

41ST PARLIAMENT



Public Accounts Committee

Report 8

BUDGET BRIEFING 2023-2024

Presented by
Mrs L.M. O'Malley, MLA
MAY 2023

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Committee Staff

A/Principal Research Officer	Michele Chiasson
Research Officer	Rachael Wilkins


Legislative Assembly
Parliament House
4 Harvest Terrace
WEST PERTH WA 6005

Tel: (08) 9222 7394
Email: lapac@parliament.wa.gov.au
Website: www.parliament.wa.gov.au

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Budget Briefing 2023-24

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Laid on the Table of the Legislative Assembly on 18 May 2023

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Budget Briefing 2023-2024

Background

Since 2001, the Public Accounts Committee (the Committee) has hosted a briefing on the Western Australian State Budget for all interested members of Parliament. As is customary, the annual briefing is held on the Tuesday immediately following the Treasurer's presentation of the Appropriation Bills in the Legislative Assembly and the delivery of his budget speech.

The 2023-24 Budget briefing was presented on Tuesday 16 May by the following officials from the Department of Treasury:

- Michael Court, Deputy Under Treasurer
- Alistair Jones, Assistant Under Treasurer
- Chris Wright, Director State Finances
- Anita Zuvela, Director Strategic Policy and Evaluation

The briefing outlines key elements of the State Budget and provides an opportunity for all members to acquire detailed knowledge of the economic and fiscal outlook for the year ahead and the impact of the Government's income and expenditure proposals on the State's overall financial position. It also presents an opportunity for members to ask questions about the Budget's underlying assumptions and other relevant areas of interest.

There was a strong interest in the briefing with 14 people in attendance. For those who could not attend, and in keeping with tradition, the Committee has resolved to publish the PowerPoint slides that accompanied the Deputy Under Treasurer's presentation.

On behalf of all members in attendance, the Committee would like to thank Mr Court and the team from Treasury for the informative presentation and their continued cooperation with this valuable process.



MRS L.M. O'MALLEY, MLA
CHAIR

Appendix One

Treasury's Budget Briefing: Presentation



Government of Western Australia
Department of Treasury

2023-24 Budget Presentation to the Public Accounts Committee

16 May 2023

Michael Court, Deputy Under Treasurer

Overview

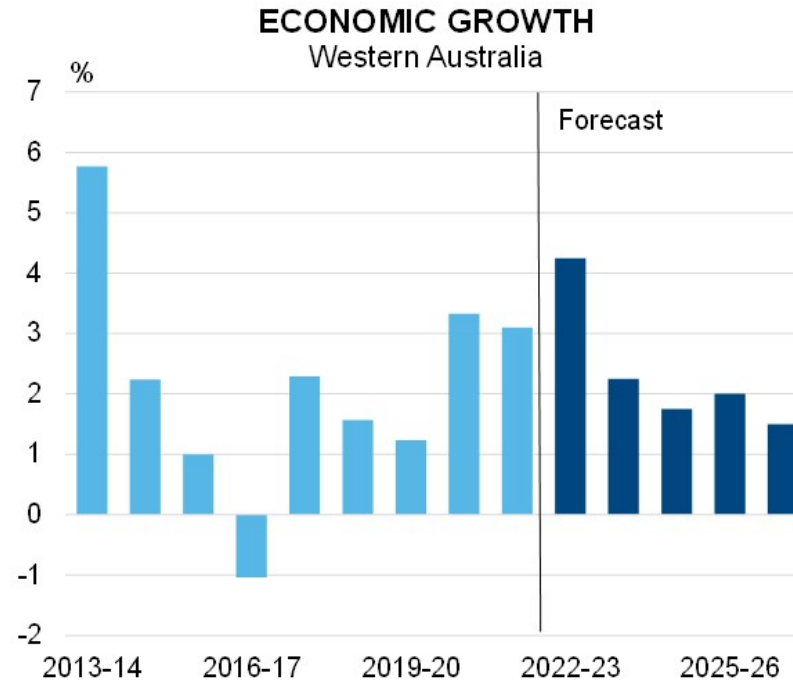
- ▶ State economy remains strong despite global economic headwinds
- ▶ Economic growth in 2022-23 strongest in nine years, and record employment in Western Australia
- ▶ Net debt to fall to \$27.9 billion at 30 June 2023, with operating surpluses maintained over the forward estimates
- ▶ 2023-24 Budget includes significant investments on a range of priority initiatives
 - ▷ \$715 million cost of living package
 - ▷ \$2.7 billion additional investment in health and mental health
 - ▷ \$750 million to boost housing supply and address homelessness
 - ▷ \$3 billion for climate action and decarbonisation
- ▶ Record \$39 billion investment in infrastructure

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WA Economic Outlook

WA Economy

- ▶ Strongest growth in Gross State Product in nine years forecast in 2022-23 at 4.25%
- ▶ Record 1.53 million Western Australians employed
- ▶ Inflation forecast to ease to 3.5% by the June 2024 quarter
- ▶ Elevated global interest rates expected to moderate growth, but remains solid



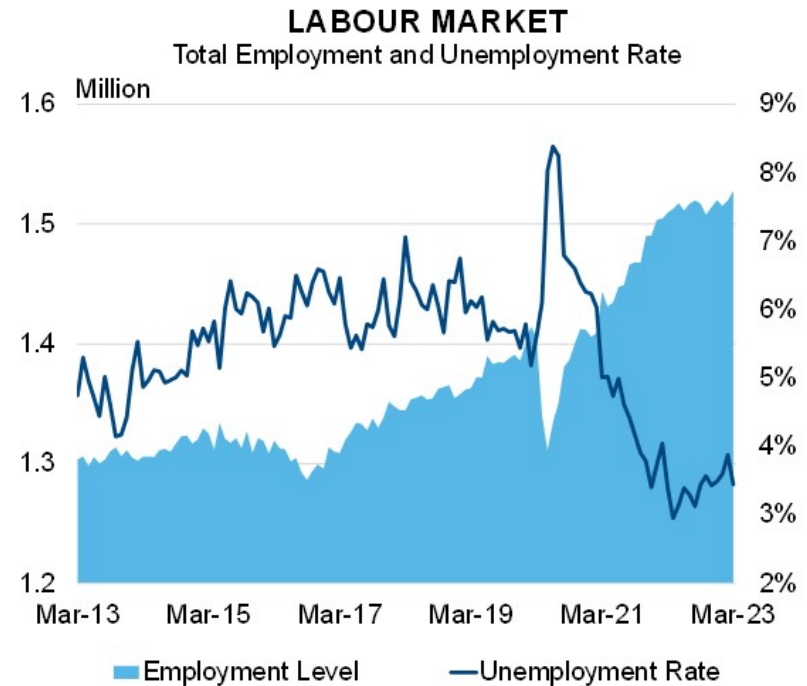
Export Performance

- ▶ WA's strong economy supported by growth in exports
- ▶ Record goods exports worth \$272 billion over the year to March
- ▶ WA accounts for 45% of national goods exports



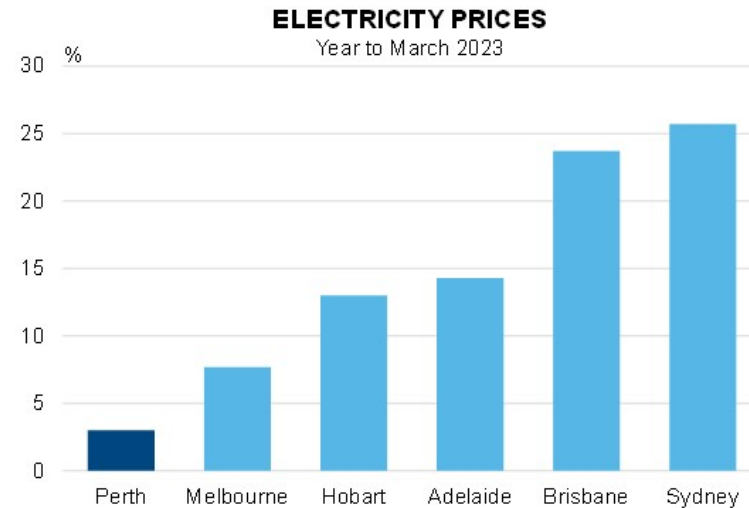
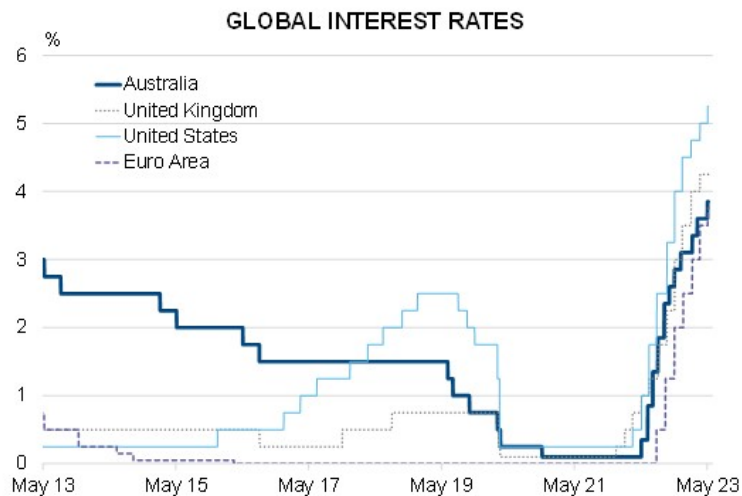
Labour Market

- ▶ Record employment in Western Australia, with 1.53 million people in work
- ▶ Strong employment results supported by growth in full-time work for women
- ▶ Unemployment rate remains very low – average rate of 3.5% over the last 12 months is the lowest annual rate in 15 years



Interest Rates and Inflation

- ▶ Global tightening of interest rates in response to high inflation is expected to slow global growth this year
- ▶ Eleven rate rises by the RBA expected to moderate activity
- ▶ Inflation appears to have peaked and is forecast to ease in 2023-24



Economic Outlook

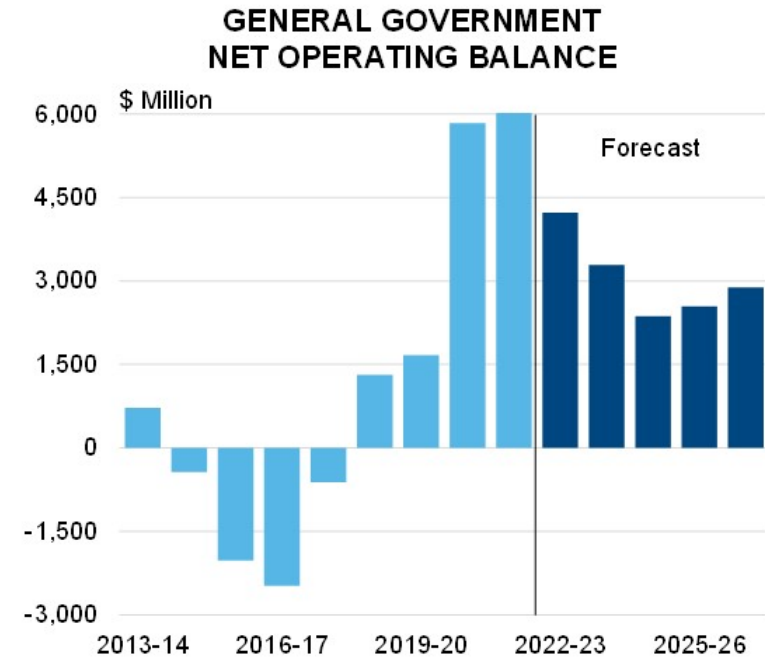
- ▶ Looking forward, higher interest rates and inflation are expected to moderate activity
- ▶ However, WA's domestic economy is still forecast to grow by a solid 3% in 2023-24
- ▶ Gross State Product is expected to grow by 2.25% in 2023-24 as exports level off at high levels and spending on overseas travel normalises

	2021-22 Actual	2022-23 Estimated Actual	2023-24 Budget Year	2024-25 Outyear	2025-26 Outyear	2026-27 Outyear
Real State Final Demand growth (%)	5.6	3.25	3.0	2.5	2.75	2.5
Real Gross State Product growth (%)	3.1	4.25	2.25	1.75	2.0	1.5
Employment growth (%)	5.8	1.75	1.0	1.25	1.25	1.5
Unemployment rate (%)	3.7	3.5	4.0	4.25	4.5	4.5
Consumer Price Index growth (%)	5.1	5.75	3.5	2.75	2.5	2.5
Population growth (%)	1.2	2.0	1.8	1.7	1.6	1.6

Fiscal Outlook

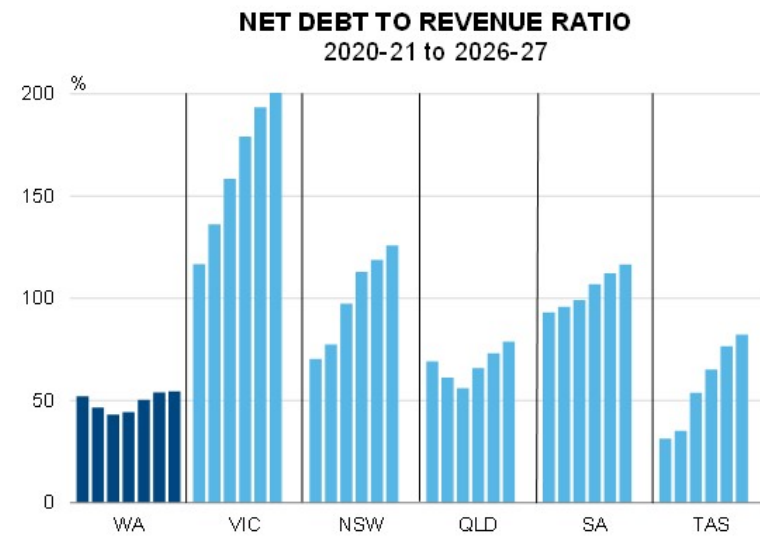
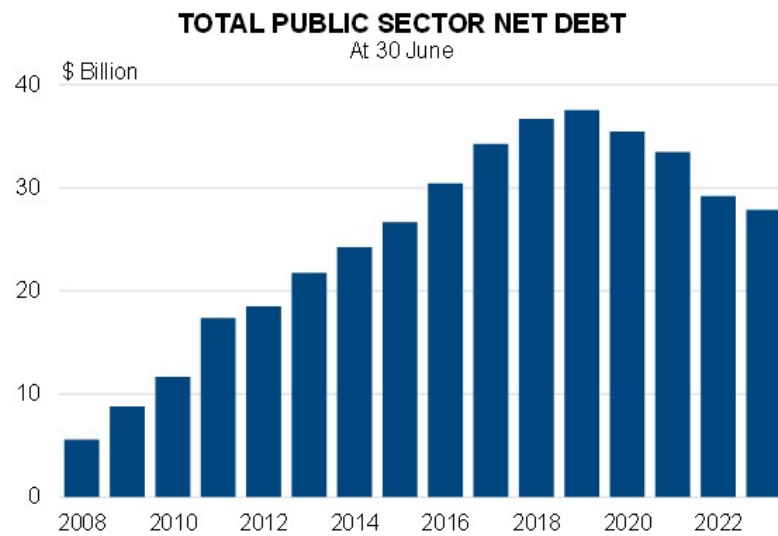
Net Operating Balance

- ▶ \$3.3 billion operating surplus expected in 2023-24, with surplus position maintained over the forward estimates
- ▶ Follows \$4.2 billion expected surplus for 2022-23
- ▶ Operating surpluses represent a critical non-debt source of funding for the record \$39 billion of infrastructure investment over the next four years



Net Debt

- ▶ Net debt expected to decline for a fourth consecutive year to \$27.9 billion at 30 June 2023
- ▶ Forecast increases over the forward estimates remain affordable
- ▶ Net debt profile remains favourable compared with other States, and supports our AAA credit rating

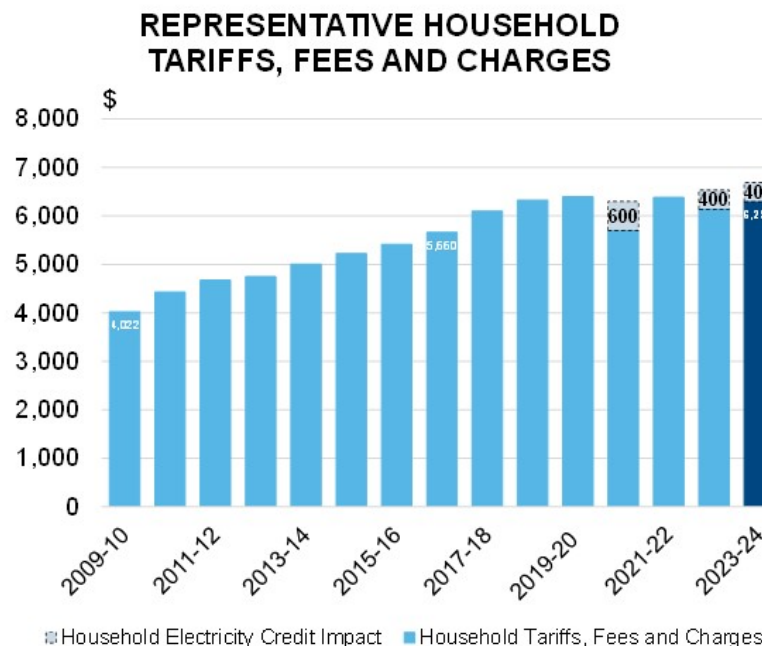


Budget Initiatives and Investment

Supporting WA Households

\$715 million cost of living support package

- ▶ Minimum \$400 electricity credit for all WA households (2 x \$200 payments)
- ▶ \$826 in total support for around 350,000 households most in need (2 x \$250 electricity credit payments + \$326 EAP)
- ▶ \$650 electricity credit for small businesses (less than 50 MWh)
- ▶ 2.4% increase in tariffs, fees and charges for 'representative' household
- ▶ Hardship Utilities Grants Scheme and seniors cost of living rebate also increased
- ▶ Additional public transport and regional airfare support



Investing in our Health System

Additional \$2.7 billion spend for health and mental health, taking total new investment to \$10 billion over last three years

Health

- ▶ \$841 million increase in funding for hospital services
- ▶ \$75 million further boost to address ED pressures and ambulance ramping – total \$453 million
- ▶ \$29 million for workforce attraction and retention, particularly regional WA
- ▶ \$544 million to begin construction of the new Women and Babies Hospital

Mental Health

- ▶ \$219 million for the Stage 1 redevelopment of Graylands Hospital
- ▶ \$201 million for mental health services

Housing and Homelessness

\$750 million package for social housing and homelessness, to boost housing and land supply and expand workforce capacity

- ▶ \$511 million boost for social housing and homelessness – total \$2.6 billion
 - ▷ 4,000 additional social housing dwellings to be delivered, with 1,200 already added
 - ▷ \$49 million for 100 home Regional Supportive Landlord Model
- ▶ \$48 million package to boost the construction workforce and accelerate delivery of the record pipeline of 27,500 homes under construction
- ▶ \$33 million to extend the off-the-plan stamp duty concession and lift thresholds
- ▶ Range of other projects and initiatives to boost housing and land supply in metro and regional WA

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Climate Action and Decarbonisation

\$3 billion for further action on climate change and achieving net zero emissions by 2050

- ▶ \$2.8 billion to decarbonise the SWIS electricity grid and replace State-owned coal-fired power stations by 2030, comprising:
 - ▷ 500 MW battery in Collie, and a second 200 MW battery in Kwinana
 - ▷ New King Rocks wind farm and a proposed expansion of the 180 MW Warradarge Wind Farm
 - ▷ \$126 million for network upgrades, planning and ordering long lead-time items
- ▶ Investments reduce emissions, ensure security of the grid and keep electricity prices affordable
- ▶ \$196 million for a range of climate initiatives including commencing works for Perth's third desalination plant

Economic Diversification

\$463 million in economic diversification initiatives and infrastructure

- ▶ \$294 million of additional investments in road, port and electricity infrastructure that boosts the future economic capacity of our State
- ▶ \$40 million Sustainable Geoscience Investments package to accelerate critical minerals discoveries
- ▶ \$35 million top-up of Industrial Land Development Fund, prioritised towards Pilbara strategic industrial areas
- ▶ \$28 million for additional tourism and business events, and for continued recovery of international education sector
- ▶ \$28 million to support the State's invest and trade initiatives, including establishing a new invest and trade 'hub' in Texas

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Education, Training and Community Services

\$965 million investment in education and training

- ▶ \$325 million boost to primary and secondary education
- ▶ \$227 million for new and upgraded schools
- ▶ \$93 million for targeted training initiatives

\$1.5 billion for services to support our communities

- ▶ \$1.3 billion for increased State contributions to the NDIS, supporting greater number of WA participants
- ▶ \$126 million for child protection services
- ▶ \$53 million for family and domestic violence initiatives

Investing in Regional WA

- ▶ \$11.2 billion investment in regional infrastructure
- ▶ \$4 billion in Royalties for Regions
- ▶ \$2.7 billion to keep power and water prices affordable

2023-24 Budget initiatives

- ▶ \$322 million of support to communities in the Kimberley impacted by Ex-Tropical Cyclone Ellie
- ▶ \$61.6 million investment in Government Regional Officer Housing
- ▶ \$23.6 million to support survivors of FDV in the regions, including a new hub in Broome
- ▶ \$20.7 million boost to the Regional Airfare Zone Cap scheme
- ▶ \$11.7 million to continue Operation Regional Shield to ensure police officers are available in communities hardest hit by youth crime

Infrastructure Investment

Record \$39 billion Asset Investment Program

- ▶ Significant focus on road, rail and other transport, electricity and water infrastructure, schools and health projects

Key Budget initiatives

- ▶ Additional \$2.5 billion for transport projects over 2022-23 to 2026-27, including electric buses, regional road safety
 - ▷ METRONET delivery to accelerate in 2023-24
 - Lakelands Station to open June 2023
 - opening of the new Yanchep Rail Extension and Bayswater Station southern concourse
 - first C-series trains entering service
- ▶ Investments in sporting and cultural infrastructure
 - ▷ \$127.8 million to transform the State Hockey Centre as WA remains Australia's 'Home of Hockey'
 - ▷ \$97.9 million for Perth Concert Hall renewal and to provide WASO a permanent home – total \$150 million upgrade

Conclusion

- ▶ State economy remains strong despite global economic headwinds
- ▶ Economic growth in 2022-23 strongest in nine years, and record employment in Western Australia
- ▶ Net debt to fall to \$27.9 billion at 30 June 2023, with operating surpluses maintained over the forward estimates
- ▶ 2023-24 Budget includes significant investments on a range of priority initiatives
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Thanks, any questions?

Appendix Two

Committee's functions and powers

The Public Accounts Committee inquires into and reports to the Legislative Assembly on any proposal, matter or thing it considers necessary, connected with the receipt and expenditure of public moneys, including moneys allocated under the annual Appropriation bills and Loan Fund. Standing Order 286 of the Legislative Assembly states that:

The Committee may -

- 1 Examine the financial affairs and accounts of government agencies of the State which includes any statutory board, commission, authority, committee, or trust established or appointed pursuant to any rule, regulation, by-law, order, order in Council, proclamation, ministerial direction or any other like means.
- 2 Inquire into and report to the Assembly on any question which -
 - a) it deems necessary to investigate;
 - b) (Deleted V. & P. p. 225, 18 June 2008);
 - c) is referred to it by a Minister; or
 - d) is referred to it by the Auditor General.
- 3 Consider any papers on public expenditure presented to the Assembly and such of the expenditure as it sees fit to examine.
- 4 Consider whether the objectives of public expenditure are being achieved, or may be achieved more economically.
- 5 The Committee will investigate any matter which is referred to it by resolution of the Legislative Assembly.



Parliament House
4 Harvest Terrace, West Perth WA 6005
Telephone: +61 8 9222 7222
Email: laco@parliament.wa.gov.au
Website: www.parliament.wa.gov.au