



2016-17 BUDGET

FACT SHEET



FUNDING FUTURE INFRASTRUCTURE

The State Government has completed the sale of Perth Market City and is progressing the divestment, via long-term lease, of the Utah Point bulk handling facility at Port Hedland and the Fremantle Port. The Government is also continuing to actively engage with the racing industry on the future sale of the TAB.

Proposed Asset Divestments

The Government proposes the sale of:

- Western Power; and
- Horizon Power's transmission and distribution assets in the Pilbara.

A final decision to sell these assets will not be made until after the election. A decision to sell the assets will only be made following confirmation that divestment of these assets is in the best interests of both taxpayers and electricity consumers.

The decision will also be dependent on an effective regulatory regime, which ensures electricity consumers are no worse off.

Proceeds from these divestments, when combined with the Government's existing asset sales program, are expected to total around \$16 billion.

Proposed Use of Proceeds from Divestments

The Government will use the proceeds to:

- retire around \$11 billion of public debt (some of which is currently held by Western Power); and
- create a \$5 billion Infrastructure Fund, to provide the State with the capacity to finance key infrastructure projects that meet the needs of Western Australia into the next decade. Such projects may include public transport, roads, schools and other economic and social infrastructure to support the continued growth of Western Australia.

Financial Impact

The proposed divestment of these assets would mean that the general government sector would no longer receive yearly dividend and tax equivalent payments of around \$300 million. However, this is more than offset by the interest savings on the associated debt. In this regard, the repayment of \$11 billion in debt represents around a 30% reduction in the forecast level of net debt by the end of the forward estimates and caps debt at around 2015-16 levels. It is estimated that public sector interest costs would be around \$570 million lower per year from 2019-20.

While the Government will continue to drive spending efficiencies across the public sector, which will help contain the growth in debt levels going forward, divesting assets that do not need to be owned and operated by the State Government is the only practical option for significantly reducing the current stock of debt.