



Government of Western Australia
Department of Treasury

2020-21

PRE-ELECTION FINANCIAL PROJECTIONS STATEMENT



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Department of **Treasury**

2020-21

**PRE-ELECTION FINANCIAL
PROJECTIONS STATEMENT**

FEBRUARY 2021

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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An electronic copy of this report may be obtained at <http://www.treasury.wa.gov.au>
ISSN 2201-442X (print)
ISSN 2201-4438X (on-line)

2020–21
Pre-election Financial Projections Statement

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Under Treasurer's Certification

Section 15 of the *Government Financial Responsibility Act 2000* (GFRA) requires that the Under Treasurer release a *Pre-election Financial Projections Statement* (PFPS) within 10 days of the dissolution of the Legislative Assembly.

The Legislative Assembly was dissolved on 29 January 2021, with the writs for the State election issued by the Governor on 3 February 2021.

The content of this PFPS meets the requirements of section 15 of the GFRA. In particular:

- Appendix 1 details the projections required by section 15(2)(a);
- Chapters 1 and 2 detail the economic and other assumptions underlying the PFPS projections (section 15(2)(b));
- Chapter 1 includes an explanation of the implications of the financial projections for meeting the financial targets set out in the last Government Financial Strategy Statement (section 15(2)(c));
- Chapter 1 also includes an analysis of key financial sensitivities to assumptions and a statement of risks that could materially affect the financial projections (sections 15(2)(d) and (e)); and
- this certification gives effect to the requirements of sections 15(2)(f) and 15(7).

The cut-off date for information and the finalisation of assumptions for inclusion in this PFPS was 1 February 2021, three days after the Legislative Assembly was dissolved (consistent with the requirements of the GFRA).

This PFPS is based upon all relevant decisions that I was aware of or that were made available to me by the Treasurer and other official sources, together with other relevant information known to Treasury, on or before the PFPS cut-off date.

It has been prepared in accordance with applicable Australian Accounting Standards and Government Finance Statistics principles, and is based on the economic forecasts and other assumptions outlined in Chapter 1: *Financial Projections* and Chapter 2: *The Western Australian Economy*. These assumptions were finalised by Treasury, under my direction, on 1 February 2021.



Michael Barnes
UNDER TREASURER

8 February 2021

Financial Projections

HIGHLIGHTS

- The economic and fiscal projections for this Pre-election Financial Projections Statement (PFPS) were finalised immediately before commencement of the five-day lockdown period from 31 January 2021.
- On the assumption that the lockdown period does not extend beyond the announced five days, and the expectation that the State's major industries will continue to operate largely unaffected, it is not expected that the lockdown will have a material impact on these PFPS projections. Clearly, however, risks to the outlook (associated with ongoing restrictions to contain community transmission of COVID-19) have increased.
- Notwithstanding this heightened risk, the State's fiscal outlook has improved since the 2020-21 Mid-year Review projections were finalised in late November 2020. This primarily reflects additional revenue from a higher than expected iron ore price and stronger than expected activity in Western Australia's domestic economy – particularly the State's residential property market, underpinned by substantial Commonwealth and State Government stimulus.
- Reflecting the improved revenue outlook, and the impact of Government decisions taken since the Mid-year Review, a \$3.1 billion general government operating surplus is now forecast for 2020-21. This is up from the \$2.2 billion surplus forecast at the time of the Mid-year Review. Operating surpluses in the range of \$1.5 billion to \$2.2 billion are forecast over the remainder of the forward estimates period.
- These operating surpluses provide an important non-debt source of funding for the State's Asset Investment Program, which totals an estimated \$28.9 billion over the next four years. Reflecting the improved operating outlook, total public sector net debt is now forecast to be \$40.2 billion at 30 June 2024, \$1.2 billion lower than the Mid-year Review forecast.

Introduction

The following table summarises the key financial aggregates for this PFPS.

KEY BUDGET AGGREGATES						
Western Australia						
	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year Revision	PFPS Revision	Forward Estimate	Forward Estimate	Forward Estimate
GENERAL GOVERNMENT SECTOR						
Net Operating Balance (\$m)	1,669	2,162	3,124	2,231	1,483	1,911
Revenue (\$m)	32,162	35,533	36,622	34,252	32,919	33,986
Revenue Growth (%)	5.9	10.5	13.9	-6.5	-3.9	3.2
Expenses (\$m)	30,493	33,371	33,499	32,021	31,437	32,075
Expense Growth (%)	5.0	9.4	9.9	-4.4	-1.8	2.0
Net Debt at 30 June (\$m)	23,758	24,452	24,409	25,171	26,644	26,738
TOTAL PUBLIC SECTOR						
Net Debt at 30 June (\$m)	35,449	38,125	36,648	39,225	40,354	40,220
Net Debt as a share of GSP (%)	11.2	11.8	11.3	13.8	13.8	13.3
Asset Investment Program (\$m)	5,188	7,568	7,596	8,486	6,733	6,077
Cash Surplus/Deficit (\$m)	2,217	-2,288	-814	-2,138	-980	259

Since finalisation of the 2020-21 Mid-year Review estimates in late November 2020, general government revenue has been revised up by \$1.1 billion in 2020-21, to \$36.6 billion. This is largely due to the impact of a higher than expected iron ore price, stronger than expected transfer duty revenue and an upward revision to the national pool of GST revenue by the Commonwealth, partly offset by lower than expected revenue from public corporations. Across the forward estimates period, general government revenue has been revised up by a total of \$2.3 billion.

Relative to the Mid-year Review, general government expenses have been revised up by a total of \$850 million over the forward estimates period, primarily reflecting:

- higher forecast costs of home building stimulus measures, including the State Government's *Building Bonus* (up \$178 million in 2021-22) and on-passing of the Commonwealth Government's *HomeBuilder* grants (up a total \$309 million over 2020-21 and 2021-22), which have also contributed to higher demand for the State's First Home Owner Grant (up \$41 million over the forward estimates period); and
- Cabinet decisions taken between the 30 November 2020 cut-off date for the Mid-year Review and the 1 February 2021 cut-off date for this PFPS (these decisions are detailed in Appendix 3: *Spending Changes Since the Mid-year Review*).

These changes in revenue and expenses have resulted in the general government operating surplus being revised up by nearly \$1 billion in 2020-21, to \$3.1 billion. The operating outlook has been revised up by a total of \$1.4 billion over the forward estimates period.

These operating surpluses are an important source of non-debt funding for the \$28.9 billion Asset Investment Program over the period to 2023-24. As a result of the improved operating outlook, total public sector net debt at 30 June 2024 is now projected to reach \$40.2 billion, \$1.2 billion lower than forecast in the Mid-year Review.

Key assumptions underlying these PFPS financial projections are shown in the following table (these assumptions were finalised on the 1 February 2021 cut-off date for this PFPS). A detailed discussion of the economic outlook is provided in Chapter 2: *The Western Australian Economy*.

KEY ASSUMPTIONS ^(a)					
Western Australia					
	2019-20 Actual	2020-21 PFPS Revision	2021-22 Forward Estimate	2022-23 Forward Estimate	2023-24 Forward Estimate
Real Gross State Product growth (%) ^(b)	1.4	2.0	2.75	1.25	1.5
Real State Final Demand growth (%) ^(b)	0.8	2.25 (1.75)	3.75	2.25	3.0
Employment growth (%)	0.4 (0.3)	1.5 (1.0)	1.5 (2.0)	1.75	1.5
Unemployment rate (%) ^(c)	6.1	6.5 (7.0)	6.0	5.5	5.5
Wage Price Index growth (%)	1.7	1.5	1.75	2.0	2.25
Perth Consumer Price Index growth (%) ^(d)	1.3	1.5	1.75	1.75	2.0
Iron ore price (\$US/tonne CFR) ^{(c)(e)}	92.9	134.3 (103.7)	65.6 (64.0)	64.0	64.0
Iron ore volumes (million dry tonnes)	836	847	866	877	881
Crude oil price (\$US per barrel) ^(c)	51.3	46.0 (40.8)	53.5 (46.3)	51.7 (47.1)	50.9 (48.0)
Exchange rate (US cents) ^(c)	67.1	74.8 (72.6)	77.3 (73.3)	77.3 (73.3)	77.3 (73.4)
Population growth (%)	1.4 (1.3)	0.8	0.7	1.0	1.3
Interest rate assumptions (%):					
– Public Bank Account earnings ^(c)	1.1	0.5 (0.7)	0.4 (0.7)	0.4 (0.6)	0.4 (0.7)
– Consolidated Account borrowings ^(c)	2.8	2.4	2.2	2.1 (2.0)	2.0 (1.9)

(a) 2020-21 Mid-year Review assumptions shown in parentheses where different.

(b) Based on 2019-20 State Accounts data, updated with the latest State Final Demand and Balance of Payments data for the September quarter 2020.

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

(d) Consumer Price Index growth rates in 2020-21 and 2021-22 are based on the total index excluding the electricity sub-index.

(e) The benchmark 62% (Fe) iron ore price delivered to north China inclusive of cost and freight (CFR).

General Government Sector

Operating Statement

The table below summarises the key changes in general government revenue and expenses since the 2020-21 Mid-year Review estimates were finalised on 30 November 2020.

Table 3

SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE VARIATIONS SINCE THE 2020-21 MID-YEAR REVIEW					
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	Total \$m
2020-21 MID-YEAR REVIEW - NET OPERATING BALANCE	2,162	1,047	1,815	2,298	
Revenue					
<i>Revenue Policy Decisions</i>					
Keeping Training Fees Low 2022 to 2025	18	-14	-28	-29	-52
GTE interim dividend deferral	-1,497	1,497	-	-	-
<i>Other Revenue Movements</i>					
<i>Taxation</i>	224	28	11	13	276
- Total duty on transfers	192	37	19	22	269
- Other taxes	32	-9	-9	-9	6
<i>Commonwealth grants</i>	282	377	91	21	772
- GST grants	152	116	43	4	316
- Commonwealth-funded 70% GST floor grant	-	-39	-	-	-39
- North West Shelf/condensate compensation	11	61	24	6	102
- HomeBuilder grants	72	236	-	-	309
- National Partnership on Recycling Infrastructure	5	13	17	1	35
- Other Commonwealth grants	42	-10	7	10	49
<i>Royalty income</i>	2,074	-141	-278	-278	1,377
- Iron ore	2,083	-115	-246	-245	1,477
- Gold	-12	-26	-25	-25	-88
- Other royalties	3	-	-7	-8	-12
Revenue from public corporations	-	-9	-19	-26	-53
Interest revenue	-	-13	-7	-9	-29
All other	-11	-	-	-	-11
TOTAL REVENUE	1,089	1,726	-229	-308	2,278

Table 3 (cont.)

**SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE
VARIATIONS SINCE THE 2020-21 MID-YEAR REVIEW**

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	Total \$m
Expenses					
HomeBuilder grants update	72	236	-	-	309
Building Bonus grants update	-	178	-	-	178
First Home Owner Grant Scheme	19	27	-4	-1	41
Keeping Training Fees Low 2022 to 2025	-12	21	41	42	91
Residential electricity and water subsidies	-	8	16	21	45
National Partnership on Recycling Infrastructure	3	15	17	1	35
Custodial services expenditure	29	-	-	-	29
Koolyanobbing royalty rebates	13	7	-1	-	19
Plan for Our Parks – Indigenous Land Use Agreements	-1	5	6	6	17
Expense impact arising from Commonwealth MYEFO	17	-12	4	6	16
Community services contracts	-	15	-	-	15
Perth short-stay accommodation facility	1	3	6	4	14
Public transport fares	-	3	4	5	11
Mental Health Rehabilitation and Recovery Unit	1	2	2	2	7
COVID-19 Preparedness – Purchase of reusable masks	5	-	-	-	5
Interest costs	-1	-6	-8	-6	-20
All other	-19	39	20	-2	38
TOTAL EXPENSES	128	542	102	78	850
TOTAL VARIANCE	962	1,184	-332	-386	1,428
2020-21 PFPS - NET OPERATING BALANCE	3,124	2,231	1,483	1,911	

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

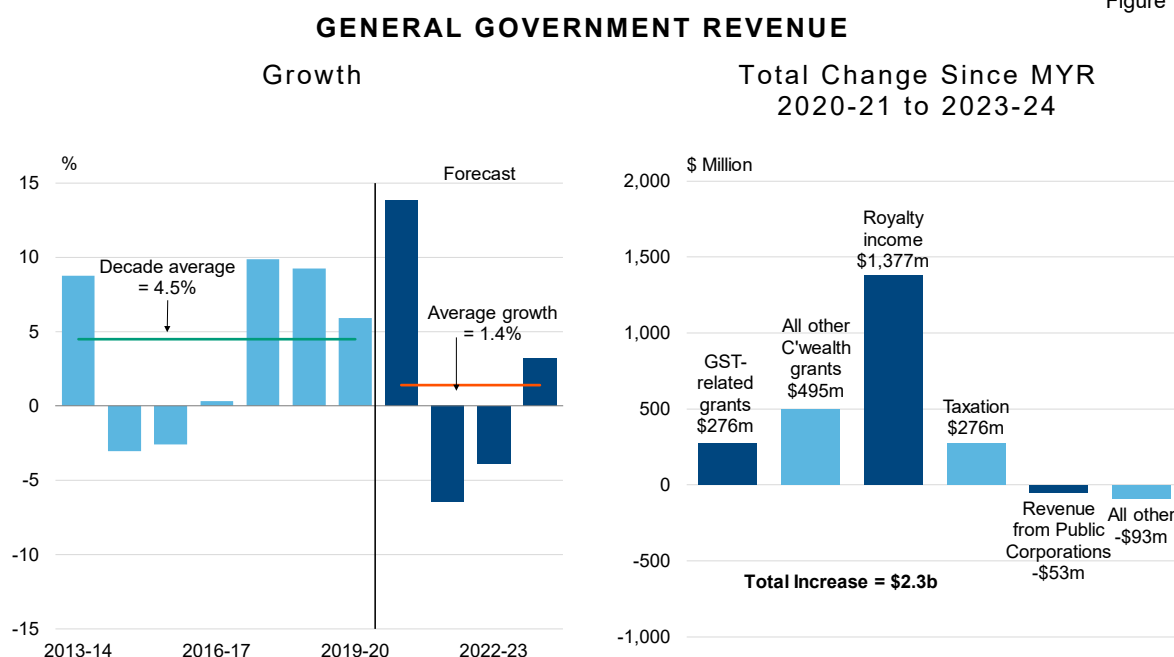
Revenue

General government revenue is now expected to grow by 13.9% in 2020-21, compared with forecast growth of 10.5% at the time of the Mid-year Review. The stronger revenue outlook largely reflects higher iron ore royalty income (up \$2.1 billion), higher Commonwealth grants (up \$282 million) and stronger taxation revenue (up \$224 million), partly offset by the Government's decision to defer (to 2021-22) interim dividends for the larger public corporations (down \$1.5 billion).

Despite the short-term improvement in the revenue outlook, average annual revenue growth across the forward estimates period is forecast to be just 1.4%, compared with the decade average increase of 4.5% per annum to 2019-20.

Relative to the Mid-year Review, the revenue growth profile has been affected by several one-off or short-term factors. These include the deferral of interim dividends for a number of public corporations (postponing \$1.5 billion of revenue from 2020-21 into 2021-22), and higher Commonwealth funding for *HomeBuilder* grants across 2020-21 and 2021-22.

Figure 1



Across the four years to 2023-24, the \$2.3 billion increase in the revenue estimates since the Mid-year Review primarily reflects:

- higher royalty income (up \$1.4 billion), mainly due to the net impact of:
 - higher iron ore royalties (up \$1.5 billion), due to upward revisions to the forecast iron ore price (predominantly in 2020-21), partly offset by a higher \$US/\$A exchange rate across the forward estimates period (which reduces the price of commodities in Australian dollar terms). Further information on the iron ore price is contained in the feature box later in this section; and
 - lower gold royalty income (down \$88 million), due to the higher \$US/\$A exchange rate and lower gold prices (reflecting improved global sentiment since the Mid-year Review);
- higher Commonwealth grants revenue (up \$772 million), comprising:
 - an upward revision to the Commonwealth's *HomeBuilder* grants in 2020-21 and 2021-22 (up \$309 million), reflecting a higher than expected number of building contracts being entered into, and the Commonwealth Government's decision to extend the final contract signing date to 31 March 2021 (albeit at a lower grant amount of \$15,000 for eligible contracts entered into between 1 January 2021 and 31 March 2021);
 - higher GST-related grants (up \$276 million), largely due to upward revisions to the national GST pool estimates contained in the Commonwealth's 2020-21 Mid-year Economic and Fiscal Outlook;

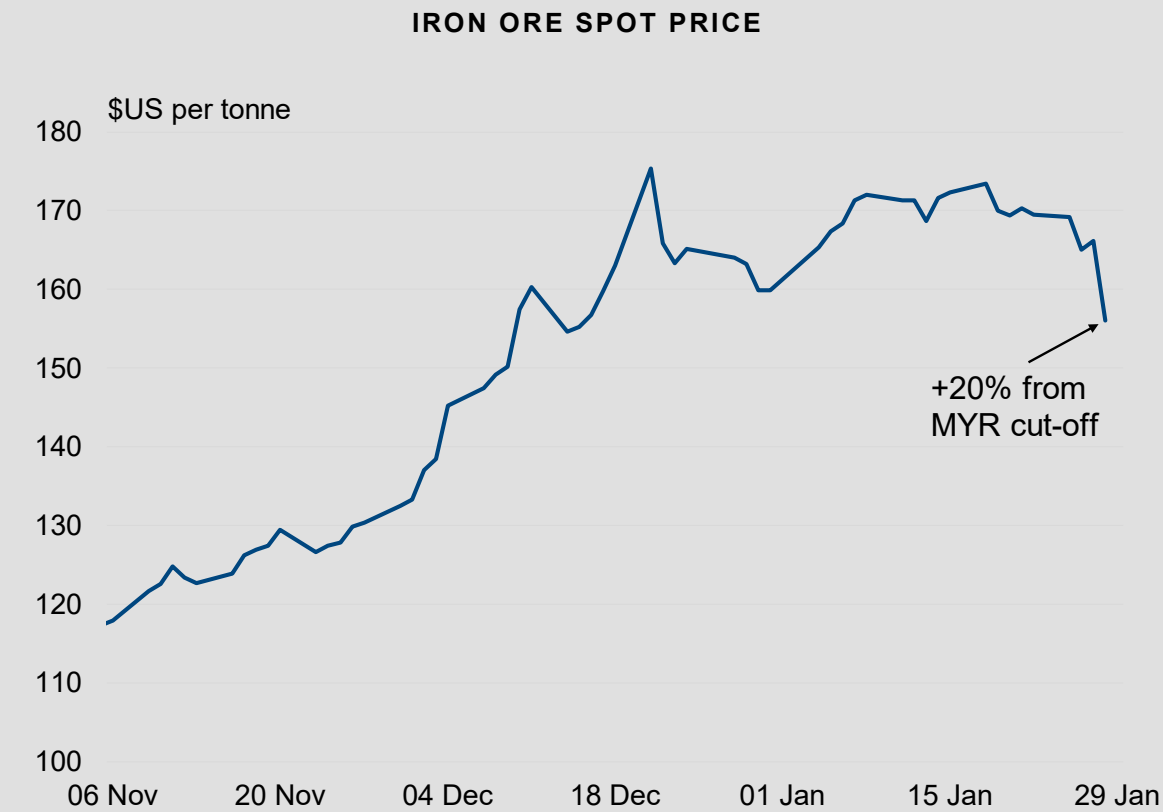
- higher North West Shelf grants and condensate compensation (up \$102 million), due to higher oil and gas prices (reflecting an anticipated recovery in demand as a result of the commencement of the global COVID-19 vaccine rollout), partly offset by the higher \$US/\$A exchange rate; and
- grants under a new National Partnership on Recycling Infrastructure (\$35 million), to support the State’s implementation of the phased waste export ban which commenced on 1 January 2021 (the Commonwealth grant matches previously announced contributions by the State);
- higher taxation revenue (up \$276 million), primarily reflecting an upward revision to transfer duty (up \$269 million) due to stronger than anticipated activity in the established housing market, with transactions to date in 2020-21 lifting significantly compared to the same period last year;
- lower revenue from public corporations (down \$53 million over the forward estimates period), primarily due to lower tax and dividend payments from the Water Corporation as a result of the Government’s decision to align future tariff increases with the latest (lower) Consumer Price Index forecasts from 2021-22;
- lower revenue from training fees (down \$52 million), reflecting the Government’s decision to extend discounted fee settings under the Lower Fees, Local Skills (LFLS) initiative and maintain existing fee freezes on non-LFLS courses until the end of the 2025 training year; and
- lower interest revenue (down \$29 million), reflecting lower interest earned on the Public Bank Account due to lower than previously forecast interest rates.

Further detail on the general government sector revenue estimates is available in Appendix 2: *General Government Operating Revenue*.

Iron Ore Prices

The benchmark iron ore price rose sharply from \$US130 per tonne at the 2020-21 Mid-year Review cut off (in late November 2020) to a high of \$US175 per tonne on 21 December 2020. It has since eased somewhat, but remains elevated (see chart below).

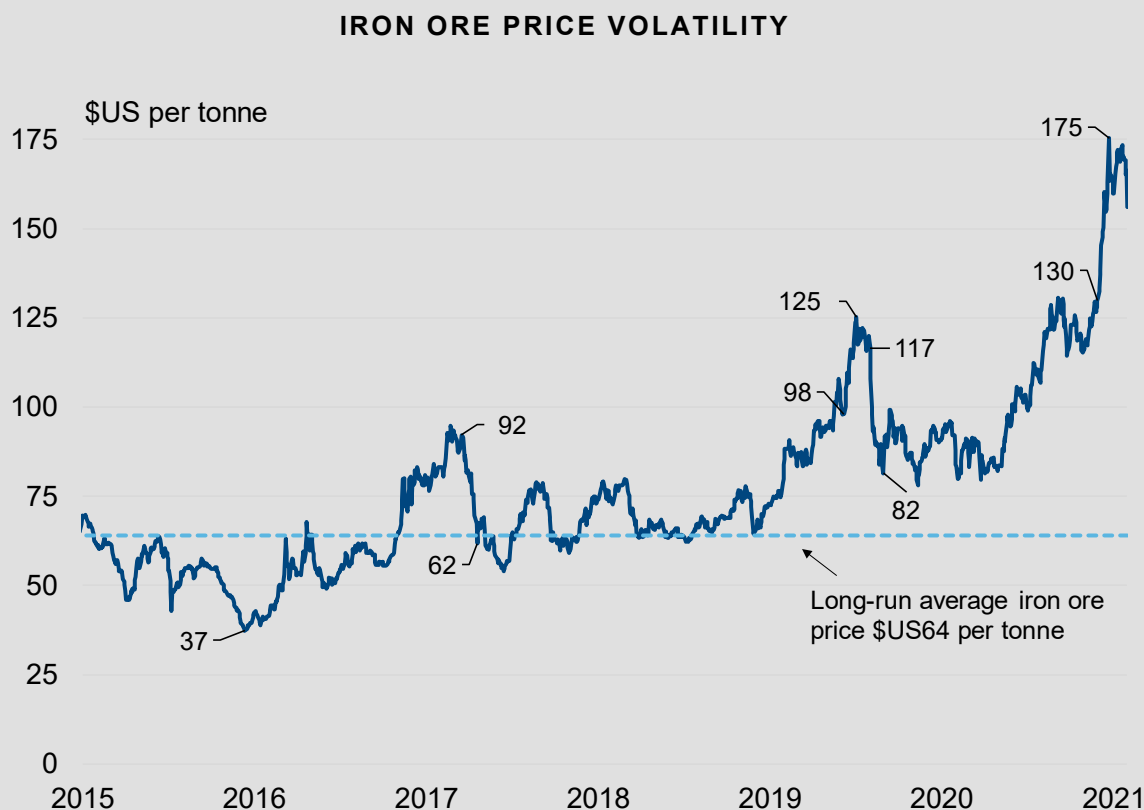
Figure 2



Source: Argus Media.

Rapid movements in the iron ore price are not unprecedented, with prices falling at similar rates to the recent appreciation between mid-March and mid-April 2017 and again in August 2019. The following chart illustrates the inherent volatility of iron ore prices.

Figure 3



Source: Argus Media.

In 2020-21, iron ore royalty income is estimated to account for 27% of total general government revenue. This compares to an average of 18% over the preceding decade. With such a large share of the State's revenue base coming from this source, even relatively modest differences between the actual and assumed iron ore price will result in significant revenue variations. In this regard, each \$US1 per tonne movement in the price of iron ore over a year impacts the State's annual royalty income by around \$81 million.

Around the time of the Mid-year Review cut-off, most institutional forecasters were expecting the iron ore price to decline. Across a sample of 19 forecasters, projected prices for the December quarter 2020 ranged from \$US100 to \$US123 per tonne, while the actual price over the quarter averaged \$US133 per tonne. Similarly, forecasts for the March quarter 2021 ranged from \$US90 to \$US122 per tonne, while the actual price over the quarter to date has averaged \$US168 per tonne.

Accordingly, few – if any – forecasters predicted the recent spike in the iron ore price. This includes the Commonwealth Treasury which, in the 2020-21 Mid-year Economic and Fiscal Outlook, forecast an average iron ore price over 2020-21 of around \$US101.4 per tonne free-on-board, or around \$US109.5 per tonne including the cost of freight (equivalent to the Western Australian Treasury's Mid-year Review assumption of \$US103.7).

Iron ore supply and demand fundamentals remain strong, with Chinese crude steel output up 7.7% in December 2020 compared to December 2019, and the Brazilian miner Vale downgrading its 2020 and 2021 production guidance in early December 2020.

However, these factors alone do not explain the sharp rise in the iron ore price since the Mid-year Review cut-off. Positive market sentiment resulting from the recent approval and subsequent rollout of COVID-19 vaccines across the globe appears to have contributed to price rises for iron ore and other commodities (such as oil, copper and nickel). In this regard, iron ore futures are traded like other financial products, and hedging and trading activities on both the Singapore and Dalian exchanges were reasonably strong (the highest for several months) during December 2020.

The iron ore price assumption for 2020-21 has been revised up from \$US103.7 per tonne in the Mid-year Review, to \$US134.3 per tonne in this PFPS. This updated price assumption is based on the same methodology used at the time of the Mid-year Review, which is an average of: actual spot prices over the financial year to date; two months of forward contract prices (quoted on the Singapore exchange); and a four-month interpolation to the long-run average price of \$US64 per tonne.

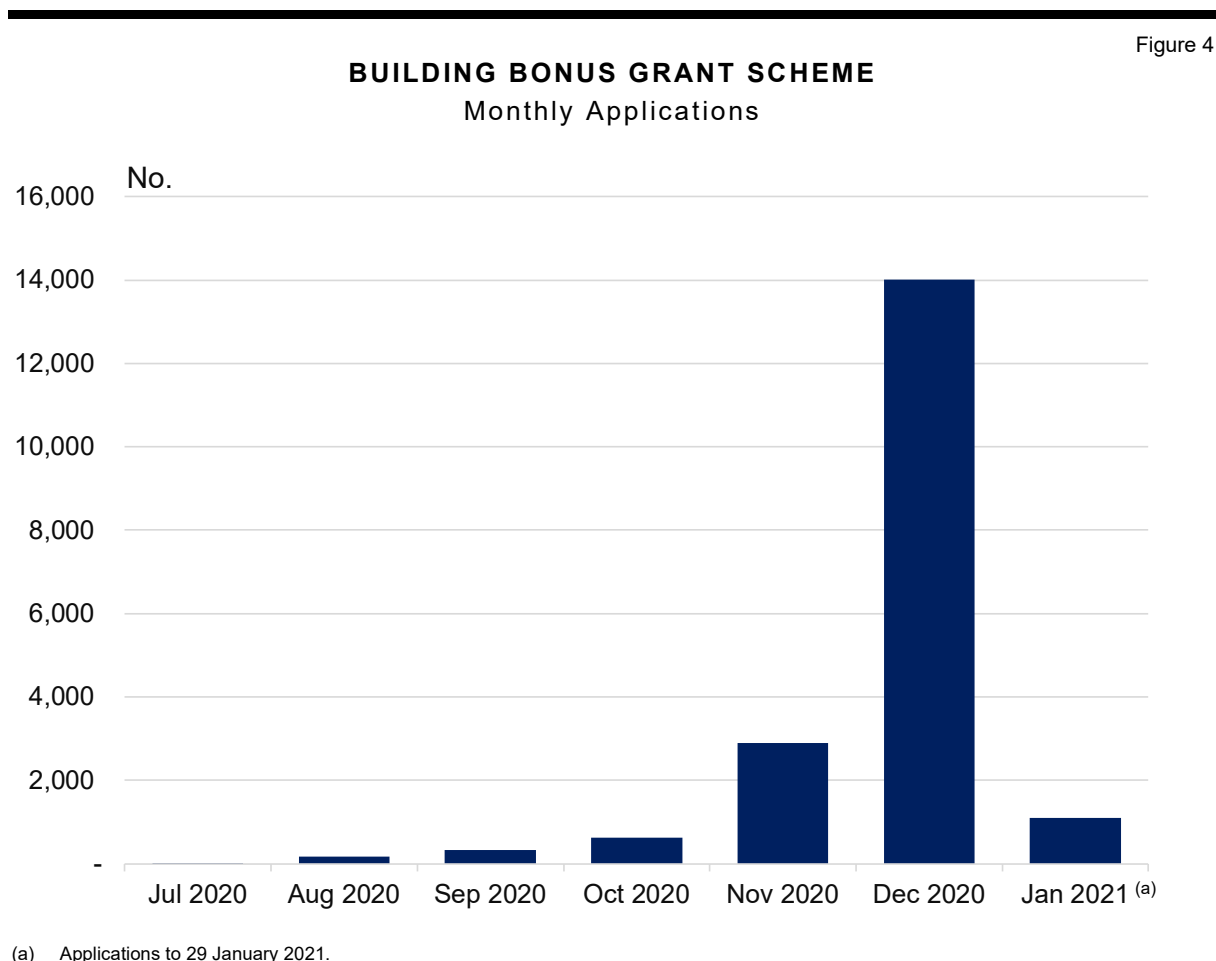
Under this methodology, the iron ore price is assumed to revert to its long-run average by August 2021. While the iron ore price is expected to fall as stimulus-induced Chinese demand eases and Brazilian supply recovers, Treasury is not necessarily expecting that prices will actually fall to \$US64 per tonne within this timeframe. Rather, given the inherent volatility in iron ore prices, and the associated forecasting challenges and risks to the State's Budget, Treasury considers it a prudent budgeting assumption to base future estimates of iron ore royalty income (beyond the current financial year) on the long-run average price. Given current prices, this conservative approach suggests there is some upside risk to forecast iron ore royalty income in 2021-22.

Expenses

General government expenses have been revised up by \$850 million over the forward estimates period since finalisation of the Mid-year Review. This includes the impact of higher than expected demand for new home construction, resulting in upward revisions to three major grant programs:

- the State-funded *Building Bonus* grant scheme (up \$178 million in 2021-22, bringing the estimated total cost of this scheme to \$390 million);
- the provision of *HomeBuilder* grants administered by the State on behalf of the Commonwealth (up \$309 million over 2020-21 and 2021-22); and
- the State-funded First Home Owner Grant scheme (up \$41 million over the forward estimates period).

By 29 January 2021, over 19,000 *Building Bonus* grant applications had been submitted – with approximately 14,000 received just in the month of December 2020.



In total, \$442 million (or 84%) of the \$527 million increase in spending on these three grant programs is expected to occur in 2021-22, reflecting the lag between a building contract being signed and sufficient construction occurring to trigger payment of the grants.

Other material changes to general government expenses since the 30 November 2020 cut-off date for the Mid-year Review include:

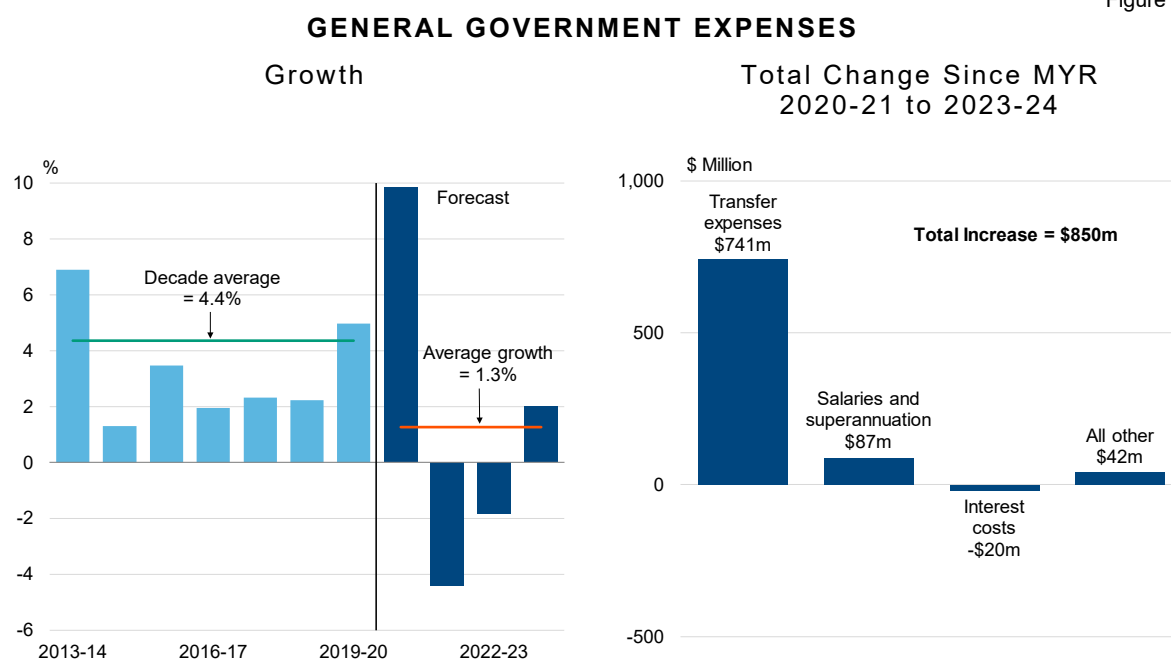
- the Government's decision to freeze or maintain lower Vocational Education and Training fees until the end of the 2025 training year (which will both reduce general government revenue, as disclosed earlier, and increase general government expenses by an estimated \$91 million as a result of higher projected demand);
- higher operating subsidy payments for Synergy and Horizon Power to provide an additional \$500 electricity tariff offset to eligible small business and charity customers (\$43 million in 2020-21), and a lower residential electricity tariff price path over the forward estimates period linked to revised (lower) CPI forecasts (\$45 million, commencing from 2021-22);

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- the recognition of \$35 million of Commonwealth revenue and associated expenditure following the signing of the National Partnership on Recycling Infrastructure; and
- an additional \$29 million in custodial services expenditure in 2020-21.

Further detail on changes in general government expenses since the Mid-year Review is available in Appendix 3.

Figure 5



The following table shows that, at 1.3% per annum, the average rate of general government expense growth over the period 2020-21 to 2023-24 has remained broadly unchanged since the Mid-year Review (1.2% per annum). However, the change in the profile of annual growth (particularly the steeper decline in expenses now projected in 2022-23) reflects the significant impact of the *Building Bonus* and *HomeBuilder* grant changes, particularly in 2021-22.

Table 4

GENERAL GOVERNMENT EXPENSE GROWTH					
Growth Rates (%)					
	2020-21	2021-22	2022-23	2023-24	Average growth 2020-21 to 2023-24
	%	%	%	%	%
2020-21 Mid-year Review	9.4	-5.7	-0.5	2.1	1.2
2020-21 PFPS					
- Headline growth	9.9	-4.4	-1.8	2.0	1.3
- Growth excluding Building Bonus and Homebuilder changes	9.6	-5.5	-0.4	2.0	1.3

Balance Sheet

The net worth (or net asset position) of the general government sector is forecast to increase from \$102.4 billion at 30 June 2020 to \$113.8 billion by 30 June 2024.

This projected increase is \$1.6 billion higher than the increase contained in the 2020-21 Mid-year Review. The stronger balance sheet outlook is attributable to lower forecast Consolidated Account borrowings, in turn due to the improved general government sector operating surpluses detailed earlier in this chapter.

GENERAL GOVERNMENT
Balance Sheet at 30 June

Table 5

	2020 \$m	2021 \$m	2022 \$m	2023 \$m	2024 \$m
2020-21 PRE-ELECTION FINANCIAL PROJECTIONS STATEMENT					
Assets	147,847	151,285	151,877	155,055	158,378
Liabilities	45,408	45,267	44,645	44,822	44,598
<i>Net Worth</i>	<i>102,438</i>	<i>106,018</i>	<i>107,232</i>	<i>110,233</i>	<i>113,780</i>
Net Debt	23,758	24,409	25,171	26,644	26,738
2020-21 MID-YEAR REVIEW					
Assets	147,847	148,163	151,173	154,495	158,203
Liabilities	45,408	44,625	46,094	46,286	46,065
<i>Net Worth</i>	<i>102,438</i>	<i>103,538</i>	<i>105,079</i>	<i>108,210</i>	<i>112,138</i>
Net Debt	23,758	24,452	27,067	28,228	27,933
VARIANCE					
Assets	-	3,122	704	560	175
Liabilities	-	642	-1,449	-1,464	-1,467
<i>Net Worth</i>	-	2,480	2,153	2,024	1,642
Net Debt	-	-42	-1,896	-1,584	-1,195

Note: Columns may not add due to rounding.

Cash Flow Statement

A general government sector cash surplus of \$1.3 billion is forecast for 2020-21, similar to the 2020-21 Mid-year Review estimate. A cash surplus of almost \$1.5 billion is now forecast for 2021-22, a significant improvement on the \$483 million cash deficit estimated in the Mid-year Review (largely reflecting the later timing of deferred interim dividends from 2020-21, as well as the cash impact of royalty income accrued in 2020-21). Cash surpluses are also forecast in 2022-23 and 2023-24.

Total Public Sector

Summary

Largely driven by the general government sector outlook discussed earlier, the total public sector operating outlook has improved relative to the 2020-21 Mid-year Review.

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

TOTAL PUBLIC SECTOR						
Summary Financial Statement						
	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Revision	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
OPERATING STATEMENT						
Revenue	65,706	72,480	74,230	69,257	69,979	71,720
Expenses	63,659	71,683	70,967	68,754	68,997	70,263
Net Operating Balance	2,047	797	3,263	503	982	1,458
BALANCE SHEET AT 30 JUNE						
Assets	200,161	203,192	205,523	208,616	212,447	216,521
Liabilities	97,723	99,654	99,504	101,384	102,214	102,741
Net Worth	102,438	103,538	106,018	107,232	110,233	113,780
STATEMENT OF CASHFLOWS						
Net Cash Flows from Operating Activities	5,670	4,765	6,268	5,657	4,998	5,615
Asset Investment Program	5,188	7,568	7,596	8,486	6,733	6,077
Cash Surplus/Deficit	2,217	-2,288	-814	-2,138	-980	259
<i>Memorandum Item: Net Debt at 30 June</i>	<i>35,449</i>	<i>38,125</i>	<i>36,648</i>	<i>39,225</i>	<i>40,354</i>	<i>40,220</i>

Note: Columns may not add due to rounding.

Operating Statement¹

An operating surplus of \$3.3 billion is forecast for the total public sector in 2020-21, a significant \$2.5 billion increase on the \$797 million surplus projected at Mid-year Review. Abstracting from dividend flows between the general government and public corporations sectors, the change in the total public sector operating outlook is mainly due to the changes in general government revenue and expenses detailed earlier in this chapter.

Consistent with Mid-year Review projections, both the public non-financial (PNFC) and public financial corporation (PFC) sectors are expected to be in an operating surplus position in each year of the forward estimates period.

¹ Consolidation of the sub-sectors of the public sector removes transactions between each part of government. In aggregate, the operating balance of the total public sector is equal to the sum of the general government and public corporations sectors' operating balances, less dividend revenue collected between these sectors. Under Australian accounting standards, the dividend costs of the public corporations sectors are not classified as expenses, although the associated dividend income (mainly recorded by the general government sector) is recognised as revenue.

Table 7

TOTAL PUBLIC SECTOR OPERATING BALANCE
By Sector

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Revision	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
Net Operating Balance						
General government sector	1,669	2,162	3,124	2,231	1,483	1,911
Public non-financial corporations sector	621	1,016	1,023	1,162	896	920
Public financial corporations sector	208	560	560	105	135	145
<i>less</i>						
General government dividend revenue	392	2,860	1,362	2,904	1,432	1,422
Public non-financial corporations dividend revenue ^(a)	63	88	88	99	107	104
Agency depreciation costs on right of use assets leased from other government sectors ^(b)	-3	-7	-7	-7	-7	-7
Total public sector net operating balance	2,047	797	3,263	503	982	1,458

(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

While the PNFC sector is still expected to be in an operating surplus position in each year of the forward estimates period, aggregate outcomes are slightly (\$42 million) weaker than Mid-year Review estimates over the four years.

The Government's decision to align future residential electricity and water tariff increases with the latest (lower) Consumer Price Index forecasts results in a net \$60 million reduction in revenue (including lower tariff collections, partly offset by the impact of higher subsidies).

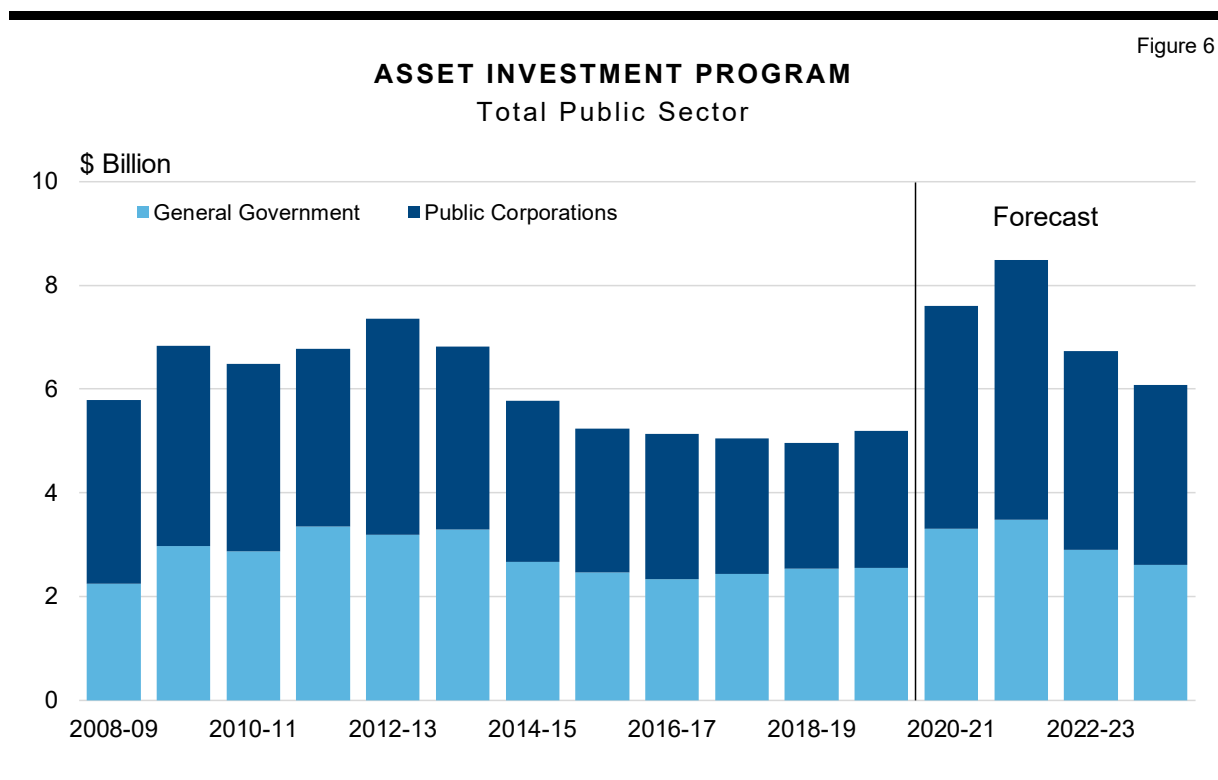
The revised forecasts also include higher revenue and associated expenses for Synergy and Horizon Power (up by a total \$43 million in 2020-21), reflecting the Government's decision to provide urgent additional assistance to small businesses and charities through a \$500 electricity tariff offset, commencing from 15 February 2021.

Public Financial Corporations

The PFC sector operating outlook remains unchanged over the forward estimates period since the Mid-year Review. The PFC sector is expected to record an operating surplus of \$560 million in 2020-21, with surpluses averaging approximately \$128 million per annum across the outyears.

Asset Investment Program

The State's Asset Investment Program (AIP) is estimated at \$7.6 billion in 2020-21 and a total of \$28.9 billion over the four years to 2023-24. This is broadly consistent with the Mid-year Review estimate of \$28.8 billion.



Across the four years to 2023-24, the AIP has increased by \$60 million since the Mid-year Review. This mainly reflects:

- additional funding to resolve outstanding contractual matters with Westadium, the managing contractor at Optus Stadium (the amount of the funding is not disclosed in order to avoid prejudicing the State's position);
- increased investment in energy infrastructure, including:
 - an additional \$14 million Commonwealth contribution to the WA Microgrid Program, which supports the installation of solar generation and battery technology in remote communities; and
 - electricity infrastructure associated with the proposed Ord cotton gin (\$3 million); and
- higher spending by the Department of Biodiversity, Conservation and Attractions (up \$13 million), including:
 - start-up infrastructure to support Indigenous Land Use Agreement outcomes relating to joint management arrangements for the establishment of the Fitzroy National Park and Buccaneer Archipelago Marine Park, as part of the Plan for Our Parks initiative (\$6 million);

- world and national heritage areas infrastructure and tourism-related projects (\$4 million), funded by the Commonwealth; and
- additional costs associated with the replacement of the Perth Zoo's café and function facilities (\$3 million).

Further detail on material changes in AIP spending since the Mid-year Review is available in Appendix 3.

Balance Sheet

Net worth of the total public sector is identical to that of the general government sector (discussed earlier). 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 below.

Cash Flow Statement

A total public sector cash deficit of \$814 million is now forecast for 2020-21, a \$1.5 billion improvement compared to Mid-year Review. Setting aside the deferral of interim dividends, which include cash transactions between sectors within the whole-of-government, this improvement mainly reflects the stronger tax and royalty income forecasts for 2020-21 (detailed earlier).

In line with the Mid-year Review projections, cash deficits are also projected in 2021-22 and 2022-23, before a turnaround to a small cash surplus (\$259 million) in 2023-24.

Cash deficits are the key driver of movements in net debt, discussed in the next section.

TOTAL PUBLIC SECTOR CASH FLOW

Table 8

Summary

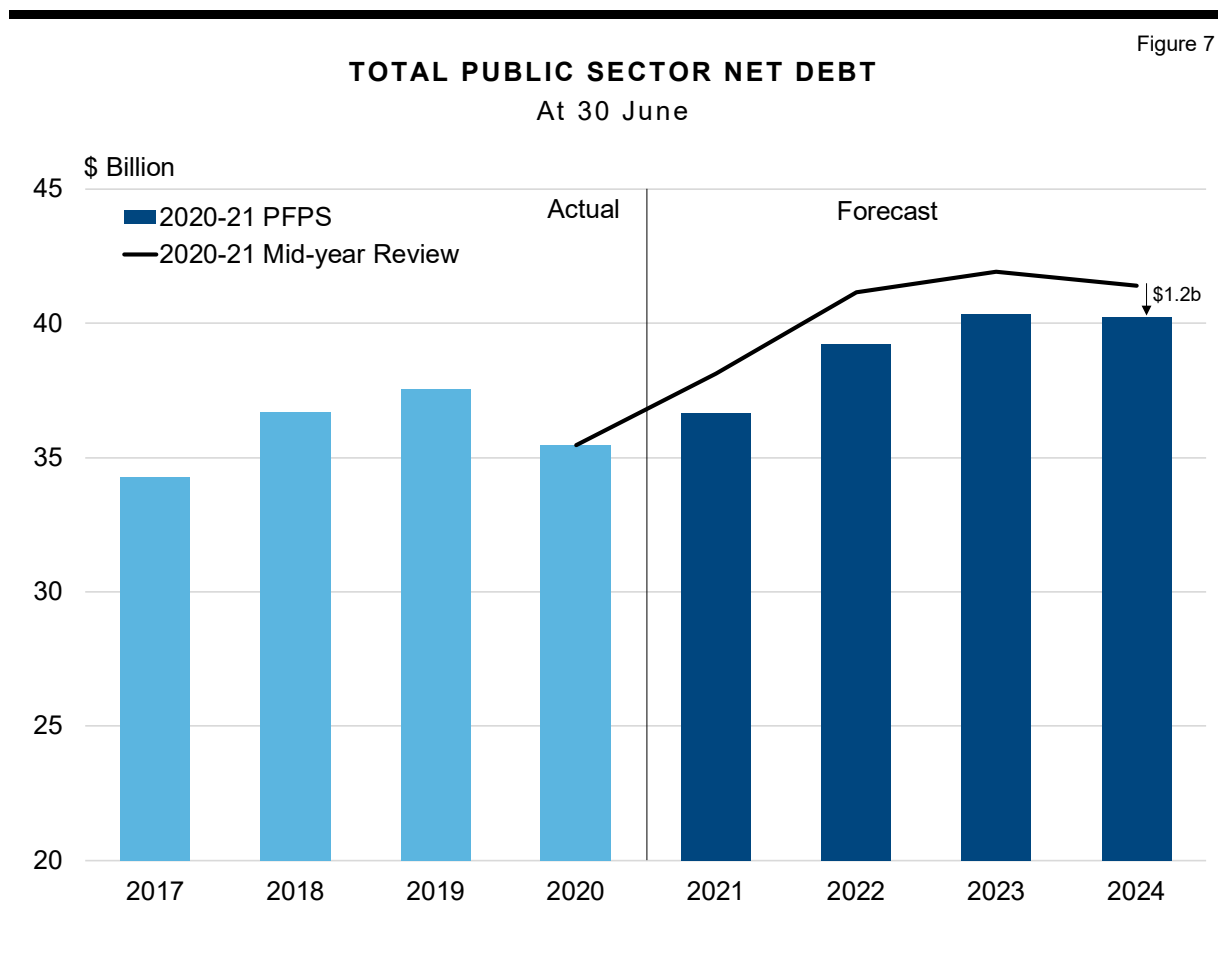
	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Revision	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
Net cash from operating activities	5,670	4,765	6,268	5,657	4,998	5,615
Net cash flows from investing in non-financial assets	-3,453	-7,053	-7,081	-7,794	-5,979	-5,355
Cash surplus/- deficit	2,217	-2,288	-814	-2,138	-980	259
<i>Financing transactions</i>						
Net cash flow from borrowings	2,451	2,051	1,899	1,471	798	474
Run-down in cash and cash equivalents	2,284	-1,706	-382	-1,546	-951	-55
All other financing	-6,951	1,944	-704	2,212	1,134	-678
<i>Total Financing</i>	<i>-2,217</i>	<i>2,288</i>	<i>814</i>	<i>2,138</i>	<i>980</i>	<i>-259</i>

Note: Columns may not add due to rounding.

Net Debt

Reflecting the improved operating conditions outlined earlier in this chapter, the outlook for total public sector net debt has improved since the Mid-year Review, with the projected level of net debt at 30 June 2024 (\$40.2 billion) now \$1.2 billion lower than previously forecast.

Consistent with expectations in the Mid-year Review, total public sector net debt is forecast to increase over the short-term before beginning to decline by the final year of the forward estimates period (2023-24).



Total public sector net debt is forecast to increase by \$4.8 billion over the four-year forward estimates period, rising from \$35.4 billion at 30 June 2020 to \$40.2 billion at 30 June 2024. The increasing level of net debt supports the State's infrastructure program, which totals \$28.9 billion over the four year forward estimates period.

After falling in 2019-20, the projected increase in net debt over the forward estimates period is considered affordable, reflecting:

- the total non-financial public sector net debt to revenue ratio (a key measure of the affordability of net debt) is estimated to peak at 66.7% in 2022-23 before declining to 65.5% by 2023-24, significantly lower than forecast ratios for New South Wales (140%), Victoria (207%), Queensland (118%), and South Australia (134%);
- net debt is estimated to represent 13.3% of the State's economy (as measured by Gross State Product (GSP)) in 2023-24, well below forecast levels in other States (which range from around 20% to 25% of GSP) and the Commonwealth (expected to increase to around 43% by 2023-24);

- historically low rates of interest are flowing through to lower public sector interest costs, which are now forecast to average around \$1.3 billion or 2% of revenue per annum across the forward estimates period;
- Western Australia's credit rating has firmed, with both Moody's and S&P Global assessing the State's credit rating as one 'notch' below triple-A and with a 'stable' outlook; and
- the general government sector has been in an operating surplus position since 2018-19, which means that revenue is covering day-to-day operating expenses. These surpluses represent an important source of non-debt funding for infrastructure.

The following table summarises changes in total public sector net debt projections since the 2020-21 Mid-year Review.

NET DEBT OF THE TOTAL PUBLIC SECTOR AT 30 JUNE					Table 9
	2021 \$m	2022 \$m	2023 \$m	2024 \$m	
2020-21 Mid-year Review - Total Public Sector Net Debt	38,125	41,138	41,933	41,407	
<i>Less change in net cash flows from operating activities and dividends paid</i>					
- general government	-1.7	1,964.8	-320.4	-380.8	
- public non-financial corporations	1,026.7	-1,037.2	5.0	-2.5	
- public financial corporations	477.6	-477.6	-	-	
<i>Total public sector</i>	<i>1,502.6</i>	<i>449.9</i>	<i>-315.4</i>	<i>-383.2</i>	
<i>Plus purchases of non-financial assets ^(a)</i>					
Public Transport Authority	-6.4	-20.8	17.2	-	
Biodiversity, Conservation and Attractions	4.2	3.1	5.6	0.9	
Horizon Power	-	17.0	-	-	
Education	1.4	4.0	-13.5	8.1	
All other ^(b)	29.1	1.2	9.0	-	
<i>Total purchase of non-financial assets</i>	<i>28.2</i>	<i>4.5</i>	<i>18.4</i>	<i>9.0</i>	
<i>Less proceeds from sale of non-financial assets</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	
<i>Plus all other financing ^(c)</i>	<i>-2.8</i>	<i>9.9</i>	<i>-</i>	<i>-</i>	
<i>Cumulative impact on net debt at 30 June</i>	<i>-1,477.2</i>	<i>-1,912.7</i>	<i>-1,578.9</i>	<i>-1,186.7</i>	
2020-21 PFPS - Total Public Sector Net Debt	36,648	39,225	40,354	40,220	
(a) Material asset investment changes are outlined in Appendix 3: <i>Spending Changes Since the Mid-year Review</i> .					
(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.					

Implications for the Government's Financial Targets

Section 15(2)(c) of the *Government Financial Responsibility Act 2000* (GFRA) requires that the PFPS explain the implications of the financial projections for meeting the financial targets set out in the Government Financial Strategy Statement².

The financial targets detailed in the 2020-21 Budget are to:

- maintain a net operating surplus for the general government sector on average over the forward estimates period;
- maintain disciplined general government expense management 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.

Consistent with expectations in the 2020-21 Mid-year Review, the following table shows that all of these financial targets are forecast to be met, with the exception of the target to ensure key service delivery agency recurrent spending outcomes are in line with budgeted expense limits in Resource Agreements.

In addition to the agencies expected to exceed expense limits by more than 2% that were identified in the Mid-year Review (i.e. WA Health and the Departments of Transport and Local Government, Sport and Cultural Industries), the Department of Justice is expected to also exceed the target limit as a result of higher than anticipated custodial services spending in 2020-21.

² As required by the GFRA, a Government Financial Strategy Statement is released once a year by the Treasurer (detailed in the 2020-21 Budget Paper No. 3: *Economic and Fiscal Outlook*, pages 49-53) and includes a range of medium-term financial targets.

Table 10

**2020-21 PRE-ELECTION FINANCIAL PROJECTIONS STATEMENT
FINANCIAL TARGET COMPLIANCE**

	2020-21 PFPS Revision	2021-22 Forward Estimate	2022-23 Forward Estimate	2023-24 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)	3,124	2,231	1,483	1,911
- 2020-21 PFPS compliance	Yes	Yes	Yes	Yes
- 2020-21 Mid-year Review compliance	Yes	Yes	Yes	Yes
Maintain disciplined general government expense management through:				
- delivering public sector wage outcomes in line with Government wages policy				
- 2020-21 PFPS compliance	Yes	Yes	Yes	Yes
- 2020-21 Mid-year Review compliance	Yes	Yes	Yes	Yes
- ensuring key service delivery agency recurrent spending outcomes are in line with budgeted expense limits				
- 2020-21 PFPS compliance	No	Yes	Yes	Yes
- 2020-21 Mid-year Review compliance	No	Yes	Yes	Yes
Maintain or increase net worth of the total public sector				
- Total public sector net worth (\$b)	106.0	107.2	110.2	113.8
- 2020-21 PFPS compliance	Yes	Yes	Yes	Yes
- 2020-21 Mid-year Review compliance	Yes	Yes	Yes	Yes

Statement of Risks

Changes since the 2020-21 Mid-year Review

The risks outlined in the Statement of Risks in the 2020-21 Budget and 2020-21 Mid-year Review remain valid and are largely unchanged. Where there has been no change to these risk items, they are not repeated here. The discussion below highlights changes to the Statement of Risks relative to the Mid-year Review released in December 2020.

Impact of Lockdown

On 31 January 2021, the Government announced a five-day lockdown period following infection of a staff member of the hotel quarantine system in Perth. The lockdown commenced from 6pm on 31 January 2021.

The impact of the announced lockdown is not expected to be material in terms of the economic assumptions presented in this PFPS. However, the risk of extension of the lockdown or further restrictions could potentially have a material effect on the economic and fiscal projections in this PFPS.

Revenue Estimates

The revenue estimates outlined in the Mid-year Review have been revised for movements in market conditions and other assumptions. Approximate annual impacts of changes in key economic parameters are shown in the following table.

Table 11

APPROXIMATE PARAMETER SENSITIVITY OF THE REVENUE ESTIMATES 2020-21

	Variability (\$m)	Detail
Royalty income and North West Shelf grants	±152	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	±81	For each \$US1 per tonne increase/decrease in the price of iron ore.
Petroleum royalties and North West Shelf grants	±9	For each \$US1 increase/decrease in the price of a barrel of oil.
Payroll tax	±37	For each 1% increase/decrease in taxable wages or employment growth (i.e. the total wages bill).
Underlying transfer duty		
• Prices	±11	For each 1% increase/decrease in average property prices.
• Transactions	±8	For each 1% increase/decrease in transaction levels.

Iron Ore Price

The iron ore price is inherently volatile and has in the past deviated from Treasury's estimates by large amounts over short periods. This most recently occurred in the weeks following the 2020-21 Mid-year Review cut-off (see the iron ore price feature box earlier in this chapter).

As an indication of the volatility of the iron ore price, over the financial year to date it has averaged \$US131 per tonne, ranging from a low of \$US99 per tonne in July 2020 to a high of \$US175 per tonne in December 2020. The iron ore price will need to average \$US138 per tonne over the remainder of 2020-21 to meet the revised forecast price of \$US134.3 per tonne which underlies the royalty projections for 2020-21 in this PFPS.

Payroll Tax

The mining industry is the largest contributor to payroll tax of all industries. Any material changes in activity and employment in this sector (up or down) would substantially impact on payroll tax collections.

Total Duty on Transfers

Residential property transactions are the largest contributor to total transfer duty. Both the number of residential property transactions and prices are susceptible to fluctuations in market sentiment and are therefore inherently volatile and difficult to forecast.

If the current strength in the residential property market were to be sustained for longer than anticipated this could lead to a stronger than projected median house price and, in turn, higher than forecast transfer duty revenue.

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

- National Partnership Agreements
 - COVID-19 Vaccine – In November 2020, the National Cabinet endorsed the *Australian COVID-19 Vaccination Policy*. The policy notes that arrangements will be developed between Governments to deliver a COVID-19 vaccination program, including potential updates to existing intergovernmental agreements. At the 1 February 2021 cut-off date for the PFPS, these arrangements are still to be finalised.
 - Mental Health and Suicide Prevention – In December 2020, the National Federation Reform Council agreed that a new *National Agreement on Mental Health and Suicide Prevention* be negotiated by the end of November 2021. The new agreement is to focus on systemic, whole-of-government reforms in this area. The funding and policy implications of this agreement are currently uncertain.
- GST Grants – The Commonwealth released its 2020-21 Mid-year Economic and Fiscal Outlook after the 30 November 2020 cut-off date for the Mid-year Review, with revised forecasts for the GST grant pool and States' populations. These revisions result in higher forecasts for Western Australia's GST grants, as detailed earlier in this chapter. There remains ongoing scope for revisions to these forecasts in future updates.

Spending Risks

COVID-19 Costs

Continued uncertainty around the COVID-19 pandemic and associated costs remains an ongoing risk. Current COVID-related assumptions underpinning the aggregates in this PFPS are informed by Chief Health Officer advice and National Cabinet decisions. Along with new developments, these assumptions are subject to change, including in relation to caps on international arrivals and associated flow-on impacts to quarantine costs and fee collections.

In addition, there will be material costs related to the roll-out of the COVID-19 vaccination program, planned for commencement in late February 2021. As implementation is still being finalised and funding arrangements remain subject to further negotiation with the Commonwealth, it is not possible to quantify the financial impacts at this time.

Perth Hills Bushfire

A significant bushfire started in Wooroloo on 1 February 2021 and spread to surrounding areas in the Perth Hills. Property and infrastructure damage from the fire is significant, with a substantial number of homes lost. The Government provided funding of \$2 million to the Lord Mayor's Disaster Relief Fund on 3 February 2021. It is likely that further expenditure will be required, including for the rebuilding of infrastructure such as electricity network assets and roads. It is not possible to quantify the extent of this expenditure until a full damage assessment has been undertaken. In addition, a portion of the costs is likely to be met by the Commonwealth under disaster recovery funding arrangements.

The Western Australian Economy

HIGHLIGHTS

- Despite the five-day lockdown period announced on 31 January 2021, the outlook for the Western Australian economy remains largely unchanged from the 2020-21 Mid-year Review.
- This assessment is based on the assumption that the lockdown period is not extended beyond the announced five days, and the expectation that the State's major industries (including mining and construction) will continue to operate largely unaffected.
- The overall economy, as measured by Gross State Product (GSP), is still expected to grow by 2% in 2020-21. This is unchanged from the Mid-year Review forecast, although some of the components of growth (including household consumption) have been revised.
- The State's labour market has been recovering at a faster pace than anticipated over recent months, with the unemployment rate over the 2020-21 financial year now forecast to average 6.5% – down from 7% at Mid-year Review. In line with the Mid-year Review forecasts, the unemployment rate is expected to fall to 6% in 2021-22 and 5.5% by 2022-23.
- Commodity prices have risen since the Mid-year Review cut-off date in late November 2020, reflecting an improved global demand outlook associated with the rollout of COVID-19 vaccines. This has provided a significant income boost to both the State Budget and the broader economy.

Economic Outlook

To date, the Western Australian economy has navigated the COVID-19 pandemic well, with around 99% of the jobs initially lost over the February to May 2020 period now recovered, strong household spending (including in the residential construction market), and robust mining sector activity.

2020-21 Pre-election Financial Projections Statement

The economic forecasts in this Pre-election Financial Projections Statement (PFPS) were finalised immediately before the 31 January 2021 announcement of the five-day lockdown. Up to that point, the State had maintained zero community spread of COVID-19 for a period of around ten months, which underpinned a strong recovery in business and consumer confidence.

The announcement of the lockdown highlights that a potential second COVID-19 outbreak remains the most significant risk to the State's domestic economy, as noted in the 2020-21 Budget.

The five-day lockdown is not expected to have a material impact on growth in GSP, given the short period of the lockdown and that activity in significant sectors of the economy is expected to be largely unaffected (most notably the mining and construction industries, but also essential services, freight transport, and operations that can be substantially maintained by working from home). Recreation and culture-related activities are likely to be most impacted. There may be some activities that would likely have been undertaken during the five-day lockdown which are delayed to shortly after the lockdown ends (e.g. purchases of vehicles). In these cases, it is only the timing of activity that shifts.

Overall, the outlook for GSP remains unchanged from the Mid-year Review, with growth of 2% projected in 2020-21 before rising to 2.75% in 2021-22 as the domestic economy (as measured by State Final Demand) continues to recover from the pandemic.

Household consumption is now expected to grow by 0.25% in 2020-21 (compared to a 1% decline at Mid-year Review), largely reflecting a stronger than expected result for the September quarter 2020, positive consumer sentiment, and robust retail spending. This earlier than expected recovery results in growth of 3% in 2021-22 (compared to 4% previously).

Activity has also been particularly strong in the residential construction market, with a higher than expected take-up of the State Government's *Building Bonus* and the Commonwealth Government's *HomeBuilder* grants. This translates into a higher dwelling investment projection in 2021-22 of 21.75% (up from 17.25% at Mid-year Review), followed by a forecast decline of -13.25% in 2022-23 (reflecting a significant bring-forward of activity generated by these stimulus measures).

Table 1

ECONOMIC FORECASTS
Western Australia, Annual Growth (%)

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year Review	PFPS Revision	Forward Estimate	Forward Estimate	Forward Estimate
Demand and Output ^(a)						
Household Consumption	-2.3	-1.0	0.25	3.0	2.5	2.5
Dwelling Investment	-13.2	0.75	0.75	21.75	-13.25	-2.0
Business Investment	9.5	2.5	2.5	2.5	3.25	4.75
Government Consumption	4.9	3.5	3.5	1.5	2.5	2.5
Government Investment	-0.1	18.0	18.0	13.0	2.5	0.75
State Final Demand	0.8	1.75	2.25	3.75	2.25	3.0
Merchandise Exports	0.4	0.0	0.0	1.5	1.0	0.25
Merchandise Imports	1.3	-1.25	0.25	1.0	2.25	2.5
Net Exports ^(b)	2.4	2.75	2.25	1.0	-0.25	-1.75
Gross State Product ^(c)	1.4	2.0	2.0	2.75	1.25	1.5
Labour market						
Employment	0.4	1.0	1.5	1.5	1.75	1.5
Unemployment Rate ^(d)	6.1	7.0	6.5	6.0	5.5	5.5
Participation Rate ^(d)	67.5	68.2	68.2	68.2	68.2	68.3
Population						
Population	1.4	0.8	0.8	0.7	1.0	1.3
Working Age Population (15-64)	0.7	0.2	0.2	0.5	0.9	1.2
Prices						
Consumer Price Index ^(e)	1.3	1.5	1.5	1.75	1.75	2.0
Wage Price Index	1.7	1.5	1.5	1.75	2.0	2.25
Median House Price	-2.5	0.7	1.3	1.2	4.1	4.3
Other key parameters ^(d)						
Exchange Rate \$US/\$A (US cents)	67.1	72.6	74.8	77.3	77.3	77.3
Iron Ore Price (\$US/t) cost and freight inclusive (CFR)	92.9	103.7	134.3	65.6	64.0	64.0
Crude Oil Price (\$US/barrel)	51.3	40.8	46.0	53.5	51.7	50.9

(a) Based on 2019-20 annual State Accounts data, updated with the latest State Final Demand and Balance of Payments data for the September quarter 2020.

(b) Net exports refer to international trade in both goods and services.

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

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

(e) CPI growth rates in 2020-21 and 2021-22 are based on the total index excluding the electricity sub-index.

Cumulatively, these revisions result in higher State Final Demand growth in 2020-21 of 2.25% (up from 1.75% at Mid-year Review), with growth in the remaining years unchanged. Consistent with previous forecasts, both business investment and Government spending are expected to continue to support growth in the domestic economy over the forecast period.

In terms of the external sector, merchandise imports are now expected to lift slightly in 2020-21 (from a forecast decline previously). This corresponds to the revised forecast for household consumption, which is expected to boost the volume of consumer goods imported into the State relative to the Mid-year Review forecast. The merchandise export outlook remains unchanged, with the result for the September quarter 2020 in line with expectations and ship tracking data indicating that volumes remain steady.

The State's labour market has continued to recover, but at a faster pace than expected at Mid-year Review. Around 99% of the jobs initially lost to COVID-19 had been recovered to December 2020. The monthly unemployment rate stood at 6.2% in December 2020, the lowest of all States and well below the 8.7% rate recorded in June 2020.

2020-21 Pre-election Financial Projections Statement

Employment growth is expected to pick up in the near-term, with the number of advertised job vacancies in Western Australia rising to around an eight-year high in December 2020. Reflecting these factors, employment growth in 2020-21 has been revised up by 0.5 percentage points to 1.5%, which has reduced the forecast unemployment rate to 6.5%. Given that a portion of labour demand has likely been pulled-forward into 2020-21, employment growth has been revised down to 1.5% in the following year (from 2% previously). Nonetheless, this is sufficient to see the forecast unemployment rate fall to 6% in 2021-22 and to 5.5% by 2022-23 (consistent with expectations at the time of the Mid-year Review).

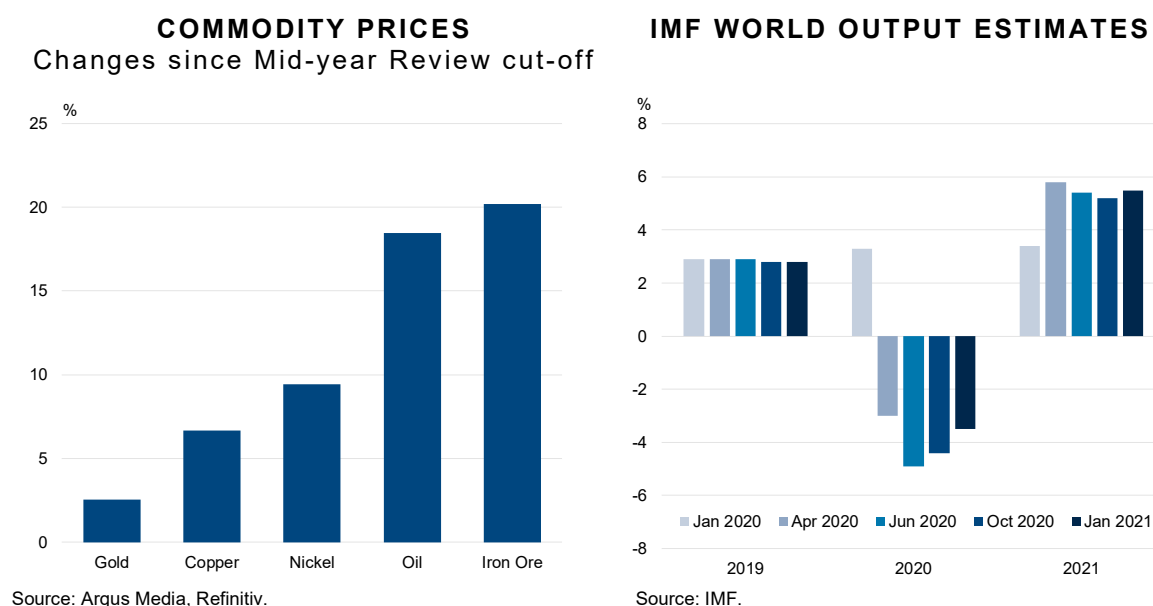
Despite more favourable labour market conditions, wages growth has to date remained subdued, with anecdotes of wage pressures in only select pockets of the labour market. As such, the Wage Price Index outlook remains unchanged from Mid-year Review.

The global outlook has improved since the Mid-year Review, due to multiple COVID-19 vaccine approvals and the commencement of vaccine rollout in many countries, which will gradually allow contact-intensive activities to resume. The International Monetary Fund (IMF), in its recent World Economic Outlook Update (January 2021), revised its 2021 global growth forecast upward by 0.3 percentage points to 5.5%. The IMF was particularly positive on China, the State's largest trading partner, noting that effective containment measures, a forceful public investment response, and central bank liquidity support have facilitated a strong recovery relative to other economies.

The improved global outlook and relatively quick recovery in China, particularly its industrial sectors, have contributed to rising prices for commodities most relevant to Western Australia, including oil, nickel and copper. Whilst volatile, the iron ore price has risen sharply, as its supply has been constrained in the face of rising demand. See the iron ore price feature box in Chapter 1: *Financial Projections* for further detail.

The Australian dollar has appreciated against the US dollar since the Mid-year Review, supported by stronger commodity prices. A stronger dollar reduces mining revenue as most commodity prices are denominated in US dollars, thereby reducing the Australian dollar income for a given US dollar price.

Figure 1



Risks

The potential for a further substantive outbreak of COVID-19 in Western Australia remains the largest risk to the State's domestic economy.

As noted earlier, while the impact of the five-day lockdown on GSP growth is expected to be modest (similar to the experience of the three-day lockdown in South Australia in November), any significant extension of the lockdown (if required) or a subsequent second wave of COVID-19 could have substantial impacts on economic activity, depending on the extent and length of restrictions required to suppress a second outbreak. Modelling undertaken for the 2020-21 Budget indicated that activity in the State's domestic economy could be reduced by \$5.6 billion, and employment could fall by around 30,000 persons, under a six-week lockdown scenario.

There also remains a risk from the further unwinding of fiscal support (such as JobKeeper), although indicators to date suggest the pull-back in these measures since late September 2020 has not had a material impact on the overall economy.

On the external front, there is a risk that merchandise exports could be lower than expected in 2020-21, mainly related to operational issues on LNG projects, while the outlook for iron ore is uncertain due to growing economic imbalances in China.

Although China's economy did not contract in 2020, its growth was heavily reliant on rising debt levels along with real estate and infrastructure investment, areas from which China had previously been transitioning away. There is a risk that China's iron ore demand may decline at the same time as supply from Brazil increases, potentially causing a sharp reversion in price, as happened in 2014 and 2015. However, this risk is mitigated by the assumption in this PFPS that the iron ore price will revert to its long-run average (of around \$US64 per tonne) by August 2021 (see feature box in Chapter 1 for further detail).

2020-21 Pre-election Financial Projections Statement

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*.

2020–21 Pre-election Financial Projections Statement

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Table 1.1

GENERAL GOVERNMENT Operating Statement

	Note	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
		Actual	Mid-year	PFPS	Forward	Forward	Forward
		\$m	Review	Revision	Estimate	Estimate	Estimate
<i>Results from Transactions</i>							
REVENUE							
Taxation		9,077	9,329	9,553	9,418	9,797	10,169
Current grants and subsidies		9,379	9,200	9,451	10,297	10,330	11,374
Capital grants		642	1,164	1,195	1,657	1,541	1,163
Sales of goods and services		2,754	2,762	2,769	3,009	2,933	2,917
Interest income		124	100	100	91	84	83
Revenue from public corporations							
Dividends from other sector entities		392	2,860	1,362	2,904	1,432	1,422
Tax equivalent income		732	861	861	728	754	798
Royalty income		8,450	8,660	10,734	5,560	5,482	5,515
Other		614	597	598	589	566	546
Total	3	32,162	35,533	36,622	34,252	32,919	33,986
EXPENSES							
Salaries		12,887	13,110	13,148	13,226	13,519	13,970
Superannuation							
Concurrent costs		1,276	1,301	1,305	1,370	1,459	1,571
Superannuation interest cost		89	72	72	84	96	109
Other employee costs		401	361	361	349	353	357
Depreciation and amortisation		1,751	1,823	1,823	1,833	1,840	1,830
Services and contracts		2,590	2,682	2,691	2,446	2,455	2,501
Other gross operating expenses		5,391	5,761	5,762	5,535	5,550	5,677
Interest							
Interest on leases		142	137	137	136	130	123
Other interest		737	656	655	610	583	560
Current transfers	5	5,003	6,846	6,820	5,613	5,230	5,138
Capital transfers	5	228	622	724	820	220	240
Total	6	30,493	33,371	33,499	32,021	31,437	32,075
NET OPERATING BALANCE		1,669	2,162	3,124	2,231	1,483	1,911
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		-27	-13	-8	13	8	-10
Provision for doubtful debts		-126	-14	-14	-14	-14	-14
Changes in accounting policy/adjustment of prior periods		-44	-	-	-	-	-
Total other economic flows		-197	-27	-22	-1	-6	-24
OPERATING RESULT		1,472	2,135	3,102	2,231	1,477	1,887
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		392	56	71	755	1,130	1,350
Net actuarial gains/-loss - superannuation		5	-228	-228	-165	-163	-146
Gains recognised directly in equity		-1	-46	-46	-46	-45	-45
Change in net worth of the public corporations sectors		217	-816	681	-1,561	602	501
All other		-239	-	-	-	-	-
Total all other movements in equity		373	-1,035	478	-1,016	1,524	1,660
TOTAL CHANGE IN NET WORTH		1,845	1,100	3,580	1,214	3,001	3,547
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		1,669	2,162	3,124	2,231	1,483	1,911
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets	6	2,553	3,281	3,316	3,490	2,899	2,614
Changes in inventories		38	47	47	-	-	-
Other movement in non-financial assets		-15	6	6	-	-	-33
Less:							
Sales of non-financial assets		1,476	143	143	157	98	87
Depreciation		1,751	1,823	1,823	1,833	1,840	1,830
Total net acquisition of non-financial assets		-651	1,367	1,402	1,500	961	663
NET LENDING/-BORROWING		2,320	794	1,722	731	522	1,248

Note: Columns may not add due to rounding.

2020-21 Pre-election Financial Projections Statement

Table 1.2

GENERAL GOVERNMENT Balance Sheet at 30 June

	2020	2021	2021	2022	2023	2024
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
ASSETS						
<i>Financial assets</i>						
Cash and deposits	513	520	520	531	555	539
Advances paid	715	775	774	757	744	733
Investments, loans and placements	5,924	4,543	5,226	4,115	2,955	2,779
Receivables	3,938	2,906	3,883	2,714	2,719	2,698
Shares and other equity						
Investments in other public sector entities - equity method	40,962	40,146	41,643	40,083	40,685	41,186
Investments in other public sector entities - direct injections	10,602	11,866	11,797	13,546	14,875	15,709
Investments in other entities	22	22	22	22	22	22
Other financial assets	8	8	8	9	9	9
Total financial assets	62,684	60,786	63,874	61,776	62,564	63,676
<i>Non-financial assets</i>						
Land	35,238	35,364	35,364	35,648	36,389	37,087
Property, plant and equipment	46,363	48,436	48,471	50,901	52,777	54,478
Right-of-use assets	2,484	2,482	2,482	2,469	2,282	2,129
Biological assets	109	109	109	109	109	109
Inventories						
Land inventories	-	-	-	-	-	-
Other inventories	108	156	156	156	156	156
Intangibles	603	585	585	573	534	501
Non-current assets held for sale	21	17	17	17	17	17
Investment property	7	7	7	7	7	7
Other	229	222	222	221	219	217
Total non-financial assets	85,162	87,377	87,411	90,101	92,491	94,701
TOTAL ASSETS	147,847	148,163	151,285	151,877	155,055	158,378
LIABILITIES						
Deposits held	1,472	743	1,375	480	440	406
Advances received	326	309	309	291	273	256
Borrowings						
Lease liabilities	2,722	3,108	3,108	3,106	2,929	2,773
Other borrowings	26,389	26,130	26,137	26,697	27,255	27,355
Unfunded superannuation	6,818	6,685	6,688	6,564	6,463	6,417
Other employee benefits	3,543	3,564	3,564	3,592	3,628	3,640
Payables	1,463	1,431	1,431	1,433	1,439	1,445
Other liabilities	2,674	2,655	2,654	2,481	2,395	2,306
TOTAL LIABILITIES	45,408	44,625	45,267	44,645	44,822	44,598
NET ASSETS	102,438	103,538	106,018	107,232	110,233	113,780
<i>Of which:</i>						
Contributed equity	-	-	-	-	-	-
Accumulated surplus	7,587	9,138	10,109	12,128	13,388	15,082
Other reserves	94,851	94,401	95,910	95,104	96,845	98,698
NET WORTH	102,438	103,538	106,018	107,232	110,233	113,780
MEMORANDUM ITEMS						
<i>Net financial worth</i>	<i>17,276</i>	<i>16,162</i>	<i>18,607</i>	<i>17,132</i>	<i>17,742</i>	<i>19,079</i>
<i>Net financial liabilities</i>	<i>34,288</i>	<i>35,850</i>	<i>34,833</i>	<i>36,497</i>	<i>37,817</i>	<i>37,817</i>
<i>Net debt</i>						
Gross debt liabilities	30,910	30,290	30,930	30,574	30,898	30,790
Less: liquid financial assets	7,152	5,838	6,520	5,403	4,254	4,051
Net debt	23,758	24,452	24,409	25,171	26,644	26,738

Note: Columns may not add due to rounding.

Table 1.3

GENERAL GOVERNMENT **Cash Flow Statement**

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received	9,018	9,239	9,463	9,434	9,812	10,185
Grants and subsidies received	11,825	11,919	12,195	13,905	13,915	14,653
Receipts from sales of goods and services	2,589	2,726	2,729	2,963	2,879	2,893
Interest receipts	119	94	94	87	82	81
Dividends and tax equivalents	1,071	3,830	2,332	3,624	2,190	2,222
Other receipts	10,825	11,353	12,453	8,538	7,260	7,271
Total cash received	35,447	39,161	39,266	38,551	36,138	37,305
<i>Cash Paid</i>						
Wages, salaries and supplements, and superannuation	-14,192	-14,824	-14,862	-14,940	-15,303	-15,830
Payments for goods and services	-8,494	-8,939	-8,949	-8,436	-8,483	-8,629
Interest paid	-905	-805	-805	-754	-721	-693
Grants and subsidies paid	-6,641	-8,482	-8,558	-7,959	-7,059	-7,025
Dividends and tax equivalents	-	-	-	-	-	-
Other payments	-2,004	-1,672	-1,654	-1,655	-1,633	-1,641
Total cash paid	-32,237	-34,721	-34,828	-33,744	-33,200	-33,817
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,211	4,439	4,437	4,806	2,938	3,488
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-2,553	-3,281	-3,316	-3,490	-2,899	-2,614
Sales of non-financial assets	1,476	143	143	157	98	87
Total cash flows from investments in non-financial assets	-1,077	-3,138	-3,172	-3,333	-2,800	-2,526
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	64	10	10	10	10	10
For liquidity purposes	56	67	67	60	15	11
<i>Cash paid</i>						
For policy purposes	-862	-1,644	-1,568	-1,860	-1,496	-903
For liquidity purposes	-38	-57	-57	-5	-3	-1
Total cash flows from investments in financial assets	-780	-1,625	-1,549	-1,795	-1,474	-882
NET CASH FLOWS FROM INVESTING ACTIVITIES	-1,857	-4,762	-4,721	-5,128	-4,275	-3,409
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	17	17	17	18	18	18
Borrowings	845	308	315	672	673	220
Deposits received	-	-	-	-	-	-
Other financing receipts	312	55	57	34	16	21
Total cash receipts from financing activities	1,174	380	389	724	706	259
<i>Cash paid</i>						
Advances paid	-17	-17	-17	-18	-18	-18
Borrowings repaid	-1,379	-120	-120	-113	-114	-121
Deposits paid	-	-	-	-	-	-
Other financing payments	-492	-431	-431	-449	-334	-358
Total payments for financing activities	-1,888	-568	-568	-579	-465	-496
NET CASH FLOWS FROM FINANCING ACTIVITIES	-714	-187	-179	145	241	-237
Net increase in cash and cash equivalents	640	-511	-462	-177	-1,096	-158
Cash and cash equivalents at the beginning of the year	5,005	5,645	5,645	5,182	5,006	3,910
Cash and cash equivalents at the end of the year	5,645	5,134	5,182	5,006	3,910	3,752
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	3,211	4,439	4,437	4,806	2,938	3,488
Net cash flows from investing in non-financial assets	-1,077	-3,138	-3,172	-3,333	-2,800	-2,526
Cash surplus/-deficit	2,134	1,301	1,265	1,473	137	962

Note: Columns may not add due to rounding.

2020-21 Pre-election Financial Projections Statement

Table 1.4

PUBLIC NON-FINANCIAL CORPORATIONS Operating Statement

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>						
REVENUE						
Current grants and subsidies	2,446	3,554	3,598	2,474	2,274	2,244
Capital grants	64	120	127	121	41	50
Sales of goods and services	34,089	39,616	38,780	38,149	38,387	38,906
Interest income	126	124	124	138	140	142
Other	468	443	443	463	528	545
<i>Total</i>	<i>37,192</i>	<i>43,857</i>	<i>43,071</i>	<i>41,345</i>	<i>41,370</i>	<i>41,886</i>
EXPENSES						
Salaries	1,101	1,312	1,312	1,279	1,316	1,339
Superannuation						
Concurrent costs	110	130	130	132	142	151
Superannuation interest cost	-	-	-	-	-	-
Other employee costs	34	24	24	25	25	26
Depreciation and amortisation	2,152	2,202	2,202	2,270	2,341	2,403
Services and contracts	792	843	843	862	703	658
Other gross operating expenses	29,615	35,235	34,402	33,197	33,508	33,896
Interest						
Interest on leases	90	90	88	85	81	73
Other interest	572	519	519	520	514	534
Tax equivalents	609	625	625	682	699	736
Current transfers	1,482	1,854	1,897	1,127	1,142	1,152
Capital transfers	15	6	6	3	3	-
<i>Total</i>	<i>36,571</i>	<i>42,841</i>	<i>42,048</i>	<i>40,183</i>	<i>40,474</i>	<i>40,966</i>
NET OPERATING BALANCE	621	1,016	1,023	1,162	896	920
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities	-65	-265	-272	30	145	154
Provision for doubtful debts	-72	-35	-35	-33	-32	-32
Changes in accounting policy/adjustment of prior periods	-44	-	-	-	-	-
<i>Total other economic flows</i>	<i>-181</i>	<i>-300</i>	<i>-306</i>	<i>-4</i>	<i>112</i>	<i>121</i>
OPERATING RESULT	440	716	716	1,158	1,008	1,042
<i>Other non-owner movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations	459	580	580	-33	766	587
Net actuarial gains/-loss - superannuation	-27	1	1	3	3	3
Gains recognised directly in equity	4	-	-	-	1	2
All other	-105	-	-	-	-	-
<i>Total other non-owner movements in equity</i>	<i>331</i>	<i>581</i>	<i>581</i>	<i>-31</i>	<i>770</i>	<i>592</i>
<i>Movements in owner equity</i>						
Dividends	-162	-2,348	-1,328	-2,362	-1,362	-1,344
Capital injections	652	1,277	1,208	1,733	1,346	853
<i>Total movements in owner equity</i>	<i>490</i>	<i>-1,071</i>	<i>-121</i>	<i>-629</i>	<i>-16</i>	<i>-491</i>
TOTAL CHANGE IN NET WORTH	1,261	226	1,177	499	1,762	1,143
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	621	1,016	1,023	1,162	896	920
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	2,683	4,344	4,338	5,105	3,828	3,457
Changes in inventories	2,050	124	124	108	128	106
Other movement in non-financial assets	109	130	130	144	167	176
<i>Less:</i>						
Sales of non-financial assets	311	434	434	650	656	634
Depreciation	2,152	2,202	2,202	2,270	2,341	2,403
<i>Total net acquisition of non-financial assets</i>	<i>2,380</i>	<i>1,963</i>	<i>1,957</i>	<i>2,437</i>	<i>1,126</i>	<i>701</i>
NET LENDING/-BORROWING	-1,758	-947	-934	-1,275	-231	219

Note: Columns may not add due to rounding.

Table 1.5

PUBLIC NON-FINANCIAL CORPORATIONS
Balance Sheet at 30 June

	2020	2021	2021	2022	2023	2024
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
ASSETS						
<i>Financial assets</i>						
Cash and deposits	2,938	1,674	2,452	1,591	1,702	1,772
Advances paid	-	-	-	-	-	-
Investments, loans and placements	5,407	6,168	6,188	6,252	6,239	6,250
Receivables	2,026	2,050	2,050	1,953	1,942	1,927
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	25	22	19	17
Other financial assets	580	488	488	340	305	249
<i>Total financial assets</i>	<i>10,960</i>	<i>10,405</i>	<i>11,203</i>	<i>10,158</i>	<i>10,207</i>	<i>10,214</i>
<i>Non-financial assets</i>						
Land	8,361	8,276	8,276	7,859	8,174	8,419
Property, plant and equipment	56,208	58,073	58,067	60,768	62,261	63,388
Right-of-use assets	494	435	435	509	454	393
Biological assets	209	212	212	211	216	220
Inventories						
Land inventories	1,809	2,086	2,086	2,149	2,122	2,089
Other inventories	6,325	6,449	6,449	6,557	6,686	6,792
Intangibles	445	422	422	395	378	378
Non-current assets held for sale	16	12	12	12	12	12
Investment property	26	45	45	45	39	39
Other	190	322	322	290	243	181
<i>Total non-financial assets</i>	<i>74,081</i>	<i>76,332</i>	<i>76,326</i>	<i>78,795</i>	<i>80,584</i>	<i>81,910</i>
TOTAL ASSETS	85,041	86,737	87,529	88,953	90,791	92,124
LIABILITIES						
Deposits held	-	-	-	-	-	-
Advances received	326	309	309	291	273	256
Borrowings						
Lease liabilities	815	1,058	1,058	1,075	945	793
Other borrowings	23,310	24,962	24,804	25,718	25,960	26,331
Unfunded superannuation	97	90	90	79	73	71
Other employee benefits	423	392	392	395	399	399
Payables	8,488	8,301	8,301	8,429	8,438	8,510
Other liabilities	1,796	1,613	1,613	1,504	1,480	1,397
<i>TOTAL LIABILITIES</i>	<i>35,255</i>	<i>36,725</i>	<i>36,566</i>	<i>37,492</i>	<i>37,568</i>	<i>37,758</i>
NET ASSETS	49,786	50,012	50,962	51,461	53,223	54,366
<i>Of which:</i>						
Contributed equity	10,887	12,164	12,095	13,828	15,174	16,027
Accumulated surplus	17,448	17,997	19,012	17,747	17,341	16,975
Other reserves	21,450	19,850	19,855	19,886	20,708	21,365
NET WORTH	49,786	50,012	50,962	51,461	53,223	54,366
MEMORANDUM ITEMS						
<i>Net financial worth</i>	<i>-24,295</i>	<i>-26,320</i>	<i>-25,363</i>	<i>-27,334</i>	<i>-27,361</i>	<i>-27,544</i>
<i>Net debt</i>						
Gross debt liabilities	24,451	26,329	26,170	27,085	27,178	27,380
Less : liquid financial assets	8,345	7,842	8,640	7,843	7,941	8,021
<i>Net debt</i>	<i>16,106</i>	<i>18,487</i>	<i>17,530</i>	<i>19,241</i>	<i>19,237</i>	<i>19,359</i>

Note: Columns may not add due to rounding.

Table 1.6

PUBLIC NON-FINANCIAL CORPORATIONS
Cash Flow Statement

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Grants and subsidies received	2,507	3,639	3,680	2,606	2,322	2,296
Receipts from sales of goods and services	25,130	25,688	25,257	25,278	25,310	25,703
Interest receipts	129	121	121	133	137	140
Dividends and tax equivalents	61	63	63	88	99	107
Other receipts	1,361	1,038	1,038	1,110	1,046	994
Total cash received	29,189	30,548	30,158	29,214	28,914	29,239
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-1,184	-1,495	-1,493	-1,427	-1,469	-1,499
Payments for goods and services	-19,602	-20,543	-20,091	-19,471	-19,511	-19,567
Interest paid	-689	-566	-591	-579	-568	-574
Grants and subsidies paid	-708	-769	-811	-714	-724	-728
Tax equivalents	-614	-683	-683	-675	-703	-738
Other payments	-3,628	-4,118	-4,108	-3,038	-2,908	-3,062
Total cash paid	-26,424	-28,175	-27,778	-25,905	-25,882	-26,168
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,764	2,373	2,380	3,310	3,032	3,071
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-2,683	-4,344	-4,338	-5,105	-3,828	-3,457
Sales of non-financial assets	311	434	434	650	656	634
Total cash flows from investments in non-financial assets	-2,372	-3,911	-3,904	-4,455	-3,172	-2,822
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	74	54	54	10	5	18
<i>Cash paid</i>						
For policy purposes	-21	-23	-23	-25	-4	-
For liquidity purposes	-30	-34	-34	-14	-7	-21
Total cash flows from investments in financial assets	23	-3	-3	-29	-6	-3
NET CASH FLOWS FROM INVESTING ACTIVITIES	-2,349	-3,913	-3,907	-4,484	-3,177	-2,825
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	7,014	6,847	6,688	4,956	6,728	5,345
Deposits received	-	-	-	-	-	-
Other financing receipts	902	1,726	1,650	1,997	1,521	949
Total cash received	7,916	8,573	8,338	6,954	8,249	6,294
<i>Cash paid</i>						
Advances paid	-17	-17	-17	-18	-18	-18
Borrowings repaid	-6,565	-5,727	-5,727	-4,171	-6,478	-4,969
Deposits paid	-	-	-	-	-	-
Other financing payments	-172	-175	-175	-157	-136	-138
Dividends paid	-162	-2,348	-1,328	-2,362	-1,362	-1,344
Total cash paid	-6,917	-8,268	-7,248	-6,707	-7,993	-6,468
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,000	305	1,090	247	256	-174
Net increase in cash and cash equivalents	1,415	-1,235	-437	-928	111	72
Cash and cash equivalents at the beginning of the year	1,818	3,233	3,233	2,796	1,869	1,979
Cash and cash equivalents at the end of the year	3,233	1,998	2,796	1,869	1,979	2,051
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	2,764	2,373	2,380	3,310	3,032	3,071
Net cash flows from investing in non-financial assets	-2,372	-3,911	-3,904	-4,455	-3,172	-2,822
Dividends paid	-162	-2,348	-1,328	-2,362	-1,362	-1,344
Cash surplus/-deficit	230	-3,885	-2,852	-3,507	-1,502	-1,095

Note: Columns may not add due to rounding.

Table 1.7

TOTAL NON-FINANCIAL PUBLIC SECTOR

Operating Statement

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>						
REVENUE						
Taxation	8,554	8,833	9,057	8,907	9,274	9,640
Current grants and subsidies	9,379	9,200	9,451	10,297	10,330	11,374
Capital grants	642	1,164	1,195	1,657	1,541	1,163
Sales of goods and services	36,251	41,723	40,893	40,394	40,705	41,263
Interest income	229	202	202	208	205	208
Royalty income	8,450	8,660	10,734	5,560	5,482	5,515
Dividend and tax equivalents	415	836	359	687	233	245
Other	980	907	907	922	958	959
Total	64,899	71,525	72,798	68,633	68,727	70,365
EXPENSES						
Salaries	13,989	14,422	14,460	14,505	14,835	15,309
Superannuation						
Concurrent costs	1,385	1,431	1,435	1,502	1,602	1,722
Superannuation interest cost	89	72	72	84	96	109
Other employee costs	355	306	306	294	299	303
Depreciation and amortisation	3,899	4,018	4,018	4,096	4,174	4,227
Services and contracts	3,374	3,532	3,540	3,313	3,164	3,166
Other gross operating expenses	34,286	40,206	39,375	37,834	38,305	38,871
Interest						
Interest on leases	230	223	221	217	208	194
Other interest	1,289	1,157	1,157	1,113	1,082	1,078
Current transfers	3,693	4,818	4,790	3,934	3,756	3,703
Capital transfers	178	502	598	702	182	190
Total	62,769	70,689	69,973	67,594	67,703	68,870
NET OPERATING BALANCE	2,131	837	2,825	1,039	1,024	1,495
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities	-92	-278	-280	43	153	144
Provision for doubtful debts	-198	-49	-49	-47	-46	-46
Changes in accounting policy/adjustment of prior periods	13	-	-	-	-	-
Total other economic flows	-277	-327	-328	-5	106	97
OPERATING RESULT	1,854	510	2,497	1,034	1,130	1,592
<i>All other movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations	850	661	676	689	1,929	1,975
Net actuarial gains/-loss - superannuation	-22	-227	-227	-162	-160	-143
Gains recognised directly in equity	-1	-53	-53	-53	-51	-51
Change in net worth of the PFC sector	-493	210	687	-294	153	174
All other	-344	-	-	-	-	-
Total all other movements in equity	-9	590	1,083	180	1,870	1,955
TOTAL CHANGE IN NET WORTH	1,845	1,100	3,580	1,214	3,001	3,547
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	2,131	837	2,825	1,039	1,024	1,495
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	5,185	7,563	7,591	8,480	6,726	6,070
Changes in inventories	2,088	172	172	108	128	106
Other movement in non-financial assets	94	136	136	144	167	143
<i>Less:</i>						
Sales of non-financial assets	1,735	514	514	692	754	721
Depreciation	3,899	4,018	4,018	4,096	4,174	4,227
Total net acquisition of non-financial assets	1,732	3,338	3,366	3,944	2,094	1,372
NET LENDING/-BORROWING	399	-2,501	-541	-2,905	-1,070	123

Note: Columns may not add due to rounding.

2020-21 Pre-election Financial Projections Statement

Table 1.8

TOTAL NON-FINANCIAL PUBLIC SECTOR Balance Sheet at 30 June

	2020	2021	2021	2022	2023	2024
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
ASSETS						
<i>Financial assets</i>						
Cash and deposits	1,995	1,467	1,613	1,657	1,832	1,920
Advances paid	389	467	465	466	471	477
Investments, loans and placements	11,270	10,645	11,349	10,301	9,127	8,951
Receivables	5,824	4,883	5,860	4,587	4,588	4,557
Shares and other equity						
Investments in other public sector entities - equity method	1,778	2,000	2,477	2,167	2,337	2,529
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	32	48	48	45	42	39
Other financial assets	8	8	8	9	9	9
Total financial assets	21,294	19,518	21,820	19,231	18,405	18,483
<i>Non-financial assets</i>						
Land	43,599	43,639	43,639	43,507	44,563	45,506
Property, plant and equipment	102,570	106,510	106,538	111,669	115,038	117,865
Right-of-use assets	2,973	2,878	2,878	2,946	2,730	2,540
Biological assets	317	321	321	320	325	329
Inventories						
Land inventories	1,809	2,086	2,086	2,149	2,122	2,089
Other inventories	6,433	6,605	6,605	6,713	6,841	6,948
Intangibles	1,047	1,006	1,006	968	913	879
Non-current assets held for sale	37	29	29	29	29	29
Investment property	33	51	51	51	46	46
Other	419	536	536	503	455	391
Total non-financial assets	159,238	163,662	163,690	168,855	173,061	176,623
TOTAL ASSETS	180,532	183,180	185,510	188,086	191,466	195,106
LIABILITIES						
Deposits held	14	14	14	14	14	14
Advances received	326	309	309	291	273	256
Borrowings						
Lease liabilities	3,471	4,063	4,063	4,083	3,802	3,509
Other borrowings	49,700	51,092	50,941	52,415	53,216	53,686
Unfunded superannuation	6,915	6,775	6,778	6,643	6,536	6,488
Other employee benefits	3,966	3,956	3,956	3,988	4,027	4,040
Payables	9,812	9,660	9,660	9,784	9,804	9,887
Other liabilities	3,889	3,772	3,772	3,636	3,561	3,447
TOTAL LIABILITIES	78,094	79,642	79,492	80,853	81,233	81,326
NET ASSETS	102,438	103,538	106,018	107,232	110,233	113,780
<i>Of which:</i>						
Contributed equity	-	-	-	-	-	-
Accumulated surplus	25,043	27,142	29,128	29,882	30,737	32,063
Other reserves	77,396	76,396	76,890	77,350	79,496	81,717
NET WORTH	102,438	103,538	106,018	107,232	110,233	113,780
MEMORANDUM ITEMS						
<i>Net financial worth</i>	<i>-56,800</i>	<i>-60,124</i>	<i>-57,672</i>	<i>-61,623</i>	<i>-62,828</i>	<i>-62,843</i>
<i>Net financial liabilities</i>	<i>58,578</i>	<i>62,124</i>	<i>60,149</i>	<i>63,790</i>	<i>65,165</i>	<i>65,372</i>
<i>Net debt</i>						
Gross debt liabilities	53,511	55,478	55,326	56,803	57,305	57,464
Less: liquid financial assets	13,653	12,579	13,426	12,423	11,430	11,348
Net debt	39,858	42,899	41,900	44,380	45,875	46,116

Note: Columns may not add due to rounding.

Table 1.9

TOTAL NON-FINANCIAL PUBLIC SECTOR
Cash Flow Statement

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received	8,496	8,730	8,955	8,914	9,288	9,647
Grants and subsidies received	11,825	11,919	12,195	13,905	13,915	14,653
Receipts from sales of goods and services	27,051	27,727	27,300	27,421	27,515	27,979
Interest receipts	226	194	194	198	200	204
Dividends and tax equivalents	355	861	383	676	225	247
Other receipts	11,808	11,986	13,086	9,265	7,934	7,895
<i>Total cash received</i>	<i>59,760</i>	<i>61,417</i>	<i>62,112</i>	<i>60,380</i>	<i>59,078</i>	<i>60,625</i>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-15,375	-16,318	-16,355	-16,367	-16,772	-17,329
Payments for goods and services	-27,194	-28,487	-28,045	-26,794	-27,037	-27,296
Interest paid	-1,572	-1,350	-1,375	-1,312	-1,270	-1,249
Grants and subsidies paid	-4,809	-5,579	-5,658	-6,044	-5,437	-5,435
Dividends and tax equivalents	-	-	-	-	-	-
Other payments	-5,105	-5,280	-5,252	-4,171	-4,016	-4,164
<i>Total cash paid</i>	<i>-54,056</i>	<i>-57,015</i>	<i>-56,684</i>	<i>-54,688</i>	<i>-54,533</i>	<i>-55,473</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	5,704	4,403	5,428	5,692	4,545	5,152
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-5,185	-7,563	-7,591	-8,480	-6,726	-6,070
Sales of non-financial assets	1,735	514	514	692	754	721
<i>Total cash flows from investments in non-financial assets</i>	<i>-3,449</i>	<i>-7,048</i>	<i>-7,077</i>	<i>-7,788</i>	<i>-5,972</i>	<i>-5,349</i>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	64	10	10	10	10	10
For liquidity purposes	130	112	112	70	21	30
<i>Cash paid</i>						
For policy purposes	-63	-10	-10	-10	-10	-10
For liquidity purposes	-67	-82	-82	-18	-11	-23
<i>Total cash flows from investments in financial assets</i>	<i>64</i>	<i>30</i>	<i>30</i>	<i>51</i>	<i>10</i>	<i>7</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-3,386	-7,019	-7,047	-7,737	-5,962	-5,342
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	7,859	7,155	7,003	5,629	7,401	5,565
Deposits received	-	-	-	-	-	-
Other financing receipts	300	21	22	9	13	21
<i>Total cash received</i>	<i>8,159</i>	<i>7,176</i>	<i>7,026</i>	<i>5,638</i>	<i>7,413</i>	<i>5,586</i>
<i>Cash paid</i>						
Advances paid	-17	-17	-17	-18	-18	-18
Borrowings repaid	-7,944	-5,847	-5,847	-4,284	-6,592	-5,089
Deposits paid	-	-	-	-	-	-
Other financing payments	-462	-441	-441	-395	-371	-375
<i>Total cash paid</i>	<i>-8,424</i>	<i>-6,305</i>	<i>-6,305</i>	<i>-4,697</i>	<i>-6,981</i>	<i>-5,483</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	-264	871	721	941	432	103
Net increase in cash and cash equivalents	2,055	-1,745	-899	-1,104	-985	-86
Cash and cash equivalents at the beginning of the year	6,822	8,876	8,876	7,978	6,873	5,888
Cash and cash equivalents at the end of the year	8,876	7,131	7,978	6,873	5,888	5,802
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	5,704	4,403	5,428	5,692	4,545	5,152
Net cash flows from investing in non-financial assets	-3,449	-7,048	-7,077	-7,788	-5,972	-5,349
Cash surplus/-deficit	2,255	-2,646	-1,649	-2,097	-1,428	-197

Note: Columns may not add due to rounding.

Table 1.10

PUBLIC FINANCIAL CORPORATIONS
Operating Statement

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>						
REVENUE						
Current grants and subsidies	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Sales of goods and services	1,186	1,870	1,870	1,253	1,309	1,369
Interest income	1,626	1,421	1,421	1,515	1,603	1,652
Other	100	127	127	129	121	132
Total	2,912	3,418	3,418	2,897	3,033	3,153
EXPENSES						
Salaries	62	67	67	67	68	70
Superannuation						
Concurrent costs	6	7	7	7	7	8
Superannuation interest cost	-	-	-	-	-	-
Other employee costs	1	2	2	2	2	2
Depreciation and amortisation	8	9	9	10	10	10
Services and contracts	11	11	11	12	13	13
Other gross operating expenses	1,127	1,310	1,310	1,347	1,362	1,415
Interest						
Interest on leases	1	1	1	1	-	-
Other interest	1,344	1,201	1,201	1,280	1,361	1,409
Tax equivalents	123	236	236	46	55	63
Current transfers	4	5	5	5	5	5
Capital transfers	16	10	10	15	15	15
Total	2,704	2,858	2,858	2,792	2,898	3,008
NET OPERATING BALANCE	208	560	560	105	135	145
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities	-316	271	271	209	228	248
Provision for doubtful debts	-	-	-	-	-	-
Changes in accounting policy/adjustment of prior periods	8	-	-	-	-	-
Total other economic flows	-307	271	271	209	228	248
OPERATING RESULT	-99	831	831	315	363	393
<i>Other non-owner movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations	-	4	4	-	-	-
Net actuarial gains/-loss - superannuation	-	-	-	-	-	-
Gains recognised directly in equity	1	-	-	-	-	-
All other	-2	-	-	-	-	-
Total other non-owner movements in equity	-1	4	4	-	-	-
<i>Movements in owner equity</i>						
Dividends	-292	-600	-122	-641	-177	-182
Capital injections	-50	-13	-13	16	-17	-19
Total movements in owner equity	-343	-613	-135	-625	-194	-201
TOTAL CHANGE IN NET WORTH	-443	222	700	-310	169	192
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	208	560	560	105	135	145
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	4	5	5	6	6	7
Changes in inventories	-	-	-	-	-	-
Other movement in non-financial assets	-	-	-	-	-	-
<i>Less:</i>						
Sales of non-financial assets	-	-	-	-	-	-
Depreciation	8	9	9	10	10	10
Total net acquisition of non-financial assets	-5	-4	-4	-4	-3	-3
NET LENDING/-BORROWING	213	564	564	110	138	148

Note: Columns may not add due to rounding.

Table 1.11

PUBLIC FINANCIAL CORPORATIONS
Balance Sheet at 30 June

	2020	2021	2021	2022	2023	2024
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
ASSETS						
<i>Financial assets</i>						
Cash and deposits	354	337	337	346	355	363
Advances paid	4,873	5,671	5,671	5,836	5,836	5,840
Investments, loans and placements	67,860	70,220	70,546	71,980	73,170	74,028
Receivables	651	698	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	1,985	2,180	2,385	2,599
Other financial assets	7	7	7	7	7	7
Total financial assets	75,558	78,917	79,243	81,056	82,470	83,563
<i>Non-financial assets</i>						
Land	-	-	-	-	-	-
Property, plant and equipment	4	5	5	4	4	4
Right-of-use assets	24	20	20	16	13	9
Biological assets	-	-	-	-	-	-
Inventories						
Land inventories	-	-	-	-	-	-
Other inventories	-	-	-	-	-	-
Intangibles	7	7	7	7	7	7
Non-current assets held for sale	-	-	-	-	-	-
Investment property	-	-	-	-	-	-
Other	5	5	5	5	5	5
Total non-financial assets	41	37	37	33	29	26
TOTAL ASSETS	75,599	78,954	79,280	81,089	82,499	83,589
LIABILITIES						
Deposits held	-	-	-	-	-	-
Advances received	3	3	3	3	3	3
Borrowings						
Lease liabilities	29	25	25	21	17	12
Other borrowings	68,646	71,425	71,273	72,984	73,821	74,320
Unfunded superannuation	5	5	5	5	6	6
Other employee benefits	15	16	16	16	17	17
Payables	319	269	269	276	284	291
Other liabilities	4,803	5,212	5,212	5,617	6,016	6,411
TOTAL LIABILITIES	73,821	76,954	76,802	78,921	80,162	81,060
NET ASSETS	1,778	2,000	2,477	2,167	2,337	2,529
<i>Of which:</i>						
Contributed equity	-286	-299	-299	-282	-299	-318
Accumulated surplus	2,041	2,253	2,731	2,381	2,538	2,716
Other reserves	23	45	45	68	97	131
NET WORTH	1,778	2,000	2,477	2,167	2,337	2,529
MEMORANDUM ITEMS						
<i>Net financial worth</i>	<i>1,737</i>	<i>1,963</i>	<i>2,441</i>	<i>2,135</i>	<i>2,307</i>	<i>2,503</i>
<i>Net debt</i>						
Gross debt liabilities	68,678	71,453	71,301	73,008	73,840	74,335
Less: liquid financial assets	73,088	76,227	76,553	78,162	79,361	80,231
Net debt	-4,409	-4,775	-5,252	-5,155	-5,521	-5,896

Note: Columns may not add due to rounding.

Table 1.12

PUBLIC FINANCIAL CORPORATIONS
Cash Flow Statement

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Grants and subsidies received	-	5	5	5	5	5
Receipts from sales of goods and services	1,203	1,998	1,998	1,437	1,512	1,590
Interest receipts	1,712	1,421	1,421	1,515	1,603	1,652
Dividends and tax equivalents	-	-	-	-	-	-
Other receipts	163	190	190	188	178	186
Total cash received	3,078	3,614	3,614	3,146	3,298	3,433
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-66	-73	-73	-74	-75	-77
Payments for goods and services	-866	-950	-950	-977	-1,002	-1,049
Interest paid	-1,665	-1,201	-1,201	-1,279	-1,360	-1,408
Grants and subsidies paid	-	-	-	-	-	-
Tax equivalents	-88	-286	-286	-46	-55	-63
Other payments	-160	-167	-167	-174	-182	-190
Total cash paid	-2,845	-2,677	-2,677	-2,550	-2,674	-2,786
NET CASH FLOWS FROM OPERATING ACTIVITIES	233	937	937	596	624	647
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-4	-5	-5	-6	-6	-7
Sales of non-financial assets	-	-	-	-	-	-
Total cash flows from investments in non-financial assets	-4	-5	-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	6,910	7,210	7,214	7,308
<i>Cash paid</i>						
For policy purposes	-70	-1	-1	-1	-8	-17
For liquidity purposes	-14,128	-8,003	-8,003	-7,756	-7,605	-7,710
Total cash flows from investments in financial assets	-2,284	-1,094	-1,094	-547	-398	-419
NET CASH FLOWS FROM INVESTING ACTIVITIES	-2,287	-1,098	-1,098	-553	-405	-425
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	28,790	28,845	28,694	27,604	27,899	26,773
Deposits received	-	-	-	-	-	-
Other financing receipts	19	36	36	24	-	-
Total cash received	28,809	28,881	28,730	27,628	27,899	26,773
<i>Cash paid</i>						
Advances paid	-	-	-	-	-	-
Borrowings repaid	-26,254	-28,102	-27,950	-27,478	-27,910	-26,775
Deposits paid	-	-	-	-	-	-
Other financing payments	-4	-5	-5	-5	-5	-4
Dividends paid	-267	-574	-97	-630	-170	-184
Total cash paid	-26,526	-28,681	-28,052	-28,113	-28,084	-26,964
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,283	200	678	-485	-185	-191
Net increase in cash and cash equivalents	229	39	517	-442	34	31
Cash and cash equivalents at the beginning of the year	1,890	2,119	2,119	2,635	2,194	2,228
Cash and cash equivalents at the end of the year	2,119	2,158	2,635	2,194	2,228	2,259
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	233	937	937	596	624	647
Net cash flows from investing in non-financial assets	-4	-5	-5	-6	-6	-7
Dividends paid	-267	-574	-97	-630	-170	-184
Cash surplus/-deficit	-38	358	836	-41	448	456

Note: Columns may not add due to rounding.

Table 1.13

TOTAL PUBLIC SECTOR Operating Statement

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
<i>Results from Transactions</i>						
REVENUE						
Taxation	8,550	8,828	9,052	8,903	9,270	9,636
Current grants and subsidies	9,379	9,200	9,451	10,297	10,330	11,374
Capital grants	642	1,164	1,195	1,657	1,541	1,163
Sales of goods and services	37,054	43,199	42,369	41,250	41,608	42,210
Interest income	555	424	424	558	672	735
Royalty income	8,450	8,660	10,734	5,560	5,482	5,515
Other	1,077	1,005	1,005	1,032	1,077	1,089
<i>Total</i>	<i>65,706</i>	<i>72,480</i>	<i>74,230</i>	<i>69,257</i>	<i>69,979</i>	<i>71,720</i>
EXPENSES						
Salaries	14,051	14,489	14,527	14,572	14,904	15,379
Superannuation						
Concurrent costs	1,392	1,438	1,442	1,509	1,609	1,729
Superannuation interest cost	89	72	72	84	96	109
Other employee costs	356	307	307	296	301	305
Depreciation and amortisation	3,908	4,027	4,027	4,106	4,183	4,236
Services and contracts	3,385	3,532	3,540	3,313	3,164	3,166
Other gross operating expenses	35,027	41,105	40,274	38,776	39,272	39,875
Interest						
Interest on leases	231	224	222	218	208	194
Other interest	1,333	1,159	1,158	1,228	1,307	1,361
Current transfers	3,693	4,818	4,791	3,934	3,756	3,703
Capital transfers	194	513	608	717	197	205
<i>Total</i>	<i>63,659</i>	<i>71,683</i>	<i>70,967</i>	<i>68,754</i>	<i>68,997</i>	<i>70,263</i>
NET OPERATING BALANCE	2,047	797	3,263	503	982	1,458
<i>Other economic flows - included in the operating result</i>						
Net gains on assets/liabilities	-408	-93	-95	252	381	392
Provision for doubtful debts	-198	-49	-49	-47	-46	-46
Changes in accounting policy/adjustment of prior periods	-79	-	-	-	-	-
<i>Total other economic flows</i>	<i>-685</i>	<i>-142</i>	<i>-143</i>	<i>205</i>	<i>334</i>	<i>345</i>
OPERATING RESULT	1,362	655	3,119	708	1,316	1,803
<i>All other movements in equity</i>						
<i>Items that will not be reclassified to operating result</i>						
Revaluations	850	725	741	722	1,895	1,937
Net actuarial gains/-loss - superannuation	-22	-227	-227	-162	-160	-143
Gains recognised directly in equity	-	-53	-53	-53	-51	-51
All other	-345	-	-	-	-	-
<i>Total all other movements in equity</i>	<i>483</i>	<i>445</i>	<i>461</i>	<i>506</i>	<i>1,684</i>	<i>1,744</i>
TOTAL CHANGE IN NET WORTH	1,845	1,100	3,580	1,214	3,001	3,547
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	2,047	797	3,263	503	982	1,458
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	5,188	7,568	7,596	8,486	6,733	6,077
Changes in inventories	2,088	172	172	108	128	106
Other movement in non-financial assets	94	136	136	144	167	143
<i>Less:</i>						
Sales of non-financial assets	1,736	515	515	692	754	722
Depreciation	3,908	4,027	4,027	4,106	4,183	4,236
<i>Total net acquisition of non-financial assets</i>	<i>1,727</i>	<i>3,334</i>	<i>3,362</i>	<i>3,940</i>	<i>2,091</i>	<i>1,369</i>
NET LENDING/-BORROWING	320	-2,537	-99	-3,437	-1,109	89

Note: Columns may not add due to rounding.

2020-21 Pre-election Financial Projections Statement

Table 1.14

TOTAL PUBLIC SECTOR Balance Sheet at 30 June

	2020	2021	2021	2022	2023	2024
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
ASSETS						
<i>Financial assets</i>						
Cash and deposits	2,346	1,801	1,946	2,001	2,185	2,280
Advances paid	5,259	6,135	6,133	6,298	6,303	6,314
Investments, loans and placements	25,495	24,428	25,609	24,393	23,617	23,823
Receivables	5,923	5,082	6,059	4,797	4,810	4,801
Equity - Investments in other entities	1,844	2,033	2,033	2,224	2,426	2,639
Other financial assets	15	15	15	15	16	16
Total financial assets	40,882	39,493	41,796	39,729	39,357	39,873
<i>Non-financial assets</i>						
Land	43,599	43,639	43,639	43,507	44,563	45,506
Property, plant and equipment	102,575	106,514	106,542	111,673	115,043	117,869
Right-of-use assets	2,997	2,898	2,898	2,962	2,743	2,549
Biological assets	317	321	321	320	325	329
Inventories						
Land inventories	1,809	2,086	2,086	2,149	2,122	2,089
Other inventories	6,433	6,605	6,605	6,713	6,841	6,948
Intangibles	1,054	1,013	1,013	975	919	887
Non-current assets held for sale	37	29	29	29	29	29
Investment property	33	51	51	51	46	46
Other	424	541	541	508	460	396
Total non-financial assets	159,279	163,699	163,727	168,888	173,090	176,649
TOTAL ASSETS	200,161	203,192	205,523	208,616	212,447	216,521
LIABILITIES						
Deposits held	12	12	11	11	11	11
Advances received	326	309	309	291	273	256
Borrowings						
Lease liabilities	3,500	4,088	4,088	4,104	3,819	3,521
Other borrowings	64,711	66,080	65,928	67,511	68,355	68,849
Unfunded superannuation	6,920	6,780	6,783	6,649	6,542	6,494
Other employee benefits	3,981	3,971	3,971	4,004	4,043	4,057
Payables	9,978	9,824	9,824	9,954	9,983	10,074
Other liabilities	8,294	8,591	8,590	8,860	9,187	9,480
TOTAL LIABILITIES	97,723	99,654	99,504	101,384	102,214	102,741
NET ASSETS	102,438	103,538	106,018	107,232	110,233	113,780
<i>Of which:</i>						
Contributed equity	-	-	-	-	-	-
Accumulated surplus	27,083	29,395	31,859	32,263	33,275	34,779
Other reserves	75,355	74,143	74,159	74,969	76,958	79,001
NET WORTH	102,438	103,538	106,018	107,232	110,233	113,780
MEMORANDUM ITEMS						
<i>Net financial worth</i>	<i>-56,841</i>	<i>-60,161</i>	<i>-57,709</i>	<i>-61,655</i>	<i>-62,857</i>	<i>-62,868</i>
<i>Net financial liabilities</i>	<i>56,841</i>	<i>60,161</i>	<i>57,709</i>	<i>61,655</i>	<i>62,857</i>	<i>62,868</i>
<i>Net debt</i>						
Gross debt liabilities	68,549	70,488	70,336	71,918	72,459	72,637
Less: liquid financial assets	33,100	32,364	33,689	32,692	32,105	32,417
Net debt	35,449	38,125	36,648	39,225	40,354	40,220

Note: Columns may not add due to rounding.

Table 1.15

TOTAL PUBLIC SECTOR
Cash Flow Statement

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received	8,492	8,721	8,945	8,905	9,280	9,638
Grants and subsidies received	11,825	11,919	12,195	13,905	13,915	14,653
Receipts from sales of goods and services	27,956	29,331	28,904	28,460	28,621	29,147
Interest receipts	565	415	415	559	682	751
Dividends and tax equivalents	-	-	-	-	-	-
Other	11,965	12,144	13,243	9,429	8,106	8,075
Total cash received	60,802	62,530	63,702	61,258	60,603	62,264
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-15,441	-16,391	-16,428	-16,441	-16,847	-17,405
Payments for goods and services	-27,762	-29,042	-28,601	-27,371	-27,632	-27,922
Interest paid	-1,864	-1,351	-1,375	-1,437	-1,509	-1,552
Grants and subsidies paid	-4,810	-5,574	-5,653	-6,039	-5,433	-5,430
Dividends and tax equivalents	-	-	-	-	-	-
Other payments	-5,256	-5,407	-5,378	-4,313	-4,184	-4,340
Total cash paid	-55,132	-57,765	-57,435	-55,602	-55,604	-56,649
NET CASH FLOWS FROM OPERATING ACTIVITIES	5,670	4,765	6,268	5,657	4,998	5,615
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-5,188	-7,568	-7,596	-8,486	-6,733	-6,077
Sales of non-financial assets	1,736	515	515	692	754	722
Total cash flows from investments in non-financial assets	-3,453	-7,053	-7,081	-7,794	-5,979	-5,355
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	64	10	10	10	10	10
For liquidity purposes	12,044	7,023	7,023	7,280	7,235	7,338
<i>Cash paid</i>						
For policy purposes	-63	-10	-10	-10	-10	-10
For liquidity purposes	-14,195	-8,086	-8,086	-7,774	-7,616	-7,733
Total cash flows from investments in financial assets	-2,150	-1,063	-1,063	-495	-381	-395
NET CASH FLOWS FROM INVESTING ACTIVITIES	-5,603	-8,116	-8,145	-8,289	-6,359	-5,750
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	20,848	23,000	22,849	23,323	21,309	21,686
Deposits received	-	-	-	-	-	-
Other financing receipts	231	20	22	8	5	4
Total cash received	21,078	23,020	22,870	23,331	21,314	21,690
<i>Cash paid</i>						
Advances paid	-17	-17	-17	-18	-18	-18
Borrowings repaid	-18,397	-20,949	-20,949	-21,852	-20,511	-21,212
Deposits paid	-	-	-	-	-	-
Other financing payments	-448	-409	-409	-376	-375	-380
Total cash paid	-18,862	-21,375	-21,375	-22,245	-20,905	-21,610
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,217	1,645	1,495	1,086	410	80
Net increase in cash and cash equivalents	2,284	-1,706	-382	-1,546	-951	-55
Cash and cash equivalents at the beginning of the year	8,710	10,994	10,994	10,612	9,066	8,114
Cash and cash equivalents at the end of the year	10,994	9,287	10,612	9,066	8,114	8,059
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	5,670	4,765	6,268	5,657	4,998	5,615
Net cash flows from investing in non-financial assets	-3,453	-7,053	-7,081	-7,794	-5,979	-5,355
Cash surplus/-deficit	2,217	-2,288	-814	-2,138	-980	259

Note: Columns may not add due to rounding.

NOTE 1: STATEMENT OF COMPLIANCE

The public sector financial statements projections presented in this appendix have been prepared in accordance with Australian Accounting Standards and the Australian Bureau of Statistics' *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 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.

The following table provides detail of current and capital transfer expenses of the general government sector, in line with UPF disclosure requirements.

(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). These 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.

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.

GENERAL GOVERNMENT REVENUE FROM PUBLIC CORPORATIONS						
	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
<i>Dividends</i>						
From public non-financial corporations	162	2,348	1,328	2,362	1,362	1,344
From public financial corporations	229	512	34	542	71	78
<i>Total dividends</i>	392	2,860	1,362	2,904	1,432	1,422
<i>Tax equivalent income</i>						
From public non-financial corporations	609	625	625	682	699	736
From public financial corporations	123	236	236	46	55	63
<i>Total tax equivalent income</i>	732	861	861	728	754	798
Total revenue from public corporations	1,123	3,721	2,223	3,631	2,186	2,220

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 transactions such as grants, subsidies, donations, and transfers of assets free of charge.

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	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
CURRENT TRANSFERS						
Local government	323	457	456	387	336	299
Local government on-passing	-	-	-	-	-	-
Private and not-for-profit sector	1,609	2,155	2,098	1,813	1,636	1,576
Private and not-for-profit sector on-passing	-	-	-	-	-	-
Other sectors of government	3,071	4,235	4,267	3,413	3,258	3,262
<i>Total Current Transfers</i>	<i>5,003</i>	<i>6,846</i>	<i>6,820</i>	<i>5,613</i>	<i>5,230</i>	<i>5,138</i>
CAPITAL TRANSFERS						
Local government	96	69	73	53	69	82
Local government on-passing	-	-	-	-	-	-
Private and not-for-profit sector	68	433	525	646	110	108
Private and not-for-profit sector on-passing	-	-	-	-	-	-
Other sectors of government	64	120	127	121	41	50
<i>Total Capital Transfers</i>	<i>228</i>	<i>622</i>	<i>724</i>	<i>820</i>	<i>220</i>	<i>240</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) which forms part of the GFS framework.

CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT (a) General Government

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Review	Revision	Estimate	Estimate	Estimate
<i>Expenses</i>						
General public services	1,334	1,532	1,540	1,316	1,275	1,373
Public order and safety	3,826	3,809	3,840	3,743	3,761	3,795
Economic affairs	1,651	2,392	2,396	1,380	1,255	1,202
Environmental protection	395	424	425	428	423	398
Housing and community amenities	1,223	1,673	1,975	1,881	1,374	1,336
Health	9,557	10,150	10,150	10,012	10,168	10,477
Recreation, culture and religion	806	815	816	837	839	839
Education	6,536	6,868	6,855	7,014	7,155	7,406
Social protection	2,674	2,923	2,723	2,752	2,661	2,725
Transport	2,490	2,785	2,777	2,657	2,527	2,525
Total General Government Expenses	30,493	33,371	33,499	32,021	31,437	32,075
<i>Purchases of new non-financial assets</i>						
General public services	137	126	126	102	104	90
Public order and safety	203	283	283	251	174	106
Economic affairs	18	65	68	44	43	40
Environmental protection	41	84	88	73	52	38
Housing and community amenities	125	188	188	178	96	94
Health	152	426	427	332	190	206
Recreation, culture and religion	131	105	131	80	72	39
Education	450	497	499	564	487	231
Social protection	5	7	7	6	5	4
Transport	1,292	1,777	1,777	1,865	1,675	1,366
Provisions not allocated ^(b)	-	-278	-278	-5	-	400
Total Purchases of Non-financial Assets	2,553	3,281	3,316	3,490	2,899	2,614

(a) Data in this table are for consolidated general government aggregates and exclude internal transactions within the sector. The information in this table classifies spending by general government agencies by function as defined in the GFS framework.

(b) Provisions not allocated by COFOG.

Note: Columns may not add due to rounding.

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	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Revision	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	3,642	3,674	3,674	3,916	4,114	4,196
Property taxes						
<i>Land tax</i>	792	756	756	736	733	757
Transfer duty	1,190	1,423	1,614	1,224	1,280	1,429
Foreign Buyers surcharge	19	19	19	18	22	25
Landholder duty	120	119	119	119	119	119
<i>Total duty on transfers</i>	1,329	1,561	1,752	1,361	1,421	1,573
Metropolitan Region Improvement Tax	88	80	80	78	78	80
Perth Parking Levy	56	51	51	59	60	61
Emergency Services Levy	387	353	353	389	408	429
Loan Guarantees Fees	157	134	134	144	148	150
Building and Construction Industry Training Fund Levy	39	37	37	32	33	33
<i>Total other property taxes</i>	726	656	656	702	728	753
Taxes on provision of goods and services						
Lotteries Commission	174	160	160	162	164	166
Video lottery terminals	- (a)	- (a)	- (a)	- (a)	- (a)	- (a)
Casino tax	40	41	41	46	53	54
Point of Consumption Tax	77	102	102	81	89	97
<i>Total taxes on gambling</i>	291	303	303	289	305	318
Insurance duty	694	719	719	755	773	797
Other	19	20	20	20	21	21
<i>Total taxes on insurance</i>	713	738	738	775	794	817
<i>On-demand Transport Levy</i>	41	30	30	30	23	-
Taxes on use of goods and performance of activities						
Vehicle licence duty	375	426	459	368	373	379
Permits - oversize vehicles and loads	9	8	8	8	8	8
Motor vehicle registrations	1,045	1,060	1,060	1,117	1,180	1,251
<i>Total motor vehicle taxes</i>	1,429	1,494	1,526	1,493	1,561	1,637
<i>Mining Rehabilitation Levy</i>	33	35	35	35	35	35
<i>Landfill Levy</i>	80	83	83	83	83	83
Total Taxation	9,077	9,329	9,553	9,418	9,797	10,169

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Revision	Revision	Estimate	Estimate	Estimate
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST grants	3,466	2,536	2,688	2,828	5,175	5,420
Commonwealth-funded 70% floor	814	1,547	1,547	2,041	-	-
North West Shelf grants	629	335	345	401	286	230
Commonwealth compensation for changed crude oil excise arrangements	21	13	14	16	11	9
National Specific Purpose Payment Agreement Grants						
Skills and Workforce Development	158	161	161	163	165	167
National Disability Services	176	1	1	-	-	-
National Housing and Homelessness Agreement	166	168	170	164	166	168
National Schools Reform Agreement - Quality Schools	829	920	923	1,020	1,121	1,200
National Health Reform Agreement	2,402	2,521	2,521	2,661	2,815	2,980
National Partnerships/Other Grants						
Health	365	313	313	174	112	106
Transport	88	206	206	129	134	108
Disability Services	62	30	30	140	143	816
Other	203	449	531	561	199	170
Total Current Grants and Subsidies	9,379	9,200	9,451	10,297	10,330	11,374
CAPITAL GRANTS						
National Partnerships/Other Grants						
Transport	621	1,114	1,114	1,623	1,511	1,152
Other	20	50	82	34	29	11
Total Capital Grants	642	1,164	1,195	1,657	1,541	1,163

Note: Columns may not add due to rounding.

2020-21 Pre-election Financial Projections Statement

Table 2.1 (cont.)

OPERATING REVENUE General Government

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year	PFPS	Forward	Forward	Forward
	\$m	Revision	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
SALES OF GOODS AND SERVICES						
WA Health	748	783	823	794	821	849
Department of Transport	226	216	216	238	236	241
Department of Education	194	217	217	221	216	220
State Training Providers/TAFE Colleges	121	80	98	97	95	94
Department of Training and Workforce Development	29	20	20	37	38	38
Western Australian Land Information Authority	183	75	75	86	92	78
Department of Biodiversity, Conservation and Attractions	99	101	101	117	119	120
Department of Justice	153	155	143	158	162	166
Department of Mines, Industry Regulation and Safety	155	141	141	156	158	158
All Other	845	976	936	1,105	995	951
Total Sale of Goods and Services	2,754	2,762	2,769	3,009	2,933	2,917
INTEREST INCOME	124	100	100	91	84	83
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	392	2,860	1,362	2,904	1,432	1,422
Tax Equivalent Regime	732	861	861	728	754	798
Total Revenue from Public Corporations	1,123	3,721	2,223	3,631	2,186	2,220
ROYALTY INCOME	8,450	8,660	10,734	5,560	5,482	5,515
OTHER						
Lease rentals	115	119	119	105	105	105
Fines	192	194	194	199	198	199
Revenue not elsewhere counted	308	285	285	286	263	243
Total Other	614	597	598	589	566	546
TOTAL REVENUE	32,162	35,533	36,622	34,252	32,919	33,986

(a) Amount less than \$500,000.

Note: Columns may not add due to rounding.

Spending Changes Since the Mid-year Review

Spending changes detailed in this appendix include:

- Government decisions made between the 30 November 2020 cut-off date for the 2020-21 Mid-year Review and the 1 February 2021 cut-off date for this PFPS; and
- parameter changes of a material nature affecting agency spending over the forward estimates period. These include the impact of issues such as variations in Commonwealth-funded programs, and higher costs and/or demand for government services.

Changes relating purely to timing, which are broadly net debt neutral across the forward estimates period, and changes to depreciation expense, are generally not included in this appendix. Material timing changes are discussed in Chapter 1.

Major Spending Changes

GOVERNMENT ADMINISTRATION

MAJOR SPENDING CHANGES					Table 3.1
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	
PREMIER AND CABINET					
Expenses					
Aboriginal Community Controlled Sector Development	0.2	0.7	0.5	0.2	

Premier and Cabinet

Expenses

Aboriginal Community Controlled Sector Development

An amount of \$1.6 million over 2020-21 to 2023-24 has been released from a global provision for expenditure by the Department on initiatives linked to priorities under the National Agreement on Closing the Gap. This comprises \$1.5 million to establish an Aboriginal Community Controlled Organisation consortium to support sector capacity building in Western Australia, and \$150,000 for a data scoping project to be undertaken by WA Health.

FINANCIAL ADMINISTRATION

MAJOR SPENDING CHANGES

Table 3.2

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
FINANCE				
Expenses				
Commonwealth HomeBuilder Grant Scheme (Administered)	72.3	236.2	-	-
Building Bonus Grant Scheme (Administered)	-	178.0	-	-
First Home Owner Grant (Administered)	19.0	27.3	-4.3	-1.0
COVID-19 Preparedness – Purchase of Reusable Masks	5.0	-	-	-
SOLSAN Development and Commercialisation Project	1.5	-	-	-
Administration of Commonwealth HomeBuilder Grant	0.4	0.4	-	-

Finance

Expenses

Commonwealth HomeBuilder Grant Scheme (Administered)

An additional \$308.5 million is expected to be spent on *HomeBuilder* grants over 2020-21 and 2021-22. This reflects a higher than expected number of building contracts being entered into between 4 June 2020 and 31 December 2020, and the Commonwealth Government's decision to extend the final contract signing date to 31 March 2021 (albeit at a lower grant amount of \$15,000). This additional expenditure will be fully funded by the Commonwealth Government.

Building Bonus Grant Scheme (Administered)

Reflecting a higher than expected number of building contracts being entered into between 4 June 2020 and 31 December 2020, estimated expenditure on the State Government-funded *Building Bonus* grants has been revised up by \$178 million in 2021-22. This brings the estimated total cost of this scheme to \$390 million.

First Home Owner Grant Scheme (Administered)

Consistent with a higher than expected take-up of the *HomeBuilder* and *Building Bonus* grants, First Home Owner Grant expenditure has been revised up by \$41 million over 2020-21 to 2023-24.

COVID-19 Preparedness – Purchase of Reusable Masks

The Department will spend \$5 million in 2020-21 to purchase an additional 1.2 million reusable masks to ensure a mask is available to every Western Australian if required during an event of community transmission of COVID-19.

SOLSAN Development and Commercialisation Project

To promote hand hygiene during the COVID-19 pandemic, \$1.5 million will be spent in 2020-21 to develop, manufacture and install SOLSAN touchless hand sanitiser dispenser units in high-traffic public spaces across Western Australia.

2020-21 Pre-election Financial Projections Statement

Administration of Commonwealth HomeBuilder Grant

Following the Commonwealth's extension of the *HomeBuilder* program to 31 March 2021, an additional \$800,000 will be spent over 2020-21 and 2021-22 to meet additional administration and compliance costs of the program.

JOBS AND ECONOMIC DEVELOPMENT

MAJOR SPENDING CHANGES

Table 3.3

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
JOBS, TOURISM, SCIENCE AND INNOVATION				
Expenses				
Additional Destination Marketing	5.0	20.0	-	-
Local Manufacturing of Personal Protective Equipment ^(a)	2.0	-	-	-
Buurabalayji Thalanyji Aboriginal Corporation Settlement	- ^(b)	-	-	-
Regulatory Approval Framework – Short Term Resourcing Relief	0.1	0.1	-	-
PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT				
Expenses				
Ord Cotton Gin Electricity Infrastructure	-	-3.5	-	-
Water Smart Farms and Southern Rangelands Restoration ^(c)	0.6	1.0	0.3	-
Western Australian Wine Industry Export Growth Partnership Project ^(c)	0.1	0.4	0.4	0.6
Horticultural Netting Infrastructure Scheme for the Pome Fruit Industry	1.5	-	-	-
Peel Harvey Catchment Council Water Research Infrastructure ^(c)	0.1	0.3	0.1	0.1
Collie Visitor's Centre Upgrade ^(c)	0.5	-	-	-
Collie Replica Mine Upgrade ^(c)	0.4	-	-	-
Food and Beverage Value Add Investment Grants ^(c)	1.4	0.4	-1.8	-
Margaret River Main Street Redevelopment	3.1	-3.1	-	-
MINES, INDUSTRY REGULATION AND SAFETY				
Expenses				
Government Support Package for Koolyanobbing Iron Ore (Administered)	12.8	6.6	-0.8	-
Residential Rental Relief Grant Scheme (Administered)	5.0	0.9	-	-
Mining Sector Financial Assistance (Administered)	0.7	-	-	-
Regulatory Approval Framework – Short Term Resourcing Relief	0.1	0.1	-	-
Kalgoorlie Core Library Expansion	3.6	-3.6	-	-

(a) This spending will be funded from the Department of Jobs, Tourism, Science and Innovation's Local Capability Fund.

(b) The amount of funding is not disclosed in order to avoid prejudicing the State's position on this matter.

(c) This project has been funded from within the existing Royalties for Regions (RfR) program.

Jobs, Tourism, Science and Innovation

Expenses

Additional Destination Marketing

The Government has allocated \$25 million over 2020-21 and 2021-22 for additional destination marketing to attract domestic and international visitors to Western Australia when COVID-19 travel restrictions are eased. This initiative is funded from the COVID-19 Industry Support Fund.

Local Manufacturing of Personal Protective Equipment

The Government has committed \$2 million in 2020-21 for the development of local manufacturing and supply of healthcare Personal Protective Equipment.

Buurabalayji Thalanyji Aboriginal Corporation Settlement

The Government has approved additional spending to progress settlement of claims made against the State by the Buurabalayji Thalanyji Aboriginal Corporation. The amount of funding is not disclosed in order to avoid prejudicing the State's position on this matter.

Regulatory Approval Framework – Short Term Resourcing Relief

The Department will spend an additional \$152,000 over 2020-21 and 2021-22 on two temporary full-time staff for six months to fast-track State Agreement-related approvals for mining projects. In total, the Government has approved additional expenditure of \$1.6 million across four regulatory agencies to assist in processing the large volume of applications for environmental, mining and heritage approvals for major resource projects.

Primary Industries and Regional Development

Expenses

Ord Cotton Gin Electricity Infrastructure

An amount of \$3.5 million in 2021-22 will be reallocated from the Royalties for Regions (RfR) Regional Development Leverage Fund and the State Agricultural Telecommunications Infrastructure Fund to Horizon Power for electricity infrastructure associated with the proposed cotton gin project in the East Kimberley.

Water Smart Farms (WSF) and Southern Rangelands Restoration (SRR)

The Government will spend \$1.5 million over 2020-21 to 2022-23 on the WSF project, which aims to reduce pressure on regional water supply schemes operated by the Water Corporation and local governments. A further \$437,000 over 2020-21 and 2021-22 has been approved to establish the SRR pilot project that aims to test various options and engage a group of pastoralists in innovative landscape measurement and restoration.

These projects are funded from the RfR Regional Development Leverage Fund.

Western Australian Wine Industry Export Growth Partnership Project

The Government will contribute \$1.5 million over 2020-21 to 2023-24, from the RfR Regional Development Leverage Fund, towards an industry-led initiative between the Department, Wines of Australia and Wines of Western Australia to support the delivery of priority elements of the Wine Export Strategy 2019-24.

Horticultural Netting Infrastructure Scheme for the Pome Fruit Industry

Commonwealth funding of \$1.5 million in 2020-21 will be provided to primary producers for the purchase and installation of new netting over land used to grow commercial apple and/or pear crops.

Peel Harvey Catchment Council's Water Research Infrastructure Project

The Government will spend \$500,000 over 2020-21 to 2023-24 to deliver purpose-built infrastructure through the provision of a central hub of shared research facilities in Mandurah. This will enable scientists and researchers to continue to monitor and conduct research of the Peel Yalgorup System and the wider Peel-Harvey Catchment.

Funding for this project is through reprioritisation of the RfR Regional Centres Development Plan Stage 2 program.

Collie Visitor's Centre Upgrade

The Shire of Collie will be provided \$537,000 in 2020-21 from the RfR Collie Industry Attraction and Development Fund to upgrade the Collie Visitor's Centre, including the addition of facilities to cater to the adventure tourist market.

Collie Replica Mine Upgrade

The Government has approved \$362,000 in 2020-21 from the RfR Collie Industry Attraction and Development Fund to be provided to the Collie Visitor's Centre for an upgrade to the Replica Underground Coal Mine Tourist Attraction.

Food and Beverage Value Add Investment Grants

The Government has brought forward \$1.8 million from 2022-23 to be spent over 2020-21 and 2021-22 on a State-wide grant program aimed at supporting investment and expansion opportunities for the Western Australian food, beverage and value add processing industries.

Margaret River Main Street Redevelopment

Spending of \$3.1 million has been brought forward from 2021-22 to 2020-21 to facilitate the completion of the Margaret River Main Street Upgrade project.

Mines, Industry Regulation and Safety

Expenses

Government Support Package for Koolyanobbing Iron Ore (Administered)

Estimated expenditure on the royalty rebate paid to Mineral Resources Limited for continuation of iron ore mining at Koolyanobbing has been revised up by \$18.7 million over the three years to 2022-23. This reflects an upward revision to the iron ore price, partly offset by a higher assumed exchange rate. The additional rebate has no net debt impact as it is offset by higher royalty collections.

Residential Rental Relief Grant Scheme (RRRGS) (Administered)

In response to the moratorium on residential tenancy evictions coming to an end on 28 March 2021, the Government has approved the repurposing of \$5.9 million over 2020-21 and 2021-22 from the existing RRRGS provision to provide a new category of grants of up to \$2,000 to private landlords of eligible tenants. The grants are to offset the portion of any proposed rent increase for eligible tenants that is greater than 5%, and are subject to the existing tenant and landlord entering into a further lease extension of at least six months. The new grants have no net debt impact as they are funded from within the existing \$30 million allocation.

2020-21 Pre-election Financial Projections Statement

Mining Sector Financial Assistance (Administered)

Estimated expenditure on the 50% rebate on royalties paid by Ridges Iron Ore from its Ridges deposit has been revised up by \$701,000, consistent with upward revisions to the iron ore price.

Regulatory Approval Framework – Short Term Resourcing Relief

Additional expenditure of \$270,000 over 2020-21 and 2021-22 has been approved to employ an additional five full-time staff for six months to fast track the assessment of mining and petroleum proposals.

Kalgoorlie Core Library Expansion

Due to the construction of the Kalgoorlie Core Library expansion (which has a total cost of \$7 million) progressing faster than anticipated, \$3.6 million of expenditure has been brought forward from 2021-22 to 2020-21.

HEALTH

MAJOR SPENDING CHANGES

Table 3.4

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
WA HEALTH				
Expenses				
COVID-19 Costs – Transfer of Provision	130.2	-	-	-
Mental Health Rehabilitation and Recovery Unit	0.7	2.0	2.2	2.1
Asset Investment				
COVID-19 Costs – Transfer of Provision	2.1	-	-	-
Mental Health Rehabilitation and Recovery Unit	0.7	-	-	-

WA Health

Expenses and Asset Investment

COVID-19 Costs – Transfer of Provision

The 2020-21 Budget and Mid-year Review included an expenditure provision for COVID-19 health costs that are uncertain with respect to timing and magnitude, such as hotel quarantine costs. The 2020-21 provision (\$130.2 million recurrent and \$2.1 million capital) has been transferred to WA Health to provide budget certainty for these costs for the remainder of 2020-21.

Mental Health Rehabilitation and Recovery Unit

The Government will spend an additional \$7.6 million over four years (\$6.9 million recurrent lease costs and \$670,000 capital fit out) to establish a pilot 20-bed Mental Health Rehabilitation and Recovery Unit from 2021-22. The unit will provide medium to long term sub-acute inpatient care to adults with chronic and enduring mental illness and psychosocial disability.

EDUCATION AND TRAINING

Table 3.5

MAJOR SPENDING CHANGES

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
TRAINING AND WORKFORCE DEVELOPMENT/TAFE COLLEGES				
Expenses				
Keeping Training Fees Low 2022 to 2025	-11.9 ^(a)	20.8	40.9	41.7
Apprenticeship and Traineeship Re-engagement Incentive Program	3.0 ^(b)	-	-	-

(a) Reflects the reflow of Commonwealth JobTrainer funding, initially provisioned as part of the 2020-21 Budget to support fee reductions on priority Vocational Education and Training courses.

(b) This spending will be reallocated from within the Department of Training and Workforce Development's existing expenditure.

Training and Workforce Development/TAFE Colleges

Expenses

Keeping Training Fees Low 2022 to 2025

The Government will spend an additional \$91.5 million over the forward estimates period to freeze all Vocational Education and Training fees at current rates. This includes extending discounted fee settings under the Lower Fees, Local Skills (LFLS) initiative and maintaining existing fee freezes on non-LFLS courses until the end of the 2025 training year.

Apprenticeship and Traineeship Re-engagement Incentive (ATRI) Program

The Government has approved up to \$3 million being redirected from the Department of Training and Workforce Development's budget in 2020-21 to further support the ATRI program.

COMMUNITY SAFETY

MAJOR SPENDING CHANGES

Table 3.6

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
JUSTICE				
Expenses				
Custodial Services Expenditure	29.0	-	-	-
Asset Investment				
Family Court of Western Australia – Case Management System	0.7	1.8	-	-

Justice

Expenses

Custodial Services Expenditure

Additional expenditure of \$29 million in 2020-21 has been approved to meet custodial staffing costs, primarily relating to the expansion of Casuarina Prison and the new Alcohol and Other Drug unit. A further \$12 million has been provided to address a revenue shortfall in Civil Court fees and collections, partially due to the impact of COVID-19 restrictions.

While this additional funding ensures the Department is adequately resourced in 2020-21, ongoing expenditure management remains a challenge, including the achievement of embedded savings measures over the forward estimates.

Asset Investment

Family Court of Western Australia – Case Management System

Commonwealth funding totalling \$2.5 million will be spent over 2020-21 and 2021-22 to transition the Family Court of Western Australia to a new case management system.

COMMUNITY SERVICES

MAJOR SPENDING CHANGES					Table 3.7
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	
COMMUNITIES					
Expenses					
Perth Short-stay Accommodation Facility	1.1	3.3	5.7	4.2	
Perth Homelessness Initiatives	-	2.2	2.2	-	
LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES					
Expenses					
Banned Drinkers Register and Takeaway Alcohol Management System	0.6	-	-	-	
Stephen Michael Foundation	0.2	0.2	-	-	
Asset Investment					
Art Gallery of Western Australia (AGWA) – Additional Works	1.5	0.3	-	-	
WESTERN AUSTRALIAN SPORT CENTRE TRUST					
Asset Investment					
Optus Stadium – Contractual Entitlement Resolution	- (a)	-	-	-	

(a) The amount of the funding is not disclosed in order to avoid prejudicing the State's position.

Communities

Expenses

Perth Short-stay Accommodation Facility

The Government has committed additional expenditure of \$14.3 million over the forward estimates period to partner with an Aboriginal Community Controlled Organisation to fit out, lease and operate a short-stay accommodation facility for rough sleepers in the Perth Central Business District (CBD).

Perth Homelessness Initiatives

The Department will spend a further \$4.3 million over 2021-22 and 2022-23 on targeted homelessness initiatives to address rough sleeping in the Perth CBD.

Local Government, Sport and Cultural Industries

Expenses

Banned Drinkers Register (BDR) and Takeaway Alcohol Management System (TAMS)

A further \$613,000 (\$228,000 from four local government authorities in the Kimberley region and a further \$385,000 from the State Government) will be spent in 2020-21 to fully implement the two-year trial and evaluation of the BDR and TAMS in the Kimberley region.

Stephen Michael Foundation

An amount of \$200,000 will be provided to the Stephen Michael Foundation in each of 2020-21 and 2021-22 to support the Foundation's continued delivery of school-based programs.

Asset Investment

Art Gallery of Western Australia (AGWA) – Additional Works

To enhance the functionality and appeal of the AGWA building, \$1.8 million will be spent across 2020-21 and 2021-22 on ground floor alterations, upgrades and external signage. The works will be undertaken in conjunction with the completion of the rooftop component of the AGWA Elevate project.

Western Australian Sports Centre Trust

Asset Investment

Optus Stadium – Contractual Entitlement Resolution

The Government has allocated additional funding to resolve outstanding contractual matters with Westadium, the managing contractor at Optus Stadium. The amount of the funding is not disclosed in order to avoid prejudicing the State's position.

TRANSPORT

MAJOR SPENDING CHANGES

Table 3.8

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
PUBLIC TRANSPORT AUTHORITY				
Expenses				
Public Transport Fares ^(a)	-	2.8	3.8	4.7
Asset Investment				
METRONET – Lakelands Station – Tender Outcomes	-	-	-10.0	-

(a) Represented in general government expenses as grants and subsidies, sourced from the Consolidated Account and paid through the Department of Treasury.

Public Transport Authority

Expenses

Public Transport Fares

The Government has decided that Transperth and TransWA fares for 2021-22 will again be frozen at 2019-20 levels. In addition to freezing fares in 2021-22, estimated fare increases used for budget planning purposes have been updated for current (lower) Consumer Price Index (CPI) forecasts. An increased operating subsidy of \$11.3 million is being paid to the Authority over the forward estimates period to offset lower net revenue as a result of these decisions.

Asset Investment

METRONET – Lakelands Station – Tender Outcomes

Following favourable tender outcomes, the estimated total cost of the Lakelands Station project has been reduced by \$10 million to \$72 million. The project savings will be returned to the provision for METRONET projects under development.

ENVIRONMENT

MAJOR SPENDING CHANGES

Table 3.9

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
BIODIVERSITY, CONSERVATION AND ATTRACTIONS				
Expenses				
Plan for Our Parks – Indigenous Land Use Agreements	-0.6	5.3	6.0	6.2
Asset Investment				
Plan for Our Parks – Indigenous Land Use Agreements	0.6	3.1	1.4	0.9
COVID-19 National and World Heritage Areas	3.6	-	-	-
Perth Zoo Café and Function Centre	-	-	3.3	-
WATER AND ENVIRONMENTAL REGULATION				
Expenses				
National Partnership on Recycling Infrastructure	2.5	15.0	16.5	1.0
Resourcing for Industry Regulation Assessments and Licences	0.8	0.8	-	-
Regulatory Approval Framework – Short Term Resourcing Relief	0.5	0.5	-	-

Biodiversity, Conservation and Attractions

Expenses

Plan for Our Parks – Indigenous Land Use Agreements

The Government will spend an additional \$17.5 million from 2021-22 to 2023-24 to establish the Fitzroy River National Park and the Buccaneer Archipelago Marine Park, including implementation costs associated with Indigenous Land Use Agreements (ILUAs) and joint management arrangements (such as Aboriginal rangers).

An amount of \$587,000 has been reallocated in 2020-21 from the Department's existing Plan for Our Parks recurrent funding to capital purposes in order to support ILUA outcomes for the Buccaneer Archipelago Marine Park.

Asset Investment

Plan for Our Parks – Indigenous Land Use Agreements

An amount of \$6 million will be invested over 2020-21 to 2023-24 for start-up infrastructure associated with ILUA and joint management arrangements to support the establishment of the Fitzroy River National Park and the Buccaneer Archipelago Marine Park. The main components of the expenditure include housing, fencing, office accommodation and workshops/sheds.

COVID-19 National and World Heritage Areas

Under the Commonwealth Government's COVID-19 World and National Heritage Areas Funding Agreement, \$3.6 million will be spent in 2020-21 on various infrastructure and tourism-related projects.

Perth Zoo Café and Function Centre

To complete the Perth Zoo's new café and function centre under the WA Recovery Plan, an additional \$3.3 million will be spent in 2022-23 to deliver facilities that enhance the Perth Zoo experience.

Water and Environmental Regulation

Expenses

National Partnership on Recycling Infrastructure

Commonwealth funding totalling \$35 million will be spent over 2020-21 to 2023-24 on a competitive grants process to support waste processing projects that address critical gaps in Western Australia's recycling infrastructure and resource recovery. This Commonwealth funding matches previously announced contributions by the State, resulting in a total grants program of \$70 million over the period to support the implementation of the phased waste export ban, which commenced on 1 January 2021.

Resourcing for Industry Regulation Assessments and Licences

An amount of \$1.6 million will be spent over 2020-21 and 2021-22 on additional short-term staff and consultancy services to support the assessment of applications made under Part V of the *Environmental Protection Act 1986* while Departmental staff are temporarily deployed to the development of Environment Online.

Regulatory Approval Framework – Short Term Resourcing Relief

Additional expenditure of \$930,000 has been approved over 2020-21 and 2021-22 for short-term resourcing capacity to manage a recent increase in environmental assessment applications for major resource sector projects.

PLANNING AND LAND USE

MAJOR SPENDING CHANGES

Table 3.10

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
PLANNING, LANDS AND HERITAGE				
Expenses				
Regulatory Approval Framework – Short Term Resourcing Relief	0.2	0.2	-	-
Asset Investment				
COVID-19 National and World Heritage Areas	-	1.6	-	-

Planning, Lands and Heritage

Expenses

Regulatory Approval Framework – Short Term Resourcing Relief

An amount of \$370,000 will be spent over 2020-21 and 2021-22 on seven temporary full-time staff for six months to fast-track land and Aboriginal heritage-related assessments for major resource sector projects.

Asset Investment

COVID-19 National and World Heritage Areas

The Department will spend an additional \$1.6 million in 2021-22 on conservation works at Fremantle Prison, funded under the Commonwealth Government's COVID-19 World and National Heritage Areas Funding Agreement.

UTILITIES

MAJOR SPENDING CHANGES

Table 3.11

	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
SYNERGY				
Expenses				
\$500 Small Business and Charity Tariff Offset ^(a)	39.7	-	-	-
Residential Electricity Tariff Operating Subsidy ^(a)	-	7.9	16.2	20.8
HORIZON POWER				
Expenses				
\$500 Small Business and Charity Tariff Offset ^(a)	2.9	-	-	-
Asset Investment				
WA Microgrid Program for Remote Communities	-	13.5	-	-
Ord Cotton Gin Electricity Infrastructure	-	3.5	-	-
WATER CORPORATION				
Expenses				
Operating Subsidy ^(a)	-	2.2	4.6	6.3

(a) Represented in general government expenses as grants and subsidies, sourced from the Consolidated Account and paid through the Department of Treasury.

Synergy

Expenses

\$500 Small Business and Charity Tariff Offset

In response to the five-day lockdown period announced on 31 January 2021, the Government decided that Synergy will receive an operating subsidy of \$39.7 million in 2020-21 to meet the cost of applying a \$500 tariff offset to the electricity bills of its eligible small business and charity customers.

Residential Electricity Tariff Operating Subsidy

Synergy will be provided an operating subsidy totalling \$44.9 million over 2021-22 to 2023-24 to compensate it for lower revenue as a result of the Government's decision to align the residential electricity tariff price path to a lower forecast CPI over the forward estimates. These tariff assumptions also apply to Horizon Power, with its lower revenue funded from the Tariff Equalisation Contribution that is levied on Western Power's network distribution customers.

Horizon Power

Expenses

\$500 Small Business and Charity Tariff Offset

In response to the five-day lockdown period announced on 31 January 2021, the Government decided that Horizon Power will receive an operating subsidy of \$2.9 million in 2020-21 to meet the cost of applying a \$500 tariff offset to the electricity bills of its eligible small business and charity customers.

Asset Investment

WA Microgrid Program for Remote Communities

Commonwealth funding totalling \$13.5 million will be spent in 2021-22 on the WA Microgrid Program, which will install solar generation and battery technology in remote communities.

Ord Cotton Gin Electricity Infrastructure

A cotton processing plant is proposed in the Ord, East Kimberley to alleviate high transportation costs and establish a base crop. An additional \$3.5 million will be spent in 2021-22 to install a high-voltage power supply line and network upgrades to supply renewable power from Pacific Hydro's Lake Argyle generation system to the proposed site for the cotton gin. This infrastructure is funded from the RfR program.

Water Corporation

Expenses

Operating Subsidy

The Water Corporation's overall operating subsidy has increased by \$13 million over 2021-22 to 2023-24, largely due to an increase in the Country Water Pricing Subsidy. A decrease in residential water tariffs to align with the latest CPI forecasts results in an increase in the subsidy required for regional Western Australian consumers.

PROVISIONS

MAJOR SPENDING CHANGES					Table 3.12
	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m	
PROVISIONS					
Expenses					
Community Services Contracts	-	15.0	-	-	
Industrial Agreements	-(a)	-(a)	-(a)	-(a)	
(a) Amount not disclosed as negotiations are ongoing at the time of publishing the PFPS.					

Expenses

Community Services Contracts

A \$15 million provision has been set aside in 2021-22 to provide a funding uplift for eligible expiring community services contracts being extended into 2021-22, including homelessness, family and domestic violence, out of home care and mental health services. It is expected the provision will be allocated to agencies as part of the 2021-22 Budget process.

Industrial Agreements

A global provision has been included in these PFPS aggregates to reflect the estimated financial impact of an ongoing industrial negotiation. The negotiation and associated provision are consistent with the Government's existing wages policy. The quantum of the provision cannot be disclosed at this time pending the outcome of negotiations.

The Consolidated Account and the Treasurer's Advance

The Consolidated Account

The *Constitution Act 1889* 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 accrual deficit at 30 June 2021 is \$19.4 billion, broadly unchanged from the 2020-21 Mid-year Review estimate. This includes \$15.7 billion associated with accrual (non-cash) appropriations for depreciation and leave entitlements (unchanged from the Mid-year Review), matched by equivalent non-cash balances in agency Holding Accounts (see following table).

In cash terms, the Consolidated Account is forecast to be overdrawn by \$3.7 billion at 30 June 2021, similar to the Mid-year Review.

State borrowings held by the Consolidated Account are forecast to increase by a net \$1.1 billion across the forward estimates period, down \$1.5 billion compared with the Mid-year Review estimates. Centrally-held borrowings totalled \$25.4 billion at 30 June 2020, and by the end of the forward estimates period, are projected to be \$26.6 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*.

2020-21 Pre-election Financial Projections Statement

Table 4.1

CONSOLIDATED ACCOUNT TRANSACTIONS

	2019-20	2020-21	2020-21	2021-22	2022-23	2023-24
	Actual	Mid-year Review	PFPS Revision	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
REVENUE						
<i>Operating Activities</i>						
Taxation	6,971	7,371	7,595	7,348	7,634	7,932
Commonwealth Grants	4,991	4,404	4,559	5,406	5,604	6,454
Government Enterprises	2,494	3,830	2,332	3,624	2,190	2,222
Revenue from other agencies	9,960	10,949	12,055	8,199	6,997	7,075
Other	716	612	698	772	491	482
<i>Total Operating Activities</i>	25,131	27,166	27,240	25,348	22,916	24,166
<i>Financing Activities</i>						
Repayments of Recoverable Advances	7	-	-	-	-	-
Transfers from the Debt Reduction Account	-	1,547	1,547	2,041	-	-
Other Receipts	8	7	7	1	1	1
Borrowings	777	150	150	500	500	-
<i>Total Financing Activities</i>	793	1,704	1,704	2,542	501	1
TOTAL REVENUE	25,924	28,870	28,944	27,891	23,417	24,167
EXPENDITURE						
<i>Recurrent</i>						
Authorised by Other Statutes	2,594	2,534	2,553	2,474	2,356	2,394
Appropriation Act (No. 1)	20,019	22,703	22,713	21,814	21,269	21,490
Recurrent Expenditure under the Treasurer's Advance	795	496	645	-	-	-
<i>Total Recurrent Expenditure</i>	23,409	25,733	25,911	24,288	23,625	23,884
<i>Investing Activities</i>						
Authorised by Other Statutes	259	338	338	314	421	441
Appropriation Act (No. 2)	1,913	2,813	2,776	5,015	2,543	1,543
Investing Expenditure under the Treasurer's Advance	23	143	121	-	-	-
<i>Total Investing Activities</i>	2,194	3,293	3,235	5,329	2,964	1,983
<i>Financing Activities</i>						
Loan repayments	1,318	-	-	-	7	16
Appropriation Act (No. 2)	-	1,547	1,547	2,041	-	-
Other financing	7	6	6	-	-	-
<i>Total Financing Activities</i>	1,324	1,553	1,553	2,041	7	16
TOTAL EXPENDITURE	26,927	30,579	30,698	31,658	26,596	25,883
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-1,003	-1,709	-1,755	-3,767	-3,178	-1,717
Consolidated Account Balance						
Opening balance at 1 July	-16,630	-17,634	-17,634	-19,388	-23,156	-26,334
Closing balance at 30 June	-17,634	-19,342	-19,388	-23,156	-26,334	-28,051
<i>Of which:</i>						
Appropriations payable	-14,342	-15,672	-15,672	-16,935	-18,317	-19,671
Cash balance at 30 June	-3,292	-3,671	-3,717	-6,221	-8,018	-8,380

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 (known as 'excesses and new items'), up to an approved limit.

The total amount forecast to be drawn against recoverable advances, excesses and new items in 2020-21 is \$786.3 million. This exceeds the \$688.8 million limit for 2020-21 authorised by the FMA². Accordingly, a Treasurer's Advance Authorisation Bill to extend the limit will need to be introduced and debated as a priority issue when the Parliament resumes after the March election.

The \$786.3 million forecast for 2020-21 compares with a \$658.9 million projection at the time of the 2020-21 Mid-year Review. This increase is largely due to extension of the Commonwealth's *HomeBuilder* grant scheme, administered by the State (\$72 million), and additional funding to the Department of Justice to meet the impact of higher custodial services spending, lower own-source revenue, and an equity injection to address lower than expected cash holdings (\$50 million).

The following table shows the projected position of the Treasurer's Advance at 30 June 2021.

TREASURER'S ADVANCE AS AT 30 JUNE			Table 4.2
	2019-20 Actual	2020-21 PFPS Projection ^(a)	
	\$m	\$m	
AUTHORISED LIMIT	1,658.4	688.8	
<i>Total projected to be drawn against Treasurer's Advance authorisation</i>	<i>824.5</i>	<i>786.3</i>	
Comprising			
Net recoverable advances as at 30 June	6.2	20.0	
Overdrawn Special Purpose Accounts	-	-	
Excesses and New Items			
- recurrent	795.4	644.9	
- capital	22.9	121.4	
(a) Detailed disclosure of the final audited outcome for 2020-21 will be available in the 2020-21 <i>Annual Report on State Finances</i> , due to be released by 28 September 2021.			
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.

Transfers, Excesses and New Items

The table below details excesses and new items that are projected to occur during 2020-21 and the expected impact of these on the Treasurer's Advance under the authority of section 27 of the FMA.

The projections shown are subject to movements in agencies' appropriations through the remainder of 2020-21. Funding in excess of budget for appropriation items shown in the table will only occur if management responses do not achieve compensating shortfalls in other spending supported by these items prior to 30 June 2021.

Section 25 of the FMA allows appropriation originally allocated in the 2020-21 Budget to be transferred to other agencies for the provision of an appropriation-funded service that is now to be delivered by the other agency. These transfers have no impact on the Treasurer's Advance.

Appropriation transfers approved since the presentation of the 2020-21 Mid-year Review include:

- \$1.4 million from the Equal Opportunity Commission to the Department of Justice, following the transition of the Commission to Justice on 1 December 2020; and
- \$0.1 million from WA Health to the Health and Disability Services Complaints Office, for the employment of additional staff to manage complaints relating to the implementation of the voluntary assisted dying legislation passed by Parliament during the last Parliamentary term.

The accounting treatment of an expected transfer of \$347.2 million from the provision for METRONET Projects Under Development to the Public Transport Authority (PTA) has been revised since the 2020-21 Mid-year Review. The existing appropriations (which are both made to the PTA) will be utilised as originally approved by passage of the 2020-21 Budget, making the expected transfer included in the Mid-year Review unnecessary.

2020-21 TRANSFERS, EXCESSES AND NEW ITEMS

Table 4.3

Treasurer's Advance						Drawn against Treasurer's Advance to date ^(b) \$m
	Budget	Transfers ^(a)	New Items	Approved Excesses	Revised Appropriation Limit	
Item	\$m	\$m	\$m	\$m	\$m	
Recurrent Appropriations						
Premier and Cabinet						
Item 5: Delivery of Services	148.4	-	-	11.8	160.1	-
Governor's Establishment						
Item 8: Delivery of Services	2.1	-	-	0.1	2.2	-
Commissioner for Equal Opportunity						
Item 11: Delivery of Services	2.9	-1.4	-	-	1.5	-
Commissioner for Children and Young People						
Item 12: Delivery of Services	2.6	-	-	0.2	2.8	-
Treasury						
Operating Subsidy Payments						
Item 16: Bunbury Water Corporation	0.7	-	-	0.1	0.8	-
Item 17: Busselton Water Corporation	0.7	-	-	0.1	0.7	-
Item 18: Electricity Generation and Retail Corporation (Synergy)	891.0	-	-	20.5	911.4	-
Item 21: Public Transport Authority of Western Australia	1,088.2	-	-	50.2	1,138.4	-
Item 22: Regional Power Corporation (Horizon Power)	40.2	-	-	4.7	44.9	-
Item 24: Water Corporation	216.9	-	-	1.7	218.6	-
Grants, Subsidies and Transfer Payments						
Item 30: Jobs, Tourism, Science and Innovation	4.1	-	-	5.0	9.1	-
Item 32: Provision for Business	13.0	-0.7	-	-	12.4	-
Case Development Fund						
Item 33: Provision for Unfunded Liabilities in the Government Insurance Fund	15.0	-	-	15.0	30.0	-
Item 38: WA Health	1.0	-	-	1.8	2.8	-
New Item: Provision for Commonwealth Pandemic Leave Disaster Payment	-	-	2.3	-	2.3	-
New Item: Provision for Closing the Gap Early Commitments	-	-	0.4	-	0.4	-
New Item: Metropolitan Redevelopment Authority (DevelopmentWA)	-	-	0.9	-	0.9	-

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

2020-21 Pre-election Financial Projections Statement

Table 4.3 (cont.)

2020-21 TRANSFERS, EXCESSES AND NEW ITEMS

Item	Budget \$m	Treasurer's Advance			Revised Appropriation Limit \$m	Drawn against Treasurer's Advance to date ^(b) \$m
		Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m		
Finance						
Item 41: Delivery of Services	219.5	-	-	3.5	223.0	-
Item 42: Administered Grants, Subsidies and Other Transfer Payments	524.4	-	-	103.7	628.1	-
Jobs, Tourism, Science and Innovation						
Item 43: Delivery of Services	236.3	-	-	104.6	340.9	-
Primary Industries and Regional Development						
Item 45: Delivery of Services	218.8	-	-	1.9	220.7	-
Mines, Industry Regulation and Safety						
Item 47: Delivery of Services	143.0	-	-	3.3	146.2	-
Item 48: Administered Grants, Subsidies and Other Transfer Payments	112.7	-	-	27.8	140.4	-
Energy Policy WA						
Item 52: Delivery of Services	17.3	-	-	0.2	17.6	-
Infrastructure WA						
Item 53: Delivery of Services	4.7	-	-	0.1	4.8	-
WA Health						
Item 54: Delivery of Services	5,183.1	-0.1	-	166.8	5,349.8	-
Mental Health Commission						
Item 57: Mental Health Tribunal	2.7	-	-	0.1	2.8	-
Health and Disability Services Complaints Office						
Item 59: Delivery of Services	2.6	0.1	-	-	2.6	-
Education						
Item 60: Delivery of Services	4,255.5	-	-	18.1	4,273.6	-
Training and Workforce Development						
Item 62: Delivery of Services	418.4	-	-	0.6	419.0	-
Western Australia Police Force						
Item 63: Delivery of Services	1,417.6	-	-	3.4	1,421.0	-
Justice						
Item 64: Delivery of Services	1,305.7	1.4	-	52.5	1,359.5	-

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

Table 4.3 (cont.)

2020-21 TRANSFERS, EXCESSES AND NEW ITEMS

Item	Budget \$m	Treasurer's Advance			Revised Appropriation Limit \$m	Drawn against Treasurer's Advance to date ^(b) \$m
		Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m		
Fire and Emergency Services						
Item 65: Delivery of Services	67.5	-	-	0.9	68.4	-
Office of the Director of Public Prosecutions						
Item 67: Delivery of Services	39.4	-	-	0.5	39.9	-
Communities						
Item 72: Delivery of Services	1,830.4	-	-	18.0	1,848.3	-
Local Government, Sport and Cultural Industries						
Item 73: Delivery of Services	151.6	0.4	-	6.6	158.5	-
Item 74: Administered Grants, Subsidies and Other Transfer Payments	35.8	-	-	2.4	38.2	-
Item 78: Perth Theatre Trust	12.7	-	-	- ^(c)	12.8	-
Transport						
Item 81: Delivery of Services	96.8	-	-	13.6	110.4	-
Planning, Lands and Heritage						
Item 86: Delivery of Services	114.7	0.3	-	1.9	116.9	-
Heritage Council of Western Australia						
Item 89: Delivery of Services	1.4	-	-	0.1	1.5	-
Total Recurrent		-	3.6	641.3		-
Capital Appropriations						
Treasury						
<i>Government Equity Contributions</i>						
Item 113: WA Health	30.2	-	-	11.7	42.0	-
New Item: Bunbury Water Corporation	-	-	11.9	-	11.9	11.9
Finance						
Item 117: Capital Appropriation	7.7	-	-	0.1	7.8	-
Jobs, Tourism, Science and Innovation						
Item 118: Capital Appropriation	11.6	-	-	1.9	13.5	-

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

2020-21 Pre-election Financial Projections Statement

Table 4.3 (cont.)

2020-21 TRANSFERS, EXCESSES AND NEW ITEMS

Item	Budget \$m	Treasurer's Advance			Revised Appropriation Limit \$m	Drawn against Treasurer's Advance to date ^(b) \$m
		Transfers ^(a) \$m	New Items \$m	Excesses \$m		
Mines, Industry Regulation and Safety						
Item 120: Capital Appropriation	1.9	-	-	3.6	5.5	-
Education						
Item 126: Capital Appropriation	306.4	-	-	7.2	313.6	-
Justice						
Item 129: Capital Appropriation	68.4	-	-	11.7	80.1	-
Local Government, Sport and Cultural Industries						
Item 136: Capital Appropriation	30.5	-	-	1.5	32.0	-
Western Australian Sports Centre Trust						
Item 139: Capital Appropriation	17.9	-	-	7.8	25.8	-
Commissioner of Main Roads						
Item 141: Capital Appropriation	10.4	-	-	62.0	72.4	-
Water and Environmental Regulation						
Item 144: Capital Appropriation	7.9	-	-	1.4	9.3	-
Biodiversity, Conservation and Attractions						
Item 145: Capital Appropriation	39.3	-	-	0.6	39.9	-
Total Capital		-	11.9	109.5		11.9
TOTAL		-	15.5	750.8		11.9

(a) Authorised under section 25 of the FMA.

(b) Pre-election Financial Projections Statement cut-off date, 1 February 2021.

(c) Amount less than \$50,000.

Note: Columns may not add due to rounding.

2020-21 PRE-ELECTION FINANCIAL PROJECTIONS STATEMENT

