



WA BUDGET AFFIRMS IMPORTANCE OF RESOURCES SECTOR IN WEALTH AND PUBLIC SPENDING IN WEST AUSTRALIA

A significant portion of state revenue growth comes from resource royalties which again affirms the importance of the resources sector in terms of West Australian public spending and infrastructure, said Pitcher Partners Associate Director Leon Mok following the handing down of today's WA State Budget.

Mr Mok said Premier Colin Barnett had delivered a surplus budget with spending increased significantly, however, he said the government had been able to fund these commitments from the surge in its tax intake most notably its royalty revenue which were up \$600m from estimates in last year's budget.

“This underpins the crucial role that the resources royalties plays in WA public spending and infrastructure.”

Mr Mok said the one item not taken into the account in the state budget was the federal government's proposed resource super profits tax. He said if activity was slowed due to the resource super profits tax, then royalty revenue was also expected to suffer with the obvious impacts.

“Based on last year's estimate, we are expecting \$600 million more from royalties. This affirms the crucial nature of the resource royalties in public spending.

“The Resource Super Profits Tax is not an item covered by the State Budget, but we need to be wary of the impact that this tax will have on the continued resources revenue stream.

“If projects are put on hold and production slows, royalty revenue streams will slow down as well. It won't stop, as there will always be someone who will mine it, but it may slow in the short-term.

“It just shows how important the Resource Super Profits Tax is not only at a federal level but also on West Australia public and infrastructure spending,” Mr Mok said. END

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