



Media Release by Under Treasurer

2020-21 Pre-election Financial Projections Statement

I have today released the 2020-21 Pre-election Financial Projections Statement (PFPS), in accordance with the requirements of the *Government Financial Responsibility Act 2000*.

This Act requires the Under Treasurer to release a PFPS within ten days of the dissolution of the Legislative Assembly. The Legislative Assembly was dissolved on 29 January 2021.

The PFPS contains Treasury's latest assessment of the State's economic and fiscal position and outlook over the period to 2023-24. It includes all relevant information, including decisions of Cabinet, up to and including 1 February 2021 (the cut-off date for this PFPS). It shows that the State's fiscal outlook has improved since finalisation of the Mid-year Review estimates in late November 2020, with:

- the general government operating surplus for 2020-21 revised up to \$3.1 billion (from \$2.2 billion in the Mid-year Review), due largely to a higher than expected iron ore price and stronger than expected activity in the residential property market boosting royalty and taxation revenue respectively;
- operating surpluses in the range of \$1.5 billion to \$2.2 billion forecast over the remainder of the forward estimates period; and
- total public sector net debt reaching a forecast \$40.2 billion by 30 June 2024, \$1.2 billion lower than forecast in the Mid-year Review.

Despite the five-day lockdown period announced on 31 January 2021, and increased risk associated with ongoing restrictions to contain community transmission of COVID-19, the PFPS shows that the State's economic outlook is largely unchanged from the Mid-year Review. Growth in the economy (as measured by Gross State Product) is still expected to reach 2% in 2020-21, up from 1.4% last financial year.

The key change in the economic outlook since the Mid-year Review is a faster than expected recovery in the State's labour market, with around 99% of the jobs initially lost over the February to May 2020 period having been recovered by December. Treasury has therefore revised up forecast employment growth in 2020-21 to 1.5% (from 1% in the Mid-year Review), with the unemployment rate over 2020-21 revised down from 7% to 6.5%.

The PFPS can be found at <https://www.wa.gov.au/government/publications/2020-21-pre-election-financial-projections-statement-pfps>. Any queries on this report should be directed to undertreasurer@treasury.wa.gov.au.

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8 February 2021