

## Western Australian Budget 2021-22

September 2021

On 9 September 2021, Western Australian (WA) Premier and Treasurer Mark McGowan delivered the 2021-22 WA State Budget. This is the fifth state budget McGowan has delivered and the first since he took on the portfolio of Treasurer.

The WA Premier attributed much of the State's success to its handling of the COVID-19 pandemic.

### **Budget Outlook:**

In contrast to many other States and Territories, McGowan's Budget will deliver an operating surplus of \$5.6 billion following increased economic activity and increased royalties from iron ore prices. Current GST arrangements see that for every dollar of GST revenue raised in WA, 70c remains in the State.

As a whole WA's domestic economy grew by 4.3% in 2020-21. This is due to the strong housing market and significant exports activity. In addition, Gross State Product grew by 3.25% in 2020-21 and is due to grow by a further 3.5% in 2021-22.

For the third year in a row, the State's net debt position is expected to decline. This will decline to \$31.1 billion in 2021-22. In addition, the State's unemployment rate has fallen to 4.6% which is the lowest the State has seen in eight years and sits under the decade average of 5.5%.

From 1 July 2021, household fees and charges, such as electricity and water, rose by 1.6%. This was below the Consumer Price Index of 1.75% in 2021-22. Following an election commitment to keep these fees capped at inflation, the government will likely spend \$397 million.

### **Budget Commitments:**

#### Infrastructure

The WA government has committed to a \$30.7 billion infrastructure spend over the forward estimates to continue delivering a pipeline of infrastructure works.

- \$9.1 billion will be dedicated to investment in the regions which will assist the government in delivering its 10 regional plans
- \$1.4 billion in 2021-22 will deliver the State's next major water source
- In addition, \$500 million will go towards the creation of a Digital Capability Fund to improve cyber security and improve government service delivery



## Health

The WA Budget will deliver \$3.1 billion to expand WA's health system with \$1.9 billion in 2021-22 to boost the system.

- \$1.3 billion will be committed to improving health infrastructure such as hospital redevelopment and expansions
- \$1.8 billion dedicated to the new Women and Babies Hospital
- \$487 million for COVID-19 response and preparedness including hotel quarantine
- \$100 million for an emergency department support package

## Mental Health

The 2021-22 Budget will deliver a \$495 million boost to the Mental Health Commission, bringing the total in 2021-22 to \$1.115 billion. A number of mental health measures are also contained in the \$1.9 billion health budget boost.

- \$311 million for community support accommodation, including \$135.7 million for outpatient treatment services
- \$129.9 million for youth mental health services
- \$12.5 million for purpose-built 20-bed alcohol and other drug withdrawal rehabilitation facility in the Perth Metropolitan Area
- \$27.7 million for youth long-term housing and psychosocial support

## Emergency Services

The 2021-22 State Budget will allocate an additional \$281.8 million towards emergency services.

- \$80.2 million committed to fund the joint Commonwealth-State disaster recovery efforts in response to natural disasters
- \$17.8 million to employ an additional 36 career firefighters in regional WA which will bolster ratios to one station officer for every five firefighters on duty
- \$14.5 million towards construction of a new fire station in Perth's south-east to cater for recent population growth
- \$11.2 million to expand the State's fleet of emergency service vehicles

## Transport

The 2021-22 State Budget will deliver a \$5.7 billion investment in 15 METRONET projects. In addition, the 2021-22 State Budget allocates \$11.7 billion for road projects and road upgrades over the next four years.

- \$206.9 million in 2021-22 towards the local railcar construction and building program
- \$353.5 million for the Forrestfield Airport Link, due for completion by mid-2022
- \$44 million over the forward estimates for one new METRONET project and two planning studies
- \$265 million over four years for improved cycling and pedestrian infrastructure



## Housing

The 2021-22 Budget commits an additional \$884 million for social housing and prevention of homelessness initiatives. This brings total investment in social housing and homelessness to \$2.5 billion over the forward estimates.

In addition, the McGowan Labor Government will extend the 50% transfer duty rebate for new residential units or apartments in multi-tiered strata development for a further two years to improve of home ownership opportunities.

- \$750 million towards the new Social Housing Investment Fund to increase social housing stock
- \$20 million to renew three aged care social housing precincts in Albany, Bunbury and Geraldton
- An additional \$38.5 million for expanded capacity at two supported housing facilities, one 112 apartment complex in Perth CBD and one 50 apartment complex in Mandurah
- \$3.4 million over four years to expand youth crisis accommodation

## Education

The 2021-22 State Budget will deliver \$6 billion towards Education. There is also a \$162.1 million increase in the education budget for this financial year.

- \$449.5 million will be invested in school facilities in 2021-22
- \$87.6 million for STEM facility upgrades in schools
- \$170 million over the forward estimates to support students with disability
- \$38.5 million to expand the Alternative Learning Settings program

## Skills and Training

The 2021-22 State Budget will deliver \$121.4 million in training initiatives. This will go towards ensuring that TAFE and training continues to be more affordable and accessible.

- \$29.8 million will go towards Vocational Education and Training places for Year 11 and 12 students
- \$32.4 million to create 300 new jobs for apprentices and trainees
- \$25 million for TAFE upgrades and facility modernisation
- \$9.9 million for TAFE lecturers to undertake industry placements



## Indigenous Affairs

A \$374 million investment has been committed to ensuring positive outcomes for Aboriginal people and communities.

- \$50 million will be spent in the forward estimates to continue the Aboriginal Ranger Program
- \$17.6 million investment in the Aboriginal Social and Emotional Wellbeing pilot program
- \$3.6 million for implementation of the National Agreement on Closing the Gap
- \$1.5 million for the Aboriginal Business Capability Building Program

## Community Safety

The 2021-22 Budget will deliver \$198 million in new initiatives to support increased community safety.

- \$45.5 million towards family and domestic violence prevention and support measures
- \$37.2 million to expand the Homestretch program to support young people in the child protection system and see them staying until the age of 21
- \$27.8 million for youth and other justice programs in regional communities
- \$14 million to continue the Aboriginal Community Connectors Program to connect vulnerable people to culturally responsible crisis support

## Climate Change

The 2021-22 Budget will fund a number of measures to improve climate resilience including a \$750 million Climate Action Fund to increase sustainable jobs and industry. \$350 million of this will expand the State's softwood plantation estate. In addition:

- \$61.5 million for the WA renewable hydrogen initiatives
- \$100 million for an investment attraction and New Industries Fund
- \$18.5 million to fight erosion and protect the coastline
- \$14.2 million investment to deliver a Distributed Energy Resources Roadmap including rooftop solar, household and community batteries, and electric vehicles

## **Further Information**

To view the full 2021-22 Budget papers, see [here](#).

For more information, please contact your Hawker Britton Consultant [Simon Banks](#) on +61 419 648 587.