



State of the finances

At a glance

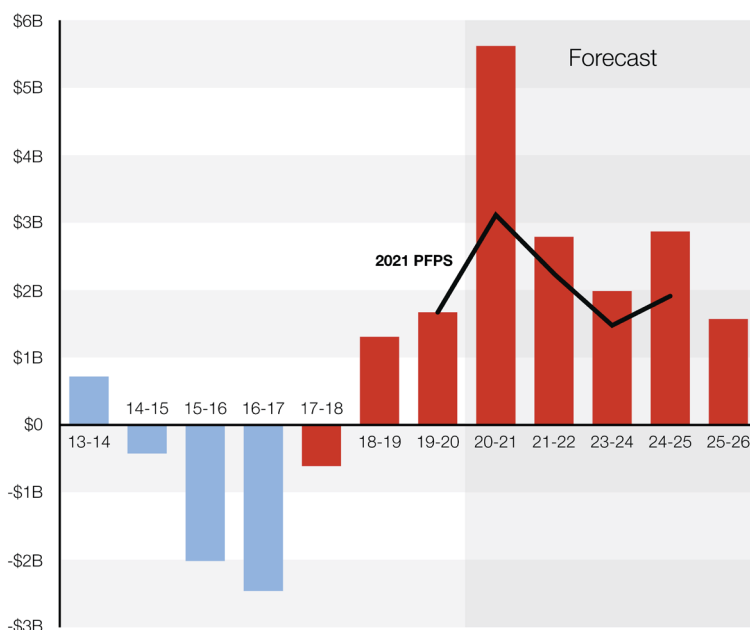
- The 2021-22 Budget uses the State's strong financial position to tackle the challenges we face today and invest in our future.
- The McGowan Government has made the responsible decisions to place our finances on a solid footing. Our financial position has been bolstered by our strong economy, which has boosted revenue across a range of sources.
- A record \$5.6 billion operating surplus was recorded last year (2020-21), with an estimated \$2.8 billion surplus expected in 2021-22 and surpluses in each of the outyears.
- Net debt expected to decline for a third straight year to \$32.1 billion by 30 June 2022, more than \$11 billion lower than the \$43.7 billion projected under the former Liberal-National Government.
- Record \$30.7 billion infrastructure investment providing job certainty and supporting WA businesses.
- \$4.4 billion set aside for future infrastructure including the Women and Babies Hospital, a new desalination plant, and funding for softwood plantations.
- \$2.7 billion to implement the Government's 2021 election commitments.
- Additional \$1.9 billion investment in the State's health and mental health systems.
- Almost \$9 billion committed to COVID response and preparedness, including \$1 billion added in this Budget.

Operating balance and net debt

A better than expected recovery in the State's economy and revenue base has delivered a significantly stronger fiscal position than previously forecast.

- A \$2.8 billion general government operating surplus is forecast for this year (2021-22), following a record operating surplus estimated at \$5.6 billion in 2020-21.
- Operating surpluses are forecast across the remainder of the forward estimates period. These surpluses help fund the Government's record \$30.7 billion infrastructure program, reducing the need to borrow and therefore reducing debt.

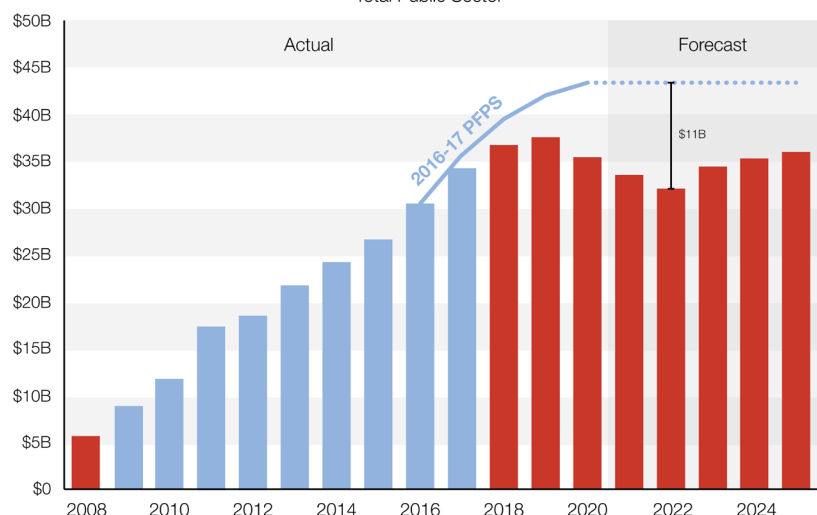
Net Operating Balance
General Government Sector



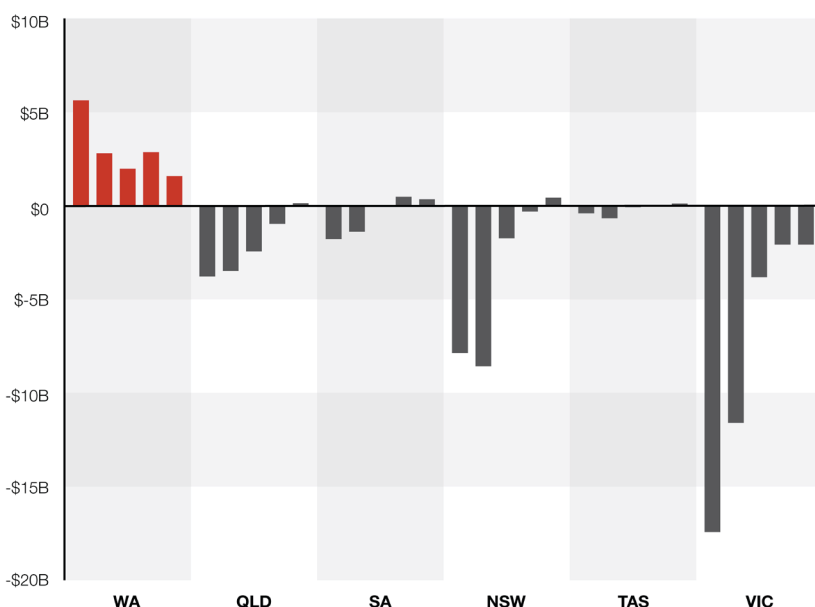
Total public sector net debt is expected to decline for a third consecutive year to \$32.1 billion in 2021-22 and remain relatively stable.

- This is \$4.2 billion lower than the pre-election forecast for 30 June 2024 released in February 2021.
- This is also more than \$11 billion lower than the \$43.7 billion for 30 June 2020 projected under the former Liberal-National Government.
- When the McGowan Government came to office, debt was the most unaffordable of the States based on net debt to revenue, a metric used by credit ratings agencies. It was projected to reach 90.9% by 2019-20.
- From 2023-24, WA's net debt to revenue ratio is now expected to be the lowest of the States, falling to 60.4% in 2024-25, compared to almost 200% in Victoria and 128% in NSW.
- Growth in Western Australia's public sector net debt levels remains much flatter than the other States. This reflects the impact of sustained operating surplus forecasts in Western Australia compared with significant operating deficits in other jurisdictions.

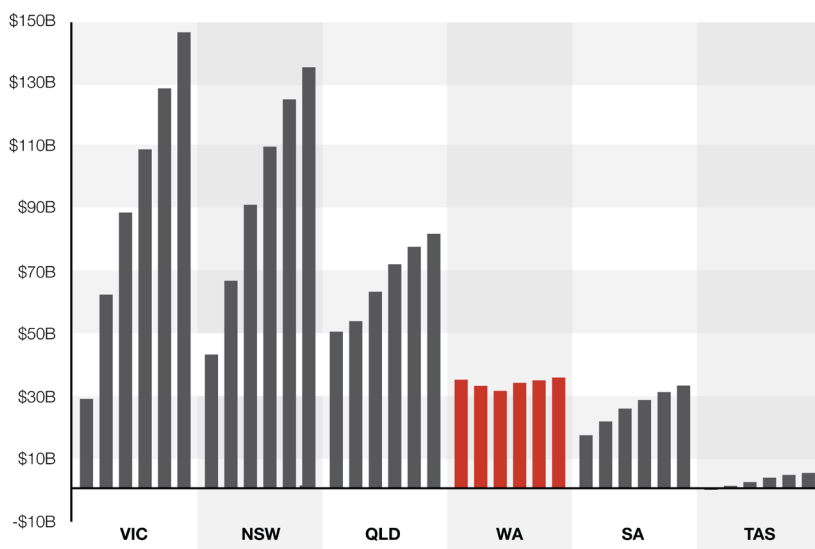
Net Debt
Total Public Sector



General Government Operating Balance
2020-21 to 2024-25



Net Debt Projections at 30 June*
2020 to 2025

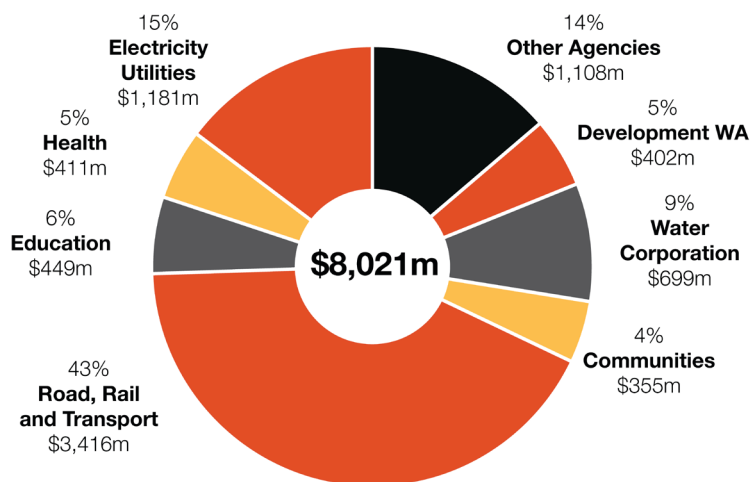


*Where available, net debt projections reflect the total public sector. New South Wales, Queensland and South Australia only publish total non financial public sector estimates (i.e. forecasts for these jurisdictions exclude the impact of public financial corporations).

Changes in revenue and spending

- The State's improved financial position has been underpinned by WA's strong COVID-19 response that has resulted in a better than expected rebound in the domestic economy, the continued operation of the mining industry, including elevated iron ore prices, and higher projected national GST collections.
- The McGowan Labor Government's 2021-22 Budget uses this fiscal capacity to help fund key services, maintain a strong response to the COVID-19 pandemic and to fund important projects and initiatives that will set up Western Australia's long-term future. The Budget allocates spending to the following initiatives:
 - \$1.9 billion for health and mental health services across the State, funding more beds, doctors and nurses and easing pressure on emergency departments;
 - \$1.8 billion set aside to fund the future construction of a new Women and Babies Hospital to be built at the QEII medical precinct;
 - \$1 billion additional funding to respond to COVID-19, taking the State's total investment to \$9 billion;
 - \$750 million to establish a new Social Housing Investment Fund, taking the total committed to social housing in the 2021-22 State Budget to \$2.1 billion to fund around 3,300 homes;
 - \$750 million to establish a Climate Action Fund. This includes \$350 million for expansion of the softwood plantation estate, \$256 million for various renewable energy initiatives and \$144 million of other climate related initiatives;
 - \$500 million for the creation of a Digital Capability Fund to ensure key agency service delivery keeps pace with public expectations and protect key agencies against cyber-attacks and operational threats;
 - \$400 million for strategic land acquisition for the new Westport Project; and
 - \$397 million to keep household electricity and water charges tied to the rate of inflation and provide support to people most in need.
- The 2021-22 Budget delivers record infrastructure investment of \$30.7 billion, including investments in roads, rail and other transport projects, hospitals and schools, and community-based infrastructure.
- This includes a record \$9.1 billion investment in regional projects and regional Western Australia will also share in the benefits from billions of dollars on State-wide infrastructure projects and programs.

2021-22 Asset Investment Program



AIP by Portfolio
Total Public Sector

