



WA STATE BUDGET 2020-21 STATE OF THE FINANCES

The fiscal strategy for the 2020-21 Budget focuses on supporting the economy's recovery from COVID-19, and creating a pipeline of jobs for Western Australians.

Since being elected, the McGowan Labor Government's responsible financial management resulted in the budget returning to surplus and debt declining.

This strong budget position provided WA with the capacity and flexibility to respond quickly and comprehensively to COVID-19.

STATE FINANCES AT A GLANCE

- The McGowan Government's focus is on **supporting the Western Australian economic recovery**.
- **Net debt will increase** to support the WA economy, but remain affordable.
- There have been **significant write-downs in operating surpluses** over the forecast period in response to COVID-19.
- Budget projected to stay in surplus, helping **fully fund the WA Recovery Plan and the record infrastructure investment, creating WA jobs**.

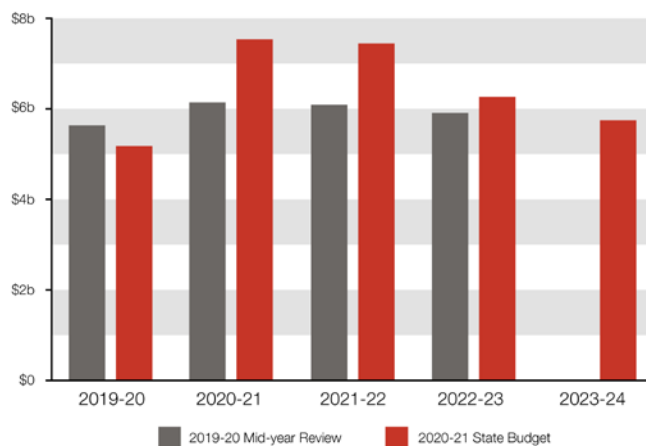
CHANGES IN EXPENDITURE & REVENUE

- Recurrent expenditure \$4.9 billion higher than at the 2019-20 Mid-year Review, underpinned by an increase in COVID-19 related spending.
- The 2020-21 Budget fully funds the Government's \$5.5 billion WA Recovery Plan announced in July.
- Other key spending initiatives in this Budget include:
 - a one-off \$600 Household Electricity Credit delivering almost \$650 million to WA households;
 - the largest ever decline in household fees and charges in 2020-21 with more than \$1 billion in relief provided;
 - \$314 million for an additional 800 police officers over the next four years, on top of the 300 already being delivered. This includes flow-on resourcing to the criminal justice system;
 - \$201 million to provide essential services in remote Aboriginal communities; 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.

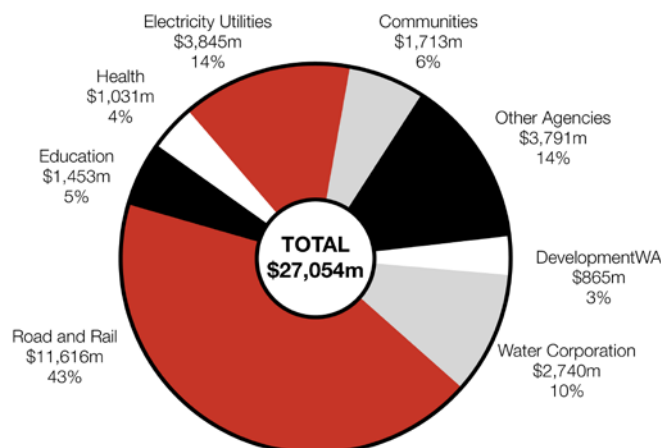
ASSET INVESTMENT PROGRAM

- Record \$27.1 billion investment in infrastructure over the next four years to support economic recovery and create a pipeline of jobs. The infrastructure investment program includes projects such as:
 - the largest ever investment in regional infrastructure totalling \$7.5 billion.
 - the delivery of METRONET projects, including the Morley-Ellenbrook Line, bringing forward additional projects including the Byford Rail Extension, level crossing removals on the inner Armadale line; and the redevelopment of Midland Station.
- General government revenue has been revised down by \$1.7 billion as a result of COVID-19 relief measures and lower taxation and GST-related grants.
- This is partially offset by higher mining revenue and the proceeds from the recent Bell Group settlement.

ASSET INVESTMENT PROGRAM
Total Public Sector



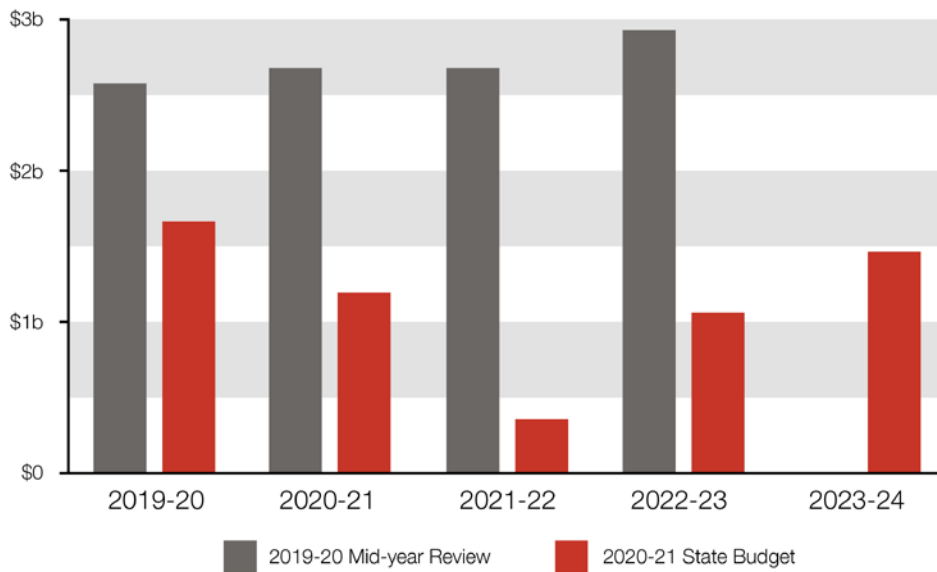
ASSET INVESTMENT PROGRAM



OPERATING BALANCE & NET DEBT

- **Significant increase in spending and reduced revenue have cut projected operating surpluses by a total of \$6.6 billion** compared to the 2019-20 Mid-year Review.
- Projected operating balance of **\$1.2 billion in 2020-21** – down from \$2.7 billion at the 2019-20 Mid-year Review.
- **Operating surplus has been fully allocated**, to fund the WA Recovery Plan and record infrastructure investment, to create WA jobs.
- The lower operating surpluses and record infrastructure spend result in the need for additional borrowings.
- As a result, **net debt to rise by \$8.3 billion over the forward estimates relative to the 2019-20 Mid-year Review.**
- **Level of debt remains affordable** with public sector net debt as a share of the State’s economy increasing modestly from 11.3% in 2019-20 to 14.1% in 2023-24.

NET OPERATING BALANCE General Government



NET DEBT Total Public Sector

