



Media Statement

2012-13 Pre-election Financial Projections Statement

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

The Legislative Assembly was dissolved on 30 January 2013 and the Under Treasurer, Mr Timothy Marney, released the PFPS today.

“The PFPS is a key financial accountability and transparency requirement” said Mr Marney. “The information presented in this report allows political parties, the community and other stakeholders to understand the current outlook for the State’s finances and economy at the beginning of the election period.”

“The report shows that the outlook for the State’s finances has improved since the December 2012 mid-year review, mainly reflecting the impact on royalty revenue of the rebound in iron ore prices over the last two months – a rebound that may, or may not be sustained.”

“However, stronger royalty income projected across the forward estimates period will be partly offset through the lagged impact of the Commonwealth Grants Commission process on Western Australia’s GST revenue. The State’s GST share is now projected to fall to 27% of our population share by 2015-16, down from 35% in the mid-year review.”

The PFPS shows that:

- general government sector operating surpluses are in prospect in all years, including a \$241 million surplus in 2012-13 (revised up from \$140 million in the mid-year review) and \$390 million in 2013-14 (compared to a projected operating deficit of \$187 million in the mid-year review);
- aggregate cash deficit forecasts over the forward estimates period for the general government sector and the total public sector are smaller than forecast in the mid-year review but remain substantial; and
- as a result, total public sector net debt is projected to increase from \$14.5 billion at 30 June 2012 to \$23.7 billion by 30 June 2016 (\$1.1 billion lower than the mid-year review forecast).

Mr Marney noted that “Despite the improved outlook for royalty revenue, the operating surpluses forecast for 2012-13 and 2013-14 are small in the context of the State’s revenue base, at just 0.9% and 1.4% of forecast general government revenue in 2012-13 and 2013-14 respectively. They are also small in the context of general government sector infrastructure investment, which is estimated at \$3.2 billion in 2012-13 and \$3.1 billion in 2013-14. To provide an appropriate buffer against significantly increased revenue volatility, and to reduce the need for debt increases to fund infrastructure investment, it is essential that larger operating surpluses are budgeted for and delivered in coming years.”

The PFPS is available from the Treasury website www.treasury.wa.gov.au. All enquiries should be directed to info@treasury.wa.gov.au.