

# WA STATE BUDGET 2020-21

## WHERE THE MONEY COMES FROM & WHERE IT GOES

In response to COVID-19, the State Government has adjusted its fiscal strategy to solely focus on supporting the economy and creating WA jobs, rather than paying down the debt left by the previous Liberal National Government.

- Despite reduced revenue as a result of COVID-19, and additional expenditure to support the State's recovery, **the WA Budget remains in a surplus position, helping fully fund the WA Recovery Plan, to create jobs.**
- 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.**
- **A general government operating surplus of \$1.2 billion** is now forecast for 2020-21, down from the \$2.7 billion surplus expected at the time of the Mid-year Review.
- **Operating surpluses are also forecast in each of the outyears**, although these too have been revised down substantially since the Mid-year Review.
- **Surpluses have helped fully fund the WA Recovery Plan** and the record infrastructure investment, providing a significant boost to the economy and local jobs.

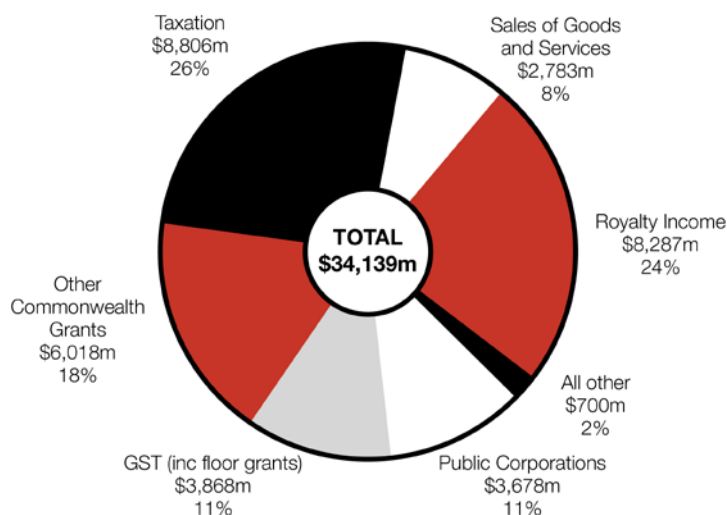
### REVENUE

- General government sector revenue is estimated to total **\$34.1 billion** in 2020-21.
- **Revenue overall has been revised down by \$1.7 billion**, as a result of COVID-19 relief measures, lower taxation income and lower GST-related grants.
- The impact on the State's revenue base due to the COVID-19 pandemic, has been partially offset by the elevated iron ore price, given the steps taken by WA to keep the industry open and running safely during COVID-19.

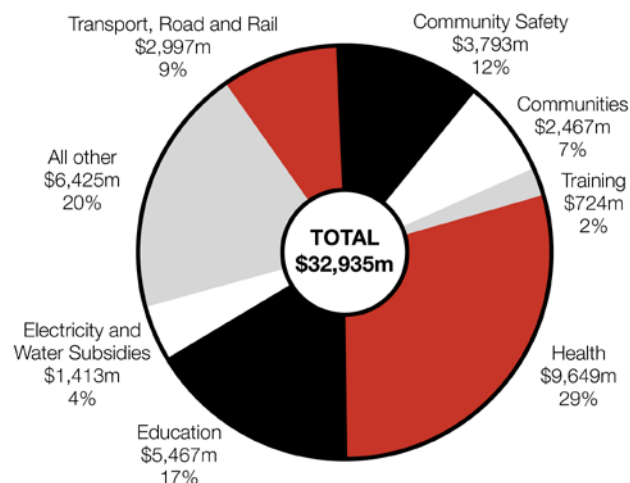
### EXPENSES

- **Expenses are forecast to total \$32.9 billion in 2020-21**, with health, education and training and community safety accounting for around 60%.
- This level of expenditure represents annual growth of 8%, reflecting **increased spending as part of the COVID-19 response and WA Recovery Plan measures.**
- Total State Government expenditure in 2020-21 (both general government expenses and the Asset Investment Program) 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 difference between revenue and expenses is the operating surplus (\$1.2 billion), which is being used to help **fully fund the WA Recovery Plan and the record infrastructure investment.**

### 2020-21 REVENUE GENERAL GOVERNMENT SECTOR

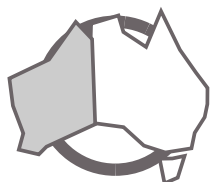


### 2020-21 EXPENDITURE GENERAL GOVERNMENT SECTOR



## WA RECOVERY PLAN

- The 2020-21 Budget fully funds the **\$5.5 billion WA Recovery Plan** announced in July 2020.
- In addition to the WA Recovery Plan, the Budget contains new initiatives to assist sectors that have been particularly impacted by COVID-19, and to support broader economic recovery, including a one-off \$600 Household Electricity Credit.
- It also contains important service delivery initiatives, including the recruitment of 800 additional police officers over the next four years, on top of the 300 additional police officers already being delivered.



## INTERJURISDICTIONAL COMPARISON

Western Australia generates **71% of its revenue from direct State sources**, with only 29% being provided by the Commonwealth. **This is the highest proportion of own-source revenue of any State.**

2020-21	WA	NSW	VIC	QLD	SA	TAS
Revenue from Commonwealth (\$m)	9,886	33,319	35,922	30,241	11,869	4,129
Own-Source Revenue (\$m)	24,253	54,951	38,595	31,474	9,416	2,413
Total Revenue (\$m)	34,139	88,270	74,517	61,715	21,285	6,542
Commonwealth-funded share	29%	38%	48%	49%	56%	63%
Own-source revenue share	<b>71%</b>	<b>62%</b>	<b>52%</b>	<b>51%</b>	<b>44%</b>	<b>37%</b>

Source: WA 2020-21 State Budget, Other States: 2019-20 Mid-year Reviews

## CONTRIBUTION TO FEDERATION

**WA provides the largest revenue contribution to the Federation.** Keeping WA's economy strong is vital to the national wellbeing.

Using the latest available data, **WA is estimated to have contributed \$17.4 billion to the Federation (or an average of \$6,660 per person) in 2018-19 alone**, five times the net contribution per capita of second placed New South Wales.

2018-19	WA	NSW	VIC	QLD	SA	TAS	NT
Total contribution (\$m)	17,368	10,651	445	-14,634	-6,927	-3,774	-3,129
Per capita contribution (\$)	6,660	1,325	68	-2,896	-3,970	-7,097	-12,712