



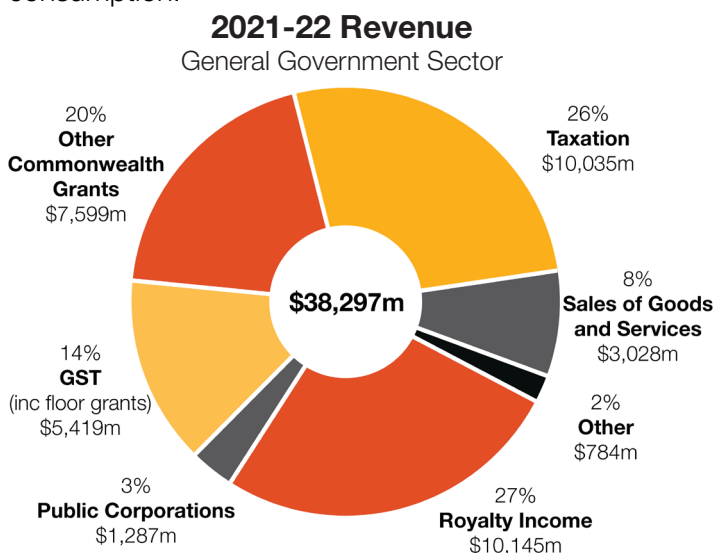
Where the money comes from and goes

At a glance

- The State Budget confirms that the Western Australian economy is one of the strongest in the nation and the world during the pandemic.
- WA's recovery from the initial impacts of COVID-19 has been quicker and stronger than expected.
- Our strong economy, combined with efforts to keep the mining sector operating safely throughout the pandemic, has significantly boosted the State's fiscal capacity.
- This capacity is being used to address the challenges we face today, including the response to COVID-19, easing pressures in our health system and protecting our most vulnerable.
- The Budget invests in projects and initiatives that will set up WA's long-term future, with significant funding committed to address climate change, save our forests, grow new industries, build METRONET, build Westport and create quality local jobs.
- Following a record general government operating surplus estimated at \$5.6 billion for last year (2020-21). A \$2.8 billion operating surplus is forecast this year (2021-22) with surpluses expected across the outyears.
- Surpluses are not 'left-over' cash. They are used to fund the State's record \$30.7 billion investment in infrastructure, in roads and rail, new hospitals and expansions, schools and much more. Funding infrastructure through operating surpluses reduces the need to fund projects through debt.
- The outlook for net debt has improved considerably since the Pre-election Financial Projections Statement (PFPS). For the third year in a row, net debt is forecast to decline in 2021-22 to \$32.1 billion - more than \$11 billion lower than the \$43.7 billion projected under the last Liberal-National Government.

Revenue

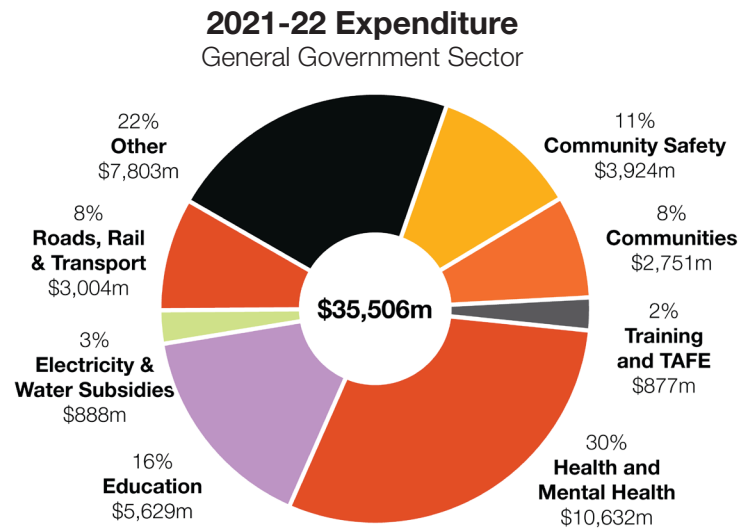
- General government sector revenue is estimated to total \$38.3 billion in 2021-22. Revenue has been supported by a stronger economy, which has boosted revenue across a range of sources.
- This has been driven by strong activity in the property market, vehicle sales and labour market. GST collections have been boosted by stronger national consumption.
- Royalty collections have been supported by efforts to keep the mining industry operating, including strong iron ore prices.
- Revenues, in particular iron ore royalties are highly volatile. Revenue is expected to contract by 4.7% from 2020-21, with a further 9% contraction expected in 2022-23, with iron ore prices assumed to revert to the long-run average.
- A number of Government Trading Enterprises will retain their dividends in 2021-22 to fund future infrastructure investment, including a \$1.4 billion contribution to the State's next desalination plant.



Expenses

Expenses are forecast to total \$35.5 billion in 2021-22, a 2.8% or \$957 million increase from 2020-21. This follows a significant boost in spending in 2020-21 underpinned by the response to COVID-19.

- The largest share of expenditure is for health and mental health services accounting for almost a third of total spending at \$10.6 billion in 2021-22.
- Education and training accounts for the next largest share at 18% or \$6.5 billion and community safety at 11% or \$3.9 billion in 2021-22.
- The Budget includes \$1.5 billion in recurrent spending to deliver for the McGowan Government's 2021 election commitments.



Use of strong operating surpluses

The McGowan Labor Government has used its strong surplus position to fund key services, 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 increase in spending for health and mental health services;
- \$1.8 billion set aside for construction of a new Women and Babies Hospital;
- \$1.4 billion reserved for the State's next desalination plant;
- \$1 billion in additional spending in response to COVID-19;
- \$875 million commitment to Social Housing, including a Social Housing Investment Fund;
- \$750 million to establish a Climate Action Fund;
- \$500 million for a Digital Capability Fund;
- \$400 million for strategic land purchases for Westport; and
- \$397 million to keep household electricity and water charges low.

Many more initiatives and more details are available in the 2021-22 Budget Paper No. 3: Economic and Fiscal Outlook available at ourstatebudget.wa.gov.au.

Inter-jurisdictional comparison

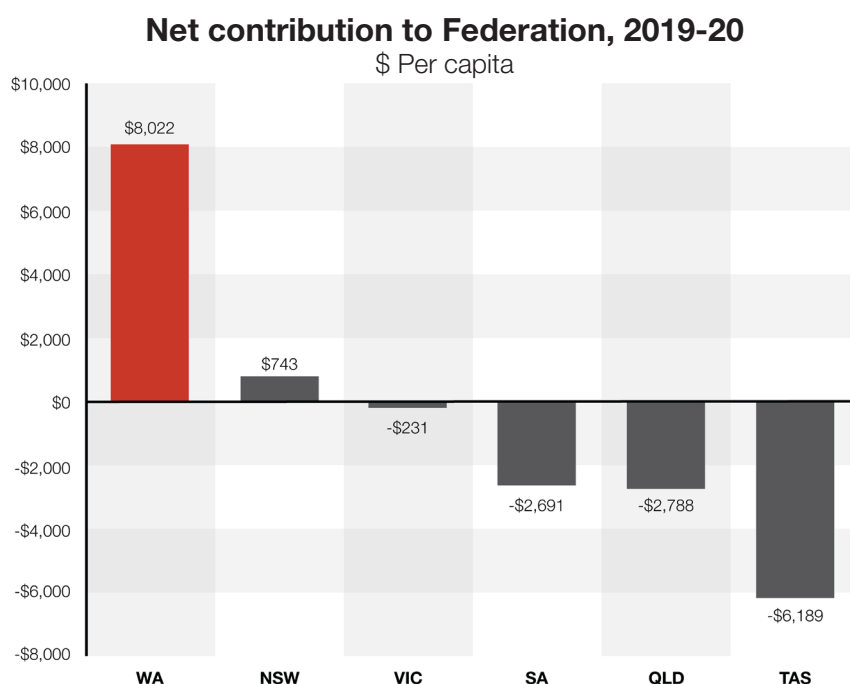
- Western Australia is expected to generate two thirds of its revenue from direct State sources in 2021-22 (such as payroll tax, mining royalties and fee and charges). Around one third of State revenue will be provided by the Commonwealth - by far the lowest proportion of funding from the Commonwealth of any State.

	WA	NSW	VIC	QLD	SA	TAS
Commonwealth	13,019	38,105	31,163	27,819	11,113	4,257
Own-source	25,279	55,741	38,575	32,092	9,520	2,604
Total	38,297	93,846	69,738	59,911	20,633	6,861
Commonwealth (%)	34%	41%	45%	46%	54%	62%
Own-Source (%)	66%	59%	55%	54%	46%	38%

Sources: 2021-22 State Budgets (note: columns may not add due to rounding)

Contribution to the Federation

- Western Australia provides the largest net revenue contribution to the Federation. Keeping the State's economy strong is vital to the national wellbeing.
- Using the latest available data, Western Australia is estimated to have contributed \$21.2 billion to the Federation (or an average of \$8,022 per person) in 2019-20, more than ten times the net contribution per capita of second placed New South Wales, the only other net contributor.



	WA	NSW	VIC	QLD	SA	TAS	NT
Total contribution (\$m)	21,231	6,045	-1,536	-14,329	-4,744	-3,329	-3,338
Per-capita contribution (\$)	8,022	743	-231	-2,788	-2,691	-6,189	-13,578

Sources: 2021-22 State Budgets