|
| PAYROLL TAX | | |
| Tax-free threshold ^(a) | 1,240.2 | 1,258.7 |
| State government departments exemption ^{(b)(c)} | 309.1 | 316.8 |
| Public hospitals exemption ^(b) | 254.1 | 264.8 |
| Schools/colleges exemption ^(b) | 249.5 | 253.5 |
| Charitable bodies exemption | 179.1 | 180.8 |
| Local governments exemption | 83.5 | 84.7 |
| Apprentices and trainees exemption | 47.0 | 33.1 |
| Progressive payroll tax scales | -260.0 | -265.6 |
| LAND TAX AND METROPOLITAN REGION IMPROVEMENT TAX | | |
| Principal place of residence exemption | 434.7 | 433.0 |
| Tax-free threshold ^(d) | 161.8 | 159.9 |
| Primary production exemption | 112.8 | 121.2 |
| Religious bodies exemption | 28.1 | 28.2 |
| Educational institutions exemption ^(b) | 27.8 | 27.9 |
| Public charitable or benevolent institutions exemption | 17.6 | 17.5 |
| Land value growth cap | 16.5 | 15.2 |
| Developers concession | 18.0 | 14.1 |
| Retirement villages exemption | 9.8 | 9.9 |
| Club or sporting associations exemption/concession | 7.7 | 7.6 |
| Aged care facilities exemption | 6.5 | 7.1 |
| Caravan parks exemption | 3.0 | 3.7 |
| Public or religious hospitals exemption ^(b) | 2.0 | 2.1 |
| TRANSFER DUTY (INCLUDING LANDHOLDER DUTY) | | |
| Connected entities restructure exemption | 195.9 | 175.1 |
| First home owners' exemption/concession | 106.8 | 101.7 |
| Concessional scale for residential property | 66.3 | 70.0 |
| Family farms exemption | 4.0 | 5.7 |
| INSURANCE DUTY | | |
| Health insurance policies exemption | 251.4 | 262.1 |
| Workers' compensation insurance exemption | 62.9 | 64.1 |
| Reinsurance exemption | 10.5 | 11.3 |
| Marine hulls exemption | 6.1 | 6.7 |
| VEHICLE LICENCE FEES | | |
| Pensioners and seniors vehicle concession | 42.3 | 43.6 |
| Primary producers vehicle concession | 12.9 | 13.2 |
| VEHICLE LICENCE DUTY | | |
| Heavy vehicles concession | 52.9 | 54.6 |
| Caravans and camper trailers exemption | 22.4 | 22.8 |
| MINING ROYALTIES | | |
| Subsidised gold royalty rate | 149.5 | 189.1 |
| Subsidised alumina royalty rate | 172.4 | 133.3 |
| Gold royalty-free threshold | 5.1 | 7.1 |
| Salt State Agreement Acts concession | 4.6 | 4.3 |
| TOTAL | 4,114.9 | 4,139.0 |

(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

For the 2018-19 year and from 1 July 2019 to 31 December 2019, an employer was not liable for payroll tax if its (or its group's) total Australia-wide wages paid per annum was \$850,000 or less. From 1 January 2020, the tax-free threshold was raised to \$950,000 per annum (and from 1 July 2020, it was raised to \$1 million).

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 bodies exemption

A charitable body or organisation performing relevant charitable work may apply to the Commissioner of State Revenue for a payroll tax exemption.

Local governments 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 all apprentices who are undertaking training under an approved training contract are exempt from payroll tax.

The payroll tax exemption for new employee trainees earning up to \$100,000 per annum will continue to apply for the nominal duration of training contracts that were registered with the Department of Training and Workforce Development before 1 July 2019.

Progressive payroll tax scales

A diminishing exemption threshold was introduced from 1 July 2015 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 institutions 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.

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.

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.

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 associations 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 farms 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

Pensioners 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 producers 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 vehicles 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.

Caravans and camper trailers exemption

Caravans and camper trailers that are permanently fitted for human habitation are exempt from vehicle licence duty.

Mining Royalties

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.

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.

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 2018-19 rate paid by salt projects covered by the various salt State Agreement Acts was around 33 cents per tonne, compared to the 2018-19 salt royalty rate prescribed under the Mining Regulations 1981 of 73 cents per tonne. The effective average 2019-20 rate was around 34 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.

The Western Australian Department of Treasury annually estimates the net redistribution across States that occurs through Commonwealth revenue raising from each State not matching Commonwealth spending for each State.

For each State, the redistribution is measured as the difference between the Commonwealth revenues generated in that State (including GST collections) 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 \$17.4 billion to the Federation (or \$6,660 per person) in 2018-19 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 2018-19, 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 five times that of New South Wales and almost 100 times that of Victoria.

Table 10.1

NET CONTRIBUTION OF EACH STATE TO THE FEDERATION ^(a)
2018-19

| | Total Resources | |
|--------------------------|-----------------|---------------|
| | \$m | \$ per capita |
| New South Wales | 10,651 | 1,325 |
| Victoria | 445 | 68 |
| Queensland | -14,634 | -2,896 |
| Western Australia | 17,368 | 6,660 |
| South Australia | -6,927 | -3,970 |
| Tasmania | -3,774 | -7,097 |
| Northern Territory | -3,129 | -12,712 |
| 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 2018-19, 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 personal benefit payments to residents, and low Commonwealth spending on services in the State; and
- Western Australia's low GST grant share.

Overall, in 2018-19 it is estimated that the Commonwealth derived \$62.7 billion in revenue from Western Australia, while expenditure for the benefit of the State (including the State's share of the Commonwealth deficit) totalled \$45.3 billion, yielding a net contribution to the Federation of \$17.4 billion, or \$6,660 per capita.

Table 10.2

COMPONENTS OF WESTERN AUSTRALIA'S NET CONTRIBUTION
Relative to Western Australia's Population Share

| | 2016-17 ^(a) | 2017-18 ^(a) | 2018-19 (Preliminary) |
|--|------------------------|------------------------|--------------------------|
| | \$m | \$m | \$m |
| Personal income tax | 3,167 | 2,618 | 2,982 |
| Company tax | 4,239 | 5,701 | 8,601 |
| Fuel excise (net of rebates) | 738 | 624 | 117 |
| Taxes and royalties on mineral extraction ^(b) | 769 | 723 | 690 |
| Commonwealth services ^(c) | 1,163 | 1,160 | 1,182 |
| Personal benefit payments | 2,094 | 1,682 | 1,514 |
| Net impact of GST | 3,937 | 3,682 | 2,841 |
| Other grants to State and local governments ^(d) | -43 | -879 | -230 |
| Other | -64 | -159 | -330 |
| Total | 16,000 | 15,151 | 17,368 |

(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 <https://www.wa.gov.au/sites/default/files/2020-01/economic-research-papers-economic-research-articles.pdf>.

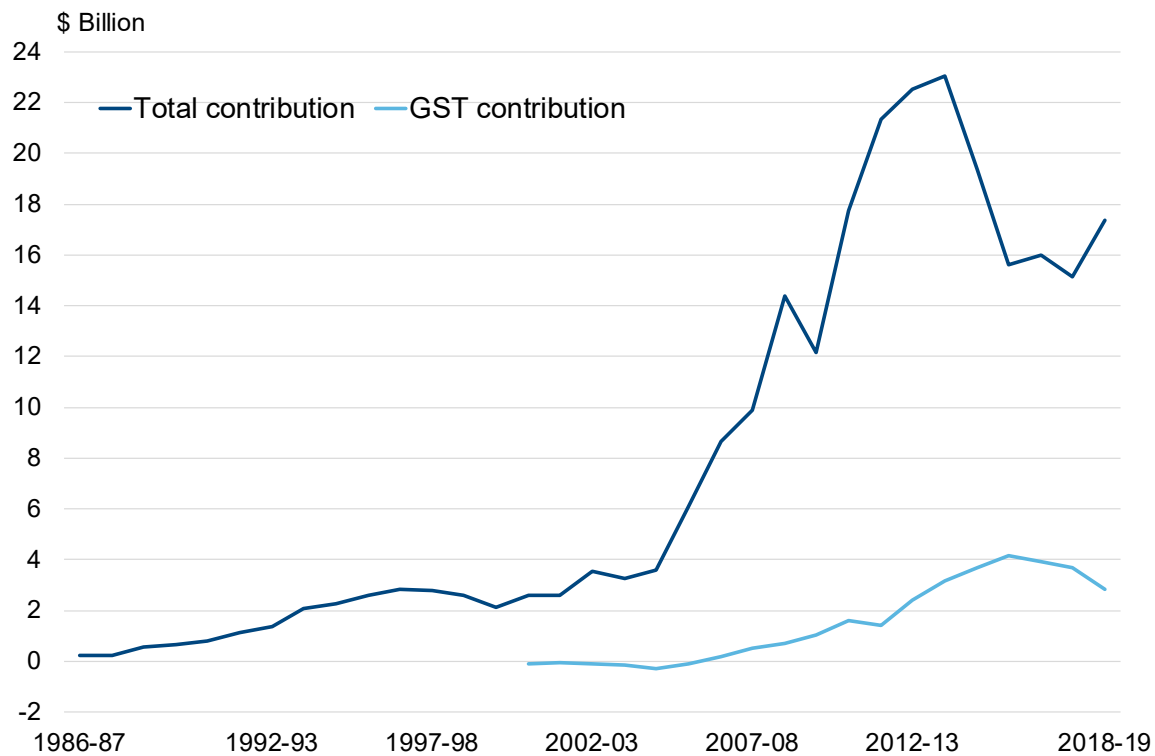
Note: Columns may not add due to rounding.

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 net GST contributions¹.

Over the period 1986-87 to 2018-19, Western Australia's net contributions to the Federation have totalled \$257 billion (of which \$235 billion is since 2000-01, when the GST was introduced).

¹ Reflecting the difference between GST generated in Western Australia and GST paid to Western Australia.

Figure 10.1

WESTERN AUSTRALIA'S NET CONTRIBUTION TO THE FEDERATION (a)

(a) Data to calculate Western Australia's total contribution are currently only available to 2018-19.

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 Budget¹.

Table 11.1 includes the estimates of Commonwealth funding included in this Budget. 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 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 11.1

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 | 2019-20 Estimated Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m | Total Five Years \$m |
| HEALTH | | | | | | | | | |
| National Health Reform Agreement - Addendum ^(a) | 2020-21 | 2024-25 | 2,744.2 | 2,402.5 | 2,521.2 | 2,660.6 | 2,815.4 | 2,979.6 | 13,379.2 |
| COVID-19 Response ^(b) | 2019-20 | N/A | N/A | 188.5 | 35.4 | - | - | - | 223.9 |
| Community Health and Hospitals Program WA Initiatives | 2019-20 | 2024-25 | 19.8 | - | - | 6.3 | 23.6 | 22.8 | 52.7 |
| Public Dental Services for Adults ^(c) | 2016-17 | 2020-21 | 9.7 | 9.7 | 9.7 | - | - | - | 19.4 |
| Health Infrastructure Projects | | | | | | | | - | - |
| Bringing Renal Dialysis and Support Services Closer to Home | 2013-14 | 2019-20 | 7.6 | 3.8 | - | - | - | - | 3.8 |
| Strengthening Cancer Services in Regional Western Australia | 2012-13 | 2019-20 | 3.2 | 0.6 | - | - | - | - | 0.6 |
| Essential Vaccines (excluding free of charge resources) ^(a) | 2017-18 | 2020-21 ^(d) | 3.0 | 5.1 | 1.9 | 1.9 | 2.0 | 2.0 | 12.9 |
| Comprehensive Palliative Care in Aged Care | 2019-20 | 2023-24 | 1.1 | 1.0 | 1.1 | 1.1 | 1.2 | 1.3 | 5.7 |
| Improving Trachoma Control Services | 2017-18 | 2020-21 | 1.7 | 1.7 | 1.7 | - | - | - | 3.4 |
| Expansion of the BreastScreen Australia Program | 2017-18 | 2020-21 | 1.6 | 1.6 | 1.7 | - | - | - | 3.3 |
| National Bowel Cancer Screening Program | 2018-19 | 2021-22 | 0.9 | 1.0 | 1.0 | 1.0 | - | - | 2.9 |
| Rheumatic Fever Strategy | 2017-18 | 2020-21 | 0.9 | 0.9 | 1.0 | - | - | - | 1.9 |
| Lymphoedema Compression Garments | 2019-20 | 2023-24 | 0.2 | - | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 |
| Encouraging More Clinical Trials in Australia | 2017-18 | 2020-21 | 0.3 | 0.2 | 0.2 | - | - | - | 0.4 |
| OzFoodNet Program | 2016-17 | 2019-20 | 0.2 | 0.2 | - | - | - | - | 0.2 |
| Specialist Dementia Care | 2018-19 | 2019-20 | 0.2 | 0.3 | - | - | - | - | 0.3 |
| Vaccine Preventable Diseases Surveillance Program | 2017-18 | 2019-20 | 0.1 | 0.1 | - | - | - | - | 0.1 |
| TOTAL HEALTH | | | | 2,617.1 | 2,575.0 | 2,671.2 | 2,842.3 | 3,005.9 | 13,711.6 |

Table 11.1 (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 | 2019-20 Estimated Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m | Total Five Years \$m |
| EDUCATION | | | | | | | | | |
| National School Reform Agreement - <i>Quality Schools</i> ^(a) | 2018 | 2023 | 967.1 | 829.4 | 917.7 | 1,011.7 | 1,108.8 | 1,195.7 | 5,063.3 |
| Universal Access to Early Childhood Education 2018 - 2020 | 2018 | 2020 | 46.5 | 44.0 | 28.5 | 1.5 | 0.1 | 0.1 | 74.18 |
| National School Chaplaincy Program | 2019 | 2022 | 7.7 | 7.7 | 7.7 | 7.7 | - | - | 23.19 |
| School Pathways Programs | 2017-18 | 2019-20 | 0.6 | 1.2 | - | - | - | - | 1.2 |
| MoneySmart Teaching | 2017-18 | 2020-21 | 0.1 | - | 0.1 | - | - | - | 0.1 |
| TOTAL EDUCATION | | | | 882.3 | 954.1 | 1,020.9 | 1,108.9 | 1,195.8 | 5,162.0 |
| SKILLS AND WORKFORCE DEVELOPMENT | | | | | | | | | |
| National Skills and Workforce Development SPP ^(e) | 2008-09 | N/A | 141.5 | 158.1 | 159.1 | 160.3 | 161.6 | 162.9 | 801.9 |
| Skilling Australians Fund | 2018-19 | 2021-22 | 28.4 | 32.0 | 31.7 | 31.6 | - | - | 95.3 |
| JobTrainer Fund | 2020-21 | 2020-21 | 51.7 | - | 51.7 | - | - | - | 51.7 |
| National Infection Control Training Fund | 2020-21 | 2020-21 | 4.1 | - | 4.1 | - | - | - | 4.1 |
| Revitalising TAFE Campuses across Australia | 2020-21 | 2021-22 | 2.0 | - | 2.0 | 2.0 | - | - | 4.0 |
| TOTAL SKILLS AND WORKFORCE DEVELOPMENT | | | | 190.1 | 248.6 | 193.9 | 161.6 | 162.9 | 957.1 |
| AFFORDABLE HOUSING | | | | | | | | | |
| National Housing and Homelessness Agreement ^(a) | 2018-19 | N/A | 164.4 | 165.7 | 168.4 | 161.4 | 162.8 | 164.2 | 822.6 |
| HomeBuilder | 2020-21 | 2020-21 | N/A | - | 70.6 | - | - | - | 70.6 |
| TOTAL AFFORDABLE HOUSING | | | | 165.7 | 239.0 | 161.4 | 162.8 | 164.2 | 893.2 |

Table 11.1 (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 | 2019-20 Estimated Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m | Total Five Years \$m |
| COMMUNITY SERVICES | | | | | | | | | |
| DisabilityCare Australia Fund | N/A | N/A | N/A | - | - | 109.3 | 113.1 | 785.3 | 1,007.7 |
| National Disability SPP ^(f) | 2008-09 | 2019-20 | 134.0 | 176.2 | - | - | - | - | 176.2 |
| Specialist Disability Services | 2018-19 | 2019-20 ^(d) | 27.7 | 28.2 | 29.5 | 30.3 | 30.3 | 30.3 | 148.5 |
| Pay Equity for the Social and Community Services Sector | 2016-17 | 2018-19 | 31.0 | 33.3 | - | - | - | - | 33.3 |
| TOTAL COMMUNITY SERVICES | | | | 237.7 | 29.5 | 139.5 | 143.4 | 815.6 | 1,365.7 |
| TRANSPORT INFRASTRUCTURE | | | | | | | | | |
| Land Transport Infrastructure Projects ^(a) | 2019-20 | 2023-24 | 1,147.7 | 624.2 | 1,181.4 | 1,561.6 | 1,371.5 | 999.6 | 5,738.3 |
| Infrastructure Projects in Western Australia | 2014-15 | 2016-17 | 405.0 | 83.9 | 0.4 | - | - | - | 84.3 |
| TOTAL TRANSPORT INFRASTRUCTURE | | | | 708.1 | 1,181.8 | 1,561.6 | 1,371.5 | 999.6 | 5,822.6 |
| ENVIRONMENT | | | | | | | | | |
| National Water Inf. Dev. Fund - Capital Component | 2017-18 | 2024-25 | N/A | - | - | 46.7 | 46.7 | 46.7 | 140.0 |
| National Water Inf. Dev. Fund - Southern Forests Irrigation Scheme | 2019-20 | 2020-21 | 0.5 | 0.4 | 0.7 | - | - | - | 1.0 |
| Disaster Risk Reduction | 2019-20 | 2023-24 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 12.5 |
| On-farm Emergency Water Infrastructure | 2018-19 | 2020-21 | 1.9 | 3.8 | 1.6 | - | - | - | 5.4 |
| Pest and Disease Preparedness and Response Programs | 2018-19 | N/A | 1.0 | 1.2 | 0.5 | 0.5 | - | - | 2.2 |
| World Heritage Management | 2018-19 | 2022-23 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | - | 1.6 |
| Improving the Management of Wild Dogs in Western Australia | 2019-20 | 2019-20 | 1.0 | 1.0 | - | - | - | - | 1.0 |
| Managing Established Pest Animals and Weeds | 2015-16 | 2018-19 | 1.1 | 0.7 | - | - | - | - | 0.7 |
| Pest Animal and Weed Management in Drought-Affected Areas | 2015-16 | 2018-19 | 0.3 | 0.3 | - | - | - | - | 0.3 |
| TOTAL ENVIRONMENT | | | | 10.2 | 5.7 | 50.1 | 49.6 | 49.2 | 164.7 |

Table 11.1 (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 | 2019-20 Estimated Actual \$m | 2020-21 Budget Estimate \$m | 2021-22 Forward Estimate \$m | 2022-23 Forward Estimate \$m | 2023-24 Forward Estimate \$m | Total Five Years \$m |
| OTHER | | | | | | | | | |
| National Legal Assistance Partnership | 2020-21 | 2024-25 | 51.2 | - | 50.5 | 51.1 | 50.7 | 51.4 | 203.7 |
| Legal Assistance Services | 2015-16 | 2019-20 | 30.6 | 32.0 | - | - | - | - | 32.0 |
| Natural Disaster Relief and Recovery Arrangements | Nov-18 | N/A | N/A | - | 74.5 | 69.9 | 23.2 | 10.6 | 178.2 |
| Small Business Regulatory Reform | 2018-19 | 2020-21 | 10.5 | - | 31.6 | - | - | - | 31.6 |
| Tourism Icon Package - Upgrade of Tourist Facilities on Rottnest Island | 2019-20 | 2021-22 | 5.7 | 1.3 | 10.1 | 5.9 | - | - | 17.2 |
| Provision of Fire Services - Memorandum of Understanding | 2017-18 | 2021-22 ^(d) | 1.6 | 1.6 | 1.6 | 1.7 | 1.7 | 1.7 | 8.1 |
| COVID-19 Legal Assistance | 2019-20 | 2020-21 | 3.8 | 3.6 | 4.0 | - | - | - | 7.6 |
| COVID-19 Domestic and Family Violence Responses | 2019-20 | 2020-21 | 3.5 | 3.6 | 3.4 | - | - | - | 7.0 |
| Family Advocacy and Support Services | 2016-17 | 2019-20 | 0.7 | 1.0 | - | - | - | - | 1.0 |
| Family Law Information Sharing - Schedule A - Child Protection | 2019-20 | 2021-22 | 0.3 | - | 0.3 | 0.3 | - | - | 0.6 |
| TOTAL OTHER | | | | 43.1 | 175.9 | 128.9 | 75.6 | 63.7 | 487.2 |
| TOTAL COMMONWEALTH TIED GRANTS^(g) | | | | 4,854.3 | 5,409.7 | 5,927.5 | 5,915.6 | 6,456.8 | 28,564.0 |

(a) The 'Average Annual Commonwealth Contribution' is a Western Australian Treasury estimate.

(b) Agreement involves a 50% Commonwealth contribution for costs incurred by States for the diagnosis, treatment and management of COVID-19.

(c) Effectively covers the period from the last quarter of 2016-17 to the end of 2020-21.

(d) The agreement expires within or before the Budget period. However, estimates are based on the expected timing of the project or State assumptions of future funding.

(e) The 'Average Annual Commonwealth Contribution' reflects payments over the period from 1 January 2009 (when this SPP commenced) to 2023-24.

(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) Excludes grants that the Commonwealth characterises as its own-purpose expenses.

Note: Columns/rows may not add due to rounding

