



# WA State Budget

2025-26

# WA economy

## **WA's economy continues to be the nation's economic powerhouse**

- Strong and sustained business investment has occurred over the last six years and is expected to continue, supported by a pipeline of major projects under construction
- Employment has grown by more than 52,000 jobs, or 3.3% over the last year, the strongest in the nation – a massive 340,000 jobs have been created since we came to office
- The unemployment rate has been consistently below 4% for more than 3 years – the longest period of sustained low unemployment in 47 years of ABS data.
- Western Australian household consumption continues to be the most resilient of the States, growing by 1.8% in the year to March 2025, compared to 0.5% nationally
  - Consumption is forecast to accelerate to 2.75% in 2025-26
- Population growth has grown by over 300,000 in the last five years
  - Peaked at 3.4% or 96,500 in Q3 2023, and is forecast to ease to 1.9% in 2024-25
- Cumulative population growth driving increased demand for services

# Economic outlook

**Looking ahead, solid economic growth is expected to continue, however, risks are more heightened**

- Domestic economy forecast to grow by 3.25% this year, with future growth supported by households and business investment
- GSP impacted by softer exports due to commodity specific factors, but expected to average 2.5% over the forwards
- WA expected to continue to dominate goods exports, accounting for almost half of the nation's total

	2024-25	2025-26	2026-27	2027-28	2027-28
State Final Demand (SFD)	3.25%	2.5%	2.5%	2.75%	2.75%
Gross State Product (GSP)	0.5%	2.5%	3%	2.5%	2%
Population Growth	1.9%	1.8%	1.7%	1.7%	1.6%
Consumer Price Inflation	2.75%	2.75%	2.5%	2.5%	2.5%
Wage Price Inflation	3.75%	3.5%	3%	3%	3%
Unemployment Rate	3.7%	3.75%	4%	4.25%	4.25%

# Investing in Our State

With rising global uncertainty, the 2025-26 Budget reinforces Western Australia's strengths of responsible financial management, continuing our strong economic momentum, and the delivery of WA Labor's election commitments

The 2025-26 Budget delivers on our commitment to fuel economic growth, making more things in WA, and meeting the needs of our growing population through increased investment in housing, health and education

## 2025-26 Budget key figures:

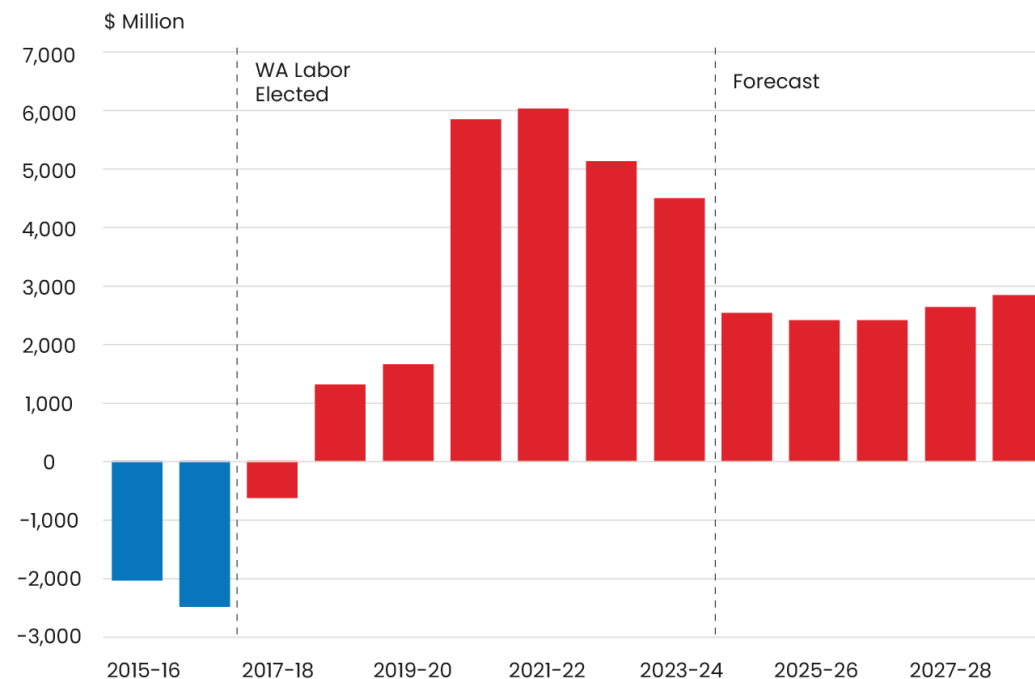
- \$963 million in **cost of living** measures
- \$1.4 billion **investment in housing** focused on boosting supply
- \$1.4 billion investment in health and mental health
- \$1.8 billion for **education and training**
- \$38 billion **infrastructure** investment program
- Over \$2.7 billion of new investment in **economic infrastructure**

# Net operating balance

**Operating surpluses forecast to be maintained across the forward estimates period**

- \$2.5 billion, seventh consecutive operating surplus in 2024-25, \$2.4 billion surplus in 2025-26
- Operating surpluses reduce debt impact of infrastructure investment on future generations
- Growth in service delivery response to population growth and community demand for services
- Conservative revenue forecasts, with \$US\$77.6 per tonne iron ore price assumption for 2025-26

## Net Operating Balance



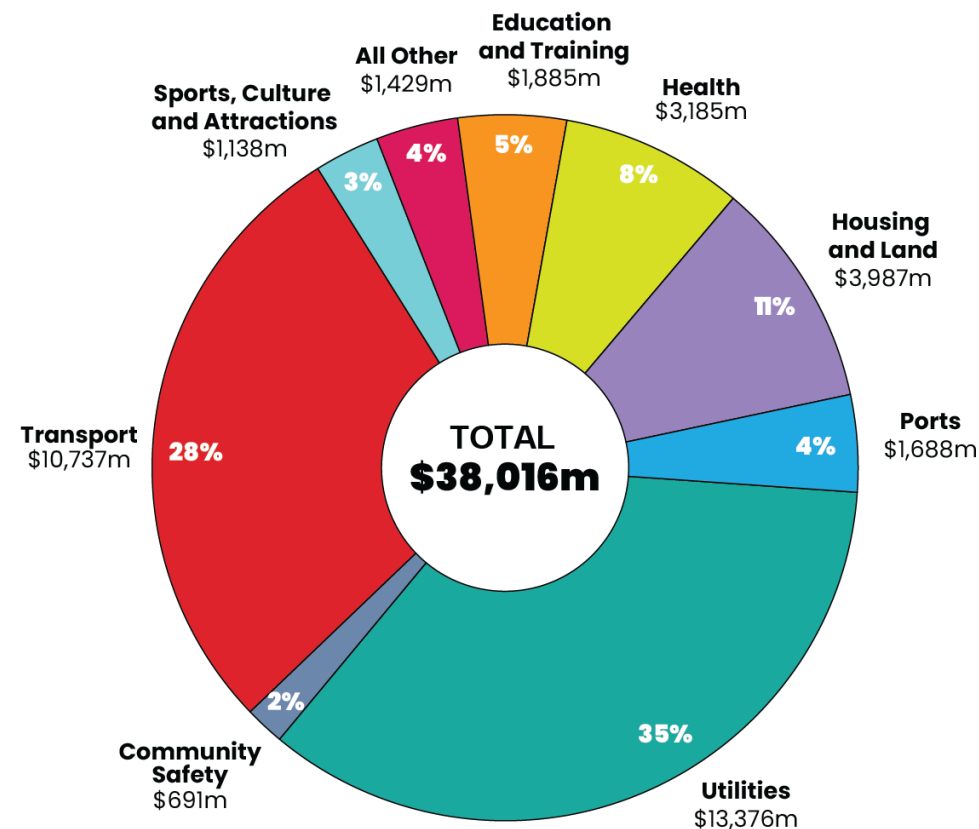


# Infrastructure investment

## Infrastructure investment program: utilities, health, education and housing

- \$38 billion infrastructure investment over the next four years
- \$7 billion in electricity infrastructure to transition to renewables and expand capacity
- \$6 billion investment in water infrastructure to meet growing population and economy including the Alkimos desal plant and Goldfields pipeline
- Health, education and housing investment has increased

## Asset Investment Program



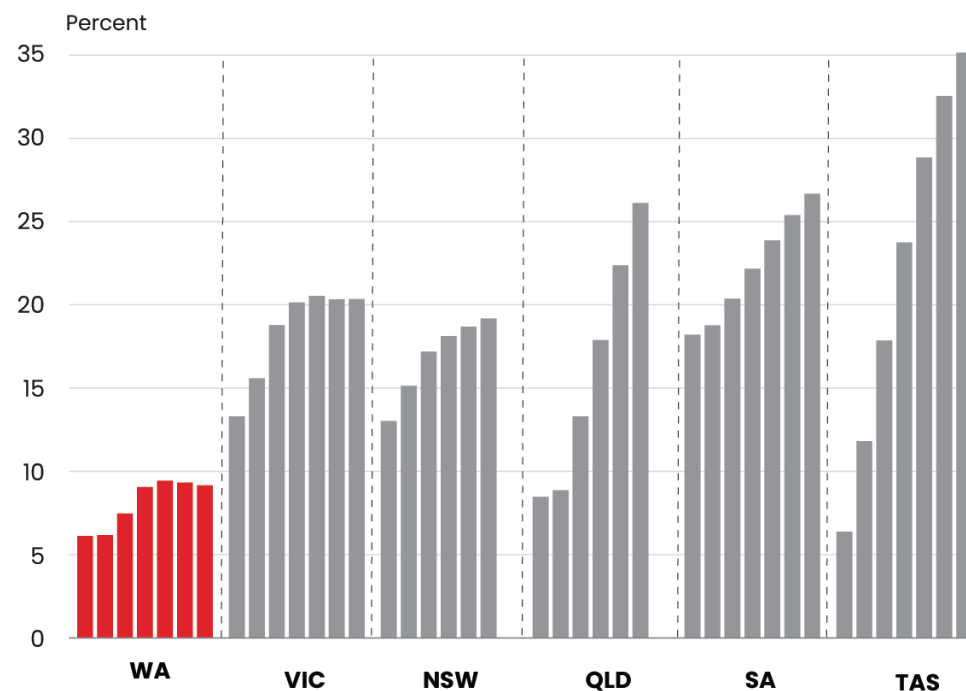
# Net debt

## WA net debt remains by far the most affordable in the nation

- Forecast net debt of \$33.6 billion by 30 June 2025, more than \$10 billion lower than projected under the previous Government
- Net debt to GSP was the highest in the nation at 13.8% when we came to office in 2017
- Net debt to GSP at 7.5% this year and remains less than 10% over the forward estimates – by far the lowest of the States

### Total Public Sector Net Debt as a share of GSP

2022-23 to 2028-29



# WATC Funding Program

## A larger funding task for WATC than in recent years

- New funding for both the Consolidated Account (\$6.5 billion) and the government trading enterprises (\$6.5 billion) over the next 4 years
- WATC's Benchmark Bond program (including ESG labelled and non-labelled) will be the primary source of term funding
- Larger program offers opportunity for curve extension, as well as support for existing lines
- Will continue to be active in Floating Rate Notes
- Increase preference for activity through Syndication and Tender process
- WATC still values reverse enquiry interest from investors and will continue to use this format to supplement the borrowing program

## WATC term borrowing program 2025-26 to 2028-29

Financial Year	New Money \$bn	Maturities \$bn	Total \$bn
<b>2025-26</b>	4.6	6.2	10.8
Less Prefunding			(2.0)
2025-26 Balance			8.8
<b>2026-27</b>	3.7	6.6	10.3
<b>2027-28</b>	2.6	5.3	7.9
<b>2028-29</b>	2.1	5.6	7.7



# Conclusion

**In a period of global and economic uncertainty the 2025-26 Budget delivers on our commitment to Western Australians to:**

- grow our economy by making more things in WA, creating more jobs, and more opportunities for local businesses
- support new housing supply
- invest in our health system and hospitals
- unlock opportunities through education and training
- invest in infrastructure to set the State up for the future

