



GOVERNMENT OF
WESTERN AUSTRALIA

2019-20

GOVERNMENT MID-YEAR FINANCIAL PROJECTIONS STATEMENT

December 2019



2019-20

**Government Mid-year Financial
Projections Statement**

DECEMBER 2019

2019-20 Government Mid-year Financial Projections Statement
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2019–20

Government Mid-year Financial Projections Statement

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Under Treasurer's Certification

The *Government Financial Responsibility Act 2000* (GFRA) requires that the Treasurer release a Government Financial Strategy Statement at least once every year (section 11), and a *Government Mid-year Financial Projections Statement* (or Mid-year Review) updating the Budget-time forecasts by 31 December each year (section 13). The required content of these statements is detailed in sections 11 and 13 of the GFRA.

For the purposes of these GFRA requirements:

- the Government Financial Strategy Statement and associated financial targets disclosures are detailed in Chapter 3: *Fiscal Outlook and Strategy* in Budget Paper No. 3: *Economic and Fiscal Outlook*, presented to the Legislative Assembly on 9 May 2019;
- the content of this Mid-year Review meets the requirements of section 13 of the GFRA. In particular:
 - Appendix 1 details the projections required by section 13(2)(a) of the GFRA;
 - Chapters 1 and 3 detail the economic and other assumptions underlying the Mid-year Review projections (section 13(2)(b));
 - Chapter 2 details the compliance of the projections with the Government's financial targets (section 13(2)(c)); and
 - the Statement of Risks in Chapter 1 details the sensitivity of the projections to various economic and financial assumptions and other risks (sections 13(2)(d) and (e)); and
- this certification gives effect to the requirements of sections 13(2)(f) and 13(6).

This Mid-year Review is based upon Government decisions that I was aware of or that were made available to me by the Treasurer, together with other relevant information known to Treasury, on or before the Mid-year Review cut-off date of 2 December 2019 and which have a material effect on the State's financial projections.

It has been prepared in accordance with applicable Australian Accounting Standards and Government Finance Statistics principles, and is based on the economic forecasts and assumptions outlined in Chapter 1: *Financial Projections* and Chapter 3: *The Western Australian Economy*. These assumptions were finalised by Treasury, under my direction, on 2 December 2019.

The 2019-20 Budget incorporated a number of new accounting standards that came into effect for reporting periods commencing after 1 January 2019 (see 2019-20 Budget Paper No. 3 for details). Consistent with the presentation contained in the 2019-20 Budget, to assist readers and to support trend analysis, prior year financial outcomes and projections discussed in this Mid-year Review, and in the detailed financial statements in Appendices 1 and 2, have been backcast to estimate the impact of new accounting standards had they applied to years prior to 2019-20.

A handwritten signature in black ink, appearing to read 'M. Barnes', is positioned above the printed name and title.

Michael Barnes
UNDER TREASURER

17 December 2019

Financial Projections

HIGHLIGHTS

- The State's financial outlook continues to improve, with:
 - the general government operating surplus for 2019-20 revised up to an estimated \$2.6 billion (from \$1.5 billion at Budget-time), and operating surpluses also forecast across the outyears;
 - total public sector net debt declining in each year of the forward estimates period, to be \$3.2 billion lower than forecast at Budget-time; and
 - interest costs for the general government sector being revised down by \$679 million over the forward estimates period since Budget.
- These improvements reflect a number of temporary or one-off revenue factors, and the Government's ongoing focus on disciplined expenditure management. General government expense growth is forecast to average just 1.6% per annum over the next four years.
- Global and national economic headwinds have intensified since the 2019-20 Budget, which has impacted the economic growth projections in this Mid-year Review. Nonetheless, growth in the Western Australian economy is still expected to accelerate to 3% in 2019-20, up from 1% in 2018-19.
- The turnaround in the State's finances has allowed the Government to implement targeted spending and tax relief measures to support the economy and create jobs, and invest in key service delivery areas.

Introduction

Relative to the 2019-20 Budget, general government operating surplus projections have been revised up across the forward estimates period, with a surplus of \$2.6 billion now forecast for 2019-20 (up from the Budget estimate of \$1.5 billion). The improved outlook in 2019-20 is due to a number of external revenue factors, including:

- a temporary boost to royalties from higher iron ore prices (\$1,037 million) and;
- a lower \$US/\$A exchange rate (\$357 million).

Compared to the 2019-20 Budget, general government revenue estimates have been revised up by a total \$2.6 billion (2%) over 2019-20 to 2022-23. However, revenue growth is expected to average a modest 2.7% per annum over the Budget period (well below the decade average of 5.1%), largely reflecting an expectation that the iron ore price will return to its long-run average (of around \$US64 per tonne) over the next year or two.

This highlights the need for a continued focus on managing general government expense growth to ensure that the operating surplus projections outlined in this Mid-year Review are achieved. Expense growth is expected to remain low across the forecast period, averaging just 1.6% per annum over 2019-20 to 2022-23.

The following table summarises the key financial aggregates for the 2019-20 Mid-year Review.

KEY BUDGET AGGREGATES						
Western Australia						
	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	Actual ^(a)	Budget Estimate	Mid-year Revision	Forward Estimate	Forward Estimate	Forward Estimate
GENERAL GOVERNMENT SECTOR						
Net Operating Balance (\$m)	1,405	1,533	2,589	2,700	2,699	2,944
Revenue (\$m)	30,456	31,334	32,553	32,757	32,925	33,838
Revenue Growth (%)	10.8	4.7	6.9	0.6	0.5	2.8
Expenses (\$m)	29,050	29,801	29,964	30,057	30,226	30,894
Expense Growth (%)	2.2	1.5	3.1	0.3	0.6	2.2
Net Debt at 30 June (\$m)	24,736	27,705	23,251	22,490	21,759	20,831
General Government Net Debt as a Share of Total Public Sector Net Debt (%)	65.9	70.1	64.3	62.6	61.7	60.3
TOTAL PUBLIC SECTOR						
Net Debt at 30 June (\$m)	37,543	39,531	36,173	35,911	35,272	34,557
Asset Investment Program (\$m)	4,965	5,646	5,646	6,163	6,107	5,916
Cash Surplus/Deficit (\$m)	-715	-248	1,961	560	866	968

(a) Data for 2018-19 adjusted to be consistent with new accounting standards.

Higher than expected cash receipts, including proceeds from the Landgate partial commercialisation (\$1.41 billion), the royalty settlement from BHP (\$250 million) and the improved revenue outlook, have resulted in an estimated cash surplus of \$2 billion for the total public sector in 2019-20. This represents the first cash surplus since 2007-08, and is a significant turnaround on the \$715 million cash deficit outcome for 2018-19.

Total public sector net debt projections have been revised down across the forward estimates period, with net debt reaching an earlier than expected peak of \$37.5 billion at 30 June 2019 (adjusted for the impact of new accounting standards implemented in the 2019-20 Budget). Net debt is now projected to decline to an estimated \$34.6 billion at 30 June 2023, a reduction of \$3.2 billion relative to the Budget estimate. Western Australia is the only State forecasting a decline in net debt over the forward estimates period.

Key assumptions underlying the Mid-year Review financial projections are shown in the following table. A detailed discussion of the economic outlook is provided in Chapter 3: *The Western Australian Economy*.

Table 2

KEY ASSUMPTIONS ^(a)
Western Australia

	2018-19 Actual	2019-20 Mid-year Revision	2020-21 Forward Estimate	2021-22 Forward Estimate	2022-23 Forward Estimate
Real Gross State Product growth (%)	1.0 (2.0)	3.0 (3.5)	2.5 (3.0)	2.75 (3.0)	2.75 (3.0)
Real State Final Demand growth (%)	-1.0 ^(b)	2.25 (3.0)	3.25 (3.5)	3.5	3.5
Employment growth (%)	0.9 (1.0)	1.5 (1.75)	1.75 (2.0)	2.0	2.25
Unemployment rate (%) ^(c)	6.1 (6.25)	5.75 (6.0)	5.75	5.5	5.25
Wage Price Index growth (%)	1.6 (1.75)	2.0 (2.25)	2.25 (2.75)	2.5 (3.0)	2.75 (3.25)
Perth Consumer Price Index growth (%)	1.3 (1.25)	1.75	2.0 (2.25)	2.25 (2.5)	2.25 (2.5)
Iron ore price (\$US/tonne CFR) ^{(c)(d)}	80.4 (76.5)	85.8 (73.5)	66.2 (65.6)	64.0 (63.7)	64.0 (63.7)
Iron ore volumes (million dry tonnes)	794 (799)	832 (837)	849 (847)	856 (853)	862 (858)
Crude oil price (\$US per barrel) ^(c)	68.6 (68.5)	61.8 (67.1)	58.5 (64.5)	57.2 (62.4)	56.8 (61.0)
Exchange rate (US cents) ^(c)	71.5 (71.8)	68.2 (71.4)	68.5 (71.8)	68.7 (72.1)	68.9 (72.3)
Population growth (%)	1.0 ^(e)	1.3	1.5	1.6	1.7
Interest rate assumptions (%):					
– Public Bank Account earnings ^(c)	2.2	1.2 (2.1)	0.9 (2.3)	1.1 (2.6)	1.6 (2.8)
– Consolidated Account borrowings ^(c)	3.0 (3.1)	2.8 (3.0)	2.6 (3.0)	2.5 (3.1)	2.6 (3.2)

(a) 2019-20 Budget assumptions shown in parentheses where different.

(b) Based on the latest State Final Demand data for the September quarter 2019.

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

(d) The cost and freight (CFR) price is the spot price for ore with 62% iron content delivered to north China.

(e) Estimated actual.

Leveraging Stronger Finances to Support the Economy

The turnaround in the State's finances has enabled the Government to implement a number of targeted initiatives to support the economy and create jobs.

Jobs Package

The Government's Jobs Package comprises a range of measures to stimulate the economy and support jobs:

- a three-year program of priority maintenance works across all 789 government schools in the State (\$200 million) and 89 Western Australian health sites (\$81.6 million);
- a 50% reduction in course fees and the introduction of annual course fee caps on specified high priority VET courses in 2020 and 2021, as well as a National Disability Insurance Scheme job matching service and training facility upgrades (\$12.9 million in additional expenses and \$4 million in capital investment to 2021-22, and a \$12 million reduction in revenue);
- a 75% stamp duty rebate (up to \$50,000), available from 23 October 2019 to 23 October 2021, for pre-construction purchases of new residential units or apartments in multi-tiered developments (estimated to cost \$28.9 million over four years);
- an increase in the payroll tax exemption threshold from \$850,000 to \$950,000 from 1 January 2020 and to \$1,000,000 from 1 January 2021 (reducing revenue by \$169 million over the forward estimates period); and
- \$12 million over 2019-20 and 2020-21 for Stage 2 of the Broome Chinatown Revitalisation project.

Keystart

The Government has approved a further increase in Keystart's borrowing limit of \$489 million to support more Western Australians achieve home ownership, and to provide support for the construction industry and job creation. This includes extending the period for the temporary increase in income limits for eligibility for a Keystart loan, announced in the 2019-20 Budget, from 31 December 2019 to 30 June 2020.

Housing Investment Package and Homelessness Initiatives

As part of this Mid-year Review, the Government has approved a \$150 million Housing Investment Package and a \$72 million boost for homelessness services over the period to 2024-25 (of this, \$194 million will be spent over the forward estimates period to 2022-23). These initiatives will assist vulnerable Western Australians to obtain housing, stimulate the housing construction industry, and contribute to addressing issues of homelessness and rough sleeping occurring across Western Australia.

More than 500 new social and Shared Home Ownership homes are expected to be built and 70 public housing properties refurbished across metropolitan and regional Western Australia under this initiative. This investment is partially funded through a reallocation of the Loan Guarantee Fee on Keystart's borrowings, which will also provide a future funding source to address social housing demand.

The Homelessness Package includes the construction of two Common Ground facilities to provide supported accommodation to people who are sleeping rough or experiencing chronic homelessness. In addition, the successful Housing First homelessness service will be expanded to new locations across the State including in Perth, Mandurah, Rockingham, Geraldton and Bunbury. The expansion of the program will result in an additional 170 places per annum for rough sleepers by assigning immediate housing (through rental subsidies), intensive case management and individually tailored wraparound services. The Package supports the Government's *All Paths Lead to a Home: Western Australia's 10 Year Strategy on Homelessness*.

General Government Sector

Operating Statement

The following table summarises the changes in general government revenue and expenses since the 2019-20 Budget estimates were finalised on 8 April 2019.

Table 3

**SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE
VARIATIONS SINCE THE 2019-20 BUDGET**

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m	Total \$m
2019-20 BUDGET - NET OPERATING BALANCE	1,533	2,579	2,133	2,554	
Revenue					
<i>Revenue Policy Decisions</i>					
Jobs Package ^(a)					
- Increase in payroll tax exemption threshold	-14	-50	-52	-53	-169
- Vocational education and training fees reduction	-3	-6	-3	-	-12
Housing and Homelessness Package ^(a)					
- Housing Authority Loan Guarantee Fee exemption	-	-36	-38	-38	-112
<i>Other Revenue Movements</i>					
<i>Taxation</i>	-63	-75	-88	-102	-327
- Payroll tax	45	40	42	45	173
- Total duty on transfers	-78	-71	-76	-88	-312
- Insurance duty	-13	-25	-37	-46	-121
- Land tax/Metropolitan Region Improvement Tax	-16	-16	-16	-17	-64
- Other taxes	-1	-3	-	3	-1
<i>Commonwealth grants</i>	4	110	465	184	762
- GST grants	-22	98	-14	1	63
- Commonwealth-funded 70% GST relativity floor	-	-97	16	-	-81
- North West Shelf/condensate compensation	-64	-50	-38	-24	-177
- Transport grants	58	137	437	190	822
- Health grants	17	32	32	-	82
- Other Commonwealth grants	15	-10	32	17	55
<i>Royalty income</i>	1,130	216	214	207	1,768
- Iron ore	1,159	277	259	252	1,947
- Lithium	-86	-110	-93	-80	-369
- Other royalties	57	49	48	36	190
Revenue from public corporations	119	96	96	148	458
Goods and services revenue	72	73	93	102	340
Interest revenue	-12	-34	-47	-45	-137
All other	-15	59	14	8	66
TOTAL REVENUE	1,219	355	655	411	2,639

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

Table 3 (cont.)

**SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE
VARIATIONS SINCE THE 2019-20 BUDGET**

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m	Total \$m
Expenses					
Jobs Package ^(b)					
- Health and Education priority maintenance works	125	148	9	-	282
- Off-the-plan transfer duty rebate	-	- ^(c)	12	17	29
- Vocational education and training fees reduction	3	5	4	-	13
- Broome Chinatown Revitalisation project	6	6	-	-	12
Housing and Homelessness Package ^(b)	- ^(c)	7	7	7	22
Human and community services contracts	15	15	15	15	60
Non-government human services sector indexation policy change	3	4	8	15	30
Health key changes					
- Multi-Purpose Services Agreement	32	32	32	-	96
- Depreciation update	12	19	23	23	76
- Enhancing palliative care services	1	3	7	8	18
Main Roads key changes					
- Depreciation update	8	12	19	23	61
- Expensed METRONET-related road works	3	30	26	-	59
- Expensed third party works	34	-	-	-	34
Student enrolment forecast update - government schools	-2	-13	-29	-49	-93
DevelopmentWA operating subsidy	-6	22	48	4	67
Goods and services expenses	72	73	93	102	340
Consolidated Account interest costs	-71	-157	-193	-213	-634
All other	-72	27	11	70	36
TOTAL EXPENSES	163	234	90	22	508
TOTAL VARIANCE	1,056	121	565	390	2,132
2019-20 MID-YEAR REVIEW - NET OPERATING BALANCE	2,589	2,700	2,699	2,944	

(a) Revenue component only. Jobs and Housing and Homelessness Packages also include changes in expenses and asset investment.

(b) Expense component only.

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

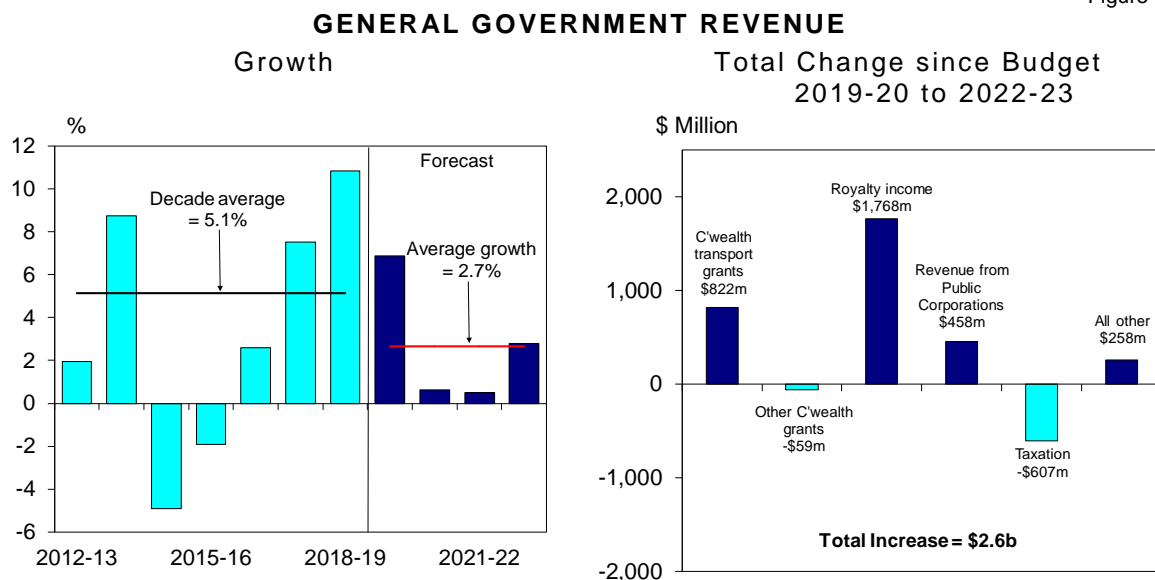
Note: Columns/rows may not add due to rounding.

Revenue

General government revenue is projected to increase by 6.9% in 2019-20, compared with forecast growth of 4.7% at the time of the Budget. This primarily reflects higher than estimated royalty income in 2019-20 (up \$1.1 billion), and the higher than expected revenue outcome for 2018-19 (up \$530 million) detailed in the *2018-19 Annual Report on State Finances*.

General government revenue has been revised up by a total \$2.6 billion over the four years to 2022-23 since the 2019-20 Budget, mainly due to higher royalty income (up \$1.8 billion, mainly in 2019-20) and higher Commonwealth transport grants (up \$822 million). Despite the improved revenue outlook, average annual revenue growth across the four-year period is forecast to be 2.7%, which is well below the 5.1% decade average to 2018-19.

Figure 1



2019-20

Total revenue is estimated to be \$32.6 billion in 2019-20, \$1.2 billion higher than the 2019-20 Budget forecast. This increase primarily reflects the impact of higher royalty income (up \$1.1 billion), due to a lower average \$US/\$A exchange rate (which increases the price of commodities in Australian dollar terms) and an upward revision to the forecast iron ore price as the tailings dam disaster in Brazil continues to impact the iron ore market (with an estimated price of \$US85.8 per tonne now forecast for 2019-20, up from \$US73.5 per tonne at Budget-time). The higher royalty income includes a downward revision to forecast lithium sales volumes.

Other significant movements include:

- higher revenue from public corporations (up \$119 million), mainly reflecting higher dividend payments from the Insurance Commission of Western Australia (up \$138 million) due to a better than expected profit outcome for 2018-19;

- lower taxation revenue (down \$77 million), mainly due to the net impact of:
 - lower transfer duty (down \$78 million), due to an expectation of weaker large commercial property transactions following lower collections in 2018-19 and collections to date in 2019-20;
 - lower land tax (down \$16 million), due to downward revisions to forecast ownership and holdings of taxable land; and
 - higher payroll tax (up \$31 million), due to the flow-through of higher than expected collections in early 2019-20 (largely reflecting robust employment growth in the State’s mining and related industries);
- lower forecast North West Shelf grants and condensate compensation (down \$64 million), due to lower than expected oil and gas prices, partly offset by a weaker \$US/\$A exchange rate; and
- higher Commonwealth grants for transport projects (up \$58 million), mainly reflecting the bring-forward of road project funding.

2020-21 to 2022-23

Across the outyears (2020-21 to 2022-23), general government revenue has been revised up by a total of \$1.4 billion since the 2019-20 Budget. Just over half of this increase is due to higher transport grants from the Commonwealth (up \$764 million), reflecting the bring-forward of road project funding from beyond the forward estimates period and new funding for Lakelands Station and road projects under the national Urban Congestion Fund.

Other material movements include:

- higher royalty income (up \$637 million), largely due to lower \$US/\$A exchange rate assumptions, partly offset by a reduction in lithium production forecasts;
- lower taxation revenue (down \$530 million), mainly reflecting:
 - downward revisions to transfer duty (down \$234 million), insurance duty (down \$108 million), land tax (down \$47 million) and payroll tax (down \$27 million), with the latter incorporating the impact of increases in the payroll tax exemption threshold (included in the Government’s Jobs Package noted earlier); and
 - lower Loan Guarantee Fees (down \$117 million), reflecting an exemption for the Department of Communities on borrowings held on behalf of Keystart from 2020-21 (approved as part of the Housing and Homelessness Package noted earlier);
- higher revenue from public corporations (up \$340 million), mainly reflecting higher dividend and tax equivalent payments from Western Power (up \$274 million) and higher dividend payments from the Water Corporation (up \$68 million), driven mainly by improved profitability from lower interest costs;
- higher revenue from the sale of goods and services (up \$269 million), primarily reflecting the flow-on impact of higher revenue in 2018-19 (matched by equivalent higher operating costs);

- lower interest revenue (down \$125 million), reflecting lower interest earned on Public Bank Account balances due to lower than previously forecast interest rates;
- a decrease in estimated North West Shelf grants and condensate compensation (down \$113 million), due to lower oil and gas price assumptions, partly offset by a lower \$US/\$A exchange rate;
- higher GST grants (up \$85 million), reflecting a range of factors including the Commonwealth Grants Commission's inter-state wage costs assessment (up \$628 million), the State's recent mining royalty collections (down \$411 million) and an increase in Western Australia's tax capacity compared to other States (down \$186 million);
- lower Commonwealth-funded 70% floor payments (down \$81 million), reflecting the higher GST grants but offset slightly by the direct effect of the State's increased population share estimates; and
- higher health grants (up \$64 million), due to the extension of the Multi-Purpose Services Agreement, which improves access to and delivery of a range of health and aged care services in rural and remote communities.

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

Environmental Approvals

The State Government, with support from the Commonwealth Government, is seeking to accelerate the delivery of new and expanded infrastructure to support the State's economy and create jobs. Slow, complex and duplicative environmental approval processes run the risk of hampering efforts to accelerate infrastructure delivery.

In this regard, in 2018-19 only 60% of Commonwealth environmental decisions were made on time. The uncertainty caused by delays in Commonwealth decision making is impacting on major job creating infrastructure projects in Western Australia.

With billions of dollars' worth of major resource projects also earmarked to get underway in coming years, the State Government is working to ensure the environmental protection framework for Western Australian projects delivers strong environmental safeguards without needlessly holding back investment and job creation.

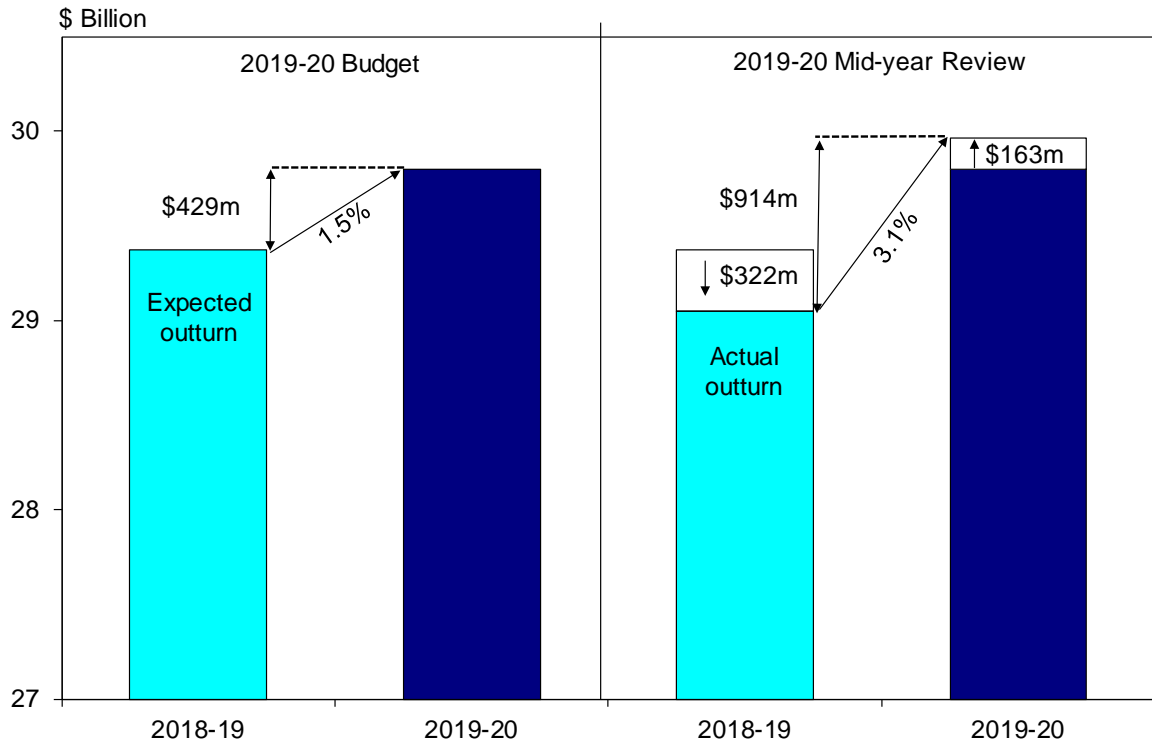
- The State Government is co-investing with the Commonwealth to digitally transform the environmental regulation process to cut approval timeframes. A Commonwealth-State initiative is exploring options to align submission, assessment and management of environmental approvals through an online portal across both jurisdictions, supported by a database of shared biodiversity information.
- The State Government will continue to advocate for the Commonwealth to make greater use of accreditation mechanisms, such as bilateral approvals agreements, that would allow the Commonwealth to effectively delegate its assessment and approvals role to the State. This would remove the need for separate assessments and decisions by the Commonwealth.
- In November 2019, the State Government announced a further \$1.7 million for the Environmental Protection Authority (EPA) to tackle its approvals backlog and improve assessment timeframes of State-significant proposals requiring assessment by the EPA. This builds on the additional \$3.3 million that was committed by the Government in October 2018.
- In addition, the State Government is progressing reforms through Streamline WA to reduce assessment timeframes for environmental approvals for exploration and mining activities while ensuring that environmental risks of planned activities are properly accounted for.
- Drafting of amendments to the State's primary environmental protection legislation, the *Environmental Protection Act 1986*, is also underway. Amendments will modernise the Act, improve transparency and accountability and address key issues that undermine effective and efficient environmental regulation.

Expenses

General government expenses are forecast to total \$30 billion in 2019-20, \$163 million higher than the Budget-time estimate. Expense growth in 2019-20 has been revised up to 3.1% compared to the Budget forecast of 1.5%. This largely reflects the lower than expected outcome in 2018-19, which was \$322 million lower than the estimated outturn in the 2019-20 Budget (after adjustment for new accounting standards implemented from 2019-20). Excluding the impact of the lower 2018-19 outcome, underlying expense growth in 2019-20 is expected to be 2%.

Figure 2

GENERAL GOVERNMENT EXPENSES
2019-20



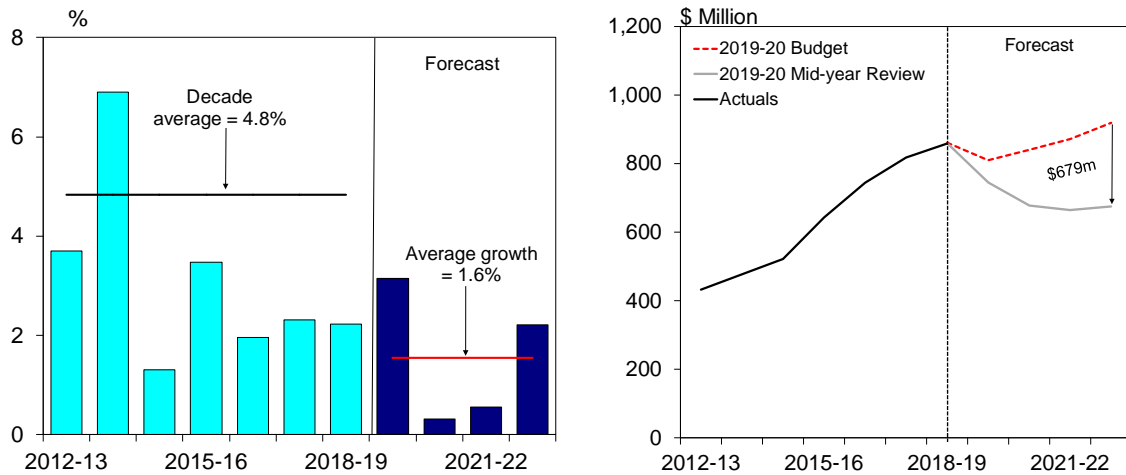
Across the four years to 2022-23, general government expenses have been revised up by a total \$508 million (or 0.4%) since the 2019-20 Budget. Expense growth is forecast to average just 1.6% per annum over this period, well below average growth of 4.8% over the decade to 2018-19.

Figure 3

GENERAL GOVERNMENT EXPENSES

Expense Growth

Non-Lease Interest Expenses



Included in the total increase of \$508 million is the expense impact of the measures implemented by the Government in this Mid-year Review to support the economy, including the Jobs Package and the Housing and Homelessness Package (see feature box earlier in this Chapter).

The Mid-year Review also brings to book Human and Community Services initiatives that address sustainability challenges for the sector.

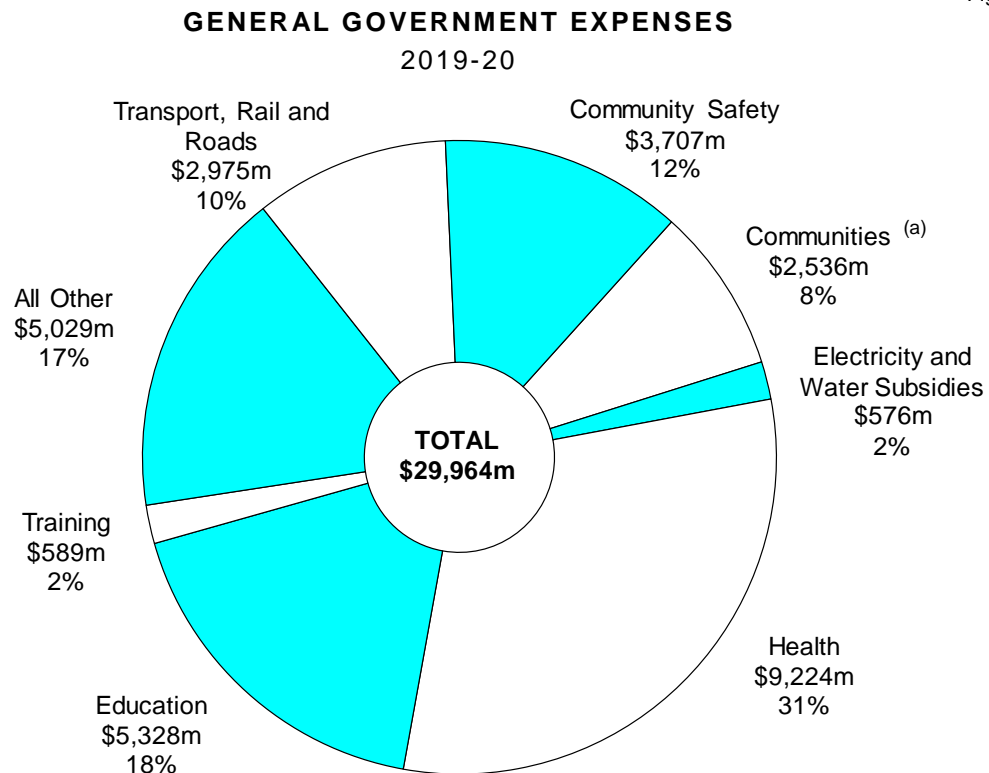
- An annual funding provision of \$15 million per annum (\$60 million over the forward estimates period) has been set aside to recognise the impact of the 2012 Fair Work Australia Equal Remuneration Order on certain human and community services contracts delivered by not-for-profit providers. The provision will be allocated as part of the 2020-21 Budget as contract supplementation, and will be targeted at services that present with evidence of unsustainability. This is on top of \$1.9 million of funding previously approved in 2019-20 to providers of 24/7 National Affordable Housing Agreement services, contracted by the Department of Communities.
- The Government has also reinstated the previous Non-Government Human Services Sector Indexation Policy formula (a blend of the Wage and Consumer Price Indexes), resulting in a \$30.2 million injection to non-government contract expenditure over the forward estimates period.

Other material movements in expenses since the 2019-20 Budget include:

- lower non-lease interest expenses (down \$679 million over the four years to 2022-23), primarily reflecting favourable movements in Consolidated Account interest costs (down \$634 million), due to lower interest rate projections and a reduction in expected borrowings due to the improved operating outlook and proceeds from the Landgate partial commercialisation;
- the expense impact over the period 2019-20 to 2022-23 of higher revenue from the sale of goods and services (up \$340 million), mainly reflecting the flow-on impact of higher costs of goods sold in 2018-19 (matched by an equivalent revenue increase noted earlier);
- WA Health expense movements, mainly comprising:
 - additional spending of \$96 million over the period 2019-20 to 2021-22 on a range of health and aged care services in rural and remote communities, matched by revenue from the Commonwealth (through the Multi-Purpose Services Agreement);
 - higher depreciation expenses (up \$76 million over the four years to 2022-23), reflecting changes to capitalisation and useful life of existing assets, and new asset investment projects; and
 - an extra \$18 million from 2019-20 to 2022-23 to enhance palliative care services in metropolitan and regional Western Australia;
- key changes for Main Roads, including:
 - a \$61 million increase in depreciation expenses over the four years to 2022-23, reflecting ongoing revaluation of asset values and capital works schedules;

- payments to the Public Transport Authority for METRONET-related road works (\$59 million from 2019-20 to 2021-22); and
- an additional \$34 million in 2019-20 on works conducted for (and funded by) third parties;
- slightly lower student enrolment forecasts resulting in a reduction in expenditure for government schools (down \$93 million across the four years to 2022-23);
- lower operating subsidies for the Public Transport Authority (down \$92 million across the four years to 2022-23), primarily reflecting the impact of lower than forecast interest rates and the retiming of asset investment expenditure on the Authority’s debt servicing costs; and
- higher operating subsidy payments to DevelopmentWA over the four years to 2022-23 (up \$67 million), mainly for demolition, remediation and redevelopment of the Subi East precinct.

Figure 4



(a) The current forecast for total cost of services for the Department of Communities is \$3.3 billion in 2019-20. The \$2.5 billion in this chart represents the general government portion of the Department’s recurrent spending (with some expenditure from the former Housing Authority remaining within the public non-financial corporations sector for the purpose of whole-of-government reporting).

Note: Segments may not add due to rounding.

Further detail on material changes in spending by general government agencies is available in Appendix 3: *Major Spending Changes*.

Balance Sheet

The net worth (i.e. the difference between total assets and total liabilities) of the general government sector is forecast to increase from \$99.8 billion at 30 June 2019 to \$113.2 billion by 30 June 2023.

Relative to the 2019-20 Budget, net worth is broadly unchanged to 30 June 2023 (down \$439 million), reflecting the net impact of:

- a \$2.3 billion lower than anticipated outcome for 30 June 2019, detailed in the 2018-19 *Annual Report on State Finances*¹;
- a \$1.2 billion reduction in lease liabilities, reflecting the reclassification of periodic lease obligations (largely for Government Regional Officers' Housing (GROH) leases) as a result of refined modelling and clarified accounting advice since Budget-time², offset by a broadly equivalent reduction in 'right of use' leased property, plant and equipment assets;
- a \$559 million reduction in all other liabilities for the sector (excluding the 2018-19 outturn and change in leases noted in the preceding points), due to the net impact of:
 - lower forecast borrowings (down \$2.3 billion), mainly due to the improved general government sector operating outlook reflected in lower Consolidated Account borrowings; and
 - higher 'other' liabilities (up \$1.7 billion), mainly reflecting the recognition of a deferred revenue liability as part of the Landgate partial commercialisation transaction; and
- higher assets (up \$1.7 billion), due to forecast movements in physical assets held by the sector.

¹ 2018-19 actual outturn of \$2.4 billion in the *Annual Report on State Finances*, adjusted for the indicative impact of new accounting standards implemented from 2019-20.

² Almost all of the State's GROH leases are held by the general government sector. A significant portion of these leases are referred to as 'periodic leases', whereby there is no stipulated end date in the agreements. These periodic leases are rolled over on an informal basis between client agencies and the Housing Authority. The Budget included these arrangements as leases on the balance sheet. However, following further consultation and accounting advice, measurement of these items has been adjusted back to expensed costs for the general government sector as these periodic leases do not fall into the strict definition of a lease agreement under AASB 16 and are therefore out of scope of the standard.

Table 4

GENERAL GOVERNMENT
Balance Sheet at 30 June

	2019 \$m	2020 \$m	2021 \$m	2022 \$m	2023 \$m
2019-20 MID-YEAR REVIEW					
Assets	144,242	146,805	149,022	152,768	156,425
Liabilities	44,443	44,868	44,067	43,586	43,199
<i>Net Worth</i>	99,799	101,938	104,955	109,181	113,225
Net Debt	24,736	23,251	22,490	21,759	20,831
2019-20 BUDGET					
Assets	147,500	149,343	151,873	154,500	157,959
Liabilities	45,401	45,365	44,721	44,304	44,295
<i>Net Worth</i>	102,099	103,978	107,152	110,196	113,665
Net Debt	26,712	27,705	26,879	26,037	25,105
VARIANCE					
Assets	-3,258	-2,538	-2,851	-1,732	-1,535
Liabilities	-958	-497	-654	-717	-1,096
<i>Net Worth</i>	-2,300	-2,040	-2,197	-1,015	-439
Net Debt	-1,976	-4,454	-4,389	-4,278	-4,274

Note: Columns may not add due to rounding.

Cash Flow Statement

A general government sector cash surplus of \$3.3 billion is expected in 2019-20, a substantial improvement on the \$687 million surplus projected in the 2019-20 Budget. The forecast cash surplus for 2019-20 is the first cash surplus for the sector in over a decade, and is bolstered by temporarily high iron ore prices and the up-front cash proceeds from the Landgate partial commercialisation.

In line with strong general government sector operating forecasts (discussed earlier), cash surpluses of around \$2 billion are in prospect for each year from 2020-21.

Total Public Sector

Summary

Operating outcomes for the total public sector have significantly improved relative to 2019-20 Budget-time forecasts. This largely reflects the stronger outlook for the general government sector discussed earlier.

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

Table 5

TOTAL PUBLIC SECTOR						
Summary Financial Statement						
	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Mid-year	Forward	Forward	Forward
	\$m	Estimate	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m	\$m
OPERATING STATEMENT						
Revenue	57,473	62,297	66,136	67,020	67,742	69,001
Expenses	56,619	61,203	64,283	64,623	65,442	66,624
Net Operating Balance	854	1,094	1,853	2,398	2,300	2,377
BALANCE SHEET AT 30 JUNE						
Assets	188,691	189,051	192,144	196,009	200,814	205,704
Liabilities	88,892	85,073	90,207	91,054	91,632	92,479
Net Worth	99,799	103,978	101,938	104,955	109,181	113,225
STATEMENT OF CASHFLOWS						
Net Cash Flows from Operating Activities	3,596	4,694	5,618	5,981	6,144	6,091
Asset Investment Program	4,965	5,646	5,646	6,163	6,107	5,916
Cash Surplus/Deficit	-715	-248	1,961	560	866	968
<i>Memorandum Item: Net Debt at 30 June</i>	<i>37,543</i>	<i>39,531</i>	<i>36,173</i>	<i>35,911</i>	<i>35,272</i>	<i>34,557</i>

Note: Columns may not add due to rounding.

Operating Statement³

An operating surplus of \$1.9 billion is forecast for the total public sector in 2019-20, a \$759 million increase on the Budget estimate. This largely reflects the significantly stronger operating outlook for the general government sector noted earlier. Total public sector operating surpluses of \$2.3 billion to \$2.4 billion are forecast across the outyears.

Consistent with Budget, the public non-financial corporations and public financial corporations sectors are expected to be in an operating surplus position in each year of the forward estimates period.

³ 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 6

TOTAL PUBLIC SECTOR OPERATING BALANCE (a)
By Sector

	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Mid-year	Forw ard	Forw ard	Forw ard
	\$m	Revision	Estimate	Estimate	Estimate
		\$m	\$m	\$m	\$m
Net Operating Balance					
General government sector	1,405	2,589	2,700	2,699	2,944
Public non-financial corporations sector	673	534	1,000	962	818
Public financial corporations sector	161	109	81	88	96
<i>less</i>					
General government dividend revenue	1,350	1,334	1,341	1,404	1,437
Public non-financial corporations dividend revenue ^(b)	61	70	68	71	68
Agency depreciation costs on right of use assets leased from other government sectors ^(c)	-25	-26	-25	-25	-25
Total public sector net operating balance	854	1,853	2,398	2,300	2,377

(a) Data for 2018-19 has been adjusted to be consistent with new accounting standards.

(b) Dividends received from Keystart (a PFC) by the Housing Authority (a PNFC).

(c) 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 (PNFC)

The outlook for the operating balance of the PNFC sector across the forward estimates period has improved by an aggregate \$292 million since the 2019-20 Budget. An operating surplus of \$534 million is forecast for 2019-20 (down \$105 million on Budget), with stronger surpluses projected across the remaining three years (up a total of \$396 million). This includes the impact of:

- lower expenses (down \$302 million) for Western Power, largely due to lower interest rates;
- lower revenue (down \$295 million) and expenses (down \$541 million) for Synergy, primarily driven by:
 - lower forecast energy demand due to increased utilisation of solar photovoltaic generation by customers, and competitive pressures in the retail and wholesale markets;
 - lower forecast depreciation expense and gas supply costs, as a result of the impairment of assets and the onerous contracts provision recognised in 2018-19 (outlined in the 2018-19 *Annual Report on State Finances*); and
 - lower energy generation costs driven by revised Consumer Price Index forecasts that underly these projections;
- lower revenue (down \$236 million) and expenses (down \$220 million) for the Department of Communities (Housing Services), mainly due to the combined impact of:
 - lower forecast interest revenue and expenses driven by lower interest rates applying to borrowings;

- higher statutory contribution revenue from Keystart (a public financial corporation);
- lower depreciation expenses following a review of Budget forecasts; and
- higher forecast cost of goods sold, partly offset by lower expenses resulting from continued soft property market conditions;
- higher expenses (up \$217 million) for the Public Transport Authority, primarily due to higher depreciation expenses resulting from an increase in the valuation of the Authority’s freight network infrastructure reflected in its 2018-19 annual report;
- lower revenue (down \$136 million) and expenses (down \$135 million) for the Water Corporation, primarily due to lower projections for water consumption, developer contributions and operating subsidy revenue, and lower interest expenses; and
- higher revenue (up \$98 million) for DevelopmentWA, mainly reflecting an operating subsidy for the demolition, remediation and redevelopment of the Subi East precinct, higher operating subsidies for the East Perth Power Station, and the recashflow of various regional projects.

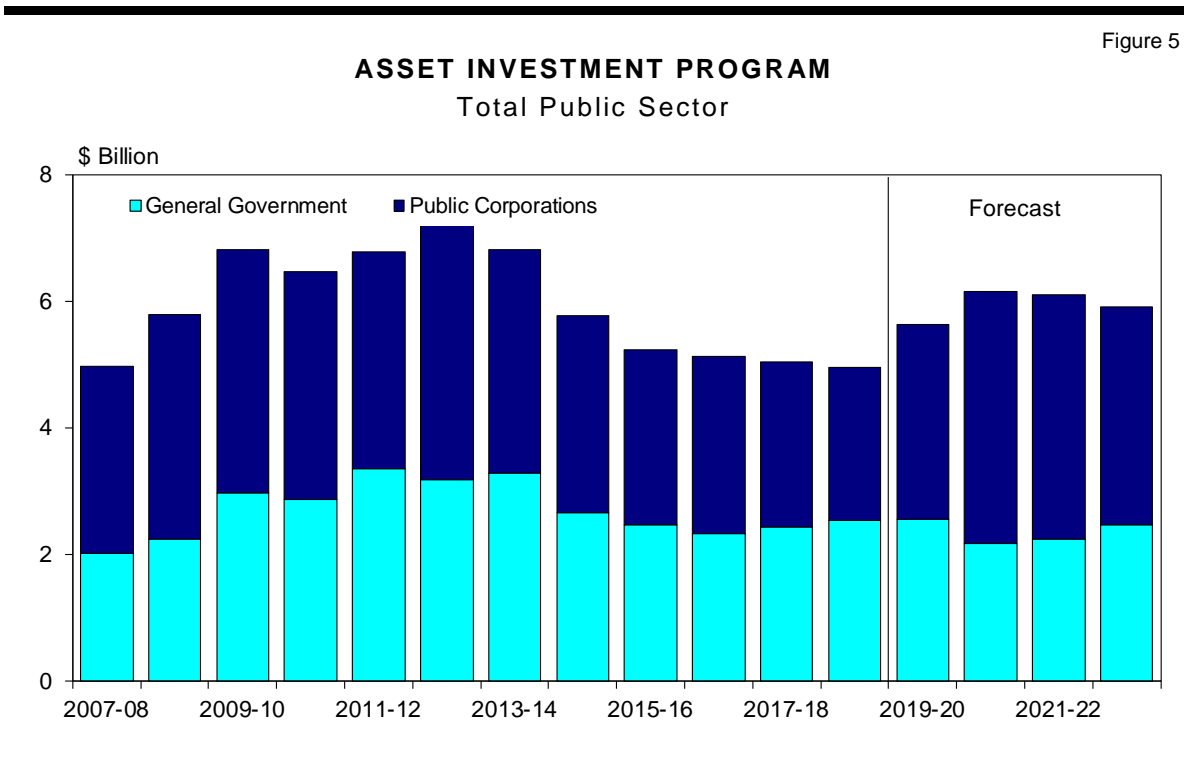
Public Financial Corporations (PFC)

In aggregate terms, the outlook for the PFC sector is slightly weaker since the 2019-20 Budget (down \$61 million over the forward estimates period). Nevertheless, an operating surplus of \$109 million is forecast in 2019-20, with surpluses also expected in each of the outyears.

Projected PFC sector revenue and expenses have reduced by \$1.4 billion and \$1.3 billion respectively over the four years to 2022-23, mainly due to lower projections for interest revenue and expenses for Western Australian Treasury Corporation and Keystart.

Asset Investment Program

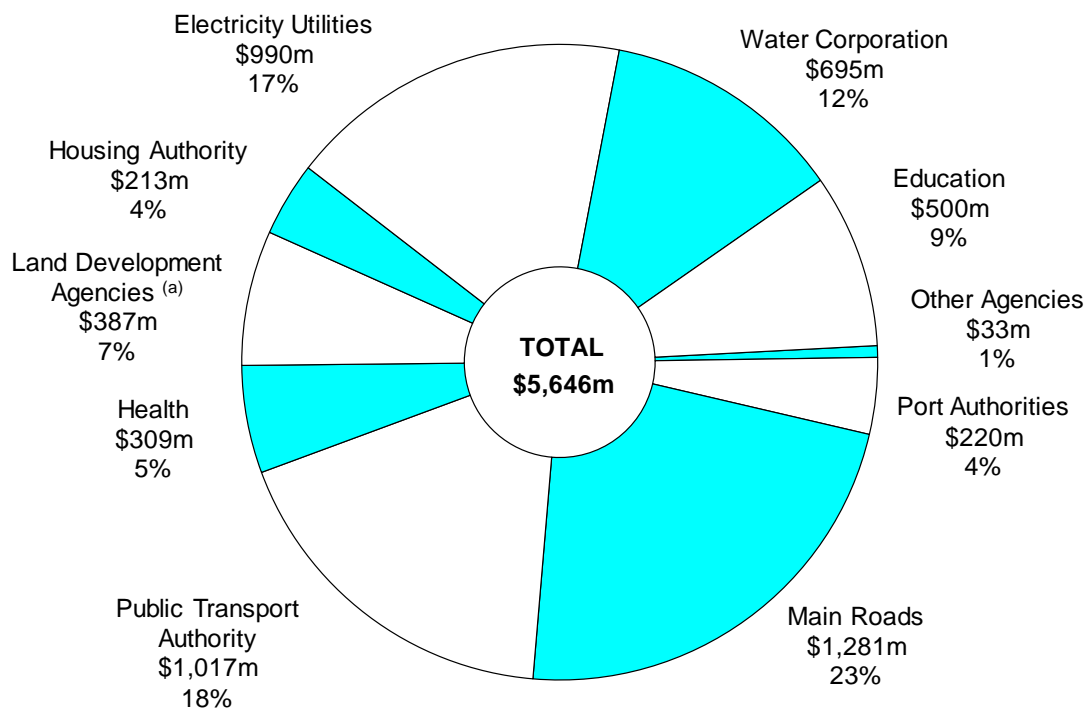
The State Government is forecast to invest \$5.6 billion in 2019-20, and a total of \$23.8 billion over the period 2019-20 to 2022-23, through its Asset Investment Program (AIP). This is a substantial investment in social and economic infrastructure supporting the ongoing growth of the Western Australian economy, and includes the impact of a bring-forward in road and rail investment funded by the Commonwealth.



The State is forecast to invest almost \$10 billion in rail and road infrastructure projects over the period 2019-20 to 2022-23. Other major areas of infrastructure spending include electricity (\$3.8 billion), water (\$2.7 billion), and housing and land development (\$2.7 billion).

Figure 6

ASSET INVESTMENT PROGRAM
2019-20



(a) Includes DevelopmentWA, the Western Australian Planning Commission and the Department of Planning, Lands and Heritage.
Note: Segments may not add due to rounding.

Relative to the 2019-20 Budget, the State’s AIP has been revised up by \$1.1 billion over the four years to 2022-23. The majority of this increase is for road and public transport infrastructure projects (\$962 million), including:

- the bring-forward of \$644 million of Commonwealth-funded expenditure on a number of road projects, including Bunbury Outer Ring Road, the Albany Ring Road, Karratha to Tom Price Road, Newman to Katherine Corridor, Tonkin Highway Corridor upgrades, Coolgardie-Esperance Highway improvements and the Fremantle Traffic Bridge;
- \$66 million of Commonwealth-funded expenditure for new projects to address urban congestion; and
- over \$190 million additional capital expenditure on METRONET projects including Lakelands Station, Thornlie-Cockburn Link and Yanchep Rail Extension.

Other material movements in infrastructure spending include:

- higher spending on schools (up \$173 million), incorporating:
 - \$56 million to deliver one additional primary school at Burns Beach, and increased student capacity at four other new primary schools planned to open for the 2022 school year;

- \$36 million on the upgrade or expansion of secondary school facilities at Hedland Senior High School, Kiara College and Perth Modern School; and
- the retiming of \$75 million of capital expenditure from 2018-19;
- higher spending by WA Health (up \$112 million), including:
 - a carryover of \$83 million from 2018-19 into 2019-20 and across the forward estimates period and multiple projects;
 - upgrades at Collie Hospital, including the refurbishment of the hospital’s operating theatre to ensure patients are able to continue to receive treatment close to home (\$12 million);
 - high priority initiatives at Bunbury Hospital (\$12 million); and
 - additional investment of \$10 million to 2022-23 (and a further \$86 million beyond the current forward estimates period) for the Joondalup Health Campus Stage 2 Development project;
- a \$101 million increase in asset investment by DevelopmentWA, including:
 - new capital expenditure of \$91 million to demolish, remediate and redevelop the Subi East precinct to facilitate the delivery of residential and commercial opportunities;
 - an additional \$27 million for infrastructure upgrades for the Alkimos Central precinct, aligning with the delivery of the new Alkimos Station as part of the METRONET Yanchep Rail Extension project;
 - the retiming of capital expenditure (\$30 million) from 2018-19 for various projects including Subiaco Oval Demolition, Perth City Link and Transform Peel - Phase 1; and
 - a reduction in land acquisitions and development expenditure (down \$47 million) reflecting current market conditions;
- a net increase in asset investment by Communities (up \$100 million), including:
 - \$150 million new expenditure under the Government’s Housing Investment Package;
 - the allocation of \$22 million for two Common Ground homelessness facilities (with a further \$13 million in 2023-24); and
 - a partially offsetting reduction in capital expenditure as a result of lower sales revenue; and
- \$94 million in expenditure by Western Power to establish a new south metropolitan depot within the Forrestdale Industrial Estate.

Further detail of material changes in infrastructure investment since Budget is available in Appendix 3: *Major Spending Changes*.

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

The stronger general government sector operating outlook detailed earlier underpins an improvement in the total public sector cash position. A total public sector cash surplus of \$2 billion is forecast for 2019-20, a \$2.2 billion turnaround on the \$248 million deficit estimated in the 2019-20 Budget. The forecast cash surplus for 2019-20 represents the first cash surplus for the sector since 2007-08.

Relative to the 2019-20 Budget, the total public sector cash position is largely unchanged across the remaining three years from 2020-21 to 2022-23 (down \$36 million). These forecasts reflect the flow-on impact of the stronger general government operating outlook, offset by projected increases in infrastructure spending in these years.

Table 7

TOTAL PUBLIC SECTOR CASH FLOW Summary

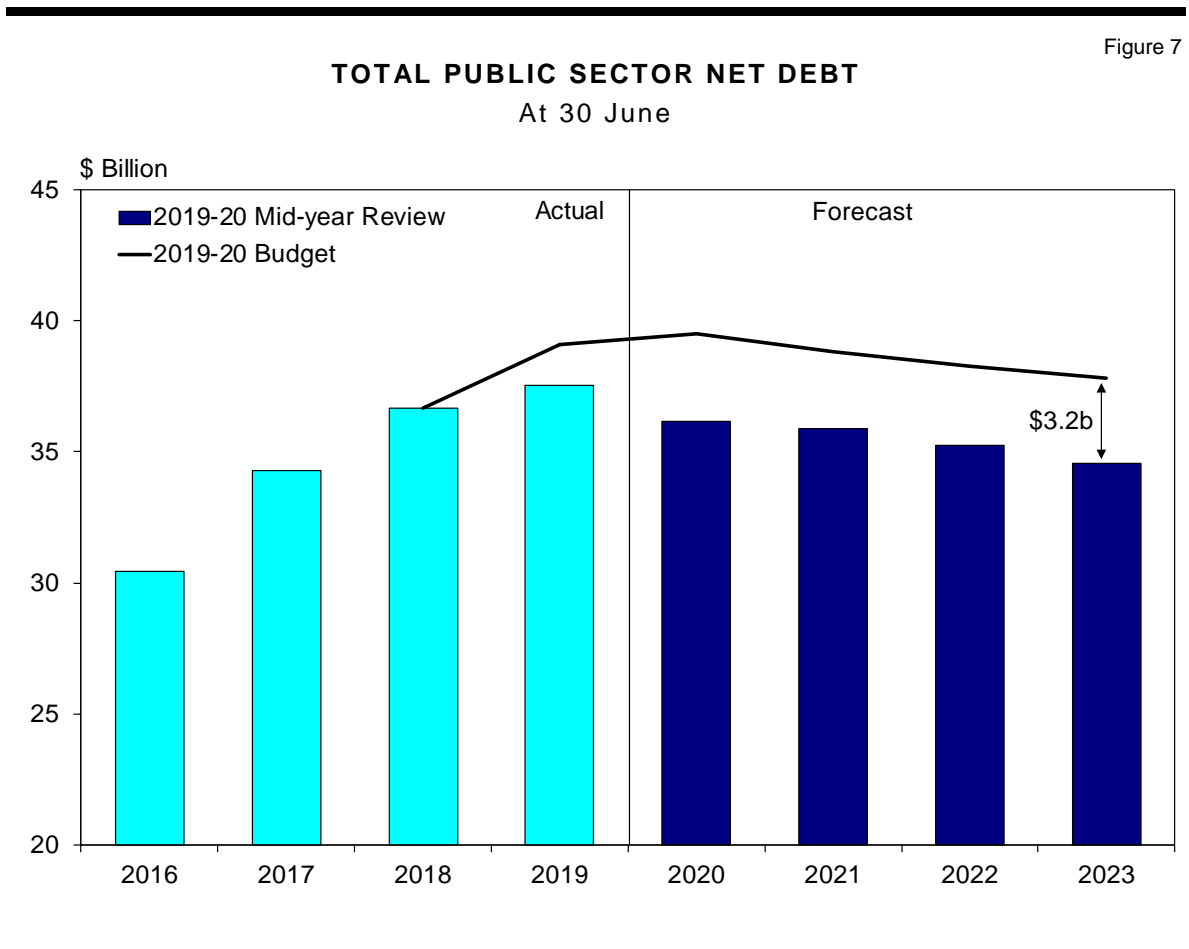
	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Mid-year	Forw ard	Forw ard	Forw ard
	\$m	\$m	Revision	Estimate	Estimate	Estimate
			\$m	\$m	\$m	\$m
Net cash from operating activities	3,596	4,694	5,618	5,981	6,144	6,091
Net cash flow s from investing in non-financial assets	-4,310	-4,942	-3,658	-5,421	-5,278	-5,124
Cash surplus/- deficit	-715	-248	1,961	560	866	968
<i>Financing transactions</i>						
Net cash flow from borrowings	1,454	1,051	-271	1,183	446	688
Run-down in cash and cash equivalents	1,863	311	-560	-663	-654	-934
All other financing	-2,603	-1,115	-1,130	-1,080	-657	-722
<i>Total Financing</i>	<i>715</i>	<i>248</i>	<i>-1,961</i>	<i>-560</i>	<i>-866</i>	<i>-968</i>

Note: Columns may not add due to rounding.

Net Debt⁴

This Mid-year Review shows that total public sector net debt has peaked (in 2018-19) and is forecast to steadily decrease across the forward estimates period, from \$37.5 billion at 30 June 2019⁵ to \$34.6 billion by 30 June 2023.

The outlook for total public sector net debt has improved significantly since the 2019-20 Budget, with the projection for 30 June 2023 now \$3.2 billion lower than previously forecast (see following figure). This reflects the better than anticipated operating outlook discussed earlier, along with the receipt of \$1.41 billion in up-front sale proceeds from the Landgate partial commercialisation.



Around \$2 billion of the improved outlook for net debt is reflected in lower Consolidated Account borrowings, with no new Consolidated Account borrowings now expected in 2019-20 (see feature box later in this section).

⁴ Net debt is a balance sheet measure based on Government Finance Statistics concepts. It is calculated as the difference between financial liabilities that attract a debt servicing cost (such as borrowings and finance leases) and liquid financial assets. Net debt is an important indicator of the strength of the public sector's financial position and the sustainability of the public sector's future call on cash.

⁵ Equivalent to the actual outcome at 30 June 2019 detailed in the 2018-19 *Annual Report on State Finances*, adjusted for the impact of implementing AASB 16: *Leases* from 2019-20.

The following table summarises changes in total public sector net debt projections since the 2019-20 Budget.

NET DEBT OF THE PUBLIC SECTOR AT 30 JUNE				
	2020	2021	2022	2023
	\$m	\$m	\$m	\$m
2019-20 Budget - Total Public Sector Net Debt	39,531	38,816	38,289	37,799
<i>Plus</i> Improvement from the 2018-19 Outcome	-819.5			
<i>Less</i> change in net cash flows from operating activities and dividends paid				
- general government	1,268.6	216.9	361.5	250.8
- public non-financial corporations	-228.3	-20.7	40.3	129.0
- public financial corporations	-156.8	-2.8	-2.0	-6.7
<i>Total public sector</i>	<i>883.4</i>	<i>193.5</i>	<i>399.8</i>	<i>373.0</i>
<i>Plus</i> purchases of non-financial assets ^(a)				
Adjustments to AIP provisions	-130.0	-255.0	-109.0	-200.0
Main Roads	16.1	158.0	341.6	166.8
Public Transport Authority	-152.1	317.9	15.8	109.0
Education	47.4	96.8	21.9	6.5
WA Health	-30.9	47.0	69.9	25.7
DevelopmentWA	44.3	76.6	-42.1	22.2
Communities	-2.1	-6.0	47.2	60.8
Western Power	5.9	63.9	24.8	0.3
Horizon Power	25.5	18.3	-	-
Fremantle Port Authority	39.0	-	-	-
Justice	24.6	0.7	1.2	0.7
Finance	25.5	0.6	-0.3	-0.3
Biodiversity, Conservation and Attractions	7.1	12.5	5.5	0.3
Pilbara Ports Authority	21.2	-	-	-
All other ^(b)	57.9	40.4	-71.8	-13.4
<i>Total purchase of non-financial assets</i>	<i>-0.6</i>	<i>571.7</i>	<i>304.7</i>	<i>178.7</i>
<i>Less</i> proceeds from sale of non-financial assets				
Landgate Partial Commercialisation	1,410.0	-	-	-
DevelopmentWA	-59.5	28.8	-95.3	-71.0
Communities	-38.1	-73.4	70.2	0.8
All other	-28.8	-17.5	-3.7	55.6
<i>Total sales of non-financial assets</i>	<i>1,283.6</i>	<i>-62.0</i>	<i>-28.8</i>	<i>-14.6</i>
<i>Plus</i> all other financing				
Changes in lease liabilities ^(c)	-330.0	89.6	13.8	12.7
All other ^(d)	-40.2	-77.4	-59.8	-57.4
<i>Cumulative impact on net debt at 30 June</i>	<i>-3,357.3</i>	<i>-2,905.1</i>	<i>-3,017.3</i>	<i>-3,241.8</i>
2019-20 Mid-year Review - Total Public Sector Net Debt	36,173	35,911	35,272	34,557

(a) Material asset investment changes are outlined in Appendix 3: *Major Spending Changes*.

(b) Includes timing changes and other movements in agency infrastructure programs.

(c) These transactions 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.

(d) Includes 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.

Note: Columns may not add due to rounding.

Western Australia's Net Debt Trajectory

After more than a decade of consecutive annual rises, total public sector net debt is now expected to have peaked (at \$37.5 billion) at 30 June 2019. It is projected to decline in every year of the forward estimates period, to stand at \$34.6 billion by 30 June 2023.

In affirming the State's AA+ credit rating and 'stable' outlook in October 2019, S&P Global also concluded that "As a direct consequence of the State's improving finances, we believe that its tax-supported debt burden has peaked and will gradually decline during the next few years".

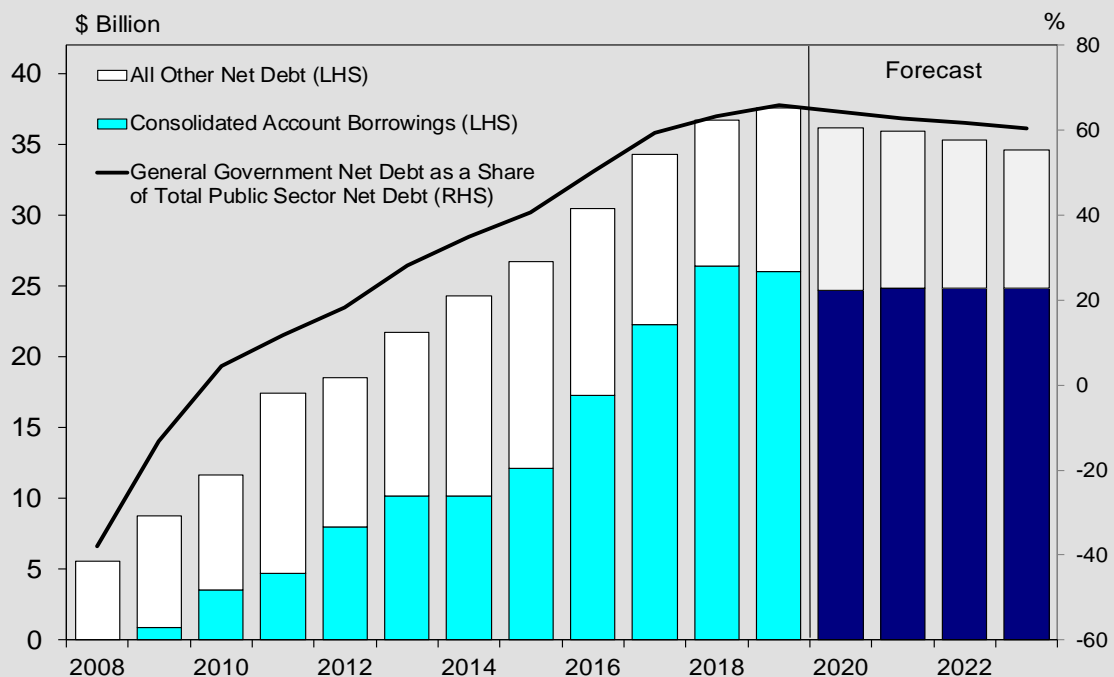
Increases in net debt over the last decade have been dominated by the general government sector. The rise in the level of general government net debt has, in turn, been underpinned by Consolidated Account borrowings, commonly referred to as centrally-held borrowings (and which account for over 98% of general government borrowings).

Over the decade to 30 June 2018, centrally-held borrowings increased significantly, peaking at \$26.4 billion. The 2018-19 financial year was the first year since 2013-14 that no new centrally-held borrowings were undertaken. At the same time, debt repayments totalling \$437 million were undertaken through the Debt Reduction Account. A similar outcome is expected for 2019-20, with no new centrally-held borrowings for the second consecutive year, while debt repayments totalling over \$1.3 billion are scheduled to proceed by 30 June 2020. As a result, the outstanding level of centrally-held debt will decline to an estimated \$24.6 billion at 30 June 2020.

Across the forward estimates period, general government net debt (including centrally-held borrowings) is forecast to decline to an estimated 60.3% of total public sector net debt, down from 65.9% in 2018-19 (after adjusting for accounting changes that apply from 2019-20).

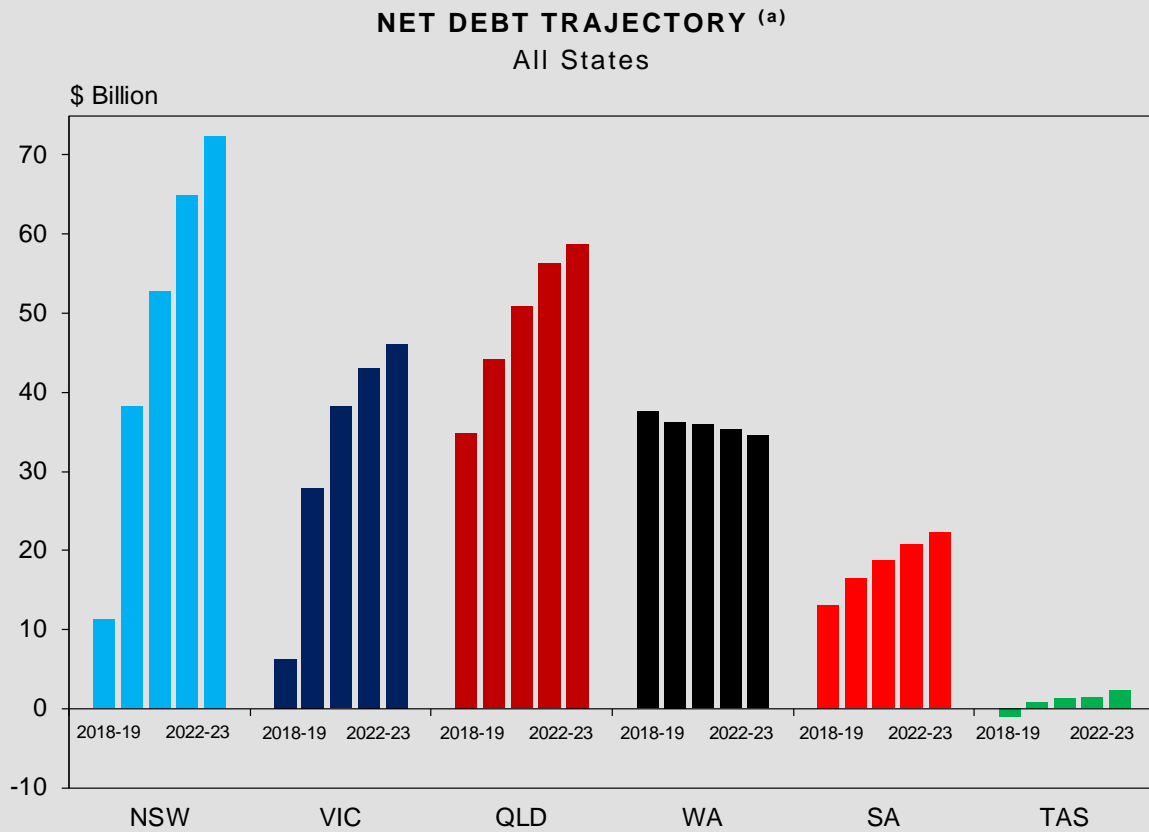
Figure 8

WESTERN AUSTRALIAN NET DEBT At 30 June



The expected decline in Western Australia’s total public sector net debt is in stark contrast to other States. As illustrated in the following chart, all other States are projecting net debt levels to rise over the forward estimates period, in some cases rapidly.

Figure 9



(a) Due to available estimates, total public sector data for Western Australia, Victoria, and Tasmania, and total non-financial public sector (i.e. excluding public sector financial corporations) for other States.
Source: 2018-19 outturn reports for 30 June 2019 for Western Australia, New South Wales, Victoria, South Australia and Tasmania. Forecasts for remaining years from Mid-year Reviews except Tasmania (State Budget).

A declining debt profile reduces the State’s interest payments, and the exposure to interest rate movements. Relative to the 2019-20 Budget, this Mid-year Review includes \$679 million in reduced general government (non-lease) interest costs over the forward estimates period.

Statement of Risks

Revenue Estimates

The revenue estimates are highly sensitive to changes in key economic parameters, including the \$US/\$A exchange rate, commodity prices (especially iron ore), employment and wage growth, and house prices and transaction volumes (see following table). The volatility in the State's own-source revenue highlights the imperative for the Government to maintain a disciplined approach to managing recurrent expenditure and deliver meaningful operating surpluses.

Table 9

APPROXIMATE PARAMETER SENSITIVITY OF REVENUE ESTIMATES 2019-20

	Variability (\$m)	Detail
Royalty income and North West Shelf grants	±122	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	±85	For each \$US1 per tonne increase/decrease in the price of iron ore.
Petroleum royalties and North West Shelf grants	±12	For each \$US1 increase/decrease in the price of a barrel of oil.
Payroll tax	±36	For each 1% increase/decrease in taxable wages or employment growth (i.e. the total wages bill).
Underlying transfer duty		
• Prices	±10	For each 1% increase/decrease in average property prices.
• Transactions	±7	For each 1% increase/decrease in transaction levels.

Royalty Income (\$7,505 million in 2019-20)

Movements in the \$US/\$A exchange rate and the iron ore price represent the largest risks (both upside and downside) to general government revenue. The majority of Western Australia's commodities are sold in international markets and are priced in US dollars.

Iron Ore Price Movements

The iron ore price is particularly volatile. On the demand side it is significantly influenced by economic conditions in China and the Chinese Government's policies, which can be difficult to predict. Supply-side dynamics such as the start-up of new mines, mine expansions, depletions and scheduled shutdowns, as well as unpredictable events such as weather disruptions, also contribute to forecasting uncertainties.

The January 2019 dam disaster at a Vale mine in Brazil illustrated the potential for supply-side factors to significantly affect the iron ore price. Around 93 million tonnes of Vale’s production were taken offline following the dam collapse, contributing to the price peaking at around \$US126 per tonne in July 2019. Vale has been able to bring around half of the affected production back online since the collapse and intends to resume the remaining affected production by the end of 2021.

Any change in the timeline for Vale resuming its affected production has the potential to significantly affect the iron ore price, making forecasting inherently difficult.

State Taxes (\$9,011 million in 2019-20)

Payroll Tax

The dominance of the mining and related sectors in the payroll tax base means that any unexpected events impacting on these industries pose a risk to the payroll tax outlook. For example, changes in the magnitude and timing of spending on construction and commissioning of projects could translate into higher or lower payroll tax collections in the near term.

Total Duty on Transfers

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

Factors such as further cash rate reductions or higher than expected population growth could act to further bolster demand for residential property, resulting in higher than anticipated transfer duty.

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 (\$10,553 million in 2019-20)

GST Grants - Pool and Population

The Commonwealth Government’s GST reforms remove most of the risks of variation in the State’s GST grants over the forward estimates period. In this regard, changes in Western Australia’s GST relativity (e.g. from royalty collections) are forecast to be fully offset by the 70% GST relativity floor (funded by the Commonwealth until 2021-22, and from within the GST pool thereafter).

However, Western Australia’s GST-related funding (GST grant plus floor payment) will still vary when the State’s population share or the national GST pool changes, as the floor guarantees 70% of Western Australia’s (updated) population share of the (updated) national GST pool. Estimates of these are based on the Commonwealth’s 2019-20 Budget projections and the latest Australian Bureau of Statistics population data.

Given recent weakness in national household consumption, there is a downside risk to the national GST pool projections on which this Mid-year Review was based.

Expiring National Partnership Agreements

The Mid-year Review includes funding under 38 National Partnership (NP) agreements with the Commonwealth Government over the period 2019-20 to 2022-23.

The majority of NP agreements create increased service levels or develop capital projects requiring ongoing operational costs and maintenance. This can generate an ongoing community expectation or need for funding, although NPs are time-limited in nature. Hence, the expiry of NPs can create uncertainty for the State and service providers.

Given the uncertainty about expiring NPs, it is generally assumed there is no continued funding past an agreement's expiry date, and that the additional or enhanced services generated by the NP will cease. Two exceptions in the State Budget (the Land Transport Infrastructure Projects NP and Universal Access to Early Childhood Education NP) have since been renewed.

Commonwealth 2019-20 Mid-year Economic and Fiscal Outlook (MYEFO)

The Commonwealth's MYEFO for 2019-20 had not been released by the cut-off date for this Mid-year Review (2 December 2019). In addition to the specific risks around Commonwealth tied grant funding, any changes in estimates of grants (through changes to the Commonwealth's own forecasting parameters and/or policy changes) have not been reflected in these Mid-year Review estimates, unless these were known before the Mid-year Review cut-off date.

Spending Risks

Sensitivity to Recurrent Spending Changes

Average expense growth of 1.6% per annum is forecast across the forward estimates period in this Mid-year Review. This historically low rate of expense growth reflects the Government's commitment to responsible financial management, and incorporates significant reprioritisation of expenditure and the cumulative impact of Budget repair measures.

With general government recurrent expenditure forecast to average around \$30 billion per annum over the next four years, even small variations in the rate of budgeted expense growth can have a material impact on the net operating balance and net debt projections contained in this Mid-year Review.

This demonstrates the imperative for the Government to maintain a sustained, disciplined approach to managing recurrent expenditure.

Highlighting the sensitivity of the general government operating balance to changes in recurrent spending, the following table shows the hypothetical impact of expense growth equivalent to long-run average growth of 6% per annum. It shows that by the end of the forward estimates period, an operating deficit of \$2.8 billion would be in prospect, compared to the \$2.9 billion operating surplus currently forecast.

Table 10

LONG-RUN EXPENSE GROWTH SCENARIO
Impact on General Government Operating Balance

	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
<i>2019-20 Mid-year Review</i>				
Expenses	29,964	30,057	30,226	30,894
Operating balance	2,589	2,700	2,699	2,944
<i>Scenario - long-run average expense growth ^(a)</i>				
Expenses	30,793	32,641	34,599	36,675
Operating balance	1,759	116	-1,675	-2,837
<i>Change</i>				
Expenses	829	2,584	4,373	5,781
Operating balance	-829	-2,584	-4,373	-5,781

(a) Long-run average growth of 6% per annum (from 1993-94 to 2018-19), including accounting standards changes implemented as part of the 2019-20 Budget.

Western Australian Cricket Association (WACA) Ground Redevelopment

In March 2019, the WACA announced a \$75 million proposal to redevelop the WACA ground in East Perth. The Association is seeking \$60 million from the Commonwealth and State Governments for the proposal. At the time of the Mid-year Review cut-off, no State funding had been allocated to the proposed redevelopment. However, the State Government will consider matching any funding contribution that may be committed by the Commonwealth Government.

State-wide Building Cladding Audit

In late 2017, the Department of Mines, Industry Regulation and Safety contacted all State Government agencies regarding the risk presented by combustible building cladding and requested that they undertake audits of their respective property portfolios. The majority of audits are now complete, and agencies have either finalised or are in the process of finalising risk mitigation actions where they were recommended. Where more extensive remedial works are necessary, agencies are preparing scopes of works, the costings for which have not been finalised at this time.

Housing Authority Restructure

On 25 November 2019, the Government announced a restructure of the functions of the Housing Authority within the Department of Communities. The social housing and other non-commercial functions will remain with the Department, while land development and related commercial functions will be transferred to DevelopmentWA. This restructure and resulting machinery of government change will require both legislative amendments and a realignment of financial transactions that is expected to impact on the State's financial aggregates. The financial impacts will be determined in a future Budget process.

Forrestfield-Airport Link Project

Contaminated soil is a risk to the approved budget of the Forrestfield-Airport Link project. Spoil (i.e. excavated soil) from tunnelling has been found to contain minor concentrations of polyfluoroalkyl substances. There is a risk that some of this spoil may be unable to be reused and instead must be disposed of in landfill at an additional cost to the project.

Operating Costs for Thornlie-Cockburn Link and Yanchep Rail Extension

The cost of operating services on the new Thornlie-Cockburn Link and Yanchep Rail Extension has not been included in these financial estimates, as the Public Transport Authority was still finalising the financial implications of the works procurement process (to construct the projects under a competitive alliance arrangement) just prior to the 2019-20 Mid-year Review cut-off date.

Native Title Agreements

A number of Native Title Agreements are currently under negotiation. These consist of both cash and non-cash components as settlement of native title compensation.

Native title holders are entitled to compensation for the impairment or extinguishment of native title under the Commonwealth's *Native Title Act 1993*. The High Court's Timber Creek decision provided some guidance to parties as to how compensation for economic and non-economic loss might be evaluated.

The State will continue to negotiate agreements with the traditional owners that better support the current and future needs of the community, as opposed to Court-determined settlements, which can be costly and time consuming for all parties.

Remote Communities

With the expiration of the National Partnership on Remote Housing on 30 June 2018, and the subsequent funding contribution of \$121 million in 2018-19, the Commonwealth Government has ceased its longstanding support of remote communities and has been unwilling to commit to the provision of ongoing funding. In the absence of an alternative Commonwealth funding contribution, the continuation of historical levels of service delivery to remote communities in Western Australia will result in a deterioration in the State's financial position.

Government Trading Enterprises

Material risks to the operating outlook and infrastructure spending projections for Government Trading Enterprises are listed below.

- *Synergy's cost and demand outlook* – the rapidly changing market in which Synergy operates (including the impact of new sources of large-scale renewable energy, softening electricity demand due to growth in solar photovoltaic generation by residential and commercial customers, and fuel supply market conditions) is likely to continue to place pressure on Synergy's financial performance over the forward estimates period. Synergy will endeavour to respond to these challenges through Government approved initiatives, cost management and contractual arrangements where appropriate.

- *Water Corporation's cost and demand outlook* – the Water Corporation's expenditure is impacted by Western Australia's climate, economy and population. Fluctuations in the assumptions incorporated in the forecasts for these items could drive potentially material changes in the Water Corporation's operating and capital expenditure requirements, including investment in the next major water source.
- *Government exposure to land and property markets* – DevelopmentWA, the Department of Communities and the Department of Planning, Lands and Heritage are engaged in significant land sales and land development programs. This exposure to the property market poses risks to the financial estimates given the continued subdued performance of this sector.

Contingent Assets and Liabilities

Contingent assets usually consist of the potential settlement of lawsuits or contractual claims. Typically, contingent liabilities consist of guarantees, indemnities and sureties, as well as legal and contractual claims. They constitute a potential risk or benefit to the financial projections should they eventuate.

Contingent assets and liabilities were reported in full in the *2018-19 Annual Report on State Finances* (ARSF). Since the release of the ARSF, the following material contingent liability has emerged.

Perth Children's Hospital

Additional resources may be required in order to exercise contractual entitlements and to represent the State in legal proceedings advanced by John Holland, the Managing Contractor at the Hospital.

Financial Strategy

HIGHLIGHTS

- The outlook for the State's finances has strengthened since the 2019-20 Budget, with higher general government sector operating surpluses forecast across the Budget period.
- Disciplined management of recurrent expenditure remains an ongoing focus, with expense growth forecast to average just 1.6% per annum over the next four years.
- Adjusting for accounting standards changes implemented in the 2019-20 Budget, total public sector net debt reached an earlier than expected peak of \$37.5 billion at 30 June 2019, and is projected to decline over each year of the forward estimates period.
- Western Australia is the only State with a declining net debt trajectory. In addition, and consistent with the Government's financial target, the proportion of net debt held by the general government sector is also projected to decline over each of the next four years.

Introduction

This Chapter provides an assessment of the Mid-year Review financial projections against the Government's financial targets, as required by the *Government Financial Responsibility Act 2000*.

The Government's financial targets were detailed in the 2019-20 Budget Papers. The targets are to:

- progress towards a net operating surplus for the general government sector, measured by a reduction in the operating deficit outcome relative to the previous year;
- progress towards a cash surplus for the total public sector, measured by a reduction in the cash deficit outcome relative to the previous year;
- maintain disciplined general government expense management by:
 - delivering public sector wage 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
- reduce the proportion of total public sector net debt held by the general government sector.

The following table summarises forecast compliance with the financial targets.

2019-20 MID-YEAR REVIEW - FINANCIAL TARGET COMPLIANCE				
	2019-20	2020-21	2021-22	2022-23
	Mid-year Review Estimate	Forward Estimate	Forward Estimate	Forward Estimate
Progress towards a net operating surplus for the general government sector				
- General government net operating balance (\$m)	2,589	2,700	2,699	2,944
- 2019-20 Mid-year Review compliance	Yes	Yes	Yes	Yes
- 2019-20 Budget compliance	Yes	Yes	Yes	Yes
Progress towards a cash surplus for the total public sector				
- Total public sector cash surplus/deficit (\$m)	1,961	560	866	968
- 2019-20 Mid-year Review compliance	Yes	Yes	Yes	Yes
- 2019-20 Budget compliance	Yes	Yes	Yes	Yes
Maintain disciplined general government expense management through:				
- delivering public sector wage outcomes in line with Government wages policy				
- 2019-20 Mid-year Review compliance	Yes	Yes	Yes	Yes
- 2019-20 Budget compliance	Yes	Yes	Yes	Yes
- ensuring key service delivery agency recurrent spending outcomes are in line with budgeted expense limits				
- 2019-20 Mid-year Review compliance	No	Yes	Yes	Yes
- 2019-20 Budget compliance	Yes	Yes	Yes	Yes
Reduce the proportion of total public sector net debt held by the general government sector				
- General government net debt as a share of total public sector net debt (%)	64.3	62.6	61.7	60.3
- 2019-20 Mid-year Review compliance	Yes	Yes	Yes	Yes
- 2019-20 Budget compliance	No	Yes	Yes	Yes

The remainder of this Chapter outlines projected performance against the targets based on the Mid-year Review projections detailed in Chapter 1: *Financial Projections* and in Appendix 1: *Detailed Financial Projections*.

Financial Targets

Progress towards a net operating surplus for the general government sector, measured by a reduction in the operating deficit outcome relative to the previous year

This target is expected to be achieved across the entire forward estimates period, with the general government sector net operating balance now strongly back into surplus.

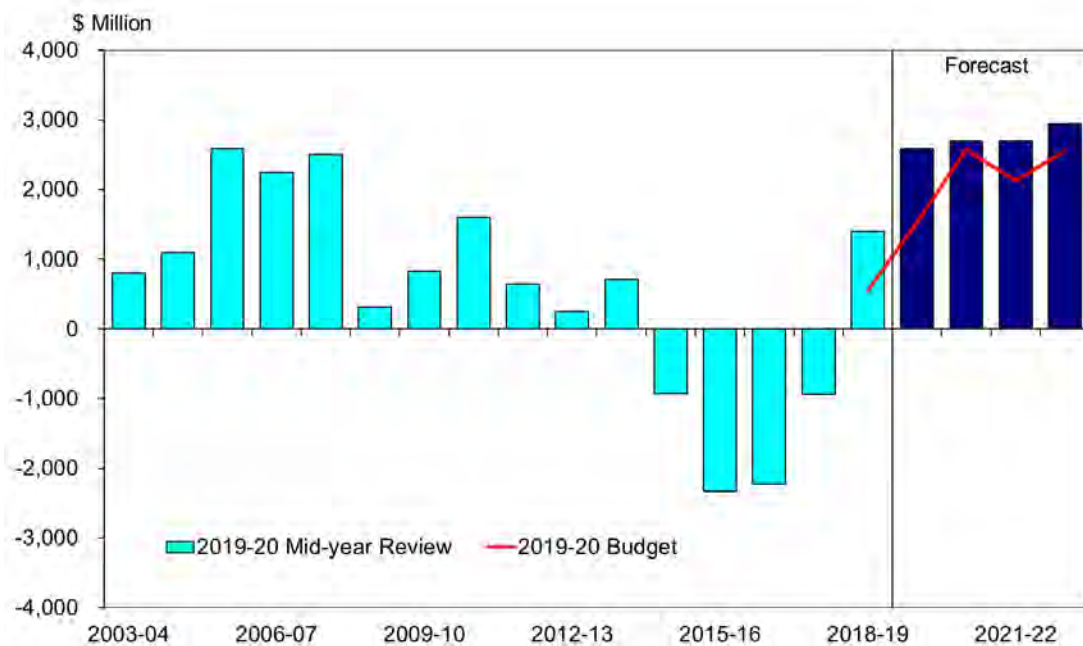
The following figure shows that operating surplus projections have been revised upwards since Budget in each year of the forecast period. An operating surplus of \$2.6 billion is now forecast for 2019-20 (up from \$1.5 billion at Budget-time). This largely reflects a temporary uplift in mining revenue driven by higher than previously forecast iron ore prices and a lower \$US/\$A exchange rate.

Surplus projections for the outyears average around \$2.8 billion (compared to \$2.4 billion at Budget-time). This includes the bring-forward of Commonwealth road funding from beyond the forward estimates period and an increase in Commonwealth funding for new infrastructure projects, contributing an additional \$764 million to revenue projections across the outyears.

Achievement of these surplus projections is contingent on the Government’s continued disciplined management of recurrent expenditure, with expense growth forecast to average just 1.6% over 2019-20 to 2022-23 (up slightly from 1.3% at Budget-time). This is well below the long-run average rate of expense growth of 6% (since 1993-94).

Figure 1

NET OPERATING BALANCE General Government Sector



Progress towards a cash surplus for the total public sector, measured by a reduction in the cash deficit outcome relative to the previous year

This target is expected to be met in 2019-20 and in each year of the forward estimates period.

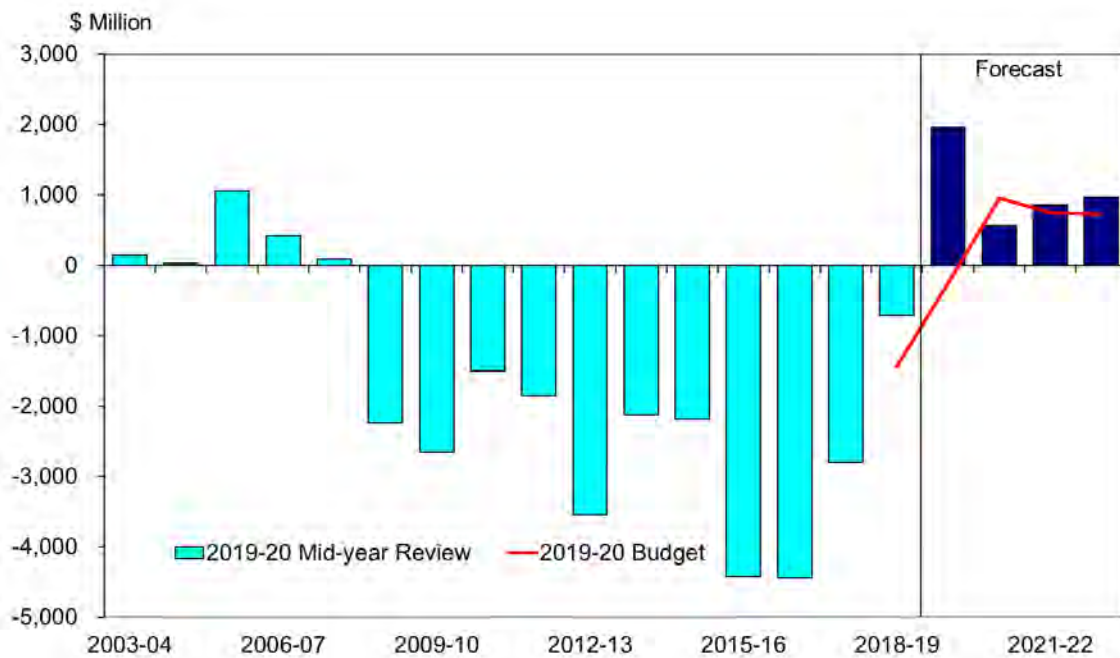
A \$2 billion total public sector cash surplus is now anticipated for 2019-20, a significant turnaround on the \$715 million cash deficit outcome for 2018-19. This largely reflects the up-front proceeds from the partial commercialisation of Landgate (\$1.41 billion), cash received in July 2019 for the BHP royalty settlement (\$250 million), and the stronger operating outlook for the general government sector (discussed earlier), partly offset by increased asset investment spending (up \$681 million compared to 2018-19).

The total public sector cash surplus for 2019-20 represents the first cash surplus since 2007-08, and is one year earlier than expected at Budget-time.

Cash surpluses are forecast to average \$800 million per annum over 2020-21 to 2022-23, similar to projections at Budget-time. The achievement of cash surpluses over the longer term is key to reducing Western Australia’s debt burden to sustainable levels.

CASH SURPLUS/DEFICIT
Total Public Sector

Figure 2



Maintain disciplined general government expense management

Management of recurrent spending in the general government sector is critical to achieving the forecast operating surpluses and maintaining a sustainable financial position. The Government's expense target is measured by two criteria.

Deliver public sector wage outcomes in line with Government wages policy

Consistent with the outlook at Budget-time, this target is expected to be met in 2019-20 and across the forward estimates period.

To meet this target, public sector wage agreements need to be settled in line with the Government's wages policy of limiting increases in wages to \$1,000 per annum. Agreements expiring this financial year encompass nearly 58,000 public sector employees, including teachers, TAFE lecturers, health professionals and medical practitioners.

As at the 2 December 2019 cut-off date for this Mid-year Review, a number of expired agreements were under negotiation, with offers made in line with the Government's wages policy.

With salaries comprising around 40% of total general government expenses, maintenance of the Government's wages policy is critical to achieving the low rate of expense growth underpinning these Mid-year Review aggregates.

EXPIRING KEY PUBLIC SECTOR INDUSTRIAL AGREEMENTS ^{(a)(b)}			
Agreement	Employees	Expiry Date	Status
<i>Expired 2018-19</i>			
Australian Workers Union ^(c)	500	25 Apr 2019	Registered 12 Nov 2019
Public Service and General Government Officers	31,845	12 Jun 2019	Registered 4 Nov 2019
School Support Officers	4,212	12 Jun 2019	Agreement in-principle
Disability Services Social Trainers	564	12 Jun 2019	Agreement in-principle
Insurance Commission (Government Officers)	360	12 Jun 2019	Agreement in-principle
Western Australia Police Officers	6,370	30 Jun 2019	Agreement in-principle
<i>Expiring 2019-20</i>			
Medical Practitioners	5,225	30 Sep 2019	Under Negotiation
Education - Teachers and Administrators	29,157	5 Dec 2019	Under Negotiation
TAFE Lecturers	2,521	15 Dec 2019	Under Negotiation
Main Roads (Salaried Officers)	852	31 Jan 2020	Under Negotiation
West Australian Fire Service	1,236	9 Jun 2020	Upcoming Agreement
Prison Officers	2,358	10 Jun 2020	Upcoming Agreement
Health Professional, Administrative, Clerical, Technical and Supervisory	16,341	30 Jun 2020	Upcoming Agreement

(a) Employee numbers sourced from each current agreement.

(b) Agreements covering 300 or more employees.

(c) Covers multiple employee groups across a number of agencies.

Ensure key service delivery agency recurrent spending outcomes are in line with budgeted expense limits in Resource Agreements

This target is met when key service delivery agencies' recurrent spending outcomes are within 2% of approved expense limits contained in their Resource Agreements.

The target is not expected to be met in 2019-20, with unavoidable spending increases and the need to carry-over previously approved spending from 2018-19 meaning that three agencies are now expected to exceed the 2% threshold:

- Public Transport Authority, primarily reflecting an increase in the valuation of the Authority's freight network infrastructure and associated depreciation expenses. Excluding this non-cash depreciation impact, the Authority's total cost of services is expected to fall below its approved expense limit;
- Main Roads, mainly due to the recognition of works conducted for (and funded by) third parties, the acceleration of an existing road project, and road transfers to local government and private entities; and
- Primary Industries and Regional Development, mainly reflecting delays in spending from 2018-19 to 2019-20 for various Royalties for Regions projects, and additional funding provided for the Broome Chinatown Revitalisation project (\$5.5 million) and the Dampier Peninsula Activation project (\$2.7 million).

AGENCY RESOURCE AGREEMENTS (a)

Table 3

	2019-20 Budget Resource Agreement	Functional Transfers (b)	Revised Limit	Current Total Cost of Service	Variance from Revised Limit
	\$m	\$m	\$m	\$m	%
WA Health	9,135	-1	9,134	9,224	1.0
Education	5,241	-	5,241	5,328	1.7
Communities	3,444	-	3,444	3,351	-2.7
Western Australia Police Force	1,581	-	1,581	1,610	1.8
Justice	1,638	-	1,638	1,646	0.5
Public Transport Authority	1,559	-	1,559	1,634	4.9
Finance	1,271	-	1,271	1,272	0.1
Commissioner of Main Roads	1,490	-	1,490	1,550	4.0
Mental Health Commission	942	-	942	940	-0.2
Training and Workforce Development	578	-	578	589	2.0
Primary Industries and Regional Development	483	-	483	501	3.6
Biodiversity, Conservation and Attractions	402	-	402	404	0.4
Transport	555	-	555	562	1.3
Fire and Emergency Services	449	-	449	451	0.4
Mines, Industry Regulation and Safety	280	-	280	280	0.2

(a) The target is met when agencies' recurrent spending outcomes are no more than 2% higher than the amount specified in Resource Agreements signed for the Budget year.

(b) Detailed in Appendix 4: *The Treasurer's Advance*.

Notwithstanding projected outcomes for these agencies, expenses remain tightly controlled, with stronger overall financial outcomes reflected across the Government's other financial targets.

Material changes to agency spending since the 2019-20 Budget are discussed in Chapter 1 and in more detail in Appendix 3.

Reduce the proportion of total public sector net debt held by the general government sector

This target is expected to be achieved across the entire forward estimates period.

The proportion of net debt held by the general government sector is expected to decline from 64.3% at 30 June 2020 to 60.3% by 30 June 2023 (after peaking at 65.9% at 30 June 2019). This mainly reflects the strengthening general government operating outlook discussed earlier.

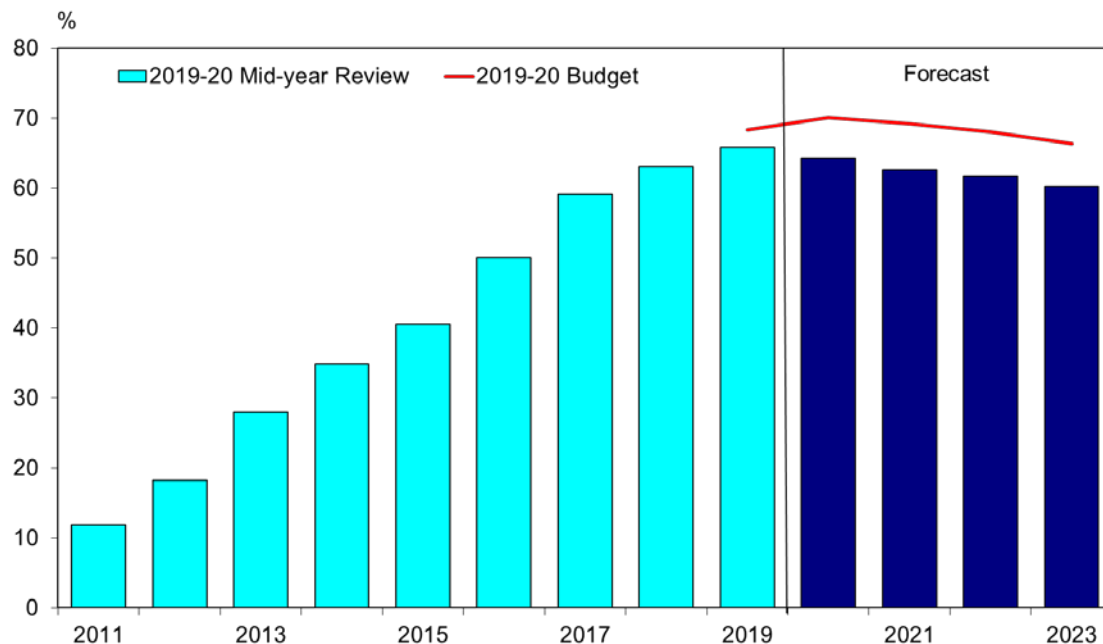
Relative to Budget, net debt of the total public sector is forecast to be \$3.2 billion lower by the end of the forward estimates period, while general government net debt is forecast to be \$4.3 billion lower.

A substantial \$1.3 billion in repayments of Consolidated Account borrowings is to occur in 2019-20, which follows \$437 million in repayment of centrally-held debt in 2018-19. This will be the second consecutive year that the Consolidated Account is forecast to make no new borrowings.

Western Australia is the only State with a declining net debt trajectory over the Budget period.

**GENERAL GOVERNMENT NET DEBT PERCENTAGE OF
TOTAL PUBLIC SECTOR NET DEBT**
At 30 June

Figure 3



The Western Australian Economy

HIGHLIGHTS

- Growth in the Western Australian economy is expected to accelerate from 1% in 2018-19 to 3% in 2019-20, underpinned by the first increase in business investment in seven years and stronger iron ore and LNG export volumes.
- Employment growth is also expected to pick up, from 0.9% in 2018-19 to 1.5% in 2019-20, and to further improve over the medium term as residential construction activity recovers.
- However, economic conditions globally and nationally moderated through 2019, leading both the International Monetary Fund and the Reserve Bank of Australia to revise down their short-term growth forecasts.
 - Key challenges globally have included a weak manufacturing sector, the US-China trade dispute and other geopolitical factors, while tight credit conditions in early 2019, weak household demand and low wages growth have impacted the national economy.
- Western Australia is not immune from these global and national economic headwinds. As a result, the State's economy is expected to grow at a more moderate pace than forecast at Budget-time.
- This highlights the importance of getting the State's finances under control, which has enabled the Government to support the economy through targeted spending and tax relief initiatives.

Western Australia

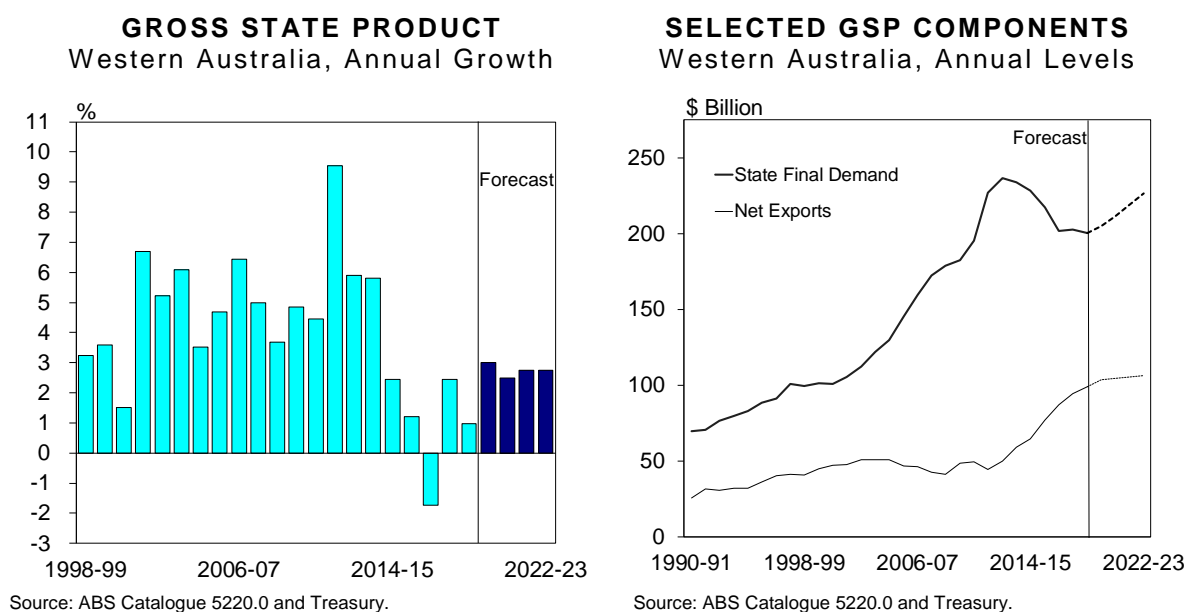
Gross State Product

The Western Australian economy (as measured by **Gross State Product**, GSP) increased by 1% in 2018-19, with growth in net exports partly offset by a contraction in the domestic economy.

GSP growth is forecast to strengthen to 3% in 2019-20, supported by a recovery in **State Final Demand** (SFD) as business investment returns to growth after six consecutive years of contraction. Net exports are also expected to support activity, with iron ore production resuming at close to capacity after unplanned disruptions during the previous year.

Over the medium term, economic growth is projected to stabilise at around 2.75% per annum (figure below, left-hand panel). Growth should be underpinned by the State’s domestic economy, while net export growth is expected to ease, reflecting that investment will largely maintain (rather than expand) resource production. Population growth is expected to continue picking up as net overseas migration continues its recent recovery, and the outflow of migrants interstate eases and eventually reverses.

Figure 1



Household consumption grew by just 1% in 2018-19. Consumers continue to be cautious, with increases in spending limited to essential items, such as food and rent. The conservative spending behaviour over the last six years (with per capita consumption broadly unchanged since 2012-13) is expected to continue in the short-term.

Household consumption is expected to grow by 1.25% (below the Budget forecast of 1.75%) in 2019-20, with this growth projected to gradually lift over the remainder of the forecast period, reaching 3% by 2022-23. While a projected increase in population is forecast to contribute to growth in household consumption in the medium term, improvements in household wealth, wages growth, and household balance sheets should provide additional support to consumption in the outyears.

Table 1

ECONOMIC FORECASTS						
Western Australia, Annual Growth (%)						
	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	Actual	Budget Estimate	Mid-year Revision	Forward Estimate	Forward Estimate	Forward Estimate
Demand and Output ^(a)						
Household Consumption	1.0	1.75	1.25	2.25	2.75	3.0
Dwelling Investment	-3.6	-2.75	-7.0	4.75	7.5	4.0
Business Investment	-7.6	6.0	6.0	7.0	6.0	4.0
Government Consumption	1.6	1.75	1.5	1.25	1.75	2.75
Government Investment	-2.8	10.5	10.5	2.0	7.0	3.0
State Final Demand	-1.0	3.0	2.25	3.25	3.5	3.5
Merchandise Exports	1.4	4.0	4.0	1.5	1.25	1.25
Merchandise Imports	-7.2	2.5	2.0	2.75	2.75	2.5
Net Exports ^(b)	4.9	4.5	4.5	1.0	0.75	1.0
Gross State Product ^(c)	1.0	3.5	3.0	2.5	2.75	2.75
Labour market						
Employment	0.9	1.75	1.5	1.75	2.0	2.25
Unemployment Rate ^(d)	6.1	6.0	5.75	5.75	5.5	5.25
Participation Rate ^(d)	68.3	68.6	68.2	68.3	68.3	68.4
Population						
Population	1.0 ^(e)	1.3	1.3	1.5	1.6	1.7
Working Age Population (15-64)	0.4 ^(e)	0.7	0.7	1.0	1.3	1.5
Prices						
Consumer Price Index	1.3	1.75	1.75	2.0	2.25	2.25
Wage Price Index	1.6	2.25	2.0	2.25	2.5	2.75
Median House Price	-2.3	1.1	-1.1	2.2	2.8	3.0
Other key parameters ^(d)						
Exchange Rate \$US/\$A (US cents)	71.5	71.4	68.2	68.5	68.7	68.9
Iron Ore Price (\$US/t) cost and freight inclusive (CFR)	80.4	73.5	85.8	66.2	64.0	64.0
Crude Oil Price (\$US/barrel)	68.6	67.1	61.8	58.5	57.2	56.8

(a) Based on 2018-19 annual State Accounts data, updated with the latest State Final Demand and Balance of Payments data for the September quarter 2019.

(b) Net exports include 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 annual average during the financial year.

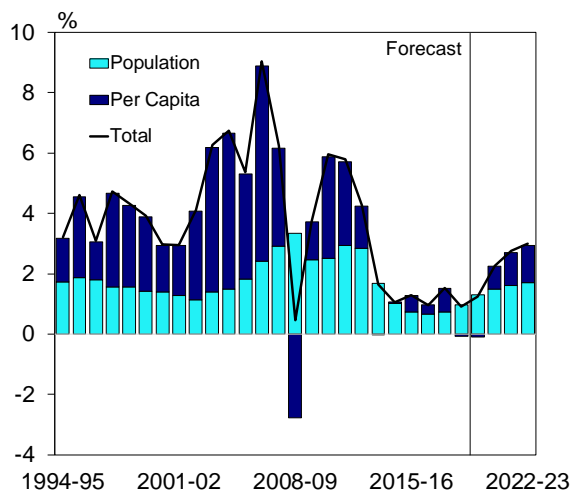
(e) Estimated actual.

Dwelling investment declined by 3.6% in 2018-19, larger than an estimated fall of 1.75% at Budget, reflecting a sharper than anticipated decline in new investment, partially offset by growth in alterations and additions. Leading indicators of building activity (such as building approvals and housing finance for construction) point to a reduction in dwelling investment of 7% in 2019-20 (compared to the 2.75% reduction estimated at Budget-time).

Notwithstanding the weaker outlook for 2019-20, dwelling investment is expected to resume growing from 2020-21. This reflects a combination of a lift in population growth and progressive improvements in labour market conditions supporting demand, in an environment of a tighter rental market and limited additions to supply.

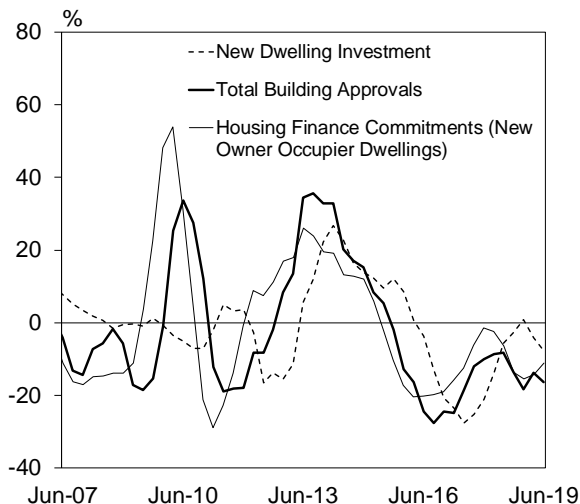
Figure 2

CONSUMPTION PER CAPITA
Western Australia, Annual Growth



Source: ABS Catalogue 5220.0, 3101.0 and Treasury.

DWELLING INVESTMENT
Western Australia, Annual Growth



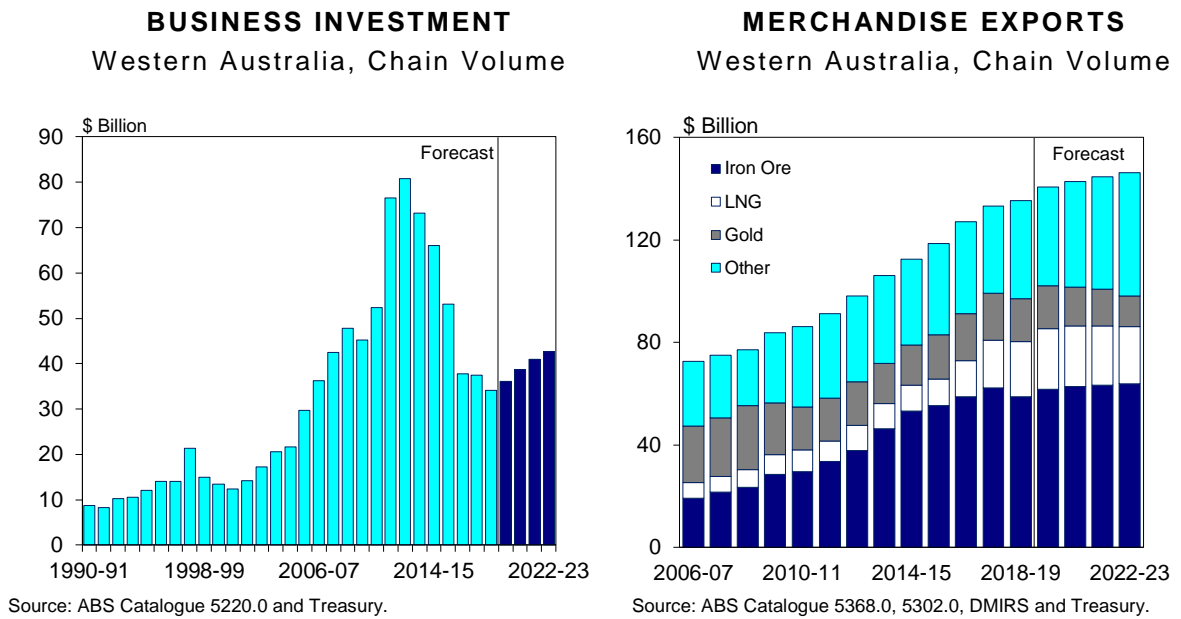
Source: ABS Catalogue 5206.0, 5601.0 and 8731.0.

Business investment fell by 7.6% in 2018-19, as construction work on the remaining large LNG projects was completed. As anticipated at Budget, business investment is expected to return to growth in 2019-20 and is projected to continue its growth trajectory over the outyears, underpinned by spending required to maintain currently high output levels in the iron ore and oil and gas sectors.

Since Budget, lithium producers have revised down their expansion plans. There have also been few commitments to new production-expanding projects for other commodities since Budget. These developments would usually result in a downward revision to the business investment profile. However, their impact has been offset by an increase in expected investment to sustain current production levels, particularly for iron ore. As such, the forecast profile for business investment remains unchanged.

Government consumption is projected to grow by an average of 1.8% per annum over the forecast period, below historical average growth of 3.5% per annum, reflecting the Government’s focus on expenditure management. **Government investment** is projected to grow by 10.5% in 2019-20 and by an average of 4% per annum over the forward estimates period, broadly consistent with trends in the State Government’s Asset Investment Program outlined in Chapter 1: *Financial Projections*.

Figure 3



Merchandise exports grew by 1.4% in 2018-19, below estimated growth of 4.25%. This was primarily a result of Cyclone Veronica in March 2019, production challenges experienced by major producers, and unexpected shut-downs.

Export growth is projected to rebound to 4% in 2019-20, as iron ore production is expected to recover to close to capacity levels. From 2020-21, growth in exports is forecast to ease as investment has become increasingly focused on maintaining (rather than increasing) output of key commodities. The export growth outlook has been lowered relative to Budget, reflecting the impact of an expected fall in lithium exports as producers have revised investment plans.

Merchandise imports are forecast to return to growth in 2019-20, in line with the expected pick-up in both consumption and business investment.

Overall, **net exports** are forecast to increase by 4.5% in 2019-20, before moderating to around 1% per annum from 2020-21.

Housing Market

Consistent with Budget expectations, demand has begun to lift in the established housing market in 2019-20. This is also evident across several other States, suggesting that this recovery in part reflects a combination of successive interest rate cuts and a lowering of the loan serviceability ceiling by the Australian Prudential Regulation Authority in July 2019. Furthermore, the rental market appears to be broadly in balance, with the number of properties listed for rent around 50% lower relative to June 2016 and the vacancy rate around market equilibrium.

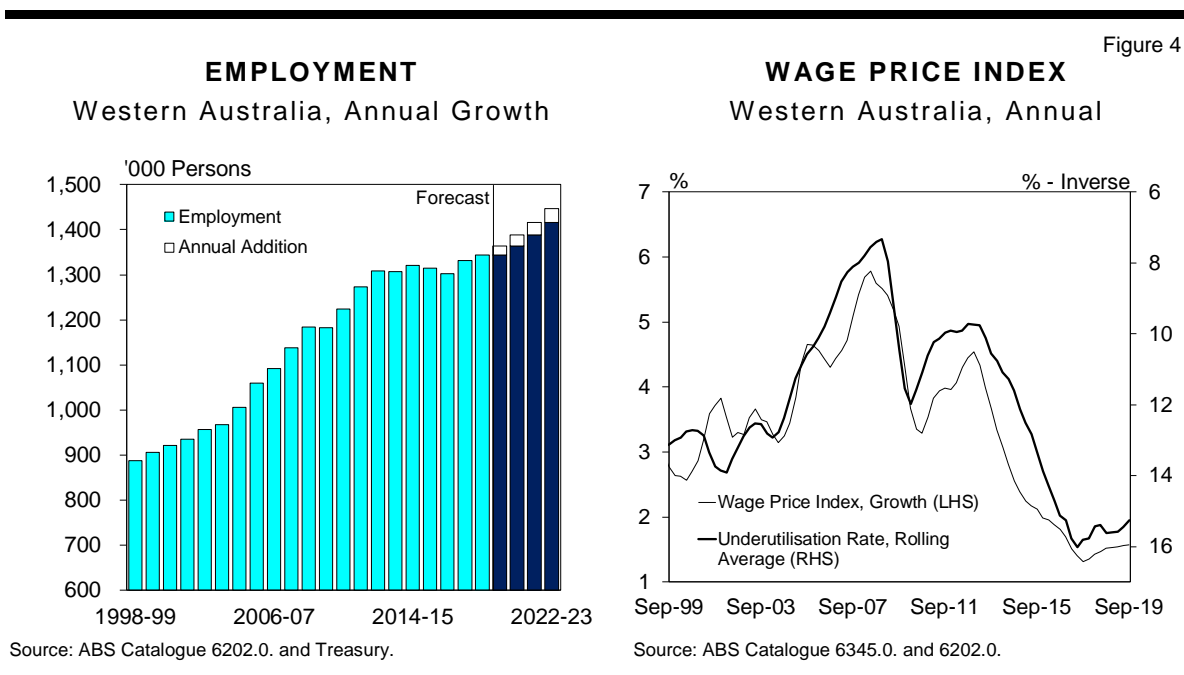
Nevertheless, the median house price is now expected to contract for a fifth consecutive year in 2019-20 (down 1.1%), with a recent uptick in demand and a tighter rental market taking time to place upward pressure on house prices.

House prices are forecast to recover from 2020-21, with demand supported by a modest lift in population growth and wages, and supply constrained by the low number of dwelling approvals in recent years.

Labour Market

Western Australia’s labour force has continued to expand, though the annual rate of growth has slowed since Budget. **Employment** is now forecast to increase by 1.5% in 2019-20, compared to 1.75% at Budget.

Employment growth in the near term is expected to be supported by investment, including the construction of new and replacement iron ore projects, coupled with major infrastructure projects such as METRONET. A lift over the forward estimates period is anticipated to reflect broader strengthening in the domestic economy, including a recovery in residential construction, while progressive increases in household spending, together with a growing and ageing population, are expected to generate jobs growth in the services and aged care sectors.



The State’s **participation rate** has moderated since Budget, averaging 68.3% in the year to October 2019. In line with this trend, forecasts for the participation rate have been revised down across the forecast period. Nonetheless, the participation rate is expected to remain relatively high at around 68.3% per annum, supported by strengthening employment growth and by household financial commitments (which are likely encouraging workers to remain in or join the workforce).

The **unemployment rate** has fallen since Budget, averaging 5.8% in the four months to October 2019 (down from 6.1% in 2018-19), as a result of the easing in workforce participation. In light of this, the unemployment rate forecast has been revised down to 5.75% in 2019-20 (compared to 6% at Budget), and is projected to ease to 5.25% by 2022-23.

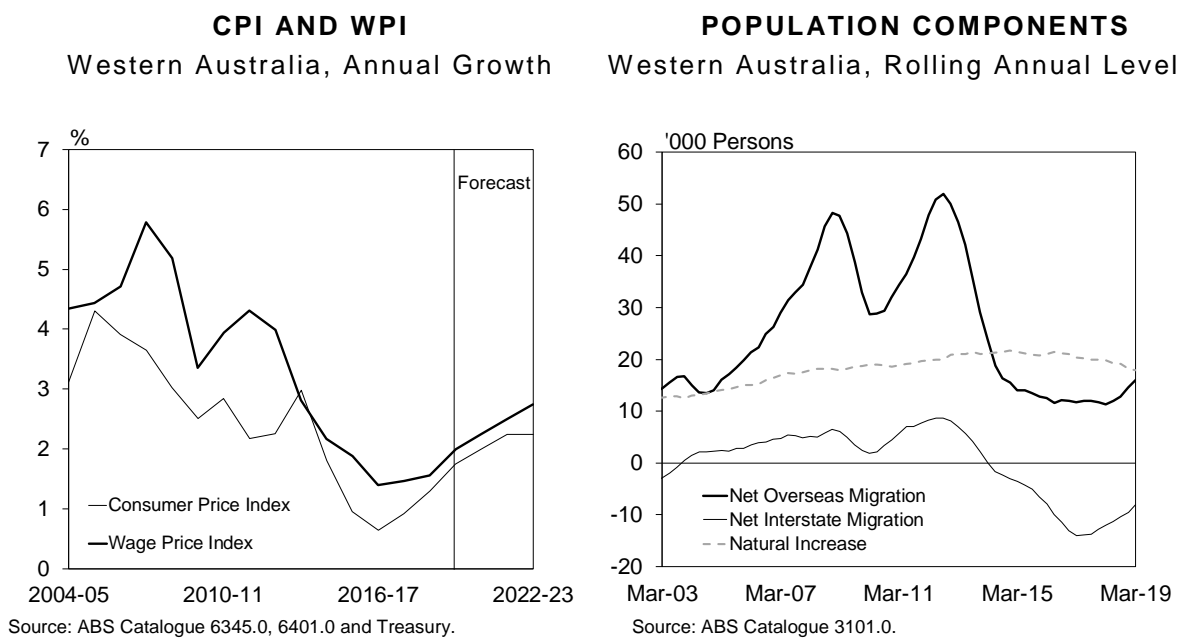
Wages, measured by the **Wage Price Index (WPI)**, grew by 1.6% in 2018-19. Reflecting the high underutilisation rate, wage growth is expected to be more moderate than forecast at Budget. Nonetheless, growth in the WPI is forecast to pick up from 2% in 2019-20 to 2.75% by 2022-23, in line with the projected improvement in labour market conditions and activity in the domestic economy.

Consumer Price Index

Perth’s **Consumer Price Index (CPI)** grew by 1.4% in annual average terms to September 2019, after increasing by 1.3% in 2018-19. Inflation was mainly underpinned by price increases for tobacco, food and beverages, and holiday travel, partly offset by a fall in the price of rents, and telecommunication equipment and services.

Inflation is expected to lift to 1.75% in 2019-20, in line with Budget expectations, as the drag on inflation from declining rents is expected to cease. Inflation is forecast to gradually rise to 2.25% by 2021-22 and to stabilise at that rate in 2022-23 (which is within, but at the lower end of, the Reserve Bank of Australia’s target range of 2 to 3%).

Figure 5



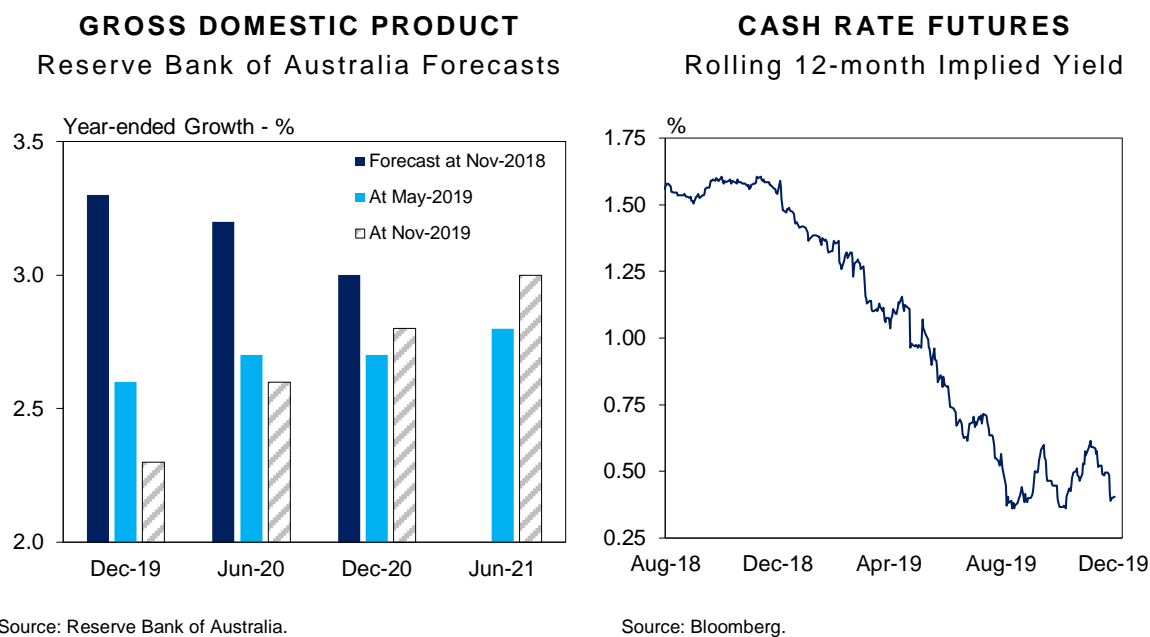
Population

Population growth reached 0.9% in annual average terms in the March quarter 2019, tracking in line with Budget expectations, on the back of increasing net overseas migration (which has reached its highest level in four and a half years). Migration into the State is anticipated to increase through the forecast period, consistent with the expectation that the State’s domestic economy will strengthen relative to the national economy. As a result, population growth is forecast to gradually increase to 1.7% by 2022-23, consistent with long-run average growth.

Domestic Risks

The Reserve Bank of Australia (RBA) has progressively revised down its short-term forecasts for growth in Australia’s Gross Domestic Product, mainly because household demand has been weak, in part because income growth has been subdued. However, the RBA is expecting growth in the national economy to lift through 2020 and 2021.

Figure 6



Until early December 2018, the financial market expected economic conditions to be sufficient to allow the RBA to maintain a cash rate of 1.5%, but subsequently revised its expectations as national conditions softened and the RBA reduced the cash rate three times in 2019 to support growth.

The financial market expects at least one further cut to the cash rate over the next 12 months, suggesting that the pick-up in growth projected by the RBA will only be achieved with the support of lower interest rates - highlighting that there are ongoing risks to domestic growth nationally, which have the potential to impact on Western Australia.

In Western Australia, **employment growth** has been softer than expected in 2019-20, with levels relatively unchanged in the year to date, reflecting a slowing in full-time hiring. If these trends continue throughout the remainder of the year, there is a risk that employment growth may be lower than forecast.

The timing around the expected recovery for **household consumption** is still unclear, and dependent on progressive increases in income and wealth providing households with both the ability and confidence to spend. There is a risk that consumers may further delay spending decisions and instead choose to pay off existing high levels of household debt, at least until wages growth has been sustained for some time and growth in disposable income is considered to be permanent.

The near term **business investment** forecast is particularly sensitive to the timing of expenditure on major iron ore projects and maintenance work. In the outyears, the actual level of business investment will depend on final investment decisions for the next wave of offshore oil and gas projects, as well as projects not yet identified emerging. As such, any delays to investment or changes to the schedule and scale of maintenance can impact the investment projections. Changes in the investment profile would also likely flow through to **merchandise exports**.

The outlook for **dwelling investment** and the established **housing market** could be more subdued than anticipated if population and income growth are weaker than expected. Further deterioration of national economic conditions could also weaken confidence and moderate the expected recovery in both dwelling investment and house prices.

On the other hand, the expected recovery in dwelling investment may be more pronounced than anticipated if the recently observed improvement in established and rental markets place greater than estimated pressure on the existing housing stock.

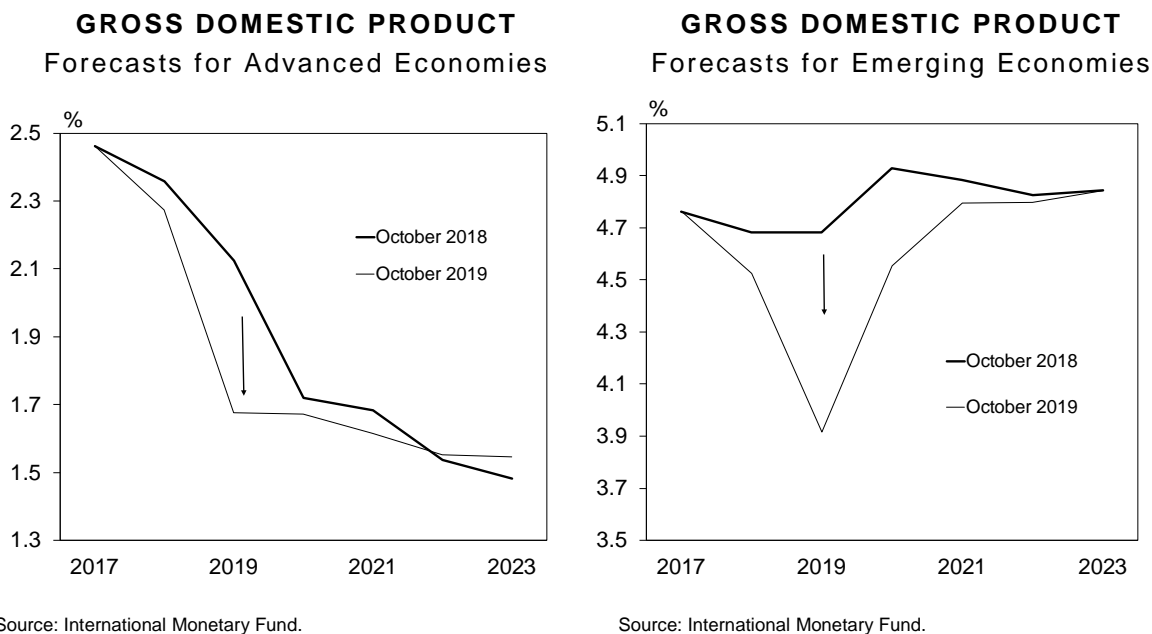
Global Outlook and Risks

The outlook for the global economy has deteriorated since the 2019-20 Budget, leading major institutions to revise down their medium-term growth forecasts. The IMF expects that after some short-term weakness, growth will recover, supported by strong expansions in developing economies. However, risks to the outlook are particularly acute, given high levels of debt to income and the limited remaining scope and effectiveness of monetary policy to support growth in many countries.

The slowdown in global growth has several causes, including the ongoing US-China trade dispute weighing on business and consumer confidence, a range of other geo-political challenges (including Brexit), heightened economic policy uncertainty and a prolonged contraction in the global manufacturing industry, particularly car production and sales.

To date, the impact of softer global growth on the Western Australian economy has been muted, with iron ore and most other exports largely unaffected. However, one sector that has been substantially affected by the slowdown in global vehicle sales is lithium, due to lower than expected demand growth for electric vehicle batteries. If recent trends worsen and global risks materialise, this could impact the medium-term outlook for Western Australia.

Figure 7



Advanced Economies

Since the 2019-20 Budget, the economic growth outlook for advanced economies has weakened. In the United States, the initial impetus from the fiscal stimulus (tax cuts) in 2018 has begun to wane at the same time as pockets of weakness have emerged. That weakness is most evident in the manufacturing sector, indicated by ongoing negative Purchasing Managers’ Index (PMI) readings, falling profitability, slowing freight activity and declines in passenger vehicle sales. However, despite those drags, the IMF is expecting full-year growth at 2.4% in 2019 before moderating slightly to 2.1% in 2020, with the Federal Reserve’s decision to reverse course on monetary policy providing some short-term support for growth.

The outlook is weaker for the euro area, which expanded just 1.2% year on year in the September quarter of 2019. Germany is grappling with its own manufacturing slowdown and narrowly avoided a technical recession in the September quarter, with GDP growing by just 0.1% in the quarter. Key risks to growth in the euro area include uncertainty surrounding the United Kingdom’s Brexit plans (given that the United Kingdom is one of the euro area’s largest export partners), along with political instability and near-record debt levels in Italy, the euro area’s third largest economy.

In Asia the outlook for advanced economies is mixed, with an ageing population meaning growth in Japan is likely to remain low but stable, supported by a temporary (15-month) fiscal stimulus commencing in 2020 designed to offset the impact of a higher consumption tax and a post-Olympics construction slowdown. South Korea continues to be impacted both directly and indirectly by the US-China trade frictions and its own trade dispute with Japan, with its economy heavily linked to all three countries. Singapore managed to avoid a technical recession in the September quarter of 2019 but growth is likely to remain subdued given the economy's sensitivity to fluctuations in global trade. Hong Kong was not so fortunate, falling into recession as disruptive street protests and the US-China trade dispute took their respective tolls on the special administrative region, with its outlook contingent upon both of those factors improving.

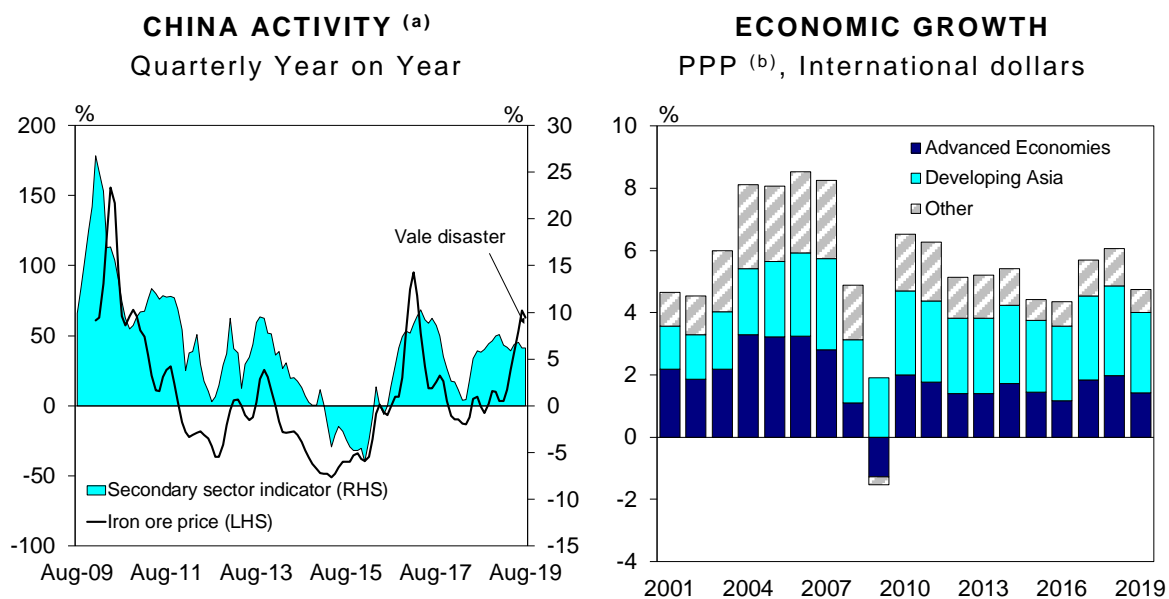
Emerging Markets

Western Australia's largest trading partner, China, is in the midst of a gradual and extended structural slowdown resulting from an ageing population and lower capacity for 'catch-up growth'. However, that slowdown is coming in the context of relatively high growth compared to advanced economies. Policymakers have expressed a reluctance to undertake substantial stimulus due to the potential negative effects it might have on financial stability and the allocation of resources, instead opting for more measured support for the real economy. In such an environment the rate of overall growth is likely to continue falling, with the services sector to play an increased role going forward.

But that does not mean that China's commodities-intensive secondary sector will necessarily shrink, just that the rates of growth experienced in the past are unlikely to be sustained in the future. The sector is broadly stable, with growth in the Western Australian Treasury proxy for activity in the secondary sector, which closely tracks movements in commodity prices, relatively steady over the past year (figure below, left-hand panel). Leading indicators of construction activity, such as property transactions and aggregate social financing, suggest that the outlook is unlikely to materially change in the short term.

As economic growth in China structurally slows over time, the populous emerging markets in South and South-East Asia will become relatively more important to Western Australia. These countries generally have very strong outlooks, with the IMF forecasting economic growth of at least 6% per annum for India, Bangladesh, the Philippines, Cambodia, Myanmar and Vietnam, and growth in excess of 5% per annum for Indonesia over the period 2020 to 2024. Combined, these countries account for more than 2 billion people, representing significant long-term trade potential for Western Australia as they are likely to remain major contributors to global economic growth (figure below, right-hand panel).

Figure 8



(a) An index created by Treasury and derived from: electricity production, domestic freight volumes, seaport cargo volumes, and the production of crude steel, cement and plate glass.

(b) Purchasing power parity.

Source: Refinitiv, CEIC and Treasury.

Source: Refinitiv.

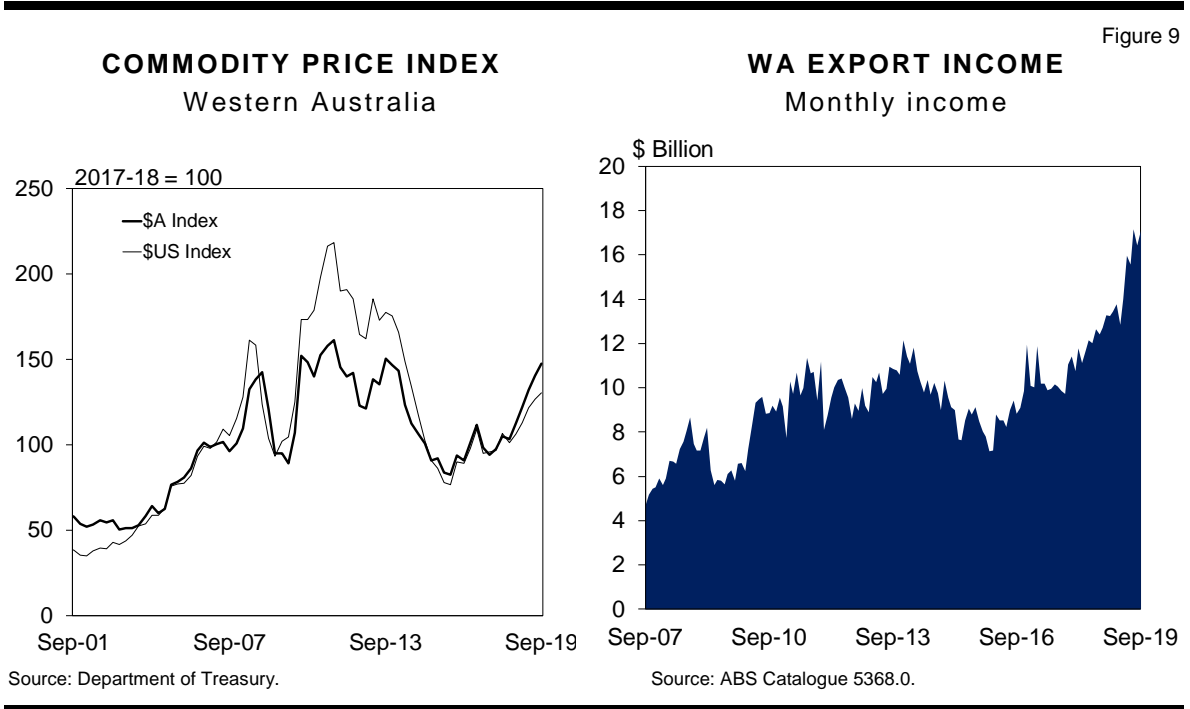
Global Risks

Trade tensions between the US and China remain the key risk to the Western Australian economy, as China is by far Western Australia’s most important trading partner, accounting for around 50% of the State’s merchandise exports. Although any direct impact on Western Australia’s exports is likely to be small as most of the State’s exports to China are consumed domestically, the indirect impacts could be significant were the dispute to escalate and trigger a broader slowdown either globally or in the Asia region.

Another major risk to Western Australia is the possibility of a global build-up of financial vulnerabilities, incentivised by low and negative policy rates around the world and evident by the growth in the value of bonds with negative yields. Bond-buying programmes introduced by central banks in response to the global financial crisis may have led to an underpricing of risk in some markets, with investors moving into riskier assets in search of yield. A significant change in market sentiment which results in a repricing of risk could trigger a liquidity crisis, with the ramifications felt across the heavily integrated global financial sector, including in Western Australia.

Commodity Markets

Commodity prices most relevant to Western Australia’s mining revenue have risen since Budget, particularly in Australian dollar terms (figure below, left-hand panel).¹ This largely reflects continued strength in the iron ore price and a weaker Australian dollar, while higher prices for some other commodities (e.g. gold and nickel) have also contributed. Higher prices have translated to record export income for Western Australia (figure below, right-hand panel).



Iron Ore Market

Following the release of the 2019-20 Budget, the iron ore price spiked from around \$US95 per tonne to a peak of around \$US126 per tonne in early July on the back of supply concerns out of Brazil and stronger than expected Chinese steel production. The price has since come off, to trade in the high \$US80s (as at the Mid-year Review cut-off date).

The supply disruptions associated with the Vale tailings dam disaster in late January 2019 continue to support iron ore prices. Around 93 million tonnes of Vale’s production was taken offline but Vale was able to limit the annual loss to around 50-75 million tonnes (by continuing partial operations at some mines), which is equivalent to around 4% of the total seaborne iron ore market. Vale has gradually reduced its production losses over the course of 2019 (figure below, left-hand panel) but significant capacity remains offline. Over recent months Vale’s sales have partially recovered, and there has been increased certainty around the speed with which it can resume production at affected operations (with all halted production expected to return by the end of 2021).

¹ The commodity price index is a weighted index of iron ore, gold, oil, LNG, copper, nickel, zinc, lithium and alumina.

The supply constraints coincided with strength in China's steel sector as the Chinese Government continued modest stimulus measures to support the economy. These measures have mostly focused on increasing the availability of credit, which has helped to stimulate infrastructure investment. As a result, China's crude steel production increased significantly over the ten months to October 2019, with reported growth of around 7.5% relative to the same period in 2018.

Since July, both demand and supply factors have seen the iron ore price correct, briefly dipping below \$US80 per tonne in November. Most of that correction occurred in August when the benchmark price fell \$US28 per tonne in the month (figure below, right-hand panel).

After falling to below 120 million tonnes in response to the Vale dam disaster, iron ore port inventories in China progressively increased as supply began to recover, sitting at around 130 million tonnes in November. This illustrates that the worst of the supply shock is behind the market as more ore becomes available in Chinese ports.

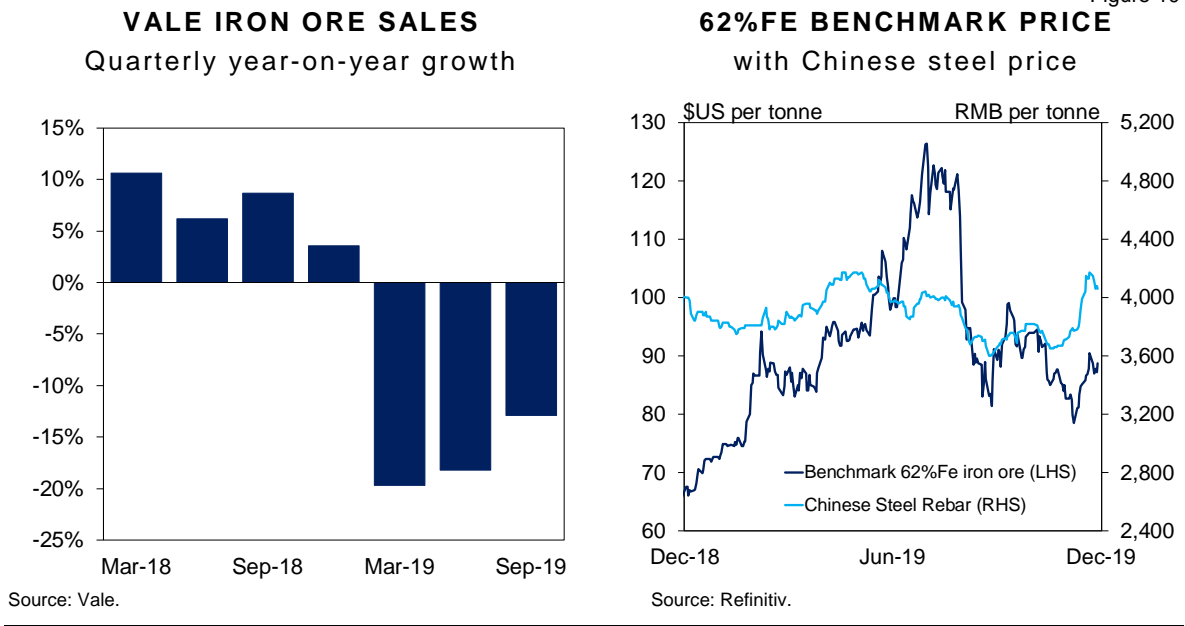
Steel demand has also shown signs of weakness in recent months. The steel rebar price has trended down since July indicating weaker demand for the construction material (figure below, right-hand panel). At the same time, there have been several weak data releases from China, with industrial production, retail sales and fixed asset investment growth all missing expectations in October.

The steel and iron ore markets showed some strength in November. Warmer than usual weather and modest Government stimulus in China bolstered activity, increasing steel prices, steel mill margins and in turn the iron ore price. Winter environmental steel production restrictions might also have hampered producers' ability to respond to the higher prices at this time.

However, this recovery is likely to be short-lived with the iron ore price expected to resume falling, consistent with the 2019-20 Mid-year Review assumptions. In particular, as remaining supply from Vale returns to the market, the iron ore price is expected to trend downwards to its long-run average of around \$US64 per tonne over the next year or two.

This expected trend is reflected in a slight refinement to the approach for determining the iron ore price assumptions in this Mid-year Review. The assumed iron ore prices are derived from forward contract prices for the first six months after the Mid-year Review cut-off date (consistent with the Budget-time methodology), but now transition to the long-run average price (of \$US64 per tonne) rather than Consensus forecast prices. This refinement recognises that the large structural adjustment to the iron ore market arising from China's expansion since the start of the century has largely run its course, and while there will continue to be volatility from temporary demand and/or supply shocks, the price would be expected to revert to around its long-run average over the medium term.

Figure 10



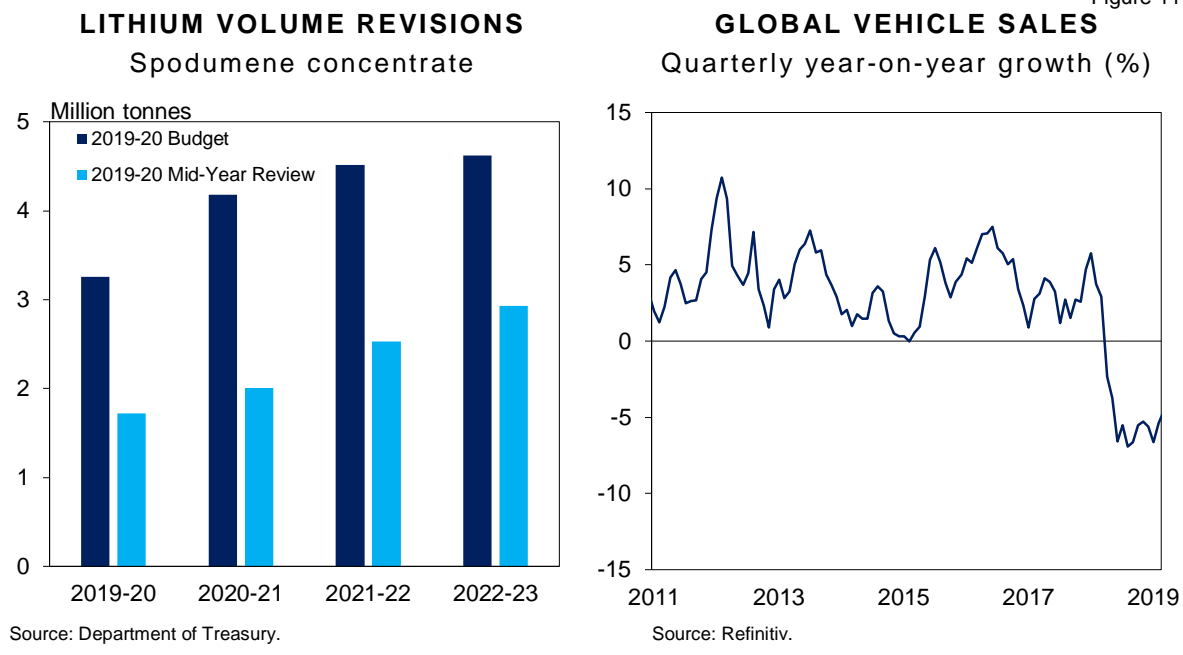
Lithium Market

Lithium market conditions have deteriorated markedly since Budget, necessitating large downward revisions to volume forecasts (figure below, left-hand panel) and smaller revisions to lithium price forecasts. A number of project expansions in Western Australia have either been delayed, including spodumene concentrate plant expansions at Greenbushes and Pilbara Minerals’ Pilgangoora deposit, or cancelled, including the later stages of Albemarle’s lithium hydroxide plant in Kemerton. In addition, Alita Resources (owner of the Bald Hill mine) has entered administration and Mineral Resources’ Wodgina mine has been placed on care and maintenance.

These projects have been placed under pressure due to lower than expected growth in end-use demand, particularly electric vehicle production. The Chinese Government cut subsidies for electric vehicles and is reportedly seeking some consolidation of electric vehicle producers. More broadly, car sales have been weak globally (figure below, right-hand panel) as households defer discretionary expenditure.

Long-term prospects for lithium remain positive, with growth in electric vehicles still expected to be strong and underpin ongoing demand for lithium. However, in the short to medium term there is a significant oversupply of spodumene concentrate and stockpiles are building at downstream processing facilities. After demand picks up again, these stockpiles will need to be run-down before additional supply is needed.

Figure 11

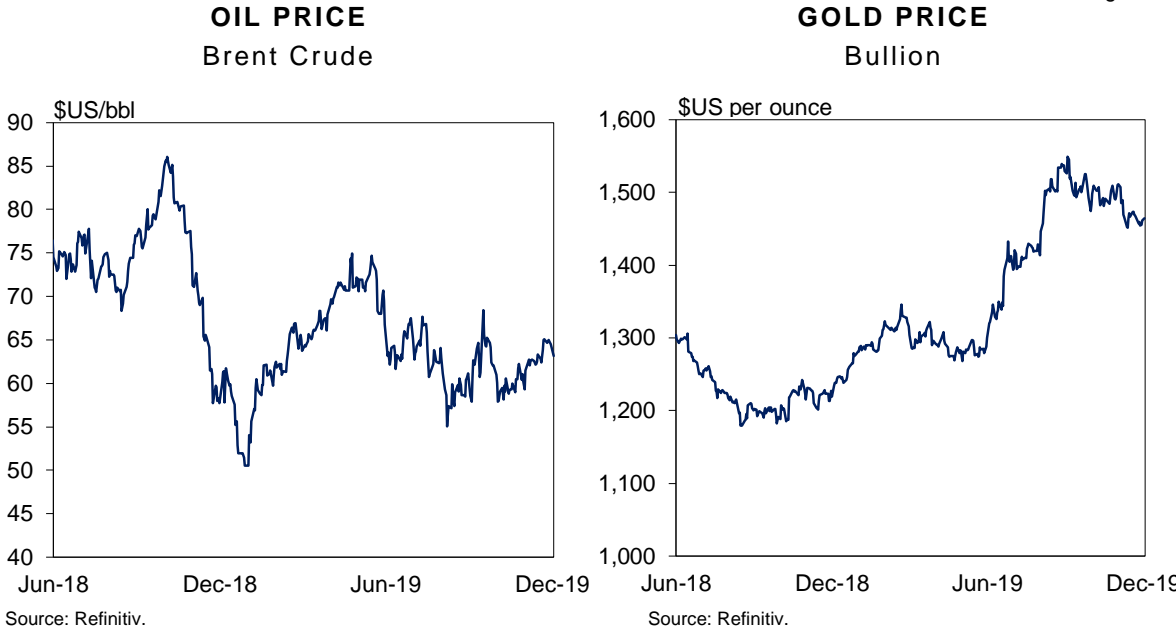


Other Commodities

Movements in the prices of other commodities have been mixed, with weaker oil prices offset by strong gold and nickel prices. In particular:

- the oil price has weakened since the 2019-20 Budget (figure below, left-hand panel), averaging \$US61.8 per barrel in 2019-20 to date (compared to the 2019-20 Budget forecast of \$US67.1 per barrel). Some of this weakness is explained by the US-China trade dispute and lower expectations for global growth, which weighed on demand. Supply side factors, including an attack on Saudi Arabian facilities in September, have helped to provide some short-term support, although record shale output from the United States has offset that to some extent;
- the nickel price surged from May to September, reaching a peak of around \$US18,000 per tonne on the back of export bans in Indonesia. With some uncertainty about these bans, the price has corrected to under \$US14,000 per tonne, still above the price forecast at the 2019-20 Budget; and
- gold has been supported by heightened global uncertainty since the 2019-20 Budget and reached record highs in Australian dollar terms in September (figure below, right-hand panel).

Figure 12



Investing in Regional Western Australia

HIGHLIGHTS

- The Government is committed to supporting stronger regional communities and economies.
- This Mid-year Review contains targeted new investments in regional schools, palliative care services, and job-creating infrastructure.
- The Royalties for Regions program totals an estimated \$4.2 billion over 2019-20 to 2022-23, with an estimated \$1.1 billion to be spent in 2019-20.

Since the 2019-20 Budget, new spending approved for regional initiatives includes:

- \$79.9 million over 2019-20 and 2020-21 on priority maintenance works for government schools across regional Western Australia;
- \$15 million over 2019-20 and 2020-21 on the expansion of Hedland Senior High, and an additional \$12.2 million from 2020-21 to 2022-23 for the rebuild of Mount Lockyer Primary School in Albany;
- as part of the Government's commitment to enhance palliative care services, an additional \$6.3 million will be spent over the forward estimates period to expand community-based services across both metropolitan and regional Western Australia, with a further \$2.5 million to improve governance in rural and regional palliative care services;
- \$16.8 million over 2019-20 to 2021-22 for the construction of a purpose-built stand-alone Bushfire Centre of Excellence facility at the Peel Business Park in Nambeelup;
- \$11.9 million over 2019-20 and 2020-21 on Stage 2 of the Broome Chinatown Revitalisation project, in collaboration with the Shire of Broome;
- \$10 million over 2019-20 to 2022-23 on a grants program to facilitate the development of a renewable hydrogen industry in Western Australia;

- \$3.3 million over 2019-20 to 2022-23 to fund the establishment of the Collie Delivery Unit, which will oversee and support the delivery of the Government’s economic and social commitments to the Collie region. An additional \$2.7 million will be spent on the Lake Kepwari development project (taking the total cost of the project to \$5.7 million), and the Government will provide \$2.5 million to facilitate the relocation of an emergency services vehicle manufacturer to Collie;
- \$5 million in 2019-20 to enable the Pilbara Ports Authority to undertake scoping and detailed design works ahead of a potential extension of Dampier Cargo Wharf; and
- \$1.7 million in 2019-20 to progress the delivery of essential works required at Busselton-Margaret River Airport for Jetstar to commence a Busselton-to-Melbourne service (planned to operate three days a week). These works comprise a refurbishment of the existing terminal to handle departures and the construction of a new hangar to be utilised as a temporary arrivals terminal.

Consistent with expectations at the time of the 2019-20 Budget, spending under the Royalties for Regions program is estimated at \$1.1 billion in 2019-20 and a total of \$4.2 billion over the four years to 2022-23, as detailed in the following table.

Table 1

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2018-19 Actual	2019-20 Budget Estimate	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	2021-22 Mid-Year Revision	2022-23 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
INVESTING IN JOBS							
Aboriginal Tourism Development Program	1.2	-	-	-	-	-	-
Agricultural Sciences Research and Development Fund	4.5	4.4	7.3	-	-	-	7.3
Albany Middleton Beach Stage 2	1.1	1.5	1.4	1.1	-	-	2.5
Albany Wave Energy Project	4.2	1.1	1.1	1.1	-	-	2.2
Brand WA - Destination Marketing	3.5	5.5	5.5	5.5	5.5	5.5	22.0
Brand WA - Event Tourism	0.1	6.9	6.9	6.5	6.3	6.3	26.0
Brand WA - Stage 2	0.7	4.2	6.0	-	-	-	6.0
Building Western Australian Grains Research and Development Capacity	-	12.5	12.5	12.5	12.5	12.5	50.0
Collie Adventure Trails	-	2.3	2.3	3.2	2.3	2.2	10.0
Collie Delivery Unit	-	-	1.2	0.7	0.7	0.7	3.3
Collie Emergency Services Vehicle Manufacturing	-	-	1.8	0.7	-	-	2.5
Collie Futures Fund	0.7	5.0	9.3	5.0	5.0	-	19.3
Collie Regional Processing Centre	-	-	0.3	-	-	-	0.3
Combined Pilbara Water Projects - West Canning Basin Sandfire	-(a)	-	-	-	-	-	-
Develop Serviced Land at Shotts and Kemerton	5.3	5.2	2.8	2.4	-	-	5.2
Digital Farm	0.6	3.0	4.0	2.4	-	-	6.4
Doppler Radar Project	-(a)	-	0.1	-	-	-	0.1
Exploration Incentive Scheme	4.6	-	-	-	-	-	-
Extension of Doppler Radar Coverage	0.4	0.3	0.6	-	-	-	0.6
Ferguson Valley Wellington Forest Marketing	0.3	-	-	-	-	-	-
Gascoyne Food Bowl	0.2	-	0.3	-	-	-	0.3
Geraldton Marine Finfish Nursery Facility	-	2.0	2.0	4.3	0.8	-	7.0
Goldfields Major Solar Feasibility	0.1	-	0.4	-	-	-	0.4
Grainbelt Digital Enhancement Project	-(a)	-	0.6	-	-	-	0.6
Halifax Business Park	1.5	1.5	1.5	-	-	-	1.5
Help Grain Growers to Better Manage Risk (e-Connected Grainbelt)	2.3	1.3	1.6	-	-	-	1.6
Industry Attraction and Development Fund - Collie	-	-	-	22.0	10.6	-	32.7
Jawun Indigenous Corporate Partnership Program	0.3	0.4	0.4	-	-	-	0.4
Kalbarri Skywalk and National Park Infrastructure	5.2	5.2	6.2	-	-	-	6.2
Kariyarra Indigenous Land Use Agreement	0.1	0.1	0.1	0.1	0.1	-	0.3
Karratha City of the North Project	2.7	-	-	-	-	-	-
Lake Kepwari	0.3	2.5	3.3	1.9	-	-	5.2
Local Projects Local Jobs	0.1	-	-(a)	-	-	-	-(a)
Multipurpose Facility in Collie	-	5.5	5.5	2.5	-	-	8.0
Myalup-Wellington Water for Growth	2.8	9.0	5.8	5.0	13.5	9.8	34.2
Northern Beef Industry Strategy	1.2	0.8	1.4	-	-	-	1.4
Ord-East Kimberley Expansion Project	0.3	4.0	4.0	4.0	1.7	-	9.7
Pilbara Underground Power - Stage 2	5.2	-	-	-	-	-	-
Plan for Our Parks - Indigenous Land Use Agreements	-	0.5	0.5	0.2	0.2	0.1	1.0
Port Hedland Waterfront Revitalisation - Spoilbank Marina	0.3	4.5	-	24.5	40.0	-	64.5
Potato Marketing Board - Structural Readjustment	0.6	-	-	-	-	-	-
Premium Food Centre Manjimup	0.4	1.0	1.0	-	-	-	1.0
Rebuilding our Agriculture Capability	10.0	-	-	-	-	-	-
Regional Events Program - Larger Events	10.0	0.3	-	-	-	-	-
Regional Local Content Initiative	-	0.1	0.2	0.1	-	-	0.3

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2018-19 Actual	2019-20 Budget Estimate	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	2021-22 Mid-Year Revision	2022-23 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Regional Natural Resource Management							
- State Barrier Fence	0.3	1.8	1.7	2.0	1.1	-	4.8
Regional Telecommunications Project	10.1	9.2	9.2	6.4	-	-	15.6
Science and Agribusiness Connect Program	0.6	0.8	1.1	-	-	-	1.1
South Coast Aquaculture Development Zone	0.2	0.3	0.5	0.3	-	-	0.8
Southern Forests Irrigation Scheme	1.0	0.8	1.1	1.8	1.5	1.7	6.1
Specialist Food Centre Albany	0.2	0.8	0.9	-	-	-	0.9
State Agricultural Telecommunications Infrastructure Improvement Fund	0.1	7.9	7.1	2.0	3.0	2.0	14.1
Sustainable Development of the Abrolhos Islands	-	5.0	5.0	5.0	-	-	10.0
Transform Peel - Phase 1	6.1	20.5	18.4	12.7	7.3	-	38.4
Transforming Agriculture in the Pilbara	0.9	2.7	1.4	2.4	0.9	-	4.7
Transforming Bunbury Waterfront	13.3	16.6	11.7	6.9	-	-	18.5
WA Regional Small Business Awards	-(a)	-	-	-	-	-	-
Water for Food - Part II	0.9	-	0.1	-	-	-	0.1
Water for Food West Kimberley	0.2	-	0.6	-	-	-	0.6
Western Australian Regional Film Fund	3.0	3.0	3.0	-	-	-	3.0
Wild Dogs Action Plan	3.3	5.5	7.8	3.6	-	-	11.4
Yawuru Strategic Economic Development	-	0.3	0.3	0.3	0.2	-	0.8
TOTAL - INVESTING IN JOBS	110.6	165.6	168.0	149.0	113.1	40.8	470.9
PUTTING PATIENTS FIRST							
Digital Innovation, Transport and Access to Care	62.9	63.3	63.9	58.5	58.1	58.3	238.8
Emergency and Acute Workforce	19.8	22.8	22.8	20.5	20.5	20.5	84.3
Health Services							
Albany Radiation Oncology	-	1.0	0.6	9.4	2.5	0.6	13.1
Expand the Ear Bus Program	1.0	0.9	0.9	-	-	-	0.9
Find Cancer Early	0.4	0.4	0.4	0.4	0.4	0.4	1.6
Meet and Greet Service	0.3	0.6	0.6	0.5	0.5	0.5	2.1
Pilbara Health Initiatives	2.9	3.5	3.5	3.5	3.5	3.5	13.8
Renal Dialysis	2.4	5.1	5.1	-	-	-	5.1
Residential Aged and Dementia Care Investment Program	1.6	1.7	2.5	0.7	-	-	3.2
Health Infrastructure							
Bunbury Hospital Redevelopment	-	1.9	1.1	2.7	2.8	4.4	11.0
Bunbury Hospital	-	-	0.3	6.8	1.1	-	8.1
Carnarvon Residential Aged Care Facility	0.1	5.7	1.3	9.7	5.5	-	16.5
Collie Hospital Upgrade	-	-	0.9	4.2	7.0	-	12.2
Derby Community Health Service	-(a)	2.2	0.8	2.8	-	-	3.6
District Hospital Investment Program	27.4	5.2	0.8	-	-	-	0.8
Dongara Aged Care	-	0.5	0.5	0.5	-	-	1.0
Geraldton Health Campus Redevelopment	0.9	2.5	2.5	15.0	26.1	28.9	72.5
Kalgoorlie Health Campus Magnetic Resonance Imaging Suite	-	0.5	3.0	-	-	-	3.0
Karratha Health Campus	22.4	1.8	2.4	5.3	-	-	7.7
Kimberley Mobile Dialysis Unit	-	0.3	0.3	0.7	-	-	1.0
Newman Health Service Redevelopment Project	0.1	17.0	-	16.6	17.9	1.3	35.9
Nickol Bay Hospital Site	0.3	7.3	7.5	-	-	-	7.5
Onslow Health Service Redevelopment Project	5.3	6.1	3.8	2.0	-	-	5.8
Primary Health Centres Demonstration Program	3.9	13.6	1.4	12.2	-	-	13.6
Remote Indigenous Health Clinics	3.2	2.9	2.8	1.2	-	-	4.0

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE							
INITIATIVE	2018-19 Actual	2019-20 Budget Estimate	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	2021-22 Mid-Year Revision	2022-23 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Small Hospital and Nursing Post Refurbishment Program	6.1	11.4	2.0	10.8	-	-	12.8
Tom Price Hospital Redevelopment	0.1	0.2	0.2	5.0	-	-	5.2
Valley View Aged Care Centre	0.5	-	-	-	-	-	-
Other Health Programs							
Newman Renal Dialysis Service	-	-	-	1.3	-	-	1.3
Warmun Facility Upgrade	-	-	0.5	-	-	-	0.5
Mental Health Programs							
Geraldton Step Up/Step Down Facilities	-	1.5	2.9	4.3	2.5	2.5	12.2
Ice Breaker Program - Albany	0.2	-	-	-	-	-	-
Mental Health Step Up/Step Down Facilities - Kalgoorlie/Goldfields 10 beds	1.3	4.1	3.4	3.6	2.6	2.6	12.2
Methamphetamine Action Plan - Kimberley AOD Residential Rehabilitation and Treatment Service	-	-	0.1	-	-	-	0.1
Methamphetamine Action Plan - South West AOD Residential Rehabilitation and Treatment Service	0.9	2.6	2.7	2.7	2.7	2.6	10.6
North West Drug and Alcohol Support Program	6.3	6.5	6.5	-	-	-	6.5
North West Drug and Alcohol Support Program - Kimberley	-	-	-	6.5	6.7	6.9	20.1
Regional Men's Health	0.8	0.8	0.8	-	-	-	0.8
Sub-acute Mental Health Services in Bunbury	2.4	3.6	2.9	2.2	2.2	2.3	9.6
Sub-acute Mental Health Services in Karratha	1.6	5.4	2.7	4.4	2.7	2.8	12.6
Three Tier Youth Mental Health Program - GP Down South	0.1	0.1	0.1	-	-	-	0.1
TOTAL - PUTTING PATIENTS FIRST	175.2	203.0	154.4	214.0	165.4	138.1	671.9
INVESTING IN OUR CHILDREN'S EDUCATION							
Aboriginal and Islander Education Officers	1.5	3.5	3.5	3.6	3.6	3.6	14.3
Albany Secondary Education Support Centre and North Albany Senior High School	0.5	4.5	4.1	5.1	0.1	-	9.3
Better Beginnings - Early Literacy	0.3	0.3	0.2	-	-	-	0.2
Boarding Away From Home	-	-	-	-	-	-	-
Broome Residential College - Stage 2	0.1	-	0.1	-	-	-	0.1
Broome Senior High School	0.8	6.0	5.6	10.2	2.8	-	18.6
Bunbury Senior High School - Upgrades	0.2	2.0	1.4	3.2	-	-	4.6
Cape Naturaliste College - Stage 2	18.1	8.1	5.0	2.6	-	-	7.6
Carnarvon Community College	14.9	3.5	4.7	3.6	-	-	8.3
Champion Bay Senior High School	5.7	-	2.2	-	-	-	2.2
Clontarf Colleges	1.6	1.5	1.5	1.5	1.5	1.5	6.2
Collie Senior High School - New Facilities	3.6	1.5	3.5	-	-	-	3.5
Collie TAFE - Major Upgrade	0.2	-	-	-	-	-	-
Curtin Jiji Program	0.3	0.5	0.5	0.2	-	-	0.8
Eaton Community College - New Facilities	0.4	4.0	4.1	0.5	-	-	4.6
Eaton Primary School	0.3	2.0	2.4	0.3	-	-	2.7
Feasibility Study Residential Colleges for Aboriginal Students in Newman	0.1	0.1	0.1	-	-	-	0.1
Flinders Park Primary School - Early Childhood	0.4	1.5	1.4	0.2	-	-	1.6

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2018-19 Actual	2019-20 Budget Estimate	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	2021-22 Mid-Year Revision	2022-23 Mid-year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Geraldton Senior College	0.9	-	0.1	-	-	-	0.1
Glen Huon Primary School	1.2	-	0.3	-	-	-	0.3
Improving Teacher Quality	1.9	1.9	1.9	1.9	1.9	1.9	7.7
Independent Learning Co-ordinators	1.1	1.5	1.5	1.5	1.5	1.5	6.0
Investing in Science	0.6	0.3	0.3	-	-	-	0.3
Kalgoorlie-Boulder Community High School	0.2	-	-	-	-	-	-
Kimberley Schools Project	3.4	4.4	4.5	4.5	4.9	4.9	18.8
Margaret River Senior High School	18.9	5.5	6.0	2.8	-	-	8.8
Mental Health Support	0.8	0.8	0.8	0.8	0.8	0.8	3.2
Mount Lockyer Primary School - Upgrade	-	3.0	0.5	2.5	-	-	3.0
Muresk Institute Agricultural Degree	0.7	0.7	0.7	0.7	-	-	1.4
Muresk Institute Agricultural Skills Development Pathway	1.5	-	0.1	-	-	-	0.1
Newton Moore Senior High School - STEM Centre	0.3	2.0	2.2	0.5	-	-	2.7
Peel Workforce Development Centre	0.1	-	-	-	-	-	-
Pilbara Partnerships for Student Success	1.9	1.6	1.7	-	-	-	1.7
Pilbara Universities Centre	0.3	0.3	0.3	-	-	-	0.3
Preventative Maintenance Programs	2.4	1.5	2.5	-	-	-	2.5
Put Education Assistants Back in the Classroom	3.8	7.8	7.8	9.1	9.1	9.1	35.2
Regional Learning Specialists	0.9	1.5	1.5	1.5	1.5	1.5	6.0
Regional School Breakfast and Nutritional Education Program	0.2	0.2	0.2	0.2	0.2	0.2	0.9
Regional School Bus Services	-	-	-	-	79.9	79.9	159.9
South Bunbury Primary School - Upgrade	0.4	2.0	2.6	-	-	-	2.6
South Regional TAFE Esperance - New Replacement Campus	-	6.0	6.0	4.0	-	-	10.0
Vocational Education Regional Subsidies	-	44.4	44.4	44.9	45.5	45.4	180.1
TOTAL - INVESTING IN OUR CHILDREN'S EDUCATION	90.7	124.3	126.3	106.0	153.3	150.5	536.0
INVESTING IN OUR COMMUNITIES							
Aboriginal Governance and Leadership Development Program	0.3	0.5	0.7	-	-	-	0.7
Aboriginal Tourism Initiatives	-	0.9	0.9	0.9	0.9	0.9	3.6
Aboriginal Youth Transitions	0.2	-	-	-	-	-	-
Additional Women's Refuge	0.1	2.1	2.2	2.2	1.3	-	5.7
Air-conditioning at Five Remote Multifunctional Policing Facilities	3.2	9.8	9.4	-	-	-	9.4
Albany Artificial Surf Reef Business Case	0.3	0.3	0.3	-	-	-	0.3
Albany Entertainment Centre	0.5	0.5	0.5	0.5	0.5	0.5	2.0
Armstrong Village Project - Dunsborough	0.5	2.0	2.0	-	-	-	2.0
Avon Well Aged Housing Project	- ^(a)	-	-	-	-	-	-
Batavia Coast Marina Stage 2	0.1	0.9	1.0	-	-	-	1.0
Beach Emergency Numbering System	0.2	0.2	0.2	0.2	0.2	-	0.6
Bedingfeld Park Expansion - Stage 1	1.8	0.2	0.2	-	-	-	0.2
Bridge St. Affordable Housing Project - Donnybrook	0.6	0.2	1.4	-	-	-	1.4
Broome Aboriginal Short Stay Accommodation Facility	3.9	2.6	4.1	1.6	-	-	5.7
Brunswick River Cottages - Brunswick Junction	1.4	0.2	0.2	-	-	-	0.2
Bunbury Regional Prison	10.7	11.3	13.6	-	-	-	13.6
Busselton Margaret River Airport	-	-	1.7	-	-	-	1.7
Capel Police Station	0.4	7.4	7.4	0.2	-	-	7.6

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE							
INITIATIVE	2018-19 Actual	2019-20 Budget Estimate	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	2021-22 Mid-Year Revision	2022-23 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Carnarvon Fascine Revitalisation - Completion - Independent Project Manager Advisor Services	- (a)	-	- (a)	-	-	-	- (a)
Centennial Park Sporting and Event Precinct	3.4	0.5	0.5	-	-	-	0.5
Collie Crisis and Transitional Accommodation	0.4	-	-	-	-	-	-
Collie Mineworkers Memorial Pool Enclosure	-	1.9	1.9	-	-	-	1.9
Community Chest Grants Scheme	0.2	-	0.3	-	-	-	0.3
Community Resource Centres	12.8	13.0	13.0	13.0	13.0	13.0	52.0
Community Safety Network	12.0	9.5	11.0	8.5	8.5	8.5	36.4
Coral Bay Key Worker Housing - Headworks	1.8	-	0.1	-	-	-	0.1
Country Age Pension Fuel Card	29.0	34.1	34.1	34.1	34.1	34.1	136.4
Country Water Pricing Subsidy	-	191.5	191.5	274.5	292.8	299.3	1,058.1
Creative Regions Program	4.4	-	-	-	-	-	-
Culturally Appropriate Services to Victims of Domestic Violence	0.1	0.1	0.1	0.1	0.1	-	0.3
Dalyellup Family Centre	-	1.5	0.1	0.4	0.3	0.3	1.0
Dampier Peninsula Activation	-	-	2.7	1.2	-	-	3.9
Dongara Age Appropriate Accommodation Facility	0.5	2.0	2.0	-	-	-	2.0
Donnybrook Town Centre Revitalisation	0.2	1.8	1.8	-	-	-	1.8
Doors Wide Open	-	-	0.1	0.1	-	-	0.2
East Kimberley Transitional Housing	-	2.6	4.9	2.4	-	0.9	8.2
Eaton Bowling Club Upgrade	-	2.0	2.0	-	-	-	2.0
Eaton/Australind Waterfront Historic Walk Trail	0.3	-	-	-	-	-	-
Enhanced Driver Training and Education for Regional and Remote Communities	1.3	1.4	1.5	1.5	1.5	1.5	6.1
Enhanced Services for Victims of Crime within Regional and Remote Communities	- (a)	-	-	-	-	-	-
Entry Statement and Signage for Bunbury	0.2	-	-	-	-	-	-
Esperance Indoor Sports Stadium	3.1	-	1.0	-	-	-	1.0
Essential and Municipal Services Improvement in Remote Aboriginal Communities	7.9	12.3	11.2	19.6	8.1	4.0	42.8
Expansion of Aged Care for the Esperance Community	0.6	-	-	-	-	-	-
Family and Domestic Violence Counselling Services - Peel	0.3	0.3	0.3	0.3	0.3	-	0.8
Fitzroy Crossing Courthouse	-	-	0.1	-	-	-	0.1
Goldfields Arts Centre	0.3	0.1	0.1	0.1	0.1	0.1	0.6
Goldfields Esperance Arts and Culture Trail	0.1	0.1	0.1	0.1	-	-	0.2
Great Southern Housing Initiative	2.3	0.3	0.3	-	-	-	0.3
Gwoonwardu Mia Aboriginal Heritage and Cultural Centre - Carnarvon	0.1	0.6	1.5	0.5	0.6	-	2.6
Hedland Transitional Housing	- (a)	1.3	1.8	0.6	0.9	1.2	4.5
Hospital Site Remediation - Port Hedland	- (a)	-	- (a)	-	-	-	- (a)
Indigenous Visitor Hostels	1.6	1.9	1.6	0.2	-	-	1.8
Kalgoorlie Motorsports Precinct	-	0.1	0.1	-	-	-	0.1
Karratha Arts and Community Precinct	4.6	-	0.4	-	-	-	0.4
Karratha City Centre Infrastructure Works Project	0.9	-	-	-	-	-	-
Killarney Retirement Living	0.4	-	-	-	-	-	-

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2018-19 Actual	2019-20 Budget Estimate	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	2021-22 Mid-Year Revision	2022-23 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Kimberley Aboriginal Law and Culture Centre to Document and Teach Traditional Languages	0.1	0.1	0.1	0.1	0.1	-	0.4
Kimberley Family Domestic Violence Support Services	1.0	-	-	-	-	-	-
Kimberley Juvenile Justice Strategy	-	0.3	0.3	0.3	0.3	-	0.9
Koombana Bay Park Facilities Kununurra, Broome and Karratha Courthouse	1.8	-	1.8	1.3	-	-	3.0
Laverton Aged Care Project	0.3	-	0.2	-	-	-	0.2
Laverton Visitor Centre	0.1	-	-	-	-	-	-
Laverton Visitor Centre	-	-	0.3	1.0	-	-	1.3
Leonora Ageing in Place Project	- ^(a)	-	-	-	-	-	-
Lock Hospitals Memorial Mandurah Eastern Foreshore Redevelopment	0.1	-	-	-	-	-	-
Margaret River Hub of Entertainment Arts Regional Tourism Project	-	5.0	5.0	5.0	-	-	10.0
Minninup Pool	0.6	-	-	-	-	-	-
Miriuwung and Gajerrong Corporation	0.1	0.2	0.2	-	-	-	0.2
Motoring South West - Marketing Campaign	0.2	-	0.2	-	-	-	0.2
Motorplex Complex Albany	0.1	-	-	-	-	-	-
Multipurpose Outdoor Courts - Weatherproof Structure, Seating and Lighting	0.3	-	-	5.5	-	-	5.5
Murujuga Aboriginal Corporation - Living Knowledge Centre and Tourism Precinct	-	1.9	1.9	-	-	-	1.9
Newman Town Centre Revitalisation - Stage 3	0.3	1.0	1.0	-	-	-	1.0
NGO Housing Strategic Intervention - Stage 2	0.2	-	0.1	-	-	-	0.1
Norseman: The Heart of the Great Western Woodlands	- ^(a)	-	-	-	-	-	-
North West Aboriginal Housing Initiative	-	-	0.4	-	-	-	0.4
Pilbara Aboriginal Town Based Reserves - Unallocated	-	19.4	6.9	9.8	9.8	13.6	40.0
Pilbara Aboriginal Town Based Reserves (Stage 1)	-	2.0	2.0	3.0	3.0	3.3	11.3
Police Radio Network	0.3	-	-	-	-	-	-
Regional Aged Accommodation Program	5.9	4.5	6.1	- ^(a)	-	-	6.1
Regional Arts and Cultural Investment Program	-	6.3	1.8	3.0	-	-	4.8
Regional Athlete Support Program	-	5.0	5.0	5.0	5.0	4.9	19.9
Regional Centres Development Plan	1.0	1.0	1.1	-	-	-	1.1
Regional Community Childcare Development Fund	- ^(a)	4.5	-	1.5	1.5	1.5	4.5
Regional Economic Development Grants	1.3	0.1	0.1	-	-	-	0.1
Regional Enforcement Unit	2.1	6.3	10.4	6.4	5.0	5.0	26.7
Regional Exhibition Touring Boost	4.0	5.3	5.3	5.5	5.5	5.5	21.7
Regional Grants Scheme	0.5	1.8	1.8	1.8	1.8	1.8	7.0
Regional Investment Initiative	1.1	-	1.8	-	-	-	1.8
Regional Museum Grants - Regional Collections Development Program	-	1.0	-	0.2	-	-	0.2
Regional Police Incentives	0.1	0.3	0.4	0.3	0.3	-	0.9
Regional Taxi Transition Fund	1.5	2.5	2.5	2.5	2.5	2.5	10.0
Regional Youth Justice Services	-	0.1	3.2	0.1	0.1	-	3.4
Reinstate Funding to Financial Counselling Services	5.3	5.3	5.3	5.4	5.5	-	16.2
Remote and Essential Services	0.7	0.7	0.7	0.7	0.7	-	2.2
	-	56.0	56.0	56.0	56.0	56.0	224.0

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE							
INITIATIVE	2018-19 Actual	2019-20 Budget Estimate	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	2021-22 Mid-Year Revision	2022-23 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Remote Rural and Regional Women's Network	0.3	-	-	-	-	-	-
Remote Swimming Pools	6.9	6.1	7.5	0.8	0.8	0.8	9.8
Respectful Relationship Programs in Schools	-	0.1	0.1	0.1	0.1	-	0.3
Riverview Residence - Upgrade to Over 55's Estate	-	2.0	2.0	-	-	-	2.0
Shark Mitigation - SMART Drumline Trials	1.4	1.6	2.3	-	-	-	2.3
Social Service Worker Housing	0.2	-	-	-	-	-	-
South Hedland and CBD Revitalisation - Stage 2	0.1	0.7	1.3	-	-	-	1.3
South West Emergency Rescue Helicopter Service	5.0	-	-	-	-	-	-
Southern Forests Food Council	0.6	0.5	0.5	0.4	-	-	0.9
Stockton Lake	-(a)	-	0.1	-	-	-	0.1
Thomas Little Memorial Hall	0.3	0.3	0.3	-	-	-	0.3
Upgrade Surf Life Saving Club - Dalyellup	0.3	-	-	-	-	-	-
Upgrades to Hay Park - Bunbury	2.5	1.4	1.4	-	-	-	1.4
Volunteer Fuel Card	0.7	1.0	1.0	1.0	1.0	1.0	4.0
Water Playground Kununurra	-	0.6	0.6	-	-	-	0.6
Wellington Dam Walk Trails	0.1	-	-	-	-	-	-
West Kimberley Transitional Housing Program	-(a)	-	-	-	-	-	-
Wheatbelt South Aged Housing Alliance	-(a)	-	1.5	1.3	-	-	2.8
TOTAL - INVESTING IN OUR COMMUNITIES	160.3	462.3	471.6	480.6	462.0	460.2	1,874.4
INVESTING IN OUR ROADS AND PORTS							
AgLime Routes	3.5	3.2	6.5	-	-	-	6.5
Albany Ring Road - Design, Preconstruction and Construction Activities	0.9	1.0	1.1	4.9	16.7	-	22.7
Bidyadanga Road (Kimberley) - Seal 13km	3.9	-	-	-	-	-	-
Broome Boating Facilities Upgrade	4.5	1.3	5.3	-	-	-	5.3
Broome Marina Planning	0.1	0.3	0.9	-	-	-	0.9
Broome-Cape Leveque Road	1.1	5.0	5.0	1.8	-	-	6.8
Bunbury Outer Ring Road Design and Technical Assessment	-(a)	-	-	-	-	-	-
Bunbury Port Planning	0.5	-	-	-	-	-	-
Collie Preston Region - Upgrades Over Multiple Local Roads	3.1	6.2	4.3	7.6	-	-	11.9
Coolgardie-Esperance Highway (Goldfields) - Widen, Overlay and Reconstruction	0.3	2.0	1.7	5.0	1.0	-	7.7
Dongara Road Alignment	0.1	-	0.2	0.4	-	-	0.6
Duncan Road and Gordon Downs Road Upgrade	-	4.0	1.6	2.4	2.4	3.8	10.2
Geraldton Airport Runway Pavement Renewal	6.5	-	-	-	-	-	-
Gibb River Road	7.2	-	2.5	-	-	-	2.5
Great Eastern Highway - Dual Anzac Drive to Gatacre Drive, Kalgoorlie	2.2	4.4	11.3	-	-	-	11.3
Great Northern Highway - Ord River North (Turkey Creek)	2.6	2.7	8.0	-	-	-	8.0
Great Northern Highway - Wyndham Spur and Maggie's Jump Up	4.2	-	-	-	-	-	-

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE

INITIATIVE	2018-19 Actual	2019-20 Budget Estimate	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	2021-22 Mid-Year Revision	2022-23 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Karratha-Tom Price Road - Sealing of 50km to Millstream	4.5	1.5	-	6.0	20.0	19.0	45.0
Local Government Commodity Freight Roads Fund	-	10.0	10.0	-	-	-	10.0
Mandurah Train Station - New Parking Bays	-	2.6	2.6	13.5	-	-	16.1
Marble Bar Road - Coongan Gorge	6.4	-	-	-	-	-	-
Margaret River Perimeter Road	3.2	-	-	-	-	-	-
Moonamang Road	-	10.0	5.0	10.0	1.3	-	16.3
Outback Way - Seal Priority Sections	-(a)	4.3	1.3	1.3	4.0	-	6.6
Planning for the Upgrade of Bremer Bay Boat Harbour	-	-	0.3	-	-	-	0.3
Port of Broome Dredging	-	-	9.5	-	-	-	9.5
Rail Future Fund	0.2	12.3	14.0	12.4	5.1	-	31.5
Rail to Kemerton Industrial Park	0.4	3.0	4.1	5.5	-	-	9.6
Recreational Boating Facilities Scheme	0.1	-	-	-	-	-	-
South Coast Highway - Widening Pfeiffer Road Manypeaks to Jerramungup Road	8.2	19.0	20.1	1.5	-	-	21.6
Square Kilometre Array Roads	0.2	15.4	7.9	2.0	5.0	18.7	33.7
Trial of Subsidised Perth-Derby Regular Public Transport Air Services	-	-	-	1.0	-	-	1.0
TOTAL - INVESTING IN OUR ROADS AND PORTS	64.2	108.2	123.2	75.2	55.5	41.5	295.4
INVESTING IN OUR ENVIRONMENT							
Aboriginal Ranger Program	2.0	6.6	5.0	6.3	5.4	-	16.7
Bushfire Mitigation on Crown Land Regional Townsites	4.0	5.8	6.7	-	-	-	6.7
Carnarvon Flood Mitigation Works - Stage 2	-	2.8	1.1	2.0	-	-	3.1
Collie River Revitalisation	-	-	0.1	-	-	-	0.1
Dampier Peninsula Project	0.4	0.5	0.5	0.2	-	-	0.7
Enhanced Prescribed Burning Program	3.4	5.5	5.5	5.5	5.5	5.5	22.0
Fitzroy River Catchment	0.3	-	0.1	-	-	-	0.1
Fitzroy River Management Plan	-	1.0	1.0	0.9	-	-	1.9
Great Kimberley Marine Park	1.3	0.3	0.3	-	-	-	0.3
Living Lakes	0.7	-	0.7	-	-	-	0.7
Managing Western Australia's Natural Resources: Supporting Community Involvement	2.2	-	0.2	-	-	-	0.2
Marine Parks Management	1.8	0.5	0.9	-	-	-	0.9
Murujuga Joint Management	1.0	1.2	1.2	1.1	-	-	2.3
Natural Resource Management Program	2.2	6.2	6.2	7.7	7.2	7.2	28.3
New Kimberley National Park	-	1.1	0.1	1.0	-	-	1.1
Ngari Capes Marine Park	-	1.2	1.2	1.2	1.2	1.2	4.6
Ningaloo Coastal Reserve	-	1.3	1.3	1.8	1.8	1.8	6.7
Oyster Reef Habitat Restoration - Albany	0.3	0.6	0.7	-	-	-	0.7
Peel-Harvey - Estuary Protection Plan	-	0.5	1.0	-	-	-	1.0
Peel-Harvey Estuary 1 FTE	0.1	0.1	0.1	-	-	-	0.1
Plan for Our Parks - Indigenous Land Use Agreement	-	2.5	2.5	2.5	-	-	5.0
Preston River to Ocean Regional Park and Leschenault Regional Park	0.7	2.6	2.7	4.5	2.6	-	9.8
Public Recreation and Joint Management Arrangements for the Ningaloo Coast	1.6	1.3	1.3	-	-	-	1.3
Regional Estuaries Initiative	4.2	4.0	4.4	-	-	-	4.4
Regional Water Availability, Planning and Investigation	-(a)	-	-	-	-	-	-
Renewable Hydrogen Strategy	-	-	-	0.5	2.5	3.0	6.0
Revitalising Waterways of Geopraphe Bay	1.1	1.6	1.8	-	-	-	1.8

Table 1 (cont.)

ROYALTIES FOR REGIONS EXPENDITURE							
INITIATIVE	2018-19 Actual	2019-20 Budget Estimate	2019-20 Mid-Year Revision	2020-21 Mid-Year Revision	2021-22 Mid-Year Revision	2022-23 Mid-Year Revision	Total Four Years
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Watering Western Australia	1.8	1.9	1.4	1.1	-	-	2.6
William Bay National Park Infrastructure Project	-	2.5	2.5	-	-	-	2.5
Yawuru Joint Management	1.1	1.1	1.1	1.1	-	-	2.2
TOTAL - INVESTING IN OUR ENVIRONMENT	30.2	52.7	51.8	37.3	26.1	18.7	133.9
ADMINISTRATION AND ADMINISTERED ITEMS							
Administration ^(b)	79.9	95.3	96.3	90.5	84.5	83.9	355.3
Administered Items ^(c)	-	22.9	1.0	40.7	38.9	22.5	103.1
TOTAL - ADMINISTRATION AND ADMINISTERED ITEMS	79.9	118.2	97.3	131.2	123.4	106.4	458.3
Underspend Provision	-	-119.1	-120.0	-100.0	-	-	-220.0
TOTAL - ROYALTIES FOR REGIONS FUND	711.1	1,115.4	1,072.4	1,093.3	1,098.9	956.2	4,220.8
Regional Reform Fund Special Purpose Account Transfer ^(d)	-	-	-	16.0	-	-	16.0

(a) Amounts less than \$50,000.

(b) Funding for costs associated with the administration of the Royalties for Regions Fund.

(c) Funding mainly for election commitments where further planning is required to deliver the proposals.

(d) Total Royalties for Regions contributions are forecast to be \$150 million.

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

Source: Department of Primary Industries and Regional Development.

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*.

Consistent with the presentation in the 2019-20 Budget for reporting periods commencing on or after 1 January 2019 (i.e. from 2019-20), data contained in this appendix are impacted by three new accounting standards.

Data for 2018-19 used in the analytical chapters of this Mid-year Review and in the following financial statements have been adjusted to align with the impact of the new standards to aid the reader with comparative and trend information.

Data for 2018-19 compiled on the basis of the prevailing accounting standards are available in the 2018-19 *Annual Report on State Finances*.

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Table 1.1

GENERAL GOVERNMENT
Operating Statement

	Note	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>							
REVENUE							
Taxation		8,616	9,088	9,011	9,362	9,818	10,347
Current grants and subsidies		8,600	9,607	9,573	10,625	10,216	10,543
Capital grants		932	943	980	1,186	1,329	1,307
Sales of goods and services		2,734	2,724	2,796	2,869	2,953	3,039
Interest income		168	160	148	131	130	139
Revenue from public corporations							
Dividends from other sector entities		1,350	1,203	1,334	1,341	1,404	1,437
Tax equivalent income		642	641	628	730	768	794
Royalty income		6,713	6,375	7,505	5,930	5,745	5,705
Other		701	594	577	583	560	527
<i>Total</i>	3	30,456	31,334	32,553	32,757	32,925	33,838
EXPENSES							
Salaries		12,269	12,520	12,595	12,681	12,883	13,302
Superannuation							
Concurrent costs		1,213	1,228	1,242	1,246	1,322	1,425
Superannuation interest cost		135	138	79	88	98	106
Other employee costs		380	234	350	350	339	343
Depreciation and amortisation		1,718	1,865	1,852	1,873	1,868	1,860
Services and contracts		2,528	2,751	2,877	2,665	2,587	2,688
Other gross operating expenses		5,383	5,704	5,035	5,251	5,360	5,526
Interest							
Interest on leases		153	194	168	165	162	160
Other interest		859	811	745	679	665	675
Current transfers	4	3,922	4,123	4,778	4,753	4,761	4,696
Capital transfers	4	489	235	243	307	181	114
<i>Total</i>	5	29,050	29,801	29,964	30,057	30,226	30,894
NET OPERATING BALANCE	6	1,405	1,533	2,589	2,700	2,699	2,944
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		59	-60	-106	-13	3	104
Provision for doubtful debts		2	-14	-14	-14	-14	-14
Changes in accounting policy/adjustment of prior periods		-172	-	-	-	-	-
<i>Total other economic flows</i>		-111	-74	-119	-26	-11	90
OPERATING RESULT		1,294	1,459	2,469	2,673	2,688	3,033
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-1,374	861	682	405	1,528	1,042
Net actuarial gains/-loss - superannuation		-814	-261	-447	-261	-213	-218
Gains recognised directly in equity		-	-60	-71	-69	-70	-74
Change in net worth of the public corporations sectors		-1,554	-120	-495	270	294	260
All other		-	-	-	-	-	-
<i>Total all other movements in equity</i>		-3,742	420	-331	344	1,539	1,011
TOTAL CHANGE IN NET WORTH		-2,447	1,879	2,139	3,017	4,226	4,044
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	1,405	1,533	2,589	2,700	2,699	2,944
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets	5	2,540	2,505	2,563	2,177	2,248	2,475
Changes in inventories		-	-	1	-	-	-
Other movement in non-financial assets		146	-	-13	-	-	-
<i>Less:</i>							
Sales of non-financial assets		100	137	1,539	111	217	240
Depreciation		1,718	1,865	1,852	1,873	1,868	1,860
<i>Total net acquisition of non-financial assets</i>		869	502	-840	193	163	375
NET LENDING/-BORROWING	6	536	1,030	3,429	2,507	2,536	2,568

Note: Columns may not add due to rounding.

Table 1.2

GENERAL GOVERNMENT
Balance Sheet at 30 June

	Note	2019	2020	2020	2021	2022	2023
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		601	1,178	967	739	578	452
Advances paid		713	775	740	737	731	728
Investments, loans and placements		4,470	2,924	4,697	5,487	6,130	7,061
Receivables		3,999	3,127	3,303	2,890	2,801	2,767
Shares and other equity							
Investments in other public sector entities - equity method		40,745	42,148	40,250	40,520	40,813	41,074
Investments in other public sector entities - direct injections		10,000	10,876	11,083	11,903	13,005	13,888
Investments in other entities		20	15	20	20	20	20
Other financial assets		8	8	17	17	18	18
<i>Total financial assets</i>		60,556	61,052	61,077	62,312	64,096	66,008
<i>Non-financial assets</i>							
Land		35,600	36,185	36,293	36,540	37,606	38,194
Property, plant and equipment		47,090	51,034	48,553	49,326	50,261	51,487
Biological assets		3	3	3	3	3	3
Inventories							
Land inventories		-	-	-	-	-	-
Other inventories		71	69	71	71	71	71
Intangibles		626	582	578	536	494	433
Non-current assets held for sale		43	34	43	43	43	43
Investment property		7	7	-	-	-	-
Other		245	378	187	190	194	185
<i>Total non-financial assets</i>		83,686	88,291	85,728	86,710	88,672	90,417
TOTAL ASSETS		144,242	149,343	146,805	149,022	152,768	156,425
LIABILITIES							
Deposits held		686	847	951	543	382	278
Advances received		343	377	351	334	316	298
Borrowings							
Lease liabilities		2,902	4,551	3,157	3,130	3,052	2,979
Other borrowings		26,589	26,807	25,195	25,446	25,447	25,516
Unfunded superannuation		7,062	6,817	7,102	6,973	6,877	6,808
Other employee benefits		3,197	3,103	3,237	3,266	3,291	3,319
Payables		1,425	1,301	1,412	1,431	1,436	1,442
Other liabilities		2,239	1,562	3,461	2,944	2,785	2,558
TOTAL LIABILITIES		44,443	45,365	44,868	44,067	43,586	43,199
NET ASSETS		99,799	103,978	101,938	104,955	109,181	113,225
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		6,056	6,528	9,202	11,672	14,148	16,956
Other reserves		93,743	97,450	92,736	93,283	95,034	96,269
NET WORTH	6	99,799	103,978	101,938	104,955	109,181	113,225
MEMORANDUM ITEMS							
<i>Net financial worth</i>		16,113	15,687	16,210	18,245	20,509	22,808
<i>Net financial liabilities</i>		34,632	37,352	35,124	34,177	33,309	32,153
<i>Net debt</i>							
Gross debt liabilities		30,520	32,582	29,654	29,453	29,198	29,072
Less: liquid financial assets		5,784	4,877	6,403	6,963	7,438	8,241
<i>Net debt</i>		24,736	27,705	23,251	22,490	21,759	20,831

Note: Columns may not add due to rounding.

Table 1.3

GENERAL GOVERNMENT
Cash Flow Statement

	Note	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		8,911	9,104	9,022	9,378	9,834	10,359
Grants and subsidies received		11,082	11,762	11,788	13,301	13,464	13,745
Receipts from sales of goods and services		2,599	2,750	2,796	2,833	2,906	3,016
Interest receipts		173	155	143	127	126	136
Dividends and tax equivalents		2,092	1,863	2,002	2,049	2,192	2,257
Other receipts		7,659	8,519	10,099	8,113	7,554	7,441
<i>Total cash received</i>		<i>32,517</i>	<i>34,153</i>	<i>35,850</i>	<i>35,802</i>	<i>36,075</i>	<i>36,954</i>
<i>Cash Paid</i>							
Wages, salaries and supplements, and superannuation		-13,766	-14,233	-14,285	-14,377	-14,587	-15,091
Payments for goods and services		-8,215	-8,693	-8,361	-8,381	-8,293	-8,556
Interest paid		-1,014	-1,080	-936	-850	-823	-821
Grants and subsidies paid		-5,635	-5,519	-6,166	-6,462	-6,411	-6,359
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-1,679	-1,574	-1,780	-1,635	-1,785	-1,804
<i>Total cash paid</i>		<i>-30,310</i>	<i>-31,099</i>	<i>-31,527</i>	<i>-31,705</i>	<i>-31,899</i>	<i>-32,630</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES		2,207	3,054	4,323	4,097	4,176	4,323
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-2,540	-2,505	-2,563	-2,177	-2,248	-2,475
Sales of non-financial assets		100	137	1,539	111	217	240
<i>Total cash flows from investments in non-financial assets</i>		<i>-2,441</i>	<i>-2,367</i>	<i>-1,024</i>	<i>-2,066</i>	<i>-2,031</i>	<i>-2,235</i>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		33	10	10	10	10	10
For liquidity purposes		308	65	117	65	53	35
<i>Cash paid</i>							
For policy purposes		-790	-1,272	-1,285	-935	-1,177	-910
For liquidity purposes		-66	-33	-38	-17	-21	-28
<i>Total cash flows from investments in financial assets</i>		<i>-516</i>	<i>-1,230</i>	<i>-1,196</i>	<i>-877</i>	<i>-1,135</i>	<i>-893</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES		-2,956	-3,598	-2,220	-2,943	-3,166	-3,128
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		17	17	17	17	18	18
Borrowings		61	1,750	166	412	130	185
Deposits received		-	-	-	-	-	-
Other financing receipts		253	181	140	96	50	21
<i>Total cash receipts from financing activities</i>		<i>330</i>	<i>1,948</i>	<i>323</i>	<i>525</i>	<i>198</i>	<i>224</i>
<i>Cash paid</i>							
Advances paid		-17	-17	-17	-17	-18	-18
Borrowings repaid		-513	-1,434	-1,443	-161	-128	-116
Deposits paid		-	-	-	-	-	-
Other financing payments		-407	-564	-511	-489	-399	-376
<i>Total payments for financing activities</i>		<i>-937</i>	<i>-2,014</i>	<i>-1,970</i>	<i>-667</i>	<i>-545</i>	<i>-509</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES		-607	-66	-1,647	-142	-348	-286
Net increase in cash and cash equivalents		-1,355	-610	456	1,012	662	910
Cash and cash equivalents at the beginning of the year		6,360	4,276	5,005	5,460	6,472	7,135
Cash and cash equivalents at the end of the year		5,005	3,666	5,460	6,472	7,135	8,044
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		2,207	3,054	4,323	4,097	4,176	4,323
Net cash flows from investing in non-financial assets		-2,441	-2,367	-1,024	-2,066	-2,031	-2,235
Cash surplus/-deficit	6	-233	687	3,299	2,031	2,145	2,088

Note: Columns may not add due to rounding.

Table 1.4

PUBLIC NON-FINANCIAL CORPORATIONS
Operating Statement

	Note	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>							
REVENUE							
Current grants and subsidies		1,824	1,992	1,958	1,940	1,972	1,952
Capital grants		338	76	59	143	76	16
Sales of goods and services		28,346	31,909	34,813	35,393	36,028	36,318
Interest income		191	193	137	145	155	156
Other		478	489	446	515	562	573
Total		31,177	34,658	37,413	38,137	38,793	39,015
EXPENSES							
Salaries		1,056	1,208	1,215	1,218	1,232	1,245
Superannuation							
Concurrent costs		104	118	120	120	126	133
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		39	25	23	23	23	24
Depreciation and amortisation		1,982	2,153	2,128	2,141	2,207	2,250
Services and contracts		809	667	645	582	618	566
Other gross operating expenses		23,983	27,195	30,269	30,535	31,041	31,361
Interest							
Interest on leases		110	107	95	92	85	79
Other interest		691	745	609	596	624	648
Tax equivalents		577	599	579	688	721	741
Current transfers		1,134	1,195	1,196	1,144	1,146	1,150
Capital transfers		19	7	-	-	6	-
Total		30,504	34,019	36,879	37,137	37,830	38,197
NET OPERATING BALANCE	6	673	639	534	1,000	962	818
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		47	16	15	100	136	193
Provision for doubtful debts		-18	-34	-37	-34	-33	-32
Changes in accounting policy/adjustment of prior periods		-145	-	-	-	-	-
Total other economic flows		-116	-17	-22	65	102	161
OPERATING RESULT		557	622	512	1,065	1,065	978
<i>Other non-owner movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-1,095	127	224	349	412	474
Net actuarial gains/-loss - superannuation		-38	1	-2	1	2	2
Gains recognised directly in equity		8	1	3	-	3	-
All other		-	-	-	-	-	-
Total other non-owner movements in equity		-1,125	130	225	350	417	477
<i>Movements in owner equity</i>							
Dividends		-1,229	-1,113	-1,101	-1,260	-1,332	-1,360
Capital injections		758	1,158	1,109	818	1,117	893
Total movements in owner equity		-471	44	7	-442	-215	-467
TOTAL CHANGE IN NET WORTH		-1,039	796	744	972	1,266	988
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	673	639	534	1,000	962	818
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		2,441	3,194	3,154	4,008	4,039	3,539
Changes in inventories		614	74	83	34	40	113
Other movement in non-financial assets		127	175	153	186	198	208
<i>Less:</i>							
Sales of non-financial assets		578	628	528	659	797	657
Depreciation		1,982	2,153	2,128	2,141	2,207	2,250
Total net acquisition of non-financial assets		622	662	734	1,428	1,272	953
NET LENDING/-BORROWING	6	51	-23	-200	-428	-309	-136

Note: Columns may not add due to rounding.

Table 1.5

PUBLIC NON-FINANCIAL CORPORATIONS
Balance Sheet at 30 June

	Note	2019	2020	2020	2021	2022	2023
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		1,391	1,613	1,694	1,296	1,212	1,147
Advances paid		-	-	-	-	-	-
Investments, loans and placements		5,253	5,670	5,604	6,051	6,008	5,964
Receivables		1,804	1,968	1,813	1,832	1,816	1,824
Shares and other equity							
Investments in other public sector entities - equity method		-	-	-	-	-	-
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in other entities		3	17	18	34	31	29
Other financial assets		673	518	553	394	301	246
Total financial assets		9,124	9,786	9,682	9,608	9,369	9,209
<i>Non-financial assets</i>							
Land		8,222	8,517	8,080	8,079	8,199	8,404
Property, plant and equipment		55,899	57,591	56,902	58,596	60,212	61,460
Biological assets		342	319	197	204	210	213
Inventories							
Land inventories		1,852	2,025	2,022	2,159	2,205	2,332
Other inventories		4,275	3,801	4,358	4,392	4,431	4,544
Intangibles		395	381	381	360	339	334
Non-current assets held for sale		16	59	11	11	11	11
Investment property		60	54	53	51	51	49
Other		134	122	138	143	143	142
Total non-financial assets		71,195	72,869	72,142	73,995	75,802	77,488
TOTAL ASSETS		80,319	82,655	81,823	83,603	85,171	86,697
LIABILITIES							
Deposits held		-	-	-	-	-	-
Advances received		343	327	326	309	291	273
Borrowings							
Lease liabilities		1,326	1,322	1,123	1,063	949	817
Other borrowings		22,116	23,052	23,176	24,113	24,563	25,183
Unfunded superannuation		98	66	86	68	52	40
Other employee benefits		368	364	367	363	367	371
Payables		5,845	5,479	5,937	6,018	6,086	6,152
Other liabilities		1,805	1,421	1,647	1,535	1,462	1,472
TOTAL LIABILITIES		31,901	32,030	32,661	33,468	33,770	34,308
NET ASSETS		48,418	50,625	49,162	50,134	51,401	52,389
<i>Of which:</i>							
Contributed equity		10,140	11,052	11,344	12,162	13,279	14,172
Accumulated surplus		17,390	18,161	17,954	17,730	17,440	17,045
Other reserves		20,888	21,413	19,864	20,242	20,682	21,172
NET WORTH	6	48,418	50,625	49,162	50,134	51,401	52,389
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-22,777	-22,244	-22,980	-23,861	-24,401	-25,099
<i>Net debt</i>							
Gross debt liabilities		23,785	24,701	24,625	25,485	25,803	26,273
Less: liquid financial assets		6,643	7,282	7,298	7,348	7,220	7,110
Net debt		17,142	17,418	17,327	18,137	18,583	19,163

Note: Columns may not add due to rounding.

Table 1.6

PUBLIC NON-FINANCIAL CORPORATIONS
Cash Flow Statement

	Note	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Grants and subsidies received		2,171	2,082	2,033	2,080	2,050	1,973
Receipts from sales of goods and services		20,786	20,951	22,218	22,736	23,327	23,418
Interest receipts		166	196	134	143	151	155
Dividends and tax equivalents		64	60	61	70	68	71
Other receipts		1,424	1,237	944	975	1,013	948
<i>Total cash received</i>		24,611	24,526	25,389	26,004	26,608	26,565
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-1,235	-1,340	-1,361	-1,371	-1,381	-1,398
Payments for goods and services		-15,274	-15,097	-16,528	-16,663	-16,970	-17,176
Interest paid		-799	-852	-673	-664	-684	-703
Grants and subsidies paid		-689	-711	-712	-710	-736	-737
Tax equivalents		-614	-618	-601	-666	-741	-766
Other payments		-3,300	-3,381	-3,228	-3,095	-3,144	-3,024
<i>Total cash paid</i>		-21,911	-21,999	-23,103	-23,169	-23,657	-23,804
NET CASH FLOWS FROM OPERATING ACTIVITIES		2,700	2,526	2,286	2,835	2,952	2,761
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-2,441	-3,194	-3,154	-4,008	-4,039	-3,539
Sales of non-financial assets		578	628	528	659	797	657
<i>Total cash flows from investments in non-financial assets</i>		-1,863	-2,566	-2,626	-3,349	-3,241	-2,882
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		-	-	-	-	-	-
For liquidity purposes		11	26	31	17	4	3
<i>Cash paid</i>							
For policy purposes		-	-52	-21	-42	-25	-4
For liquidity purposes		-61	-32	-39	-14	-9	-7
<i>Total cash flows from investments in financial assets</i>		-50	-58	-29	-39	-30	-8
NET CASH FLOWS FROM INVESTING ACTIVITIES		-1,913	-2,624	-2,655	-3,389	-3,272	-2,890
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		4,301	6,778	7,156	5,961	4,665	7,105
Deposits received		-	-	-	-	-	-
Other financing receipts		849	1,417	1,396	1,085	1,259	956
<i>Total cash received</i>		5,150	8,195	8,552	7,046	5,924	8,061
<i>Cash paid</i>							
Advances paid		-29	-17	-17	-17	-18	-18
Borrowings repaid		-4,583	-6,543	-6,699	-5,467	-4,212	-6,482
Deposits paid		-	-	-	-	-	-
Other financing payments		-166	-154	-147	-148	-123	-126
Dividends paid		-1,229	-1,113	-1,101	-1,260	-1,332	-1,360
<i>Total cash paid</i>		-6,007	-7,827	-7,963	-6,893	-5,685	-7,986
NET CASH FLOWS FROM FINANCING ACTIVITIES		-857	368	589	153	239	75
Net increase in cash and cash equivalents		-71	270	220	-400	-81	-54
Cash and cash equivalents at the beginning of the year		1,889	1,683	1,818	2,038	1,637	1,557
Cash and cash equivalents at the end of the year		1,818	1,953	2,038	1,637	1,557	1,503
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		2,700	2,526	2,286	2,835	2,952	2,761
Net cash flows from investing in non-financial assets		-1,863	-2,566	-2,626	-3,349	-3,241	-2,882
Dividends paid		-1,229	-1,113	-1,101	-1,260	-1,332	-1,360
Cash surplus/-deficit	6	-392	-1,153	-1,441	-1,775	-1,622	-1,482

Note: Columns may not add due to rounding.

Table 1.7

TOTAL NON-FINANCIAL PUBLIC SECTOR
Operating Statement

	Note	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>							
REVENUE							
Taxation		8,100	8,565	8,488	8,861	9,311	9,830
Current grants and subsidies		8,600	9,607	9,573	10,625	10,216	10,543
Capital grants		932	943	980	1,186	1,329	1,307
Sales of goods and services		30,609	34,170	37,058	37,729	38,367	38,806
Interest income		323	318	261	253	261	269
Royalty income		6,713	6,375	7,505	5,930	5,745	5,705
Dividend and tax equivalents		246	189	353	190	189	199
Other		1,079	1,001	927	1,002	1,021	1,002
<i>Total</i>		<i>56,603</i>	<i>61,166</i>	<i>65,145</i>	<i>65,777</i>	<i>66,441</i>	<i>67,661</i>
EXPENSES							
Salaries		13,325	13,727	13,810	13,899	14,116	14,547
Superannuation							
Concurrent costs		1,317	1,346	1,362	1,365	1,449	1,558
Superannuation interest cost		135	138	79	88	98	106
Other employee costs		348	258	293	294	283	287
Depreciation and amortisation		3,758	3,965	3,953	3,989	4,050	4,086
Services and contracts		3,279	3,422	3,526	3,251	3,209	3,259
Other gross operating expenses		28,661	32,220	34,616	35,114	35,645	36,192
Interest							
Interest on leases		253	291	262	253	243	235
Other interest		1,524	1,532	1,332	1,255	1,270	1,301
Current transfers		2,907	2,989	3,680	3,642	3,615	3,566
Capital transfers		170	166	184	164	111	98
<i>Total</i>		<i>55,678</i>	<i>60,054</i>	<i>63,098</i>	<i>63,313</i>	<i>64,088</i>	<i>65,235</i>
NET OPERATING BALANCE	6	924	1,112	2,048	2,464	2,354	2,426
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		107	-44	-91	87	138	297
Provision for doubtful debts		-16	-47	-51	-48	-47	-46
Changes in accounting policy/adjustment of prior periods		-46	-	-	-	-	-
<i>Total other economic flows</i>		<i>44</i>	<i>-92</i>	<i>-142</i>	<i>39</i>	<i>91</i>	<i>251</i>
OPERATING RESULT		969	1,020	1,906	2,503	2,445	2,676
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-2,437	667	850	751	1,969	1,537
Net actuarial gains/-loss - superannuation		-852	-260	-449	-260	-211	-216
Gains recognised directly in equity		8	-112	-94	-94	-91	-98
Change in net worth of the PFC sector		-136	80	-74	118	115	144
All other		-	-	-	-	-	-
<i>Total all other movements in equity</i>		<i>-3,417</i>	<i>375</i>	<i>233</i>	<i>514</i>	<i>1,782</i>	<i>1,368</i>
TOTAL CHANGE IN NET WORTH		-2,448	1,395	2,139	3,017	4,226	4,044
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	924	1,112	2,048	2,464	2,354	2,426
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		4,957	5,638	5,638	6,157	6,101	5,909
Changes in inventories		614	74	84	34	40	113
Other movement in non-financial assets		273	175	139	186	198	208
<i>Less:</i>							
Sales of non-financial assets		654	704	1,988	742	829	792
Depreciation		3,758	3,965	3,953	3,989	4,050	4,086
<i>Total net acquisition of non-financial assets</i>		<i>1,432</i>	<i>1,218</i>	<i>-80</i>	<i>1,646</i>	<i>1,459</i>	<i>1,353</i>
NET LENDING/-BORROWING	6	-508	-106	2,128	818	894	1,073

Note: Columns may not add due to rounding.

Table 1.8

TOTAL NON-FINANCIAL PUBLIC SECTOR
Balance Sheet at 30 June

	Note	2019	2020	2020	2021	2022	2023
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		1,321	1,959	1,726	1,509	1,423	1,336
Advances paid		370	449	414	428	440	454
Investments, loans and placements		9,470	8,342	10,161	11,384	12,021	12,961
Receivables		5,661	4,986	5,000	4,584	4,503	4,499
Shares and other equity							
Investments in other public sector entities - equity method		2,220	2,399	2,171	2,288	2,418	2,573
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in other entities		23	32	38	54	51	49
Other financial assets		8	8	17	17	18	18
<i>Total financial assets</i>		19,074	18,175	19,528	20,266	20,874	21,889
<i>Non-financial assets</i>							
Land		43,809	44,701	44,373	44,619	45,805	46,598
Property, plant and equipment		103,174	107,505	105,203	107,603	110,122	112,589
Biological assets		345	322	200	207	213	216
Inventories							
Land inventories		1,852	2,025	2,022	2,159	2,205	2,332
Other inventories		4,345	3,870	4,429	4,463	4,502	4,615
Intangibles		1,022	963	958	896	833	767
Non-current assets held for sale		59	93	54	54	54	54
Investment property		67	61	53	51	51	49
Other		378	499	324	332	336	326
<i>Total non-financial assets</i>		155,052	160,040	157,617	160,385	164,123	167,547
TOTAL ASSETS		174,126	178,215	177,145	180,650	184,997	189,436
LIABILITIES							
Deposits held		13	12	13	13	13	13
Advances received		343	377	351	334	316	298
Borrowings							
Lease liabilities		3,983	4,474	4,143	4,027	3,843	3,671
Other borrowings		48,705	49,859	48,371	49,559	50,011	50,700
Unfunded superannuation		7,160	6,883	7,188	7,040	6,929	6,848
Other employee benefits		3,564	3,467	3,604	3,629	3,658	3,689
Payables		7,955	6,673	7,236	7,314	7,411	7,504
Other liabilities		2,603	2,493	4,301	3,778	3,636	3,486
TOTAL LIABILITIES		74,327	74,237	75,207	75,695	75,816	76,210
NET ASSETS		99,799	103,978	101,938	104,955	109,181	113,225
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		23,452	24,671	26,912	29,106	31,289	33,713
Other reserves		76,346	79,307	75,026	75,849	77,892	79,512
NET WORTH	6	99,799	103,978	101,938	104,955	109,181	113,225
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-55,253	-56,062	-55,679	-55,430	-54,942	-54,321
<i>Net financial liabilities</i>		57,473	58,494	57,851	57,718	57,359	56,894
<i>Net debt</i>							
Gross debt liabilities		53,044	54,722	52,878	53,933	54,183	54,682
Less: liquid financial assets		11,161	10,749	12,301	13,321	13,885	14,751
<i>Net debt</i>		41,883	43,973	40,577	40,612	40,298	39,931

Note: Columns may not add due to rounding.

Table 1.9

TOTAL NON-FINANCIAL PUBLIC SECTOR
Cash Flow Statement

	Note	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		8,395	8,574	8,495	8,868	9,318	9,845
Grants and subsidies received		11,082	11,762	11,788	13,301	13,464	13,745
Receipts from sales of goods and services		22,790	23,184	24,404	24,977	25,562	25,824
Interest receipts		314	316	253	246	253	265
Dividends and tax equivalents		313	191	361	193	187	201
Other receipts		8,658	9,393	10,678	8,730	8,215	8,039
<i>Total cash received</i>		51,553	53,420	55,980	56,316	56,999	57,919
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-15,002	-15,573	-15,646	-15,748	-15,968	-16,489
Payments for goods and services		-22,521	-23,037	-24,003	-24,181	-24,330	-24,861
Interest paid		-1,747	-1,897	-1,585	-1,490	-1,483	-1,498
Grants and subsidies paid		-4,129	-4,128	-4,824	-5,070	-5,074	-5,098
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-4,478	-4,425	-4,481	-4,218	-4,412	-4,312
<i>Total cash paid</i>		-47,876	-49,060	-50,539	-50,709	-51,267	-52,259
NET CASH FLOWS FROM OPERATING ACTIVITIES		3,677	4,360	5,441	5,608	5,731	5,660
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-4,957	-5,638	-5,638	-6,157	-6,101	-5,909
Sales of non-financial assets		654	704	1,988	742	829	792
<i>Total cash flows from investments in non-financial assets</i>		-4,304	-4,934	-3,650	-5,415	-5,272	-5,118
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		21	10	10	10	10	10
For liquidity purposes		318	70	127	81	57	38
<i>Cash paid</i>							
For policy purposes		-19	-10	-10	-10	-10	-10
For liquidity purposes		-128	-44	-56	-30	-30	-35
<i>Total cash flows from investments in financial assets</i>		193	26	72	51	26	3
NET CASH FLOWS FROM INVESTING ACTIVITIES		-4,111	-4,907	-3,578	-5,365	-5,246	-5,114
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		4,362	8,528	7,322	6,373	4,795	7,290
Deposits received		-	-	-	-	-	-
Other financing receipts		261	129	119	54	25	17
<i>Total cash received</i>		4,623	8,657	7,441	6,427	4,820	7,308
<i>Cash paid</i>							
Advances paid		-17	-17	-17	-17	-18	-18
Borrowings repaid		-5,097	-7,977	-8,141	-5,628	-4,341	-6,598
Deposits paid		-	-	-	-	-	-
Other financing payments		-502	-456	-470	-414	-366	-382
<i>Total cash paid</i>		-5,616	-8,450	-8,629	-6,059	-4,724	-6,998
NET CASH FLOWS FROM FINANCING ACTIVITIES		-992	207	-1,188	368	96	310
Net increase in cash and cash equivalents		-1,426	-340	675	611	582	856
Cash and cash equivalents at the beginning of the year		8,248	5,958	6,822	7,497	8,109	8,690
Cash and cash equivalents at the end of the year		6,822	5,618	7,497	8,109	8,690	9,546
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		3,677	4,360	5,441	5,608	5,731	5,660
Net cash flows from investing in non-financial assets		-4,304	-4,934	-3,650	-5,415	-5,272	-5,118
Cash surplus/-deficit	6	-627	-573	1,791	192	459	543

Note: Columns may not add due to rounding.

Table 1.10

PUBLIC FINANCIAL CORPORATIONS
Operating Statement

	Note	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>							
REVENUE							
Current grants and subsidies		-	-	-	-	-	-
Capital grants		-	-	-	-	-	-
Sales of goods and services		1,136	1,191	1,169	1,203	1,252	1,308
Interest income		1,882	1,998	1,787	1,788	1,818	1,834
Other		113	100	107	111	120	130
Total		3,130	3,290	3,063	3,103	3,189	3,271
EXPENSES							
Salaries		57	60	62	62	63	64
Superannuation							
Concurrent costs		6	6	6	6	7	7
Superannuation interest cost		-	-	-	-	-	-
Other employee costs		2	3	3	3	3	3
Depreciation and amortisation		8	10	9	11	11	10
Services and contracts		11	11	12	11	11	12
Other gross operating expenses		1,177	1,217	1,223	1,296	1,348	1,401
Other interest							
Interest on leases		1	1	1	1	1	-
Other interest		1,623	1,800	1,574	1,573	1,594	1,607
Tax equivalents		65	42	49	42	47	53
Current transfers		4	5	5	5	5	5
Capital transfers		14	8	12	13	12	12
Total		2,969	3,161	2,955	3,022	3,101	3,175
NET OPERATING BALANCE	6	161	128	109	81	88	96
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		147	155	177	184	198	215
Provision for doubtful debts		-	-	-	-	-	-
Changes in accounting policy/adjustment of prior periods		7	-	-	-	-	-
Total other economic flows		155	155	177	184	198	215
OPERATING RESULT		315	283	286	265	287	311
<i>Other non-owner movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-	-2	-6	-2	-	-
Net actuarial gains/-loss - superannuation		1	-	-	-	-	-
Gains recognised directly in equity		-	-	-	-	-	-
All other		-	-	-	-	-	-
Total other non-owner movements in equity		1	-1	-6	-2	-	-
<i>Movements in owner equity</i>							
Dividends		-181	-147	-303	-148	-142	-146
Capital injections		-136	-27	-25	1	-15	-11
Total movements in owner equity		-317	-174	-328	-147	-157	-156
TOTAL CHANGE IN NET WORTH		-	108	-49	117	130	155
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	161	128	109	81	88	96
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		7	8	8	6	6	6
Changes in inventories		-	-	-	-	-	-
Other movement in non-financial assets		-	-	-	-	-	-
<i>Less:</i>							
Sales of non-financial assets		-	-	-	-	-	-
Depreciation		8	10	9	11	11	10
Total net acquisition of non-financial assets		-1	-1	-1	-5	-5	-4
NET LENDING/-BORROWING	6	162	129	110	86	93	101

Note: Columns may not add due to rounding.

Table 1.11

PUBLIC FINANCIAL CORPORATIONS
Balance Sheet at 30 June

	Note	2019	2020	2020	2021	2022	2023
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		201	271	165	174	181	188
Advances paid		4,415	4,927	4,982	5,442	5,440	5,437
Investments, loans and placements		62,777	60,235	62,693	64,135	64,962	66,034
Receivables		690	727	694	702	709	718
Shares and other equity							
Investments in other public sector entities - equity method		-	-	-	-	-	-
Investments in other public sector entities - direct injections		-	-	-	-	-	-
Investments in other entities		1,897	2,051	2,048	2,222	2,415	2,626
Other financial assets		5	5	5	5	5	5
Total financial assets		69,985	68,216	70,588	72,680	73,711	75,007
<i>Non-financial assets</i>							
Land		-	-	-	-	-	-
Property, plant and equipment		30	32	31	26	22	18
Biological assets		-	-	-	-	-	-
Inventories							
Land inventories		-	-	-	-	-	-
Other inventories		-	-	-	-	-	-
Intangibles		7	11	9	9	9	8
Non-current assets held for sale		-	-	-	-	-	-
Investment property		-	-	-	-	-	-
Other		3	10	3	3	3	3
Total non-financial assets		40	53	43	37	33	29
TOTAL ASSETS		70,025	68,269	70,631	72,718	73,744	75,036
LIABILITIES							
Deposits held		-	-	-	-	-	-
Advances received		3	2	3	3	3	3
Borrowings							
Lease liabilities		28	28	30	25	20	16
Other borrowings		63,047	60,962	63,405	65,024	65,533	66,265
Unfunded superannuation		5	8	6	8	9	11
Other employee benefits		13	12	13	13	14	14
Payables		129	69	85	62	53	48
Other liabilities		4,580	4,790	4,917	5,295	5,694	6,106
TOTAL LIABILITIES		67,804	65,870	68,459	70,429	71,327	72,463
NET ASSETS		2,220	2,399	2,171	2,288	2,418	2,573
<i>Of which:</i>							
Contributed equity		-236	-176	-260	-259	-274	-284
Accumulated surplus		2,426	2,513	2,423	2,517	2,637	2,773
Other reserves		30	62	9	30	55	84
NET WORTH	6	2,220	2,399	2,171	2,288	2,418	2,573
MEMORANDUM ITEMS							
<i>Net financial worth</i>		2,180	2,346	2,129	2,251	2,385	2,544
<i>Net debt</i>							
Gross debt liabilities		63,078	60,992	63,438	65,052	65,557	66,284
Less: liquid financial assets		67,393	65,433	67,841	69,751	70,582	71,658
Net debt		-4,315	-4,441	-4,403	-4,699	-5,026	-5,374

Note: Columns may not add due to rounding.

Table 1.12

PUBLIC FINANCIAL CORPORATIONS
Cash Flow Statement

	Note	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$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		1,196	1,294	1,301	1,362	1,426	1,496
Interest receipts		1,901	1,998	1,787	1,788	1,818	1,834
Dividends and tax equivalents		-	-	-	-	-	-
Other receipts		155	162	162	165	172	178
<i>Total cash received</i>		3,253	3,460	3,255	3,320	3,421	3,512
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-60	-64	-66	-66	-68	-69
Payments for goods and services		-855	-906	-912	-944	-982	-1,020
Interest paid		-1,875	-1,801	-1,575	-1,574	-1,595	-1,608
Grants and subsidies paid		-	-	-	-	-	-
Tax equivalents		-128	-42	-67	-42	-47	-53
Other payments		-152	-163	-163	-169	-176	-183
<i>Total cash paid</i>		-3,071	-2,976	-2,784	-2,795	-2,868	-2,933
NET CASH FLOWS FROM OPERATING ACTIVITIES		182	483	471	525	553	579
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-7	-8	-8	-6	-6	-6
Sales of non-financial assets		-	-	-	-	-	-
<i>Total cash flows from investments in non-financial assets</i>		-7	-8	-8	-6	-6	-6
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		-	-	-	-	-	-
For liquidity purposes		6,177	7,148	6,580	6,638	6,732	6,804
<i>Cash paid</i>							
For policy purposes		-164	-80	-70	-46	-23	-15
For liquidity purposes		-8,656	-7,884	-7,362	-7,367	-7,033	-7,131
<i>Total cash flows from investments in financial assets</i>		-2,643	-815	-852	-775	-324	-342
NET CASH FLOWS FROM INVESTING ACTIVITIES		-2,650	-824	-859	-781	-330	-348
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		26,539	27,875	26,621	27,686	26,404	27,788
Deposits received		-	-	-	-	-	-
Other financing receipts		28	19	19	23	-	-
<i>Total cash received</i>		26,567	27,895	26,640	27,709	26,404	27,788
<i>Cash paid</i>							
Advances paid		-	-	-	-	-	-
Borrowings repaid		-24,350	-27,375	-26,072	-27,249	-26,413	-27,792
Deposits paid		-	-	-	-	-	-
Other financing payments		-1	-1	-1	-2	-2	-1
Dividends paid		-185	-149	-294	-151	-140	-148
<i>Total cash paid</i>		-24,536	-27,526	-26,367	-27,402	-26,555	-27,941
NET CASH FLOWS FROM FINANCING ACTIVITIES		2,031	369	273	308	-150	-153
Net increase in cash and cash equivalents		-437	29	-116	52	73	78
Cash and cash equivalents at the beginning of the year		2,326	2,247	1,890	1,774	1,826	1,898
Cash and cash equivalents at the end of the year		1,890	2,275	1,774	1,826	1,898	1,977
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		182	483	471	525	553	579
Net cash flows from investing in non-financial assets		-7	-8	-8	-6	-6	-6
Dividends paid		-185	-149	-294	-151	-140	-148
Cash surplus/deficit	6	-10	326	170	368	407	426

Note: Columns may not add due to rounding.

Table 1.13

TOTAL PUBLIC SECTOR
Operating Statement

	Note	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
<i>Results from Transactions</i>							
REVENUE							
Taxation		8,097	8,561	8,485	8,857	9,307	9,826
Current grants and subsidies		8,600	9,607	9,573	10,625	10,216	10,543
Capital grants		932	943	980	1,186	1,329	1,307
Sales of goods and services		31,299	35,028	37,887	38,583	39,258	39,742
Interest income		639	685	674	727	746	748
Royalty income		6,713	6,375	7,505	5,930	5,745	5,705
Other		1,193	1,099	1,032	1,112	1,140	1,130
<i>Total</i>		<i>57,473</i>	<i>62,297</i>	<i>66,136</i>	<i>67,020</i>	<i>67,742</i>	<i>69,001</i>
EXPENSES							
Salaries		13,382	13,787	13,872	13,961	14,179	14,611
Superannuation							
Concurrent costs		1,323	1,352	1,368	1,371	1,455	1,565
Superannuation interest cost		135	138	79	88	98	106
Other employee costs		350	261	296	297	286	290
Depreciation and amortisation		3,714	3,974	3,962	3,999	4,060	4,095
Services and contracts		3,290	3,422	3,526	3,251	3,209	3,259
Other gross operating expenses		29,518	33,114	35,509	36,070	36,643	37,232
Other interest							
Interest on leases		245	291	262	253	243	235
Other interest		1,583	1,700	1,533	1,514	1,530	1,553
Current transfers		2,777	2,989	3,680	3,642	3,615	3,566
Capital transfers		302	174	196	177	123	110
<i>Total</i>		<i>56,619</i>	<i>61,203</i>	<i>64,283</i>	<i>64,623</i>	<i>65,442</i>	<i>66,624</i>
NET OPERATING BALANCE	6	854	1,094	1,853	2,398	2,300	2,377
<i>Other economic flows - included in the operating result</i>							
Net gains on assets/liabilities		254	111	86	271	337	511
Provision for doubtful debts		-16	-47	-51	-48	-47	-46
Changes in accounting policy/adjustment of prior periods		-310	-	-	-	-	-
<i>Total other economic flows</i>		<i>-72</i>	<i>63</i>	<i>35</i>	<i>223</i>	<i>289</i>	<i>465</i>
OPERATING RESULT		782	1,157	1,888	2,620	2,589	2,842
<i>All other movements in equity</i>							
<i>Items that will not be reclassified to operating result</i>							
Revaluations		-2,277	988	794	752	1,940	1,516
Net actuarial gains/-loss - superannuation		-850	-260	-449	-260	-211	-216
Gains recognised directly in equity		-102	-113	-95	-95	-92	-99
All other		-	-	-	-	-	-
<i>Total all other movements in equity</i>		<i>-3,229</i>	<i>615</i>	<i>250</i>	<i>397</i>	<i>1,637</i>	<i>1,202</i>
TOTAL CHANGE IN NET WORTH		-2,448	1,773	2,139	3,017	4,226	4,044
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	6	854	1,094	1,853	2,398	2,300	2,377
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		4,965	5,646	5,646	6,163	6,107	5,916
Changes in inventories		614	74	84	34	40	113
Other movement in non-financial assets		273	175	139	186	198	208
<i>Less:</i>							
Sales of non-financial assets		654	705	1,988	742	829	792
Depreciation		3,714	3,974	3,962	3,999	4,060	4,095
<i>Total net acquisition of non-financial assets</i>		<i>1,484</i>	<i>1,217</i>	<i>-81</i>	<i>1,641</i>	<i>1,455</i>	<i>1,349</i>
NET LENDING/-BORROWING	6	-630	-123	1,935	756	845	1,028

Note: Columns may not add due to rounding.

Table 1.14

TOTAL PUBLIC SECTOR
Balance Sheet at 30 June

	Note	2019	2020	2020	2021	2022	2023
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m	\$m
ASSETS							
<i>Financial assets</i>							
Cash and deposits		1,517	2,229	1,889	1,681	1,602	1,522
Advances paid		4,782	5,373	5,393	5,867	5,877	5,888
Investments, loans and placements		19,567	14,034	19,840	20,877	21,895	23,218
Receivables		5,825	5,225	5,255	4,864	4,795	4,804
Equity - Investments in other entities		1,920	2,084	2,087	2,276	2,467	2,674
Other financial assets		13	13	22	22	23	23
Total financial assets		33,624	28,959	34,486	35,588	36,658	38,129
<i>Non-financial assets</i>							
Land		43,809	44,701	44,373	44,619	45,805	46,598
Property, plant and equipment		103,180	107,535	105,232	107,628	110,144	112,607
Biological assets		345	322	200	207	213	216
Inventories							
Land inventories		1,852	2,025	2,022	2,159	2,205	2,332
Other inventories		4,345	3,870	4,429	4,463	4,502	4,615
Intangibles		1,028	974	968	905	841	775
Non-current assets held for sale		59	93	54	54	54	54
Investment property		67	61	53	51	51	49
Other		381	510	327	335	339	329
Total non-financial assets		155,066	160,092	157,658	160,421	164,156	167,575
TOTAL ASSETS		188,691	189,051	192,144	196,009	200,814	205,704
LIABILITIES							
Deposits held		11	11	11	11	11	11
Advances received		343	377	351	334	316	298
Borrowings							
Lease liabilities		3,983	4,501	4,171	4,052	3,863	3,687
Other borrowings		59,072	56,278	58,762	59,940	60,456	61,188
Unfunded superannuation		7,165	6,891	7,194	7,048	6,938	6,859
Other employee benefits		3,577	3,478	3,617	3,643	3,672	3,704
Payables		7,211	6,612	7,260	7,316	7,403	7,493
Other liabilities		7,530	6,925	8,840	8,711	8,973	9,239
TOTAL LIABILITIES		88,892	85,073	90,207	91,054	91,632	92,479
NET ASSETS		99,799	103,978	101,938	104,955	109,181	113,225
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		25,879	27,184	29,334	31,624	33,926	36,487
Other reserves		73,920	76,794	72,604	73,331	75,256	76,739
NET WORTH	6	99,799	103,978	101,938	104,955	109,181	113,225
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-55,268	-56,114	-55,720	-55,466	-54,974	-54,350
<i>Net financial liabilities</i>		55,268	58,198	55,720	55,466	54,974	54,350
<i>Net debt</i>							
Gross debt liabilities		63,410	61,167	63,295	64,337	64,646	65,185
Less: liquid financial assets		25,867	21,636	27,122	28,425	29,374	30,628
Net debt		37,543	39,531	36,173	35,911	35,272	34,557

Note: Columns may not add due to rounding.

Table 1.15

TOTAL PUBLIC SECTOR
Cash Flow Statement

	Note	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
		Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
		\$m	Estimate	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		8,392	8,565	8,486	8,859	9,309	9,836
Grants and subsidies received		11,082	11,762	11,788	13,301	13,464	13,745
Receipts from sales of goods and services		23,683	24,145	25,365	25,989	26,625	26,947
Interest receipts		661	689	647	712	737	749
Dividends and tax equivalents		-	-	-	-	-	-
Other		8,807	9,548	10,833	8,890	8,382	8,212
Total cash received		52,625	54,711	57,119	57,751	58,517	59,490
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-15,062	-15,637	-15,712	-15,814	-16,036	-16,558
Payments for goods and services		-23,069	-23,610	-24,575	-24,776	-24,950	-25,509
Interest paid		-2,169	-2,073	-1,767	-1,741	-1,743	-1,756
Grants and subsidies paid		-4,129	-4,123	-4,819	-5,065	-5,069	-5,093
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-4,600	-4,573	-4,629	-4,373	-4,575	-4,483
Total cash paid		-49,029	-50,017	-51,501	-51,770	-52,373	-53,398
NET CASH FLOWS FROM OPERATING ACTIVITIES		3,596	4,694	5,618	5,981	6,144	6,091
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-4,965	-5,646	-5,646	-6,163	-6,107	-5,916
Sales of non-financial assets		654	705	1,988	742	829	792
Total cash flows from investments in non-financial assets		-4,310	-4,942	-3,658	-5,421	-5,278	-5,124
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		21	10	10	10	10	10
For liquidity purposes		6,495	7,219	6,708	6,719	6,789	6,842
<i>Cash paid</i>							
For policy purposes		-19	-10	-10	-10	-10	-10
For liquidity purposes		-8,784	-7,928	-7,418	-7,397	-7,064	-7,166
Total cash flows from investments in financial assets		-2,286	-709	-710	-678	-274	-324
NET CASH FLOWS FROM INVESTING ACTIVITIES		-6,597	-5,651	-4,367	-6,099	-5,553	-5,447
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		21,444	19,900	18,481	22,061	22,066	21,192
Deposits received		-	-	-	-	-	-
Other financing receipts		98	49	49	7	2	3
Total cash received		21,542	19,949	18,530	22,068	22,068	21,195
<i>Cash paid</i>							
Advances paid		-17	-17	-17	-17	-18	-18
Borrowings repaid		-19,990	-18,849	-18,752	-20,878	-21,620	-20,504
Deposits paid		-	-	-	-	-	-
Other financing payments		-397	-438	-452	-392	-367	-383
Total cash paid		-20,404	-19,303	-19,221	-21,287	-22,005	-20,905
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,138	646	-691	781	63	290
Net increase in cash and cash equivalents		-1,863	-311	560	663	654	934
Cash and cash equivalents at the beginning of the year		10,573	8,203	8,710	9,270	9,933	10,587
Cash and cash equivalents at the end of the year		8,710	7,892	9,270	9,933	10,587	11,521
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		3,596	4,694	5,618	5,981	6,144	6,091
Net cash flows from investing in non-financial assets		-4,310	-4,942	-3,658	-5,421	-5,278	-5,124
Cash surplus/-deficit	6	-715	-248	1,961	560	866	968

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 *2018-19 Annual Report on State Finances (ARSF)*, which are described in detail in Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2018-19 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.

(d) Comparative figures

Comparative information has been restated where necessary to match changes in classification advised by the Australian Bureau of Statistics and for changes to applicable Australian Accounting Standards.

NOTE 3: GENERAL GOVERNMENT OPERATING REVENUE

A detailed dissection of general government revenue 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.

	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	Actual	Budget Estimate	Mid-year Revision	Mid-year Revision	Mid-year Revision	Mid-year Revision
	\$m	\$m	\$m	\$m	\$m	\$m
<i>Dividends</i>						
From public non-financial corporations	1,229	1,113	1,101	1,260	1,332	1,360
From public financial corporations	121	89	233	80	72	77
<i>Total dividends</i>	<i>1,350</i>	<i>1,203</i>	<i>1,334</i>	<i>1,341</i>	<i>1,404</i>	<i>1,437</i>
<i>Tax equivalent income</i>						
From public non-financial corporations	577	599	579	688	721	741
From public financial corporations	65	42	49	42	47	53
<i>Total tax equivalent income</i>	<i>642</i>	<i>641</i>	<i>628</i>	<i>730</i>	<i>768</i>	<i>794</i>
Total revenue from public corporations	1,991	1,844	1,962	2,071	2,172	2,231

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						
	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	\$m	Estimate	Revision	Revision	Revision	Revision
	\$m	\$m	\$m	\$m	\$m	\$m
<i>CURRENT TRANSFERS</i>						
Local government	384	389	399	328	312	319
Local government on-passing	-	-	-	-	-	-
Private and not-for-profit sector	1,377	1,647	1,568	1,699	1,657	1,574
Private and not-for-profit sector on-passing	-	-	-	-	-	-
Other sectors of government	2,161	2,087	2,811	2,726	2,792	2,803
<i>Total Current Transfers</i>	<i>3,922</i>	<i>4,123</i>	<i>4,778</i>	<i>4,753</i>	<i>4,761</i>	<i>4,696</i>
<i>CAPITAL TRANSFERS</i>						
Local government	64	39	59	40	34	30
Local government on-passing	-	-	-	-	-	-
Private and not-for-profit sector	87	121	124	124	71	68
Private and not-for-profit sector on-passing	-	-	-	-	-	-
Other sectors of government	338	76	61	143	76	16
<i>Total Capital Transfers</i>	<i>489</i>	<i>235</i>	<i>243</i>	<i>307</i>	<i>181</i>	<i>114</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) introduced to the GFS framework in 2017-18 and published for the first time in Western Australia's whole-of-government disclosures in the 2017-18 *Annual Report on State Finances*. The COFOG presentation has replaced the Government Purpose Classification (GPC) and is in line with reporting by all States and Territories under the UPF.

CLASSIFICATION OF THE FUNCTIONS OF GOVERNMENT (a) General Government

	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	Estimate	Revision	Revision	Revision	Revision	Revision
	\$m	\$m	\$m	\$m	\$m	\$m
<i>Expenses</i>						
General public services	1,329	1,653	1,553	1,553	1,710	1,876
Public order and safety	3,585	3,534	3,542	3,505	3,486	3,510
Economic affairs	1,104	1,336	1,226	1,123	1,025	987
Environmental protection	387	397	400	391	387	385
Housing and community amenities	1,441	1,204	1,252	1,257	1,284	1,221
Health	9,013	9,341	9,154	9,340	9,556	9,806
Recreation, culture and religion	767	736	753	742	715	718
Education	6,260	6,463	6,574	6,728	6,837	7,114
Social protection	2,855	2,747	3,047	2,733	2,774	2,845
Transport	2,308	2,690	2,764	2,436	2,402	2,433
Provisions not allocated ^(b)	-	-300	-300	250	50	-
Total General Government Expenses	29,050	29,801	29,964	30,057	30,226	30,894
<i>Purchases of new non-financial assets</i>						
General public services	113	146	173	91	89	89
Public order and safety	165	246	270	196	196	78
Economic affairs	19	57	35	47	28	14
Environmental protection	38	48	54	51	41	32
Housing and community amenities	89	102	111	73	151	76
Health	199	342	303	292	207	86
Recreation, culture and religion	152	115	148	61	32	22
Education	443	481	530	359	205	196
Social protection	13	8	20	14	11	6
Transport	1,308	1,308	1,334	997	1,217	1,476
Provisions not allocated ^(b)	-	-350	-415	-3	71	400
Total Purchases of Non-financial Assets	2,540	2,505	2,563	2,177	2,248	2,475

(a) Data in this table are for consolidated general government aggregates and exclude internal transactions within the sector. In relation to purchases of non-financial assets, the information in this table represents spending on fixed assets by general government agencies, identified by function as defined in the GFS framework, which may be different to agency totals in the Asset Investment Program.

(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.

Consistent with the presentation in the 2019-20 Budget for reporting periods commencing on or after 1 January 2019 (i.e. from 2019-20), data contained in this appendix are impacted by new accounting standards.

Data for 2018-19 used in the analytical chapters of this Mid-year Review and in the following table have been adjusted to align with the impact of the new standards to aid the reader with comparative and trend information.

Data for 2018-19 compiled on the basis of the prevailing accounting standards are available in the 2018-19 *Annual Report on State Finances*.

Table 2.1

OPERATING REVENUE
General Government

	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	\$m	\$m	Revision	Revision	Revision	Revision
			\$m	\$m	\$m	\$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	3,565	3,750	3,781	3,966	4,201	4,487
Property taxes						
<i>Land tax</i>	807	789	773	776	789	810
Transfer duty	1,073	1,161	1,152	1,252	1,346	1,435
Landholder duty	32	100	31	31	31	31
<i>Total duty on transfers</i>	1,105	1,261	1,183	1,283	1,377	1,466
Metropolitan Region Improvement Tax	89	89	88	88	90	92
Perth Parking Levy	59	59	59	60	60	60
Emergency Services Levy	374	385	386	386	388	397
Loan Guarantee Fees	152	160	158	131	132	135
Building and Construction Industry Training Fund Levy	27	36	37	35	32	33
<i>Total other property taxes</i>	702	730	728	700	701	717
Taxes on provision of goods and services						
Lotteries Commission	180	164	164	166	167	168
Video lottery terminals	-	-	-	-	-	-
Casino tax	59	71	71	71	71	71
Betting tax	25	-	-	-	-	-
Point of Consumption Tax	30	78	78	83	87	92
<i>Total taxes on gambling</i>	294	313	313	320	326	332
Insurance duty	645	677	664	685	709	738
Other	17	19	19	20	20	19
<i>Total taxes on insurance</i>	662	696	683	706	730	757
<i>On-demand Transport Levy</i>	5	30	30	30	30	28
Taxes on use of goods and performance of activities						
Vehicle licence duty	363	373	368	374	381	388
Permits - oversize vehicles and loads	8	8	8	8	8	8
Motor vehicle registrations	995	1,027	1,029	1,086	1,161	1,238
<i>Total motor vehicle taxes</i>	1,367	1,407	1,405	1,467	1,549	1,634
<i>Mining Rehabilitation Levy</i>	31	30	32	32	32	32
<i>Landfill Levy</i>	79	83	83	83	83	83
Total Taxation	8,616	9,088	9,011	9,362	9,818	10,347

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST grants	3,200	3,581	3,559	3,263	3,324	5,467
Commonwealth-funded 70% floor	434	814	814	1,727	1,916	-
North West Shelf grants	886	817	767	617	486	396
Commonwealth compensation for changed crude oil excise arrangements	30	45	31	25	19	16
National Specific Purpose Payment Agreement Grants						
National Agreement for Skills and Workforce						
Development	157	159	158	159	160	162
National Disability Services	167	173	173	-	-	-
National Housing and Homelessness Agreement	164	167	166	169	162	163
Quality Schools	739	826	826	918	1,014	1,114
National Health Reform	2,269	2,375	2,342	2,521	2,660	2,815
Other Grants/National Partnerships						
Health	194	128	178	130	129	81
Housing	-	-	1	1	1	1
Transport	54	153	174	159	76	97
Disability Services	55	54	82	639	140	143
Other ^(a)	251	316	302	297	129	88
Total Current Grants and Subsidies	8,600	9,607	9,573	10,625	10,216	10,543
CAPITAL GRANTS						
Other Grants/National Partnerships						
Housing	251	-	-	-	-	-
Transport ^(a)	663	913	950	1,138	1,250	1,262
Other ^(a)	18	29	30	48	79	45
Total Capital Grants	932	943	980	1,186	1,329	1,307

Note: Columns may not add due to rounding.

Table 2.1 (cont.)

OPERATING REVENUE
General Government

	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Mid-year	Mid-year	Mid-year	Mid-year
	\$m	Estimate	Revision	Revision	Revision	Revision
		\$m	\$m	\$m	\$m	\$m
SALES OF GOODS AND SERVICES						
WA Health	784	760	760	783	795	795
Department of Transport	221	223	224	240	247	253
Department of Education	209	188	205	215	219	220
State Training Providers/TAFE Colleges	115	122	117	116	121	124
Department of Training and Workforce Development	32	36	35	36	37	39
Western Australian Land Information Authority	99	118	93	78	83	94
Department of Biodiversity, Conservation and Attractions	109	107	110	112	113	114
Department of Justice	140	142	145	151	155	160
Department of Mines, Industry Regulation and Safety	148	161	157	145	134	133
All Other	875	867	951	992	1,048	1,107
Total Sale of Goods and Services	2,734	2,724	2,796	2,869	2,953	3,039
INTEREST INCOME	168	160	148	131	130	139
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	1,350	1,203	1,334	1,341	1,404	1,437
Tax Equivalent Regime	642	641	628	730	768	794
Total Revenue from Public Corporations	1,991	1,844	1,962	2,071	2,172	2,231
ROYALTY INCOME	6,713	6,375	7,505	5,930	5,745	5,705
OTHER						
Lease rentals	107	105	105	105	105	105
Fines	224	201	200	202	203	203
Revenue not elsew here counted	370	288	272	275	252	219
Total Other	701	594	577	583	560	527
TOTAL REVENUE	30,456	31,334	32,553	32,757	32,925	33,838

(a) The National Housing and Homelessness Agreement came into effect from 1 July 2018 and replaces the funding previously provided under both the National Affordable Housing Agreement and the National Partnership Agreement on Homelessness.

Note: Columns may not add due to rounding.

Major Spending Changes

Spending changes detailed in this appendix include:

- all material decisions made between the 8 April 2019 cut-off date for the 2019-20 Budget and the 2 December 2019 cut-off date for this Mid-year Review; 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 existing government services.

Any timing changes and accounting adjustments that are broadly net debt neutral across the forward estimates period and changes to depreciation expense are not included in this appendix. Material timing changes are discussed in Chapter 1.

Non-Government Human Services Sector (NGHSS) Indexation Policy

From 1 July 2019, the NGHSS indexation policy was changed to reinstate the original formula - a blended rate of 80% Wage Price Index and 20% Consumer Price Index. This policy change ensures that not-for-profit contracts are indexed to better reflect cost increases in the delivery of community services. As a result, budgeted contract payments to not-for-profit organisations have increased by around \$30 million over the forward estimates period, as shown below.

Table 3.1

NGHSS INDEXATION POLICY CHANGE
Impact on Major Agency Budgets

	2019-20	2020-21	2021-22	2022-23	Total
	\$m	\$m	\$m	\$m	\$m
WA Health	1.2	2.0	4.1	7.6	14.8
Department of Communities	1.1	1.1	2.2	3.7	8.1
Mental Health Commission	0.5	0.7	1.4	2.5	5.0
Department of Justice	0.1	0.2	0.3	0.6	1.2
Department of Education	0.1	0.1	0.2	0.4	0.8
Department of Training and Workforce Development	0.1	0.1	0.1	0.1	0.2
Total	2.9	4.2	8.3	14.8	30.2

Note: Reflects additional budgeted expenditure relative to amounts reported in the 2019-20 Budget adjusted for forecasting variances. Columns/rows may not add due to rounding.

Deferral of Government Regional Officers' Housing Rent Increases

An additional \$4.4 million will be provided over 2019-20 to 2022-23 to agencies to offset the revenue forgone as a result of the Government's one-year deferral of rent increases for public sector workers who access Government Regional Officers' Housing.

Table 3.2

GOVERNMENT REGIONAL OFFICERS' HOUSING
Forgone Rent - Major Agencies

	2019-20	2020-21	2021-22	2022-23	Total
	\$m	\$m	\$m	\$m	\$m
Department of Justice	0.4	0.4	0.4	0.4	1.7
Western Australia Police Force	0.9	0.4	0.2	0.2	1.6
Department of Education	0.1	0.1	0.1	0.1	0.4
Department of Fire and Emergency Services	-(a)	-(a)	-(a)	-(a)	0.2
Department of Communities	0.1	-(a)	-(a)	-(a)	0.2
Department of Primary Industries and Regional Development	-(a)	-(a)	-(a)	-(a)	0.1
Water Corporation	-(a)	-(a)	-(a)	-(a)	0.1
WA Health	-(a)	-(a)	-(a)	-(a)	0.1
North Regional TAFE	-(a)	-(a)	-(a)	-(a)	0.1
Department of Biodiversity, Conservation and Attractions	-(a)	-(a)	-(a)	-(a)	0.1
Total	1.7	1.1	0.8	0.8	4.4

(a) Amount less than \$50,000.
Note: Columns/rows may not add due to rounding.

Major Spending Changes

PARLIAMENT

Table 3.3				
MAJOR SPENDING CHANGES				
	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
PARLIAMENTARY SERVICES				
Expenses				
Project Costs - Parliamentary Precinct	0.1	0.2	0.2	0.1
PARLIAMENTARY COMMISSIONER FOR ADMINISTRATIVE INVESTIGATIONS				
Expenses				
Energy and Water Ombudsman Scheme (Western Australia)	0.3	0.2	0.2	0.2

Parliamentary Services

Expenses

Project Costs - Parliamentary Precinct

A total of \$509,000 over four years to 2022-23 will be spent on project management and agency transition costs related to office accommodation changes for the Parliamentary Precinct in West Perth.

Parliamentary Commissioner for Administrative Investigations

Expenses

Energy and Water Ombudsman Scheme (Western Australia)

An increase in expenditure (and revenue) of \$909,000 over the forward estimates period has been approved to reflect revised estimates of the cost of resolving industry complaints to the Energy and Water Ombudsman.

GOVERNMENT ADMINISTRATION

Table 3.4				
MAJOR SPENDING CHANGES				
	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
PREMIER AND CABINET				
Expenses				
Establishment of Collie Delivery Unit and Coal Advisory Team	1.2	0.7	0.7	0.7
Activate Perth	0.2	-	-	-
Telethon Donation	0.5	-	-	-

Premier and Cabinet

Expenses

Establishment of Collie Delivery Unit and Coal Advisory Team

The Government has committed \$3.3 million over 2019-20 to 2022-23 to establish a Collie Delivery Unit to oversee and support delivery of key economic and social commitments to the Collie region. A Coal Advisory Team has also been established to provide the Government with options to respond to the expected decline in the demand for coal. This initiative is to be funded from within existing provisions of the Collie Industry Attraction and Development Fund.

Activate Perth

An amount of \$200,000 will be provided to 'Activate Perth' in 2019-20 to work with the property industry and community to accommodate start-ups and new small businesses.

Telethon Donation

An additional \$500,000 for the 2019 Telethon appeal has been approved in 2019-20, bringing the total donation to \$3.5 million. The Telethon Institute will allocate \$2 million of the donation to the WA Child Health Research Fund.

FINANCIAL ADMINISTRATION

MAJOR SPENDING CHANGES

Table 3.5

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
TREASURY				
Expenses				
Western Australian Land Information Authority (Landgate)				
Partial Commercialisation	5.2	-	-	-
Board of Treasurers' Secretariat	0.1	0.1	0.1	0.1
OFFICE OF THE AUDITOR GENERAL				
Expenses				
Forensic Audit Capability	1.1	2.2	2.5	3.1
FINANCE				
Expenses				
Off-the-Plan Transfer Duty Rebate (Administered)	-	-	11.6	16.8
Government Accommodation - Asset Management Platform	1.1	2.0	1.8	-
Revenue Collection - System Development Costs	-	0.2	0.4	0.4
Business Case - Western Australia Police Force				
Headquarters	0.6	-	-	-
Project Costs - Parliamentary Precinct	0.2	0.1	- ^(a)	0.1
Asset Investment				
Office Fit-out Works	23.3	-	-	-
Government Accommodation - Asset Management Platform	-5.0	-	-	-
Revenue Collection - System Development Costs	2.1	0.6	-	-

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

Treasury

Expenses

Western Australian Land Information Authority (Landgate) Partial Commercialisation

A \$5.2 million one-off fee was paid in 2019-20 to the lead commercial advisor following completion of the partial commercialisation of Landgate. The partial commercialisation generated up-front proceeds of \$1.41 billion to the State (see Chapter 1: *Financial Projections*).

Board of Treasurers' Secretariat

A total of \$455,000 over the four years to 2022-23 will be contributed to the Board of Treasurers' Secretariat. The Board of Treasurers comprises each State and Territory Treasurer, and is supported by a Secretariat based in South Australia. Each State and Territory contributes to the cost of the Secretariat based on its population share.

Office of the Auditor General

Expenses

Forensic Audit Capability

As part of its initial response to the corruption charges laid against a former senior public servant in the Department of Communities, the Government has approved additional appropriation funding of \$8.9 million over 2019-20 to 2022-23 to enable the Office to establish a new forensic audit branch. Supported by data analytics, this new function will conduct targeted investigations of public sector agencies' accounts and matters related to public money, including contract management and systems.

Finance

Expenses

Off-the-Plan Transfer Duty Rebate (Administered)

The off-the-plan transfer duty rebate, announced as part of the Government's Jobs Package in October 2019, is a stimulus measure targeted at the property and construction sectors, to support jobs in those sectors and promote infill development. It involves the payment of a 75% transfer duty rebate for multi-residential dwellings purchased off-the-plan, and is estimated to cost \$28.4 million over 2021-22 and 2022-23.

Government Accommodation - Asset Management Platform

Expenditure of \$5 million over three years to 2021-22, funded through a reclassification of capital spending, has been allocated to develop a data platform to improve the management of non-residential buildings across the general government sector.

Revenue Collection - System Development Costs

A total of \$1 million will be spent over three years between 2020-21 and 2022-23 on operational costs and amortisation related to the Office of State Revenue system changes to facilitate increases in the payroll tax exemption threshold and the new off-the-plan transfer duty rebate. Related capital expenditure is detailed below.

Increases to the payroll tax threshold, announced as part of the Government's Jobs Package in September 2019, are estimated to result in around 1,000 Western Australian businesses no longer being liable for payroll tax, and a further 11,000 businesses receiving a payroll tax cut. Reducing the payroll tax burden on small and medium businesses will lower the costs associated with employing staff and provide an opportunity for businesses to reinvest.

Business Case - Western Australia Police Force Headquarters

An amount of \$600,000 in 2019-20 has been approved to develop a business case for the potential redevelopment or relocation of the Western Australia Police Force Headquarters.

Project Costs - Parliamentary Precinct

A total of \$400,000 over four years to 2022-23 will be spent on planning and project costs related to office accommodation changes for the Parliamentary Precinct in West Perth.

Asset Investment

Office Fit-out Works

An additional \$23.3 million, funded from landlord lease incentives, will be spent on office fit-out works in 2019-20 across various locations in the Perth Central Business District, Fremantle and Joondalup.

Government Accommodation - Asset Management Platform

Capital expenditure of \$5 million in 2019-20 has been reallocated to recurrent expenditure to fund the Government Accommodation - Asset Management Platform (see above).

Revenue Collection - System Development Costs

In addition to the recurrent component noted above, capital expenditure totalling \$2.7 million over 2019-20 and 2020-21 has been approved for State Revenue system development enhancements required to facilitate increases in the payroll tax exemption threshold and the new off-the-plan transfer duty rebate.

JOBS AND ECONOMIC DEVELOPMENT

Table 3.6

MAJOR SPENDING CHANGES

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
JOBS, TOURISM, SCIENCE AND INNOVATION				
Expenses				
Renewable Hydrogen Fund	-	2.0	3.0	3.5
Brand WA Campaign	2.7	-	-	-
Defence West	2.6	-	-	-
Burrup Infrastructure Package (Administered)	2.1	-	-	-
StudyPerth Action Plan	1.5	-0.4	-0.5	-0.6
Tourism Attractions Case Management Framework ^(a)	0.3	0.4	0.4	0.4
Resources Technology Showcase	0.5	-	-	-
Collie Emergency Services Vehicle Manufacturing	1.8	0.7	-	-
Technology Parks Transfer	-0.9	-1.8	-1.8	-1.8
PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT				
Expenses				
<i>Biosecurity and Agriculture Management Act 2007 - Declared</i>				
Pest Control Activities	-4.8	-1.6	-4.0	-3.3
Broome Chinatown Revitalisation Project	5.5	6.4	-	-
Dampier Peninsula Activation Project	2.7	1.2	-	-
National Browsing Ant Eradication Program - Response Plan for Western Australia	0.8	0.9	1.0	-
Busselton-Margaret River Airport	1.7	-	-	-
Renewable Hydrogen Fund	1.5	-	-	-
Laverton Great Beyond Visitor Centre Expansion Project	0.3	1.0	-	-
Southern Forest Irrigation Scheme - Feasibility Studies	0.4	0.6	-	-
Warmun Aged Care Facility	0.5	-	-	-
Doors Wide Open	0.1	0.1	-	-
Asset Investment				
Frank Wise Research Institute of Tropical Agriculture	0.5	0.8	-	-
MINES, INDUSTRY REGULATION AND SAFETY				
Expenses				
WorkSafe Inspectors	2.1	3.1	3.4	3.4
Coordination of Public Sector Industrial Agreement Negotiations	0.3	0.7	0.7	0.7
Collie Regional Processing Centre	0.3	-	-	-
Home Indemnity Insurance Scheme (Administered)	-6.9	-1.2	0.2	- ^(b)
Government Support Package for Koolyanobbing Iron Ore (Administered)	6.8	10.7	15.5	-9.8
Magnetite Financial Assistance Program (Administered)	3.2	-	-	-
ENERGY POLICY WA				
Expenses				
Energy Transformation Strategy	1.0	-	-	-
ECONOMIC REGULATION AUTHORITY				
Expenses				
Arbitration of Synergy's Potential Breach of the Wholesale Electricity Market Rules	0.4	0.5	-	-
Asset Investment				
Office Refurbishment	0.2	-	-	-
FOREST PRODUCTS COMMISSION				
Asset Investment				
Softwood Estate Land Purchases	2.3	-1.6	-2.2	-1.0

(a) Reprioritisation of existing funds.

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

Jobs, Tourism, Science and Innovation

Expenses

Renewable Hydrogen Fund

The Government has allocated \$10 million over 2019-20 to 2022-23 for a Renewable Hydrogen Fund to facilitate the development of a renewable hydrogen industry in Western Australia. The Fund has been used to meet the costs of establishing the Renewable Hydrogen Unit in the Department of Primary Industries and Regional Development in 2019-20. The Unit, which is responsible for implementing the Western Australian Renewable Hydrogen Strategy and administering the Fund, will transfer to the Department of Jobs, Tourism, Science and Innovation from 1 July 2020.

The Department will spend \$8.5 million over 2020-21 to 2022-23 to progress Western Australian Renewable Hydrogen Strategy and Framework recommendations, facilitate regulatory reform and manage and administer the grants program.

Brand WA Campaign

An additional \$2.7 million will be spent in 2019-20 to deliver the *Brand WA* strategic marketing campaign. This campaign will include national and international promotion of key Western Australian industries and markets to support the local economy.

Defence West

Defence West will spend an additional \$1.5 million in 2019-20 to expand operations and progress key defence initiatives, including strategic infrastructure planning at Henderson.

The Government has also approved \$1.1 million in 2019-20 to support the State's bid to the Commonwealth to relocate Full Cycle Docking of Collins Class submarines to Western Australia.

Burrup Infrastructure Package (Administered)

A grant of \$2 million will be provided to the Water Corporation in 2019-20 to undertake detailed design works to inform a cost estimate to expand the Seawater Supply Scheme in the Burrup Strategic Industrial Area.

A grant of \$110,000 will also be provided to DevelopmentWA in 2019-20 to meet costs associated with providing lease concessions in the Burrup Strategic Industrial Area.

StudyPerth Action Plan

Expenditure of \$1.5 million in 2019-30 has been reprioritised from the period 2020-21 to 2022-23 to meet the Government's contribution towards the costs associated with implementing the StudyPerth Action Plan. The Plan aims to increase the number of overseas students coming to study in Perth.

Tourism Attractions Case Management Framework

Funded from internal reprioritisation, an amount of \$1.5 million over the forward estimates has been provided for three full-time equivalent positions required to deliver the Tourism Attractions Case Management Framework. This framework will assist private sector proponents to navigate the approval processes for tourism developments.

Resources Technology Showcase

A contribution of \$500,000 has been provided in 2019-20 towards the costs of the Resources Technology Showcase 2019. This event promoted technology innovations developed within the Western Australian mining, oil and gas sectors.

Collie Emergency Services Vehicle Manufacturing

The Government has allocated \$2.5 million from the Collie Industry Attraction and Development Fund to facilitate the relocation of an Emergency Services Vehicle manufacturer to Collie.

Technology Parks Transfer

The Technology Parks asset portfolio is being transferred to DevelopmentWA to deliver on the Government's election commitment to bring the Technology Parks under the auspices of the Industrial Lands Authority. As a result, the Department's recurrent expenditure has been revised down by a total of \$6.3 million over the period 2019-20 to 2022-23.

Primary Industries and Regional Development

Expenses

Biosecurity and Agriculture Management Act 2007 (BAM Act) - Declared Pest Control Activities

Regulatory fees and the corresponding BAM Act appropriations have been revised down relative to the 2019-20 Budget forecast, addressing an overstatement of levied rates for declared pest control activities. This revision results in a commensurate decrease in expenditure of \$13.7 million over 2019-20 to 2022-23.

Broome Chinatown Revitalisation Project

The Government will invest \$11.9 million over 2019-20 and 2020-21 on Stage 2 of the Broome Chinatown Revitalisation project in collaboration with the Shire of Broome, strengthening Chinatown's position as Broome's pre-eminent hospitality, entertainment and tourist centre.

Dampier Peninsula Activation Project

An amount of \$3.9 million will be spent over 2019-20 and 2020-21 to implement critical small-scale infrastructure projects in the Dampier Peninsula. This includes the upgrade of priority secondary roads; construction of day-use facilities, such as toilets and shaded areas; the installation of signage and fencing to protect areas of significance; and the implementation of a range of business development programs to help capture the economic opportunities resulting from increased visitor numbers.

National Browsing Ant Eradication Program - Response Plan for Western Australia

The Commonwealth Agreement for the National Browsing Ant Eradication Program - Response Plan provides Western Australia with responsibility to lead the national cost-sharing program. The Department will spend \$2.7 million over 2019-20 to 2021-22, funded in part through contributions from the Commonwealth Government and other jurisdictions, to conduct additional surveillance of high-risk sites and the treatment of infested premises.

Busselton-Margaret River Airport

The Government has allocated \$1.7 million in 2019-20, funded from within existing provisions of the Regional Investment Initiative, to progress the delivery of essential works required for Jetstar to commence a Busselton-to-Melbourne service (planned to operate three days a week) at Busselton-Margaret River Airport.

These works comprise a refurbishment of the existing terminal to handle departures and the construction of a new hanger to be utilised as a temporary arrivals terminal.

Renewable Hydrogen Fund

A total of \$1.5 million from the Government's \$10 million Renewable Hydrogen Fund was allocated to the Department in 2019-20 to establish the Renewable Hydrogen Unit. The Unit, which is responsible for implementing the Western Australian Renewable Hydrogen Strategy, will transfer to the Department of Jobs, Tourism, Science and Innovation from 1 July 2020 (see above).

Laverton Great Beyond Visitor Centre Expansion Project

A grant of \$1.3 million over 2019-20 and 2020-21 will be provided to the Shire of Laverton to deliver upgrades to the visitor centre, which will provide improved and new facilities for tourists and the local community.

Southern Forest Irrigation Scheme - Feasibility Studies

As part of the Project Agreement for the National Water Infrastructure Development Fund, \$1 million in Commonwealth Government contributions will be spent over 2019-20 and 2020-21 on feasibility studies, environmental approvals and engineering works to bring the Southern Forest Irrigation Scheme to construction ready status.

Warmun Aged Care Facility

An amount of \$500,000 will be spent in 2019-20 to undertake remediation works to enable the resumption of operations of the 19-bed residential aged care facility at Warmun in the Kimberley region.

Doors Wide Open

An additional \$200,000 will be spent over 2019-20 and 2020-21 for the ongoing operation of Doors Wide Open, a not-for-profit organisation providing access to support services to individuals and families experiencing methamphetamine issues in Bunbury.

Asset Investment***Frank Wise Research Institute of Tropical Agriculture***

Capital expenditure of \$1.3 million has been approved over 2019-20 and 2020-21 to demolish and rebuild three new laboratories at the Frank Wise Tropical Research Institute in Kununurra. This will provide quality laboratory facilities to meet the diverse needs of a significant agricultural research institute and deliver quality science and innovative collaboration between the public and private sector research community.

Mines, Industry Regulation and Safety

Expenses

WorkSafe Inspectors

The Government has committed an additional \$12.2 million over four years from 2019-20 to employ 21 additional safety inspectors and three support staff to increase the operational capacity of the WorkSafe Division.

Coordination of Public Sector Industrial Agreement Negotiations

An additional \$2.4 million will be spent over four years from 2019-20 to enhance the capability of the Public Sector Labour Relations Division, which is responsible for leading and negotiating industrial agreements on behalf of the Government.

Collie Regional Processing Centre

An amount of \$300,000 will be spent in 2019-20, funded from within existing provisions of the Collie Industry Attraction and Development Fund, to establish a new regional processing centre in Collie. The centre will be responsible for a range of occupational licence assessment work that was previously undertaken in Perth.

Home Indemnity Insurance Scheme (Administered)

Expenditure on the State's Home Indemnity Insurance scheme is projected to decrease by \$7.9 million over four years from 2019-20 as a result of a revised actuarial assessment of the State's current and projected claims exposure under the scheme. The decrease in expenditure will be partially offset by lower premium revenue, resulting in a net debt improvement of \$2.6 million over the same period. The State Government has been fully underwriting the scheme in Western Australia since 2013-14.

Government Support Package for Koolyanobbing Iron Ore (Administered)

The estimated expenditure on the full royalty rebate paid to Mineral Resources Limited for continuation of iron ore mining at Koolyanobbing has been revised up by \$23.3 million over the forward estimates period. This revision is fully offset by revised iron ore price, exchange rate and volume assumptions, with the assistance cap of 30 million tonnes now expected to be achieved by 2022-23 rather than 2023-24.

Magnetite Financial Assistance Program (Administered)

Expenditure on royalty rebates under the program (ceasing 31 December 2019) is expected to increase by \$3.2 million in 2019-20, reflecting the impact of revised iron ore price and exchange rate assumptions.

Energy Policy WA

Expenses

Energy Transformation Strategy

An additional \$1 million will be spent in 2019-20 to support the Government's Energy Transformation Strategy. This includes set-up costs for Energy Policy WA, which was established on 5 September 2019 as a sub-department of the Department of Mines, Industry Regulation and Safety.

Economic Regulation Authority

Expenses

Arbitration of Synergy's Potential Breach of the Wholesale Electricity Market Rules

The Authority will spend \$800,000 in 2019-20 and 2020-21 on legal costs related to the arbitration of Synergy's alleged breaches of the Wholesale Electricity Market Rules. These costs are recovered from electricity market participants.

Asset Investment

Office Refurbishment

An amount of \$215,000 will be spent in 2019-20 to refurbish the Authority's office in Albert Facey House in Perth.

Forest Products Commission

Asset Investment

Softwood Estate Land Purchases

The Commission has reduced its Softwood Estate Land Purchases program by \$2.5 million in alignment with its revised operating outlook.

HEALTH

MAJOR SPENDING CHANGES

Table 3.7

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
WA HEALTH				
Expenses				
Election Commitment - Royal Perth Hospital Medihotel	-	-	0.3	0.3
Multi-Purpose Services Agreement	32.0	32.0	32.0	-
Maintenance Package	24.8	48.2	8.5	-
Other Commonwealth Agreements	15.9	0.2	0.2	-
Enhancing Palliative Care Services	1.0	2.7	6.5	7.6
Yanchep Health Centre	-	8.1	-	-
Asset Investment				
Election Commitment:				
- Royal Perth Hospital Medihotel	-	3.0	-	-
- Joondalup Health Campus	0.4	-35.7	25.4	20.2
- Collie Hospital Upgrade	0.9	4.2	7.0	-
- Bunbury Hospital	0.3	6.8	4.7	0.1
Fremantle Hospital Theatre Air-Conditioning Upgrade	-	-	2.3	2.3
Royal Perth Hospital Aseptic Unit Upgrade	-	0.6	3.5	-
Royal Perth Hospital Helipad	-	2.7	-	-
Newman Health Service Development Project	5.0	-	-	-
King Edward Memorial Hospital Façade Cladding Remedial Works	1.6	-	-	-
Radiopharmaceutical Production (including Cyclotron)	0.7	-	-	-

WA Health

Expenses

Election Commitment - Royal Perth Hospital Medihotel

An additional \$3.6 million (\$644,000 recurrent expenditure and \$3 million in capital investment) will be spent over 2020-21 to 2022-23 to establish a Medihotel at Royal Perth Hospital. The facility will provide alternative accommodation for clinically stable patients to access hospital services whilst freeing up beds on acute wards for more clinically appropriate patients.

Multi-Purpose Services Agreement

Commonwealth funding of \$96.1 million will be spent over 2019-20 to 2021-22 to improve access to, and delivery of, a range of health and aged care services in rural and remote communities. This Agreement enables the continuation of existing services provided by the Western Australian Country Health Service since 2016.

Maintenance Package

As part of the Government's maintenance package announced in September 2019, a total of \$81.5 million will be spent over 2019-20 to 2021-22 on priority maintenance works across 89 health sites across metropolitan and regional Western Australia. This will improve conditions for patients and staff and create local employment opportunities.

Other Commonwealth Agreements

Additional Commonwealth funding of \$16.3 million will be spent over 2019-20 to 2021-22, primarily on Public Dental Services for Adults (\$7.3 million) and Indigenous Australians Health Program - Primary Care (\$7.5 million). This funding enables the continuation of existing services provided by WA Health.

Enhancing Palliative Care Services

An additional \$17.8 million will be spent over 2019-20 to 2022-23 to enhance palliative care services in metropolitan and regional Western Australia. This will provide an additional 10 inpatient palliative care beds in the northern suburbs, expand community-based services across both metropolitan and regional Western Australia, and enhance rural and regional palliative care services.

Yanchep Health Centre

A provision of \$8.1 million in 2020-21 has been approved to enable WA Health to co-develop a new health centre at Yanchep. The Yanchep Health Centre is estimated to cost \$20.8 million, with the remaining funds expected to be provided by the Commonwealth Government (\$10.4 million) and Edith Cowan University (\$2.3 million).

Asset Investment***Election Commitment - Royal Perth Hospital Medihotel***

See above.

Election Commitment - Joondalup Health Campus

The State Government will invest an additional \$96 million from 2019-20 to 2025-26 in the Joondalup Health Campus Stage 2 Development project. This will bring the total cost of this project to \$256.7 million (with \$158 million funded by the Commonwealth Government). The expansion project will include 12 additional emergency department beds, six additional critical care beds, an operating theatre, a catheter laboratory, a specialised urgent care clinic, 30 new mental health beds, capacity for more than 90 additional public inpatient beds, and more parking bays for visitors and staff.

Election Commitment - Collie Hospital Upgrade

A total of \$12.2 million will be spent from 2019-20 to 2021-22 to upgrade facilities at Collie Hospital. This project involves the full refurbishment of the hospital's operating theatre to ensure patients are able to continue to receive treatment close to home.

Election Commitment - Bunbury Hospital

The Government has approved additional expenditure totalling \$11.8 million over 2019-20 to 2022-23 for high-priority critical infrastructure initiatives at Bunbury Hospital, including an additional Emergency Theatre, Fast Track Patient Treatment Bays, a Mental Health Observation Unit and increased car parking bays.

Fremantle Hospital Theatre Air-Conditioning Upgrade

An additional \$4.5 million will be spent over 2021-22 and 2022-23 to upgrade air-conditioning systems across all eight operating theatres, and two procedure rooms at Fremantle Hospital, bringing the total cost of the project to \$8.7 million.

Royal Perth Hospital Aseptic Unit Upgrade

To ensure compliance with Australian regulatory standards and to mitigate safety risks to patients and staff, \$4.1 million will be spent over 2020-21 and 2021-22 to upgrade the Aseptic Unit at Royal Perth Hospital.

Royal Perth Hospital Helipad

In order to facilitate the use of larger helicopters at the Royal Perth Hospital Helipad, upgrades totalling \$2.7 million have been approved in 2020-21. Additional works include replacing the external staircase with a fully enclosed fire-rated staircase, extension of the blade wall outside the inbound patient reception area and associated signage. This will bring the total cost of the project to \$9.5 million.

Newman Health Service Development Project

An additional \$5 million, funded from the settlement with BHP over the payment of past royalties, will be spent in 2019-20 to provide extra inpatient beds and a procedure room. This brings total investment in this project to \$52.4 million and will contribute to better service delivery and patient outcomes.

King Edward Memorial Hospital Façade Cladding Remedial Works

An amount of \$1.6 million will be spent in 2019-20 to complete façade cladding fire remediation works at King Edward Memorial Hospital.

Radiopharmaceutical Production (including Cyclotron)

An amount of \$700,000 will be spent in 2019-20 to undertake planning to secure the future production of radiopharmaceutical products in Western Australia.

EDUCATION AND TRAINING

MAJOR SPENDING CHANGES

Table 3.8

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
EDUCATION				
Expenses				
Schools Maintenance Package	99.9	100.1	-	-
Revision to Student Enrolment Forecasts - Government Schools	-2.0	-13.5	-29.2	-48.6
Low Interest Loan Scheme	-1.4	-2.6	-3.6	-4.6
Expansion of the School Curriculum and Standards Authority's International Education Program	0.8	1.5	2.1	2.2
TAFE Auspicing Fees for Vocational Education and Training	-1.3	-1.5	-1.5	-1.5
Revision to Student Enrolment Forecasts - Non-Government Schools (Administered)	-0.8	-0.2	-0.4	-0.3
Teacher Registration Board of Western Australia	0.6	-	-	-
Asset Investment				
Election Commitment - Kiara College Upgrades	2.0	4.0	6.0	-
2022 New Primary Schools Program	2.6	41.7	6.3	5.0
Hedland Senior High School Upgrades	5.0	10.0	-	-
Mount Lockyer Primary School	-	5.0	6.5	0.7
Asset Investment Program Savings	-8.0	-	-	-
Aveley Secondary College - Stage 2 Expansion	2.0	2.2	-	-
Perth Modern School Auditorium	2.6	4.9	1.9	-
TRAINING AND WORKFORCE DEVELOPMENT/TAFE COLLEGES				
Expenses				
Vocational Education and Training Fee Relief and Update of Financial Projections	19.1	20.5	5.7	-7.5
TAFE Auspicing Fees for Vocational Education and Training	0.8	0.9	1.0	1.0
Asset Investment				
Vocational Education and Training Fee Relief and Update of Financial Projections	0.1	1.6	-2.6	-2.0
BUILDING AND CONSTRUCTION INDUSTRY TRAINING BOARD				
Expenses				
Removal of the Building and Construction Industry Training Fund Levy Exemption for the Resource Sector	4.4	4.0	5.1	4.9
Alignment to 2019-20 Operational Plan	3.2	3.3	-0.9	0.5

Education

Expenses

Schools Maintenance Package

A total of \$200 million will be spent over 2019-20 and 2020-21 on priority maintenance works across all 789 government schools in Western Australia, including targeted upgrades and refurbishments, as part of the Government's maintenance package announced in September 2019.

Revision to Student Enrolment Forecasts - Government Schools

Slightly lower student enrolment forecasts have resulted in recurrent expenditure for government schools being revised down by a total of \$93.3 million from 2019-20 to 2022-23. The revised forecasts incorporate the Semester 2 2019 schools census, application of the latest population projections for Western Australia, and a revision to the forecast government share of total student enrolments.

Low Interest Loan Scheme

Expenditure relating to the Low Interest Loan Scheme (LILS) has been revised down by a total of \$12.2 million over the four years to 2022-23, reflecting up-to-date parameter forecasts of the LILS loan portfolio and a forecast decline in market interest rates.

Expansion of the School Curriculum and Standards Authority's International Education Program

An additional \$6.6 million will be spent from 2019-20 to 2022-23 to implement a phased expansion of the School Curriculum and Standards Authority's International Education Program. Following interest from international schools, and forming part of the Government's International Education Strategy, this initiative licenses and supports the delivery of the Western Australia Certificate of Education, the Australian Matriculation Program, and the Kindergarten to Year 10 Western Australian Curriculum and Assessment Outline to offshore international schools.

TAFE Auspicing Fees for Vocational Education and Training

A total of \$5.8 million will be redirected to the TAFE sector to reflect an increase in the TAFE share of Vocational Education and Training auspicing services in public schools following the deregistration of two major private training providers in 2019. The redirected spending also accounts for an increase in fees to ensure the ongoing viability of TAFE auspicing services.

Revision to Student Enrolment Forecasts - Non-Government Schools (Administered)

Recurrent per-capita grants to non-government schools have been revised down by a total of \$1.7 million over 2019-20 to 2022-23 to account for a downward revision to forecast student enrolments.

Teacher Registration Board of Western Australia

A total of \$607,000 will be spent in 2019-20 (funded from cash reserves) to meet the operational costs of increased activity by the Teachers Registration Board resulting from a large cohort of teachers' registrations falling due for renewal.

Asset Investment

Election Commitment - Kiara College Upgrades

A total of \$12 million from 2019-20 to 2021-22 will be invested in capital upgrades to modernise Kiara College's facilities and address outstanding maintenance issues. These works will include the expansion of supporting infrastructure for the agriculture program and a new performing arts facility.

2022 New Primary Schools Program

An additional \$55.7 million will be invested over 2019-20 to 2022-23 to expand the existing program for new primary schools opening in the 2022 school year. The program includes the Government's election commitment for a new primary school located in Burns Beach, four new primary schools of increased capacity, and an Education Support Facility.

Hedland Senior High School Upgrades

Funded from the settlement with BHP over the payment of past royalties, a total of \$15 million will be invested over 2019-20 and 2020-21 at Hedland Senior High School for additional classroom capacity, covered recreational areas and upgrades and repairs to specialist rooms, classrooms and Hardie House.

Mount Lockyer Primary School

An additional \$12.2 million will be invested from 2020-21 to 2022-23 for the rebuild of Mount Lockyer Primary School, including construction of new classrooms, a new administration building and the refurbishment of existing classrooms built in the 1970s. These works are funded by redirecting savings achieved within Education's Asset Investment Program (AIP, see below) and an existing provision from the Royalties for Regions program.

Asset Investment Program Savings

Savings of \$8 million in 2019-20 have been realised within Education's AIP and redirected towards projects at Mount Lockyer Primary School and Aveley Secondary College. The savings are primarily driven by competitive tender results from the construction market.

Aveley Secondary College - Stage 2 Expansion

Additional capital investment of \$4.2 million over 2019-20 and 2020-21 will increase the scope of the Stage 2 expansion at Aveley Secondary College to incorporate a second storey classroom block (providing eight additional classrooms and increased permanent student capacity). These works are funded by redirecting savings achieved within the Department's AIP (noted above).

Perth Modern School Auditorium

Investment totalling \$9.4 million from 2019-20 to 2021-22 has been approved for the construction of a 700-seat auditorium at Perth Modern. The project has been primarily funded through school community donations.

Training and Workforce Development/TAFE Colleges

Expenses

Vocational Education and Training Fee Relief and Update of Financial Projections

As part of its Jobs Package announced in October 2019, the Government has committed an additional \$37.8 million to facilitate a 50% fee reduction and course fee caps for 34 vocational education and training (VET) courses over a two-year period from 2020. The fee reductions are designed to address emerging skills shortages and support the delivery of key Government priorities, including the National Disability Insurance Scheme (NDIS).

TAFE Auspicing Fees for Vocational Education and Training

An additional \$3.7 million will be spent by the TAFE Colleges from 2019-20 to 2022-23 to expand the provision of VET auspicing services in public schools. This follows the deregistration of two major private training providers in 2019.

Asset Investment

Vocational Education and Training Fee Relief and Update of Financial Projections

An additional \$4 million will be invested over 2019-20 and 2020-21 to upgrade existing TAFE facilities, particularly in regional areas, in order to support training delivery related to the NDIS. This increase is offset by the reprioritisation and revised timing of capital works at TAFEs.

Building and Construction Industry Training Board

Expenses

Removal of the Building and Construction Industry Training Fund Levy Exemption for the Resource Sector

Following the removal of the levy exemption for the resource sector in October 2018, spending will rise by \$18.3 million over 2019-20 to 2022-23 to provide training subsidies to eligible apprentices and trainees engaged in engineering construction work.

Alignment to 2019-20 Operational Plan

Expenditure has been revised up by \$6.2 million from 2019-20 to 2022-23 to support new apprenticeship commencements in the building and construction industry.

COMMUNITY SAFETY

MAJOR SPENDING CHANGES

Table 3.9

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
WESTERN AUSTRALIA POLICE FORCE				
Expenses				
Body Armour	6.3	12.9	-	-
Rockingham and Midland Police and Community Youth Centres (PCYC)	2.9	3.0	-	-
Operation Heat Shield	5.0	-	-	-
Fremantle Police Complex	0.6	-	-	-
Commonwealth Programs Update	1.1	-	-	-
Road Trauma Trust Account - Drug and Alcohol Testing	0.1	-	-	-
Corporate Headquarters Planning	0.5	-	-	-
JUSTICE				
Expenses				
Election Commitment - Alcohol and Other Drug Rehabilitation Unit at Casuarina Prison	1.8	5.7	5.8	6.2
Election Commitment - High Risk Offenders Board	1.1	2.5	3.5	4.9
Fines Enforcement Reform	0.2	4.7	5.1	6.0
Acacia Prison Contract Team	1.0	0.9	-	-
Melaleuca Remand and Reintegration Facility	-(a)	-(a)	-(a)	-(a)
Asset Investment				
Election Commitment - Alcohol and Other Drug Rehabilitation Unit at Casuarina Prison	0.7	-	-	-
Election Commitment - High Risk Offenders Board	-	-	0.5	-
Fines Enforcement Reform	1.0	-	-	-
LEGAL AID COMMISSION OF WESTERN AUSTRALIA				
Expenses				
Election Commitment - High Risk Offenders Board	0.1	0.2	0.3	0.4
Funding for Community Legal Centres	1.4	-	-	-
Fines Enforcement Reform	0.5	1.0	1.0	1.1
National Partnership Agreement - Lawyer Assisted Mediation Trial	0.3	0.6	0.3	-
National Partnership Agreement - Family Advocacy and Support Services	1.0	-	-	-
FIRE AND EMERGENCY SERVICES				
Expenses				
Bushfire Planning and Policy Review	0.1	0.1	-	-
Asset Investment				
Bushfire Centre of Excellence	8.6	7.2	1.0	-
CHEMISTRY CENTRE (WA)				
Expenses				
Additional Recurrent Appropriations	2.7	1.6	1.7	1.6
Additional Maintenance Expenses	0.2	0.4	0.4	0.4

(a) Amount not disclosed in order to avoid prejudicing commercial negotiations.

Western Australia Police Force

Expenses

Body Armour

The Government has committed a total of \$19.2 million over 2019-20 and 2020-21 to provide personal-issue body armour to every operational police officer (this includes \$15.4 million provisionally allocated in the 2019-20 Budget). The armour will provide protection from edged weapons and ballistic threats.

Rockingham and Midland Police and Community Youth Centres (PCYC)

Grants totalling \$5.9 million will be provided to the PCYC over 2019-20 and 2020-21 for refurbishments and upgrades to the Rockingham and Midland centres. Works include a new multi-purpose hall at the Midland centre and roof replacement and skate park upgrades at the Rockingham centre.

Operation Heat Shield

The Government has allocated an additional \$5 million in 2019-20 to enable the Western Australia Police Force to deliver approximately 55,000 additional hours of police patrols across Western Australia between December 2019 and May 2020. The operation aims to tackle the rise in crime rates historically experienced during the summer months.

Fremantle Police Complex

Additional recurrent expenditure of \$597,000 in 2019-20 has been approved for the planning of a new major police complex in Fremantle.

Commonwealth Programs Update

Additional Commonwealth funding totalling \$1.1 million will be spent in 2019-20 under the *Living Safe Together Intervention Program*, planning for integration into the National Criminal Intelligence System, and for systems upgrades for Australian Firearms Information Network integration.

Road Trauma Trust Account - Drug and Alcohol Testing

A one-off increase in recurrent expenditure of \$115,000 in 2019-20 has been approved for the Increased Breath and Drug Testing Program and the Increased Roadside Alcohol and Drug Testing Program, both delivered by the Western Australia Police Force and funded from the Road Trauma Trust Account.

Corporate Headquarters Planning

An additional \$460,000 will be spent in 2019-20 to support the Department of Finance's development of a business case investigating accommodation options for Western Australia Police Force's corporate headquarters.

Justice

Expenses

Election Commitment - Alcohol and Other Drug Rehabilitation Unit at Casuarina Prison

Consistent with the Government's election commitment, an additional \$20.2 million (\$19.5 million in recurrent expenditure and \$700,000 in capital investment) over 2019-20 to 2022-23 has been approved to establish a male alcohol and other drug rehabilitation unit at Casuarina Prison.

Election Commitment - High Risk Offenders Board

An additional \$12.5 million (\$12 million in recurrent expenditure and \$500,000 in capital investment) will be spent over 2019-20 to 2022-23 to implement the Government's election commitment to establish a High Risk Offenders Board. The Board will oversee the assessment and management of those offenders who have served their custodial sentence but remain subject to detention or supervision in the community, post-release.

Fines Enforcement Reform

The Government has approved \$17 million (\$16 million in recurrent expenditure and \$1 million in capital investment) over 2019-20 to 2022-23 to implement the legislative reforms associated with its election commitment to ensure that imprisonment for fine default is an option of last resort.

Acacia Prison Contract Team

Justice will spend an additional \$1.9 million over two years to 2020-21 to manage the re-tendering of the contract to deliver custodial and associated services at Acacia Prison.

Melaleuca Remand and Reintegration Facility

Future service delivery options for the Melaleuca Remand and Reintegration Facility are currently being explored. While an expenditure provision has been included in this Mid-year Review, the financial implications have not been disclosed at this time, in order to avoid prejudicing commercial negotiations.

Asset Investment

Election Commitment - Alcohol and Other Drug Rehabilitation Unit at Casuarina Prison

See above.

Election Commitment - High Risk Offenders Board

See above.

Fines Enforcement Reform

See above.

Legal Aid Commission of Western Australia

Expenses

Election Commitment - High Risk Offenders Board

An additional \$1 million will be spent over 2019-20 to 2022-23 to provide additional legal services, as part of the Government's election commitment to establish a High Risk Offenders Board.

Funding for Community Legal Centres

To maintain 2018-19 levels of service delivered by the community legal centre (CLC) sector, an additional \$1.4 million will be spent in 2019-20 on grants to CLCs. The increase in expenditure is funded from the Confiscation Proceeds Account, administered under the *Criminal Property Confiscation Act 2000*.

Fines Enforcement Reform

The Commission will spend an additional \$3.6 million over 2019-20 to 2022-23 to implement the legislative reforms associated with the Government's election commitment to ensure that imprisonment for fine default is an option of last resort.

National Partnership Agreement - Lawyer Assisted Mediation Trial

A total of \$1.2 million will be spent over 2019-20 to 2021-22 on a trial related to lawyer-assisted mediation for eligible family law property matters.

National Partnership Agreement - Family Advocacy and Support Services

An additional \$1 million will be spent in 2019-20 on the provision of duty lawyer services and family violence support services at the Family Court of Western Australia, including regional circuits.

Fire and Emergency Services

Expenses

Bushfire Planning and Policy Review

In line with recommendations from the *Bushfire Planning and Policy Review*, an additional \$219,000 will be spent over 2019-20 and 2020-21 to develop new mapping that will better identify bushfire prone areas throughout the State.

Asset Investment

Bushfire Centre of Excellence

The Government has approved investment totalling \$16.8 million over 2019-20 to 2021-22 for the construction of a purpose-built, stand-alone Bushfire Centre of Excellence at the Peel Business Park in Nambeelup. The facility will enhance the State's bushfire fighting capability by accelerating training, undertaking research and development, and strengthening relationships with emergency services volunteers.

Chemistry Centre (WA)

Expenses

Additional Recurrent Appropriations

Following a review of the Chemistry Centre's financial sustainability, the Chemistry Centre (WA) will receive additional appropriation funding totalling \$7.6 million over the forward estimates period. The additional appropriations will ensure the Chemistry Centre is sustainably funded to deliver its unique functions to the Western Australian community.

Additional Maintenance Expenses

The Chemistry Centre (WA) will spend an additional \$1.4 million from 2019-20 to 2022-23 on increased maintenance costs associated with its planned asset replacement program. These costs will ensure that the Centre's specialised scientific equipment operates within certified levels of accuracy, reliability and availability.

COMMUNITY SERVICES

Table 3.10

MAJOR SPENDING CHANGES

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
COMMUNITIES				
Expenses				
Election Commitment - Dalyellup Family Centre	0.1	0.4	0.3	0.3
Housing and Homelessness Investment Package				
- Housing First Homelessness Initiative	-	6.5	6.7	6.9
- Online Homelessness Services Database	0.3	1.0	0.3	0.3
Additional Funding for 24/7 National Affordable Housing Agreement Services	1.9	-	-	-
Commonwealth Agreements - Women's Safety Initiatives	0.7	0.5	0.6	-
Tranby Centre Northbridge - Extension of Opening Hours	0.5	-	-	-
Asset Investment				
Election Commitment - Kiara College	-2.0	-4.0	-6.0	-
Housing and Homelessness Investment Package				
- Social Housing Construction	-	77.2	47.8	-
- Common Ground Facilities	-	-	2.0	20.0
- Shared Equity	-	9.6	9.6	-
- Social Housing Refurbishments	-	3.0	3.0	-
Housing Authority Outlook Update	-3.4	-56.1	-56.5	35.9
METRONET - Social and Affordable Housing and Jobs Package	1.7	-7.7	8.3	4.2
LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES				
Expenses				
Eaton Community Hub	-	1.0	-	-
Asset Investment				
New Museum - 100% Exhibition Fit-out	5.0	-	-	-
WESTERN AUSTRALIAN SPORTS CENTRE TRUST				
Asset Investment				
Optus Stadium Universal Access Works and Rooftop Climb Modifications	0.8	4.1	-	-

Communities

Expenses

Election Commitment - Dalyellup Family Centre

Recurrent expenditure of \$1 million over the forward estimates (a total of \$1.5 million to 2024-25) will be used to procure family and child-oriented services in support of the Government's election commitment for a Dalyellup Family Centre. The additional expenditure on new services is offset by a reduction in asset investment spending previously allocated to this commitment, which is not required following identification of appropriate existing infrastructure for the facility.

Housing and Homelessness Investment Package

The Government has allocated spending of \$22 million over 2020-21 to 2022-23 (\$36.8 million to 2024-25) under the Housing and Homelessness Investment Package for the following homelessness initiatives:

- ***Housing First Homelessness Initiative*** - \$34.5 million between 2020-21 and 2024-25 to expand the successful Housing First approach to reducing homelessness across the Perth area and Bunbury, Mandurah, Rockingham and Geraldton. These services will target rough sleeping and support the outcomes under the Government's *All Paths Lead to a Home: Western Australia's 10-Year Strategy on Homelessness* (the *Homelessness Strategy*); and
- ***Online Homelessness Services Database*** - \$2.3 million between 2019-20 and 2024-25 on developing and maintaining an online homelessness services database which will facilitate improved coordination across the State's homelessness response system.

Additional Funding for 24/7 National Affordable Housing Agreement Services

An additional \$1.9 million has been allocated in 2019-20 to execute contract variations with providers of 24/7 National Affordable Housing Agreement services and address not-for-profit sector concerns regarding the impact of the 2012 Fair Work Australia Equal Remuneration Order on the financial sustainability of these services.

Commonwealth Agreements - Women's Safety Initiatives

The Commonwealth Government will provide \$1.9 million over three years to 2021-22 to fund measures which support women and their children who have experienced family or domestic violence to stay in their home or a home of their choice (where it is safe to do so).

Tranby Centre Northbridge - Extension of Opening Hours

An additional \$500,000 will be spent in 2019-20 to temporarily extend the daily operating hours of the Tranby Centre, a service which provides on-the-ground assistance to people experiencing homelessness in the City of Perth.

Asset Investment

Election Commitment - Kiara College

In exchange for the transfer of 16.8 hectares of freehold land neighbouring Kiara College from the Western Australian Planning Commission, the Department's land acquisition budget has been reduced by \$12 million over 2019-20 to 2021-22.

Housing and Homelessness Investment Package

The Government has allocated additional asset investment of \$172.2 million over the forward estimates period (\$185.2 million to 2023-24) under the Housing and Homelessness Investment Package to increase the Government's investment in homelessness services and social and affordable housing, including the following initiatives:

- ***Social Housing Construction*** - \$125 million in 2020-21 and 2021-22 to construct an additional 300 social housing dwellings, with the additional housing capacity allocated to the priority housing waiting list;
- ***Common Ground Facilities*** - \$35 million over 2021-22 to 2023-24 to construct two Common Ground model homelessness facilities. This investment will provide permanent supported housing to vulnerable rough sleepers with complex needs, providing specially designed accommodation alongside security and support services;
- ***Shared Equity*** - \$19.2 million over 2020-21 and 2021-22 to expand the Department's Shared Home Ownership program, which provides a pathway to home ownership to low-income groups through a co-ownership arrangement with the Department. The investment will facilitate an additional 200 loans in partnership with Keystart; and
- ***Social Housing Refurbishments*** - \$6 million over 2020-21 and 2021-22 on refurbishments for 70 existing social housing dwellings across the Perth metropolitan area (50 dwellings) and regional areas (20 dwellings).

Housing Authority Outlook Update

The Housing Authority's asset investment spending has been revised down by \$80.1 million over the forward estimates period, reflecting lower sales revenue (and associated land development activities) due to continued soft property market conditions.

However, as noted above, the Government has allocated additional funding to social and affordable housing investment through the Housing and Homelessness Investment Package.

METRONET - Social and Affordable Housing and Jobs Package

Asset investment under Communities' METRONET Social and Affordable Housing and Jobs Package has been revised up by \$6.5 million over the forward estimates period to reflect updated estimates of project timeframes.

Local Government, Sport and Cultural Industries

Expenses

Eaton Community Hub

An additional \$1 million in 2020-21 has been approved for the construction of a new multi-use facility to accommodate the Eaton Bowling Club and the Dardanup Senior Citizens group.

Asset Investment

New Museum - 100% Exhibition Fit-out

Additional capital investment of \$5 million has been approved in 2019-20 to deliver the 'Changes Gallery' which will achieve the complete fit-out of all exhibition galleries within the New Museum.

Western Australian Sports Centre Trust

Asset Investment

Optus Stadium Universal Access Works and Rooftop Climb Modifications

An amount of \$4.9 million will be spent over 2019-20 and 2020-21 on the design and construction of an accessible lift (and associated infrastructure), and the necessary modifications to the Optus Stadium roofline, to establish an Optus Stadium Rooftop Climb attraction.

TRANSPORT

MAJOR SPENDING CHANGES

Table 3.11

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
TRANSPORT				
Expenses				
Transport Infrastructure Projects Information Campaign	3.4	2.5	0.2	-
Westport Planning	2.4	-	-	-
Fremantle Container Rail Subsidy	0.5	1.9	7.2	8.6
COMMISSIONER OF MAIN ROADS				
Expenses				
Third Party Works	34.0	-	-	-
Commonwealth Priority Road Projects Recashflow	16.0	8.8	-13.8	4.0
Road Transfers to Local Governments and Private Entities	12.1	-	-	-
Operating Expenditure Update	-1.5	-1.5	-1.5	-1.5
Commonwealth Bridges Renewal Program	-	2.6	-	-
Asset Investment				
Commonwealth Priority Road Projects Recashflow	60.4	84.3	333.4	165.6
Urban Congestion Fund - Priority Projects	0.7	30.7	27.0	11.9
Onslow Road	13.2	-	-	-
Karel Avenue	4.8	-	-	-
PUBLIC TRANSPORT AUTHORITY OF WESTERN AUSTRALIA				
Expenses ^(a)				
Optus Stadium Special Event Public Transport Costs	3.8	4.1	-	-
METRONET - Communications and Stakeholder Engagement	0.4	0.5	0.4	0.2
Revised Interest Expenses	-18.0	-29.5	-34.0	-30.7
Asset Investment				
Election Commitment - METRONET - Thornlie-Cockburn Link and Yanchep Rail Extension - Tender Outcomes	-120.9	119.7	41.8	136.4
METRONET - Lakelands Station	17.4	56.0	8.0	-
Replacement of Escalators and Lifts at Subiaco Station	2.1	5.2	-	-
PILBARA PORTS AUTHORITY				
Asset Investment				
Dampier Cargo Wharf Extension - Geotechnical Works	5.0	-	-	-
SOUTHERN PORTS AUTHORITY				
Expenses ^(a)				
Government Support Package for Koolyanobbing Iron Ore	2.6	-7.3	-12.7	2.5

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

Transport

Expenses

Transport Infrastructure Projects Information Campaign

The State Government is embarking on a record road and rail building program, with more than \$8 billion to be spent over the forward estimates period. The construction program is expected to cause significant disruption for commuters in the short term. As a result, \$6.2 million has been approved over 2019-20 to 2021-22 to inform the public of ways to minimise the impacts of the short term disruptions. Of this amount, \$3 million will be internally funded from within the Transport portfolio.

Westport Planning

The Government has approved an additional \$2.4 million in 2019-20 on the Westport Taskforce to enable it to complete a second round of multi-criteria analysis and a rapid cost-benefit analysis of shortlisted options.

Fremantle Container Rail Subsidy

An additional \$18.1 million over 2019-20 to 2022-23 has been provided to meet the cost of the Fremantle Container Rail Subsidy which will be required once the preferred proponent for the North Quay Rail Terminal operator has been agreed.

Commissioner of Main Roads**Expenses*****Third Party Works***

An additional \$34 million is expected to be spent in 2019-20 on works conducted for, and funded by, third parties (for example, mining companies).

Commonwealth Priority Road Projects Recashflow

An additional \$15 million in Commonwealth funding will be expensed over 2019-20 to 2022-23 reflecting the bring-forward of the Duncan Road and Gordon Downs Road, and Tanami Road (local roads) projects¹ from beyond the forward estimates period. See *Asset Investment* section below for further detail.

Road Transfers to Local Governments and Private Entities

The total value of road transfers from the State to local government and private entities is expected to increase by \$12.1 million in 2019-20, including transfers of sections of the Bussell and Coalfields Highways.

Operating Expenditure Update

Main Roads' operating expenditure has been revised down by \$6 million over the period 2019-20 to 2022-23, primarily reflecting lower than forecast services and contracts costs as a result of employing staff directly rather than via contractual arrangements.

Commonwealth Bridges Renewal Program

An additional \$2.6 million (jointly funded by the Commonwealth (\$2.4 million) and local government (\$213,000)) will be invested in 2020-21 on eight bridge replacement projects recently approved under the Commonwealth Bridges Renewal Program, including the replacement of the Crossman Road Bridge (Boddington) and Yallingup Beach Road Bridge. The State's contribution (\$2.2 million) to the projects will be met by reprioritising expenditure within the State Road Funds to Local Government Agreement.

¹ Referred to by the Commonwealth as the Alice Springs to Halls Creek Corridor Upgrade.

Asset Investment

Commonwealth Priority Road Projects Recashflow

Commonwealth funding totalling \$643.6 million has been brought forward from beyond the forward estimates period for a range of joint Commonwealth and State-funded road projects. The projects are the Bunbury Outer Ring Road, the Albany Ring Road, Karratha to Tom Price Road, Newman to Katherine Corridor, Tonkin Highway Corridor upgrades, Coolgardie-Esperance Highway improvements and the Fremantle Traffic Bridge. As part of the 2019-20 Budget, the State Government had already reflected an accelerated roll-out of several of these jointly funded Commonwealth-State road projects.

Urban Congestion Fund - Priority Projects

A number of priority projects to reduce congestion have been approved, funded by contributions of \$66 million from the Commonwealth, \$51.7 million of reprioritised funding from the State Government, and \$4.2 million from local government. The projects include:

- Great Northern Highway/Apple Street, intersection upgrade (\$14 million);
- Wanneroo Road/Morley Drive, intersection upgrade (\$15 million);
- Mitchell Freeway Widening - Hodges Drive to Hepburn Avenue (\$76 million);
- Great Eastern Highway, Old Northam Road - Wooroloo and Sawyer's Valley intersections (\$14.4 million); and
- Reid Highway (Erindale Road) Project Development for Grade Separation (\$2.5 million).

Onslow Road

An additional \$13.2 million has been allocated in 2019-20 to upgrade Onslow Road, taking the total cost of the project to \$80.6 million. The additional works are fully funded by a third party.

Karel Avenue

An additional \$4.8 million from the Commonwealth will be invested in 2019-20 to widen Karel Avenue bridge over Roe Highway to create a dual carriageway.

Public Transport Authority of Western Australia

Expenses

Optus Stadium Special Event Public Transport Costs

An additional \$7.9 million will be spent over 2019-20 and 2020-21 to meet the higher than previously forecast cost of providing special event public transport services to Optus Stadium.

METRONET - Communications and Stakeholder Engagement

An additional operating subsidy of \$1.6 million will be paid over 2019-20 to 2022-23 to expand the strategic communications and stakeholder engagement capacity of the METRONET Office as several METRONET projects move from planning into delivery.

Revised Interest Expenses

The operating subsidy paid to the Authority is estimated to decrease by \$112.2 million over the period 2019-20 to 2022-23, reflecting the impact of lower than previously forecast interest rates and retiming of asset investment expenditure on the Authority's debt servicing costs.

Asset Investment***Election Commitment - METRONET - Thornlie-Cockburn Link and Yanchep Rail Extension - Tender Outcomes***

Asset investment will increase by \$191.8 million to 2023-24 under the Thornlie-Cockburn Link and Yanchep Rail Extension projects, reflecting the outcomes of the alliance tender process. The revised cost is partially offset by a contribution from BP for the cost to relocate the BP Kewdale White Oil Pipeline from the Thornlie-Cockburn Link rail corridor. This is expected to be more than offset by a saving on the contract to build the Bellevue railcar manufacturing facility and 246 new railcars, with this contract to be signed just after the Mid-year Review cut-off.

METRONET - Lakelands Station

A total of \$82 million will be invested to develop and construct a new train station on the Mandurah line at Lakelands. This includes a \$54 million increase in asset investment funded from a new contribution from the Commonwealth, with the remaining \$28 million funded from existing asset investment provisions for METRONET projects under development.

Replacement of Escalators and Lifts at Subiaco Station

A total of \$7.3 million will be invested over 2019-20 and 2020-21 to replace the escalators and lifts at Subiaco Station.

Pilbara Ports Authority**Asset Investment*****Dampier Cargo Wharf Extension - Geotechnical Works***

The Authority will spend \$5 million in 2019-20 on scoping and detailed design works ahead of a potential extension of Dampier Cargo Wharf.

Southern Ports Authority**Expenses*****Government Support Package for Koolyanobbing Iron Ore***

The operating subsidy to the Southern Ports Authority has been revised to reflect timing changes in throughput and associated changes in revenue and expenditure. This results in the value of the operating subsidy being revised down by \$14.9 million over the period 2019-20 to 2022-23, and the total target of 30 million tonnes being achieved by 2022-23 rather than 2023-24.

ENVIRONMENT

MAJOR SPENDING CHANGES

Table 3.12

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
WATER AND ENVIRONMENTAL REGULATION				
Expenses				
Clean Energy Future Fund	-	2.0	3.0	3.0
Environmental Protection Authority Resourcing	0.4	0.9	0.4	-
BIODIVERSITY, CONSERVATION AND ATTRACTIONS				
Expenses				
Maintenance of Critical Infrastructure - Rottnest Island	3.0	3.8	4.6	5.1
National Tourism Icons - Rottnest Island	-	0.4	0.4	-
Asset Investment				
Election Commitment - Lake Kepwari	0.8	1.9	-	-
Holiday and Tourism Facilities - Rottnest Island	-	-	-	0.3
National Tourism Icons - Rottnest Island	3.7	7.2	5.5	-

Water and Environmental Regulation

Expenses

Clean Energy Future Fund

Additional expenditure of \$8 million has been allocated over 2020-21 to 2022-23 for the administration and operation of the Clean Energy Future Fund to support the implementation of innovative clean energy projects in Western Australia.

Environmental Protection Authority Resourcing

The Government has approved an additional \$1.7 million over 2019-20 to 2021-22 for a further five full-time equivalent positions within the Environmental Protection Authority to case manage State-significant proposals.

Biodiversity, Conservation and Attractions

Expenses

Maintenance of Critical Infrastructure - Rottnest Island

In response to the strong growth in visitor numbers to Rottnest Island and the associated increase in demand for services, an additional \$16.5 million will be spent over the forward estimates period on waste disposal, operational costs for the desalination plant, repairs and maintenance to infrastructure and facilities management. This expenditure is offset by a corresponding increase in revenue.

National Tourism Icons - Rottnest Island

An amount of \$800,000 will be spent over 2020-21 and 2021-22 on upgrading visitor infrastructure, amenities and museum facilities on Rottnest Island. This expenditure is funded by the Commonwealth Government under the National Tourism Icons Program.

Asset Investment

Election Commitment - Lake Kepwari

The Government will invest an additional \$2.7 million over 2019-20 and 2020-21 on the Lake Kepwari development project including access road, boat ramp precinct and toilet facilities, as well as the establishment of picnic and camping areas. The initiative is funded from the Collie Industry and Attraction Development Fund.

Holiday and Tourism Facilities – Rottnest Island

With the growth in visitor numbers to Rottnest Island and the associated increase in demand for services, a further \$300,000 will be spent in 2022-23 on the rolling replacement program for holiday and tourism facilities.

National Tourism Icons - Rottnest Island

Capital expenditure of \$16.4 million will be invested over 2019-20 to 2021-22 to upgrade visitor infrastructure, amenities and museum facilities on Rottnest Island. This expenditure is funded by the Commonwealth Government under the National Tourism Icons Program.

PLANNING AND LAND USE

MAJOR SPENDING CHANGES

Table 3.13

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
PLANNING, LANDS AND HERITAGE				
Expenses				
Implementation of Activity-Based Working	1.0	0.5	0.1	0.1
Incentive to Move to Activity-Based Working	-	1.1	1.1	1.1
Bushfire Planning and Policy Review	0.9	0.4	-	-
Asset Investment				
Fremantle Prison Priority Conservation	3.0	-	-	-
Implementation of Activity-Based Working	0.4	-	-	-
WESTERN AUSTRALIAN LAND INFORMATION AUTHORITY (LANDGATE)				
Expenses				
Western Australian Land Information Authority (Landgate) Partial Commercialisation				
- Information and Communications Technology Savings	-5.0	-8.2	-8.1	-8.6
- Transition and Separation Costs	1.7	-	-	-
- Contract Management Requirements	0.5	0.7	-	-
Transfer of Continuously Operating Reference Stations	1.2	-	-	-
Asset Investment				
Impact of the Western Australian Land Information Authority (Landgate) Partial Commercialisation	-4.5	-3.8	-3.1	-2.5
DEVELOPMENTWA				
Expenses ^(a)				
Subi East Redevelopment Project	2.6	1.5	11.0	14.0
Princess Margaret Hospital Security and Maintenance	-	2.5	1.3	-
East Perth Power Station	0.9	0.9	0.9	0.9
Australian Marine Complex	0.3	1.0	1.0	1.0
Technology Parks Transfer	0.3	1.0	1.0	1.0
Asset Investment				
Business Outlook Update	15.8	30.8	-43.4	-59.2
Subi East Redevelopment Project	5.5	27.3	29.2	29.4
Alkimos Central	4.0	9.4	10.6	3.0
Burrup Infrastructure Package - Road Infrastructure	1.1	-	-	-
NATIONAL TRUST OF AUSTRALIA (WA)				
Asset Investment				
Collie Roundhouse Restoration	0.4	0.6	-	-

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

Planning, Lands and Heritage

Expenses

Implementation of Activity-Based Working

The Department will spend \$2.1 million (\$1.7 million in recurrent expenditure, \$400,000 in capital expenditure) over the forward estimates period to implement Activity-Based Working arrangements, which will reduce the floor space required to house the Department's workforce.

Incentive to Move to Activity-Based Working

In line with the Government's Office Accommodation Policy, the Department will receive incentive payments of \$3.3 million over 2020-21 to 2022-23 for exceeding the Government's workspace benchmarks through the proposed implementation of Activity-Based Working arrangements. The incentive payments are equivalent to 50% of the expected accommodation savings of \$6.6 million.

Bushfire Planning and Policy Review

The Department will incur costs of \$1.3 million over 2019-20 and 2020-21 to develop a new mapping methodology and review the State Planning Policy in bushfire prone areas.

Asset Investment***Fremantle Prison Priority Conservation***

Capital investment of \$3 million has been approved in 2019-20 on works to address priority conservation requirements at the Prison's Cell Block A and Parade Ground.

Implementation of Activity-Based Working

See above.

Western Australian Land Information Authority (Landgate)**Expenses*****Western Australian Land Information Authority (Landgate) Partial Commercialisation******Information and Communications Technology Savings***

As a result of the Landgate Partial Commercialisation (LPC), savings of \$30 million in information and communication technology costs have been realised from 2019-20 to 2022-23, reflecting the transfer of works and responsibilities to Land Services WA.

Transition and Separation Costs

In preparation for the LPC, an additional \$1.7 million was spent in 2019-20 relating to information technology transition work.

Contract Management Requirements

An additional \$1.2 million over 2019-20 and 2020-21 has been approved for salary and associated on-costs to commence the management of the Commercialised Services Agreement between Landgate and Land Services WA.

Transfer of Continuously Operating Reference Stations

Additional expenditure of \$1.2 million in 2019-20 has been approved to reflect the transfer of Continuously Operating Reference Stations (CORS) to Geoscience Australia. Upon the transfer in 2019-20, Geoscience Australia will have full operational control and will be responsible for the ongoing maintenance of the CORS.

Asset Investment

Impact of the Western Australian Land Information Authority (Landgate) Partial Commercialisation

In accordance with the contractual arrangement, Landgate's total capital expenditure will reduce by \$13.8 million from 2019-20 to 2022-23, as Land Services WA will be responsible for upgrades and maintenance to in-scope systems, including the New Land Registry.

DevelopmentWA

Expenses

Subi East Redevelopment Project

The Government has approved an operating subsidy of \$29.1 million over 2019-20 to 2022-23 to contribute towards funding \$91.3 million in capital spending on the demolition and site remediation of the Princess Margaret Hospital site as part of the broader Subi East redevelopment project.

Princess Margaret Hospital Security and Maintenance

Additional expenditure of \$3.8 million for site management, maintenance services and security of the Princess Margaret Hospital site will be incurred over 2020-21 and 2021-22 prior to demolition commencing.

East Perth Power Station

Expenditure totalling \$3.4 million over 2019-20 to 2022-23 will be incurred on security, maintenance and project management associated with the East Perth Power Station project.

Australian Marine Complex

An additional \$3.2 million will be spent over 2019-20 to 2022-23 on upgrades to the technology precinct at the Australian Marine Complex.

Technology Parks Transfer

An operating subsidy totalling \$3.2 million over 2019-20 to 2022-23 will be provided to recover stamp duty, land tax and holding costs associated with the transfer of Technology Park assets from the Department of Jobs, Tourism, Science and Innovation in 2019-20.

Asset Investment

Business Outlook Update

DevelopmentWA's updated revenue and expenditure outlook for 2019-20 to 2022-23 reflects the impact of forecast changes to market conditions impacting land sales, acquisitions and development expenditure. This has resulted in a net reduction in asset investment totalling \$56 million.

Subi East Redevelopment Project

See above.

Alkimos Central

A total of \$27 million will be spent on upgrades to infrastructure in the Alkimos Central precinct over 2019-20 to 2022-23. The works include the construction of bridges and road upgrades around the planned Alkimos Station.

Burrup Infrastructure Package - Road Infrastructure

An amount of \$1.1 million will be spent in 2019-20 on detailed design works for upgrades to road infrastructure in the Burrup Strategic Industrial Area, including the relocation of Hearson Cove Road.

National Trust of Australia (WA)

Asset Investment

Collie Roundhouse Restoration

Capital investment of \$1 million has been approved over 2019-20 and 2020-21 for the restoration of the Collie Roundhouse, including site remediation.

UTILITIES

Table 3.14				
MAJOR SPENDING CHANGES				
	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
SYNERGY				
Asset Investment				
Facility Bidding	1.4	7.9	3.4	0.7
HORIZON POWER				
Expenses ^(a)				
Remote Essential Services Operating Subsidy	3.0	0.8	0.8	0.8
Asset Investment				
Karratha to Dampier Transmission Line Upgrade	- ^(b)	- ^(b)	- ^(b)	- ^(b)
WESTERN POWER				
Asset Investment				
South Metropolitan Depot	5.1	63.9	24.8	0.3
WATER CORPORATION				
Expenses ^(a)				
Operating Subsidy - Country Water Pricing Subsidy and Revenue Concessions ^(a)	-21.9	-	-	-

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

(b) Amount not disclosed in order to avoid prejudicing commercial negotiations.

Synergy

Asset Investment

Facility Bidding

Synergy will invest \$13.4 million over 2019-20 to 2022-23 to implement changes being progressed under the Government's Energy Transformation Strategy. This will allow participation in the Wholesale Electricity Market on an individual facility basis (rather than as an aggregated portfolio of generator facilities), and requires investment in hardware to support a new energy market trading function, as well as site works at generator facilities and investment in information technology systems.

Horizon Power

Expenses

Remote Essential Services Operating Subsidy

Horizon Power will receive a one-off operating subsidy of \$2.2 million in 2019-20 and an ongoing operating subsidy of \$770,000 per annum from 2019-20 onwards for costs associated with the power consumed in the provision of water and wastewater services in remote communities and town-based reserves.

Asset Investment

Karratha to Dampier Transmission Line Upgrade

The Government has approved additional investment to upgrade the Karratha to Dampier transmission line. The upgrade of the ageing line will improve system security and reliability in the North West Interconnected System and improve safety outcomes for operational personnel and the general public. The amount has not been disclosed in order to avoid prejudicing commercial negotiations.

Western Power

Asset Investment

South Metropolitan Depot

Western Power will invest a total of \$94.2 million over 2019-20 to 2022-23 to acquire a site and construct its south metropolitan depot within the Forrestdale Industrial Estate.

Water Corporation

Expenses

Operating Subsidy - Country Water Pricing Subsidy and Revenue Concessions

The Water Corporation's operating subsidy has been revised down by \$21.9 million in 2019-20 as a result of 2018-19 subsidy outcomes and revised customer and consumption forecasts for 2019-20.

PROVISIONS

MAJOR SPENDING CHANGES

Table 3.15

	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
PROVISIONS				
Expenses				
Geraldton Alternative Settlement Agreement	- (a)	- (a)	- (a)	- (a)
Future Health Care Delivery	- (b)	- (b)	- (b)	- (b)
Human and Community Services Contracts	15.0	15.0	15.0	15.0
Road Trauma Trust Account Spending	1.0	-1.2	-	-
Asset Investment				
Adjustments to AIP provisions	-130.0	-255.0	-109.0	-200.0
Road Trauma Trust Account Spending	2.4	-2.9	-	-

(a) Not able to be disclosed until the confidentiality of the Settlement mediation is lifted in accordance with Federal Court orders.

(b) Amount not disclosed in order to avoid prejudicing commercial negotiations.

Geraldton Alternative Settlement Agreement

The negotiated Settlement includes a cash component and an economic development package, which includes initiatives to create Aboriginal employment and business opportunities. While indicative costs have been included in the forward estimates, the terms and quantum of the Settlement are being finalised with traditional owners, prior to submission to the Federal Court, and cannot be disclosed at this time.

Future Health Care Delivery

The WA Health system is considering future service delivery options where appropriate, in line with the health care delivery election commitment. A funding provision (which is reflected in these Mid-year Review aggregates) has been approved to facilitate this, but cannot be disclosed due to commercial considerations.

Human and Community Services Contracts

The Government has set aside a \$60 million recurrent funding provision over the forward estimates period to address cost pressures arising from the 2012 Fair Work Australia Equal Remuneration Order on certain human and community services contracts. The provision is expected to be allocated to agencies as part of the 2020-21 Budget process to provide supplementation on relevant contracts with human and community services providers, following work with the not-for-profit sector to identify eligible contracts.

Road Trauma Trust Account Spending

The 2019-20 Budget included a \$36.1 million provision for anticipated spending from the Road Trauma Trust Account (RTTA) over the forward estimates period. This spending provision has been updated in recognition of spending changes to programs approved as part of this Mid-year Review, including increased drug and alcohol testing and other timing changes. These changes reduce the unallocated expenditure provision to \$35.4 million, of which \$24.8 million is forecast as asset investment and \$10.6 million is forecast to be expensed.

Asset Investment

Adjustments to AIP Provisions

The 2019-20 Budget Asset Investment Program (AIP) included provisions for likely slippage in the timing of works by public sector agencies. This Mid-year Review includes adjustments to these provisions, taking into account the latest information on agency infrastructure programs, to ensure a realistic AIP profile over the forward estimates period.

Road Trauma Trust Account Spending

See above.

The Consolidated Account and the Treasurer's Advance

The Consolidated Account

The *Constitution Act 1889* (the Act) 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 2020 is \$18 billion, an \$856 million improvement on the 2019-20 Budget estimate. This includes \$14.5 billion associated with accrual (non-cash) appropriations for depreciation and leave entitlements (unchanged from Budget), 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 \$3.5 billion at 30 June 2020, an \$861 million improvement on the Budget estimate. Across the outyears, the size of the Consolidated Account cash deficit position is projected to narrow, falling in each year to an estimated \$743 million by 30 June 2023.

Consolidated Account borrowings are forecast to decrease by a net \$1.1 billion across the forward estimates period, with gross new borrowings of \$250 million and gross repayments of \$1.4 billion. Centrally-held borrowings totalled \$26 billion at 30 June 2019, and following repayments of \$1.3 billion in 2019-20 are forecast to be \$24.6 billion at 30 June 2020. By the end of the forward estimates period, centrally-held borrowings are projected to be \$24.8 billion, a decrease of \$2 billion compared with Budget. 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*.

Table 4.1

CONSOLIDATED ACCOUNT TRANSACTIONS

	2018-19	2019-20	2019-20	2020-21	2021-22	2022-23
	Actual	Budget Estimate	Mid-year Revision	Mid-year Revision	Mid-year Revision	Mid-year Revision
	\$m	\$m	\$m	\$m	\$m	\$m
REVENUE						
<i>Operating Activities</i>						
Taxation	6,995	7,071	6,989	7,309	7,687	8,128
Commonwealth Grants	4,171	5,468	5,418	6,658	6,471	6,298
Government Enterprises	2,290	1,877	3,425	2,049	2,192	2,257
Revenue from other agencies	6,909	8,286	9,720	7,932	7,486	7,578
Other	1,229	471	427	382	352	349
<i>Total Operating Activities</i>	21,594	23,173	25,980	24,329	24,188	24,608
<i>Financing Activities</i>						
Repayments of Recoverable Advances	7	1	1	-	-	-
Transfers from the Debt Reduction SPA	-	-	-	1,727	1,916	-
Other Receipts	12	1	6	1	2	2
Borrowings	-	2,000	-	250	-	-
<i>Total Financing Activities</i>	19	2,003	8	1,979	1,917	2
TOTAL REVENUE	21,613	25,176	25,988	26,308	26,105	24,610
EXPENDITURE						
<i>Recurrent</i>						
Authorised by Other Statutes	2,602	2,686	2,613	2,545	2,516	2,464
Appropriation Act (No. 1)	18,981	20,316	20,245	20,021	20,068	20,434
Recurrent Expenditure under the Treasurer's Advance	372	-	203	-	-	-
<i>Total Recurrent Expenditure</i>	21,955	23,002	23,061	22,566	22,584	22,898
<i>Investing Activities</i>						
Authorised by Other Statutes	301	239	242	270	290	422
Appropriation Act (No. 2)	1,659	2,645	2,588	3,971	3,990	1,561
Investing Expenditure under the Treasurer's Advance	14	-	71	-	-	-
<i>Total Investing Activities</i>	1,974	2,884	2,901	4,241	4,279	1,983
<i>Financing Activities</i>						
Loan repayments	437	1,327	1,318	45	22	14
Other financing	11	64	69	59	57	57
<i>Total Financing Activities</i>	448	1,391	1,386	104	79	70
TOTAL EXPENDITURE	24,377	27,277	27,348	26,911	26,942	24,952
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-2,764	-2,101	-1,361	-603	-838	-342
Consolidated Account Balance						
Opening balance at 1 July	-13,868	-16,746	-16,630	-17,991	-18,594	-19,431
Closing balance at 30 June	-16,630	-18,847	-17,991	-18,594	-19,431	-19,773
<i>Of which:</i>						
Appropriations payable	-13,128	-14,531	-14,536	-15,985	-17,488	-19,030
Cash balance at 30 June	-3,502	-4,316	-3,455	-2,608	-1,943	-743

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

Based on these Mid-year Review estimates, the total amount forecast to be drawn against recoverable advances, excesses and new items in 2019-20 is \$294.1 million. Of this amount, there have been \$1.6 million in draw downs for excesses or new items, while net recoverable advances stood at \$20 million at the 2 December 2019 cut-off date, which is well within the \$658.4 million limit for 2019-20 authorised by the FMA².

Table 4.2 shows the projected position of the Treasurer's Advance at 30 June 2020.

TREASURER'S ADVANCE			Table 4.2
	2018-19 Actual	2019-20 Projection ^(a)	
	\$m	\$m	
AUTHORISED LIMIT	652.2	658.4	
<i>Total projected to be drawn against Treasurer's Advance authorisation</i>	126.4	294.1	
Comprising			
Net recoverable advances as at 30 June	15	20.0	
Overdraw n Special Purpose Accounts	-	-	
Excesses and New Items			
- recurrent	372.4	202.9	
- capital	14.2	71.2	

(a) Detailed disclosure of the final audited outcome for 2019-20 will be available in the 2019-20 *Annual Report on State Finances*, due to be released by 28 September 2020.

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 2019-20, the \$658.4 million limit represents 3% of the total \$21.9 billion appropriated by Appropriation Bills 1 and 2 in the 2018-19 Budget.

Transfers, Excesses and New Items

Table 4.3 details excesses and/or new items that are projected to occur during 2019-20 and the expected impact of these on the Treasurer’s Advance under the authority of section 27 of the FMA.

The projections shown in Table 4.3 are subject to movements in agencies’ appropriations through the remainder of 2019-20. 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 2020.

Section 25 of the FMA allows appropriation originally allocated in the 2019-20 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 2019-20 Budget include:

- \$20.3 million has been transferred from the Department of Treasury to Energy Policy WA (EPWA) following the transfer of the functions of the Public Utilities Office and the Energy Transformation Implementation Unit from Treasury to EPWA. EPWA was established as a sub-department of the Department of Mines, Industry Regulation and Safety on 5 September 2019; and
- \$0.6 million from WA Health to the Parliamentary Commissioner for Administrative Investigations (the Ombudsman) to enable the Ombudsman to undertake the Expanded Child Death Review Function in 2019-20.

2019-20 TRANSFERS, EXCESSES AND NEW ITEMS

Table 4.3

Item	Budget \$m	Transfers ^(a) \$m	New Items \$m	Treasurer's Advance		Draw n against Treasurer's Advance to date ^(b) \$m
				Approved Excesses \$m	Revised Appropriation Limit \$m	
Recurrent Appropriations						
Legislative Council						
Item 1: Delivery of Services	6.5	-	-	-(c)	6.5	-
Parliamentary Services						
Item 3: Delivery of Services	18.0	-	-	0.1	18.0	-
Parliamentary Commissioner for Administrative Investigations						
Item 4: Delivery of Services	7.4	0.6	-	-(c)	8.1	-
Public Sector Commission						
Item 6: Delivery of Services	24.4	-	-	-(c)	24.4	-
Commissioner for Equal Opportunity						
Item 10: Delivery of Services	3.4	-	-	0.3	3.8	-
Registrar, Western Australian Industrial Relations Commission						
Item 13: Delivery of Services	9.8	-	-	-(c)	9.8	-
Treasury						
Item 14: Delivery of Services	79.6	-20.3	-	5.3	64.5	-
<i>Operating Subsidy Payments</i>						
Item 15: Bunbury Water Corporation						
Item 20: Regional Pow er Corporation (Horizon Pow er)	0.7	-	-	0.1	0.8	-
Item 21: Southern Ports Authority	18.9	-	-	2.7	21.6	-
	27.8	-	-	2.6	30.4	-
<i>Grants, Subsidies and Transfer Payments</i>						
Item 27: Metropolitan Redevelopment Authority						
	20.9	-	-	0.7	21.6	-
New Item: Justice	-	-	2.6	0.0	2.6	-
Office of the Auditor General						
Item 39: Delivery of Services	7.8	-	-	1.1	8.9	-
Finance						
Item 40: Delivery of Services	168.3	-	-	0.8	169.1	-
Jobs, Tourism, Science and Innovation						
Item 42: Delivery of Services	152.4	-	-	5.9	158.4	-
Item 43: Administered Grants, Subsidies and Other Transfer Payments						
	22.3	-	-	1.9	24.2	-
Primary Industries and Regional Development						
Item 44: Delivery of Services	163.6	-	-	5.2	168.8	-

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

Table 4.3 (cont.)

2019-20 TRANSFERS, EXCESSES AND NEW ITEMS

Item	Budget \$m	Treasurer's Advance			Revised Appropriation Limit \$m	Draw n against Treasurer's Advance to date ^(b) \$m
		Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m		
Mines, Industry Regulation and Safety						
Item 46: Delivery of Services	124.3	-	-	0.4	124.7	-
Item 47: Administered Grants, Subsidies and Other Transfer Payments	87.4	-	-	10.0	97.4	-
Small Business Development Corporation						
Item 48: Delivery of Services	13.8	-	-	-(c)	13.8	-
WA Health						
Item 51: Delivery of Services	4,979.4	-0.6	-	58.9	5,037.7	-
Education						
Item 56: Delivery of Services	4,066.7	-	-	74.3	4,141.0	-
Training and Workforce Development						
Item 58: Delivery of Services	335.4	-	-	7.9	343.3	-
Western Australia Police Force						
Item 59: Delivery of Services	1,384.5	-	-	9.0	1,393.5	-
Justice						
Item 61: Delivery of Services	1,255.6	-	-	4.0	1,259.6	-
Fire and Emergency Services						
Item 62: Delivery of Services	23.7	-	-	0.1	23.8	-
Chemistry Centre (WA)						
Item 66: Delivery of Services	5.0	-	-	2.7	7.8	-
Office of the Inspector of Custodial Services						
Item 67: Delivery of Services	3.3	-	-	-(c)	3.3	-
Local Government, Sport and Cultural Industries						
Item 71: Delivery of Services	111.6	-	-	0.3	111.9	-
Commissioner of Main Roads						
Item 81: Delivery of Services	349.4	-	-	-(c)	349.5	-
Water and Environmental Regulation						
Item 82: Delivery of Services	83.9	-	-	0.3	84.2	-
Planning, Lands and Heritage						
Item 84: Delivery of Services	91.5	-	-	1.2	92.7	-
Western Australian Land Information Authority						
Item 86: Delivery of Services	33.4	-	-	0.5	33.9	-

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

2019-20 TRANSFERS, EXCESSES AND NEW ITEMS

Table 4.3 (cont.)

Item	Budget \$m	Transfers ^(a) \$m	New Items \$m	Treasurer's Advance		Draw n against Treasurer's Advance to date ^(b) \$m
				Approved Excesses \$m	Revised Appropriation Limit \$m	
Energy Policy WA						
New Item: Delivery of Services Infrastructure WA	-	20.3	-(c)	-	20.3	-
New Item: Delivery of Services	-	-	3.8	-	3.8	1.6
Total Recurrent		-	6.4	196.4		1.6
Capital Appropriations						
Legislative Council						
Item 89: Capital Appropriation	0.3	-	-	-(c)	0.3	-
Legislative Assembly						
Item 90: Capital Appropriation	0.4	-	-	-(c)	0.4	-
Parliamentary Services						
Item 91: Capital Appropriation	1.1	-	-	-(c)	1.1	-
Parliamentary Commissioner for Administrative Investigations						
Item 92: Capital Appropriation	0.8	-	-	-(c)	0.8	-
Public Sector Commission						
Item 94: Capital Appropriation	1.3	-	-	-(c)	1.3	-
Governor's Establishment						
Item 95: Capital Appropriation	-(c)	-	-	-(c)	-(c)	-
Commissioner for Equal Opportunity						
Item 97: Capital Appropriation	0.6	-	-	-(c)	0.6	-
Registrar, Western Australian Industrial Relations Commission						
Item 100: Capital Appropriation	2.2	-	-	-(c)	2.2	-
Treasury						
<i>Government Equity Contributions</i>						
Item 102: Animal Resources Authority	0.8	-	-	0.8	1.6	-
Item 106: Department of Justice	65.0	-	-	17.3	82.3	-
Item 108: Electricity Networks Corporation (Western Power)	100.5	-	-	12.0	112.5	-
Office of the Auditor General						
Item 119: Capital Appropriation	0.3	-	-	1.2	1.5	-
Finance						
Item 120: Capital Appropriation	5.3	-	-	3.9	9.2	-
Jobs, Tourism, Science and Innovation						
Item 121: Capital Appropriation	0.2	-	-	0.1	0.3	-
Mines, Industry Regulation and Safety						
Item 123: Capital Appropriation	8.4	-	-	0.1	8.5	-

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

Table 4.3 (cont.)

2019-20 TRANSFERS, EXCESSES AND NEW ITEMS

Item	Budget \$m	Treasurer's Advance			Revised Appropriation Limit \$m	Draw n against Treasurer's Advance to date ^(b) \$m
		Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m		
Small Business Development Corporation						
Item 124: Capital Appropriation	0.8	-	-	-(c)	0.8	-
WA Health						
Item 125: Capital Appropriation	202.2	-	-	12.5	214.8	-
Mental Health Commission						
Item 126: Capital Appropriation	1.3	-	-	-(c)	1.4	-
Justice						
Item 130: Capital Appropriation	59.4	-	-	2.9	62.3	-
Office of the Director of Public Prosecutions						
Item 131: Capital Appropriation	2.6	-	-	-(c)	2.6	-
Corruption and Crime Commission						
Item 132: Capital Appropriation	1.0	-	-	-(c)	1.0	-
Office of the Inspector of Custodial Services						
Item 134: Capital Appropriation	0.2	-	-	-(c)	0.2	-
Local Government, Sport and Cultural Industries						
Item 137: Capital Appropriation	87.9	-	-	4.8	92.7	-
Western Australian Sports Centre Trust						
Item 139: Capital Appropriation	17.5	-	-	0.8	18.4	-
Public Transport Authority of Western Australia						
Item 141: Capital Appropriation	704.4	-	-	7.2	711.6	-
Planning, Lands and Heritage						
Item 145: Capital Appropriation	9.7	-	-	2.6	12.3	-
Energy Policy WA						
New Item: Capital Appropriation	-	-	-(c)	-	-(c)	-
Infrastructure WA						
New Item: Capital Appropriation	-	-	0.1	-	0.1	-(c)
Salaries and Allowances Tribunal						
New Item: Capital Appropriation	-	-	-(c)	-	-(c)	-
Western Australian Land Information Authority						
New Item: Capital Appropriation	-	-	4.8	-	4.8	-
Total Capital		-	4.9	66.3		-(c)
TOTAL		-	11.4	262.7		1.6

(a) Authorised under section 25 of the FMA.

(b) Mid-year Review cut-off date, 2 December 2019.

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

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

Special Purpose Accounts

Special Purpose Accounts (SPAs) are established under various sections of the *Financial Management Act 2006* or by specific legislation (e.g. Royalties for Regions Fund). Accounts established by legislation are governed by the relevant provisions of the statute, while accounts that are established administratively are governed by a statement that outlines the purpose of the account.

This appendix contains information on key SPAs. It is not an exhaustive list of all SPAs, but covers the major/material SPAs in existence at the 2 December 2019 cut-off date for this Mid-year Review. The forecast SPA balances (and transactions in and out of these accounts) form part of the overall consolidated projections for 2019-20 outlined elsewhere in this publication.

Changes to forecast receipts and payments in 2019-20, relative to the 2019-20 Budget, reflect movements in the financial projections of this Mid-year Review and variations in account balances for the 2018-19 outturn (which were disclosed in the 2018-19 *Annual Report on State Finances* released on 27 September 2019).

Debt Reduction Account

In line with the Government's election commitment, a Debt Reduction Account was established in 2017-18 to apply windfall funds to the repayment of Consolidated Account borrowings.

A total of \$1,318 million is expected to flow through the account in 2019-20, reflecting:

- GST top-up payments (\$1,248 million and which were applied to debt repayments during the first half of the financial year); and
- surplus funds from RiskCover (\$69 million).

This follows debt repayments totalling \$437 million in 2018-19, sourced from a large, one-off duty assessment for a high value commercial property transaction, excess cash returned to the Consolidated Account by agencies in 2017-18, and surplus funds from RiskCover.

DEBT REDUCTION ACCOUNT			Table 5.1
	2018-19 \$m	2019-20 \$m	
<i>Balance at 1 July</i>	-	-	
Receipts	437	1,318	
Payments	437	1,318	
Closing Balance	-	-	

Note: Columns may not add due to rounding.

METRONET Account

This SPA was established in August 2017 to support the delivery of METRONET transport infrastructure projects. Forecast receipts for 2019-20 reflect State and Commonwealth funding and interest earnings on the account balance.

Funds are drawn down for project payments as works progress. In 2019-20, forecast payments include \$418 million for transport infrastructure and \$3 million for METRONET Office operating costs.

METRONET ACCOUNT			Table 5.2
	2018-19 \$m	2019-20 \$m	
<i>Balance at 1 July</i> ^(a)	10	274	
Receipts	312	795	
Payments ^(a)	48	420	
Closing Balance ^(a)	274	649	

(a) Payments during 2018-19 were restated from the \$46 million reported in the 2018-19 *Annual Report on State Finances (ARSF)*, resulting in a revised closing balance at 30 June 2019 of \$274 million.

Note: Columns may not add due to rounding.

METRONET Roads Account

This SPA was established in December 2018 to hold motor vehicle licence revenue allocated to METRONET road works, including projects under development. In 2019-20, funds are to be drawn down as works progress on the Bayswater Station Redevelopment and the new Lakelands Station.

METRONET ROADS ACCOUNT			Table 5.3
	2018-19 \$m	2019-20 \$m	
<i>Balance at 1 July</i>	-	-	
Receipts	-	98	
Payments	-	42	
Closing Balance	-	56	

Note: Columns may not add due to rounding.

Metropolitan Region Improvement Fund

This account was established under the *Metropolitan Region Improvement Tax Act 1959* to hold funds for the management of the Metropolitan Region Scheme, including receipts from the Metropolitan Region Improvement Tax (MRIT).

Receipts in 2019-20 include MRIT collections (\$89 million), rent and interest income (\$15 million) and proceeds from the sale of land and buildings (\$5 million). Largely unchanged from the Budget, forecast payments in 2019-20 are for the acquisition of land and buildings (\$50 million), METRONET Yanchep Rail Extension (\$30 million), service delivery costs (\$33 million), a contribution towards METRONET projects under development (\$21 million) and works in progress on a range of smaller infrastructure projects (\$2 million).

Table 5.4

METROPOLITAN REGION IMPROVEMENT FUND		
	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	399	440
Receipts	125	111
Payments	84	136
Closing Balance	440	415

Note: Columns may not add due to rounding.

Mining Rehabilitation Fund

The Mining Rehabilitation Fund was established in July 2013 to hold levy collections under the *Mining Rehabilitation Fund Act 2012*.

Receipts reflect forecast levy contributions from mining operators and interest earned on the account balance. Funds can be used to undertake rehabilitation activities where a tenement operator fails to meet rehabilitation obligations, and all other options available to recover funds from the operator have been exhausted. Interest earnings are used to support administration of the Fund and for rehabilitation works at abandoned mine sites.

Table 5.5

MINING REHABILITATION FUND		
	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	122	150
Receipts	34	36
Payments	6	2
Closing Balance	150	184

Note: Columns may not add due to rounding.

National Redress Scheme and Civil Litigation for Survivors of Institutional Child Sexual Abuse Account

This account was established in December 2018 to meet the cost of payments associated with the State's participation in the National Redress Scheme, and for civil litigation claims by survivors of institutional child sexual abuse. Forecast payments in 2019-20 comprise:

- an estimated \$81 million to the Department of Justice for Scheme payments to the Commonwealth (\$80 million) and to resource the Department to administer the Scheme (\$1 million); and
- \$1 million to the Department of Communities for resources to source, evaluate and provide relevant case records as part of the assessment process for the Scheme.

The Government will make further contributions to this account as and when required, funded from the proceeds of the Landgate partial commercialisation.

Table 5.6

NATIONAL REDRESS SCHEME AND CIVIL LITIGATION FOR SURVIVORS OF INSTITUTIONAL CHILD SEXUAL ABUSE ACCOUNT

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	-	151
Receipts	153	-
Payments	2	82
Closing Balance	151	69

Note: Columns may not add due to rounding.

Perth Children's Hospital Account

This SPA was established in October 2010 to hold money for the construction and commissioning of the Perth Children's Hospital.

The Hospital achieved practical completion in April 2017 and fully opened on 10 June 2018. Project closure arrangements for the Hospital are expected to be finalised in late 2020 to accommodate the extended defect liability period, with any remaining funds in the account to be returned to the Consolidated Account.

Table 5.7

PERTH CHILDREN'S HOSPITAL ACCOUNT

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	13	13
Receipts	-	-
Payments	-	8
Closing Balance	13	4

Note: Columns may not add due to rounding.

Perth Parking Licensing Account

This SPA was established in July 1999 to set aside funds to be used to encourage a balanced transport system for gaining access to the Perth city area. Receipts consist of licence fees, penalties and money appropriated by Parliament.

Funds drawn from the account are spent on the Central Area Transit bus system, Free Transit Zone public transport services within central Perth, improving public transport access, enhancing the pedestrian environment, supporting bicycle access and for administration of the *Perth Parking Management Act 1999*.

Table 5.8

PERTH PARKING LICENSING ACCOUNT

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	54	93
Receipts	59	59
Payments	19	21
Closing Balance	93	132

Note: Columns may not add due to rounding.

Perth Stadium Account

This SPA was established in October 2011 to hold funds to be used for the construction of Optus Stadium and the surrounding sports precinct, including associated transport infrastructure. The stadium commenced operations in January 2018.

Forecast payments of \$1 million in 2019-20 reflect remaining minor transport infrastructure works. Following closure of the project, any remaining funds will be returned to the Consolidated Account.

Table 5.9

PERTH STADIUM ACCOUNT

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	13	11
Receipts	1	-
Payments	3	1
Closing Balance	11	10

Note: Columns may not add due to rounding.

Road Trauma Trust Account

This account was established to provide for road safety initiatives. Receipts reflect prescribed penalties paid during the year, other funds collected under the *Road Traffic (Administration) Act 2008*, and interest revenue earned on the account balance.

Total payments from the account in 2019-20 are forecast at \$132 million. Additional payments approved as part of this Mid-year Review include:

- \$17 million in 2019-20 for the delivery of a number of road safety initiatives delayed from 2018-19; and
- \$1 million for increases to the Breath and Drug Testing Program and the Roadside Alcohol and Drug Testing Program.

ROAD TRAUMA TRUST ACCOUNT

Table 5.10

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	53	61
Receipts	97	102
Payments	90	132
Closing Balance	61	31

Note: Columns may not add due to rounding.

Royalties for Regions Fund

The Royalties for Regions (RfR) Fund was established in December 2008 to set aside a share of the State's annual royalty income to fund investment in regional Western Australia.

Receipts reflect interest on Fund balances, the return of unused funds by agencies, and the statutory funding for the program based on 25% of forecast royalty income at the time of the 2019-20 Budget, adjusted for the \$1 billion legislated cap on the Fund balance. Payments from the Fund include transfers to agencies that deliver RfR projects supporting infrastructure, business and economic development and other regional activities.

Details of the RfR program and other regional spending are available in Chapter 4: *Investing in Regional Western Australia*.

ROYALTIES FOR REGIONS FUND

Table 5.11

	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	1,000	1,000
Receipts	729	1,081
Payments	729	1,081
Closing Balance	1,000	1,000

Note: Columns may not add due to rounding.

Royalties for Regions Regional Reform Fund

This SPA was approved as part of the 2015-16 Budget to receive \$150 million, transferred from the RfR Fund, commencing in June 2015. The account funds strategic reforms in regional Western Australia, with a focus on regional Aboriginal reform initiatives. To date, \$100 million has been transferred to this SPA, with the next contribution of \$16 million forecast to be made in 2020-21. Forecast total payments in 2019-20 are to fund the Kimberley Schools project, the North West Aboriginal Housing initiative, improvements to essential and municipal services in remote Aboriginal communities, and the East Kimberley and Hedland Transitional Housing projects.

Table 5.12

ROYALITES FOR REGIONS REGIONAL REFORM FUND		
	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	96	80
Receipts	-	-
Payments	16	24
Closing Balance	80	56

Note: Columns may not add due to rounding.

Waste Avoidance and Resource Recovery Account

The Waste Avoidance and Resource Recovery Account was established in 2008 under section 79 of the *Waste Avoidance and Resource Recovery Act 2007* to hold revenue allocated from the waste levy. The purpose of the account is to fund nominated programs and other waste management initiatives approved by the Minister for Environment.

Table 5.13

WASTE AVOIDANCE AND RESOURCE RECOVERY ACCOUNT		
	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	39	40
Receipts	21	21
Payments	20	21
Closing Balance	40	40

Note: Columns may not add due to rounding.

Western Australian Future Fund

The Western Australian Future Fund was established following the passage of the *Western Australian Future Fund Act 2012* in November 2012. The Act provides for an accruing balance over 20 years to 2032, after which the annual interest earnings can be drawn down to fund economic or social infrastructure across Western Australia.

Forecast receipts include 1% of the State's Budget-time forecast of royalty income (\$64 million) and interest earned on the account balance (\$36 million).

Consistent with its election commitment, the Government has introduced legislation into Parliament to re-purpose the Western Australian Future Fund and allow the Fund’s interest earnings to be accessed for health and medical research and innovation.

WESTERN AUSTRALIAN FUTURE FUND		
	2018-19 \$m	2019-20 \$m
<i>Balance at 1 July</i>	1,215	1,313
Receipts	98	100
Payments	-	-
Closing Balance	1,313	1,413

Note: Columns may not add due to rounding.

Women and Newborn Health Service Relocation Account

This account was established on 1 November 2019 to meet the cost associated with relocating the Women and Newborn Health Service to the Queen Elizabeth II Medical Centre (QEIIIMC) campus. An initial amount of \$230 million will be appropriated into the account in 2020-21, funded from the \$250 million settlement with BHP over the payment of past royalties.

In addition, the balance of proceeds from the proposed sale of the TAB (after establishment of a racing infrastructure fund) will be allocated to the account.

