



2007-08

Decisions for Our Future



BUDGET OVERVIEW

2007-08

Budget Overview
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2007–08 Budget Paper set includes:
Budget Paper No. 1 – Budget Speech
Budget Paper No. 2 – Budget Statements (Volumes 1–3)
Budget Paper No. 3 – Economic and Fiscal Outlook
Budget Overview
Reader's Guide to the 2007-08 Budget Statements

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2007-08

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Decisions for Our Future

Decisions for Our Future is the driving priority of the Western Australian Government's 2007-08 State Budget.

Western Australia has an economy that is the envy of the nation and the 2007-08 Budget ensures that we will continue to meet the challenges, and benefit from the opportunities, of growth now and into the future.

That's why the Government will invest a record \$5.8 billion on critical capital works over the next financial year and a staggering \$21.6 billion over the next four years. The 2007-08 Budget also includes record spending on health, education and training, law and order, child protection, transport and climate change.

The Budget also invests heavily in targeting housing affordability through significant cuts to stamp duty for first home buyers that are the most generous in the nation.

Since 2000-01, the Government has been able to reduce household fees and charges for a representative household by \$413 or 10.8 per cent in real terms.

The Government has been able to make these *Decisions for Our Future* through years of sound financial management that has resulted in the State's general government sector remaining net debt-free. The Government has used its surpluses to retire around \$2.4 billion in State debt over the past three years – saving \$150 million each year in interest payments.

This Budget will ensure that the Government's sound investment decisions will turn today's prosperity into a sustainable future and deliver a social dividend from the State's economic boom to all Western Australians.

Highlights at a Glance

- A tax relief package worth \$2.1 billion over the next four years that includes significant cuts to stamp duty for first home buyers that are the most generous in the nation.
- Record Capital Works Program of \$5.8 billion with an estimated \$21.6 billion to be spent over the next four years, including \$750 million on the development of new water sources.
- 2006-07 surplus to fund the debt-free construction of the \$1.09 billion Fiona Stanley Hospital in Perth's southern suburbs.
- The State's general government sector remains net debt-free.
- No increases in household electricity charges, with increases in household fees and charges kept below inflation.
- \$417 million to be spent over the next four years towards making housing in Western Australia more affordable.
- More than \$101 million to be spent over the next five years on initiatives to address climate change.
- Creation of a new Department for Child Protection in line with recommendations of the Ford Review of the Department for Community Development.
- Addressing the skills shortage with \$99 million to provide additional apprenticeship and traineeship places, deliver new and upgraded training facilities, equipment and programs to attract new people to trades.



Tax Relief

The State Government's decision to provide further tax relief to Western Australian households and business in this year's Budget further ensures that all Western Australians continue to share the benefits of the State's growing economy.

In the 2007-08 Budget six new measures will deliver tax relief worth \$2.1 billion over the next four years. These measures, together with other tax measures introduced since 1 July 2004, will deliver a massive \$5.8 billion worth of tax savings to Western Australians over the period 2007-08 to 2010-11.

Highlights of the State Government's tax relief package include:

First Home Buyers Exemption

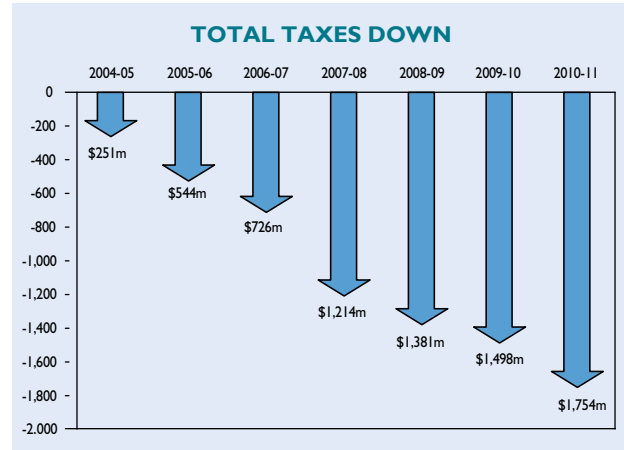
- From 10 May 2007, nearly 90 per cent of first home buyers are expected to benefit from the Government's decision to double the stamp duty exemption threshold for first home buyers from \$250,000 to \$500,000 for home purchases, and from \$150,000 to \$300,000 for purchases of vacant land. This represents a saving of \$20,700 for a first home buyer purchasing a \$500,000 property.

Land Tax Reform

- The land tax and Metropolitan Region Improvement Tax (MRIT) scales will be adjusted to significantly reduce the total tax payable compared to existing arrangements. In order to reduce bracket creep, all land tax thresholds will be increased and three of the five marginal tax rates reduced. The MRIT will no longer be levied on the full value of land, but only on the value above an exemption threshold of \$250,000.

Aged Care Providers Exemption

- A land tax exemption will be introduced to place private aged care providers on the same footing as not-for-profit providers and arrangements in other States. There are around 60 private aged care providers in Western Australia who currently pay land tax.



Reduced Stamp Duty for Motor Vehicles

- Stamp duty will be reduced for purchases of vehicles valued between \$15,000 and \$50,000, by increasing the thresholds in two stages (a \$5,000 increase on 1 July 2007 and a further \$5,000 increase on 1 January 2009). For a standard family vehicle worth around \$35,000, the final stamp duty saving will be around \$525 (or 26 per cent).

Caravan Stamp Duty

- For caravan buyers, a stamp duty exemption will be introduced from 1 July 2007 to match the arrangements in other States.

Simplified Stamp Duty for Heavy Vehicles

- For heavy vehicle buyers, the stamp duty arrangements will be simplified by extending the current single 3 per cent duty rate for new heavy vehicles to used heavy vehicles.

Decisions for Our Future

Summary of Tax Relief Measures in the 2007-08 Budget and Other Recent Measures

	2007-08 Budget Estimate \$m	2008-09 Forward Estimate \$m	2009-10 Forward Estimate \$m	2010-11 Forward Estimate \$m	Four Year Total \$m
2007-08 BUDGET					
From Budget Day:					
Conveyance Duty – Doubling the First Home Buyer Exemption Threshold to \$500,000 (with \$600,000 phase-out) ^{(a) (b)}	-80.1	-83.3	-89.7	-96.5	-349.6
From 1 July 2007:					
Motor Vehicle Duty:					
Raise Thresholds by \$5,000	-27.3	-31.1	-32.9	-34.9	-126.2
Provide a Caravan Exemption	-7.1	-8.1	-8.6	-9.1	-32.9
Introduce a Single Rate for All Heavy Vehicles	-1.8	-2.0	-2.0	-2.0	-7.8
Land Tax (and MRIT):					
Adjustment to Land Tax and MRIT Scales ^(c)	-316.0	-347.6	-382.4	-420.6	-1,466.6
Aged Care Provider Exemption	-1.0	-1.0	-1.0	-1.0	-4.0
From 1 January 2009:					
Motor Vehicle Duty:					
Raise Thresholds by \$5,000	–	-11.4	-28.9	-30.6	-70.9
SUB-TOTAL – 2007-08 BUDGET	-433.4	-484.5	-545.5	-594.7	-2,058.1
NET TAX RELIEF FROM MEASURES IMPLEMENTED OR ANNOUNCED BETWEEN 1 JULY 2004 AND UP TO BUDGET DAY					
Business Tax Review Measures from 1 July 2004 ^(d)	-122.3	-122.8	-124.6	-126.6	-496.3
2004-05 Budget Measures	-132.3	-140.4	-150.5	-161.3	-584.5
October 2004 Tax Package	-252.2	-267.2	-282.5	-298.8	-1,100.8
2005-06 Budget Measures	-117.0	-124.1	-132.2	-140.8	-514.1
2006-07 Budget Measures	-157.0	-242.4	-262.1	-431.7	-1,093.2
SUB-TOTAL – PREVIOUS MEASURES	-780.7	-896.9	-952.0	-1,159.4	-3,788.9
TOTAL	-1,214.0	-1,381.4	-1,497.5	-1,754.1	-5,846.9

(a) This measure is also estimated to have a cost of \$11.0 million in 2006-07.

(b) Vacant land threshold doubled to \$300,000 (with \$400,000 phase-out).

(c) The estimates shown are the additional revenue the Government could have expected to collect if the 2006-07 land tax and MRIT scales had been retained (due to a dramatic increase in average land values and the progressivity of the land tax scale), although only a fraction of that growth had been factored into the previously published budget and mid-year review forward estimates.

(d) Includes the abolition of debits tax (from 1 July 2005) and the abolition of stamp duty on workers' compensation insurance and on life insurance policies (both from 1 July 2004).



Capital Works

Western Australia has an economy that is the envy of the nation, but we cannot rely on these boom conditions lasting forever, so we must plan for the future. The State Government's decision to invest a massive \$21.6 billion over the next four years on capital works will meet the burgeoning demand for essential services that are vital to both households and business.

In 2007-08 the Government will invest a record \$5.8 billion on critical infrastructure projects that will ensure the State continues to grow and meet the capacity demands of next year and beyond.

Highlights of the 2007-08 program include:

- \$897 million on the State's electricity infrastructure to improve the safety and reliability of electricity generation, transmission and distribution, and meet the needs of the State's fast growing economy.
- \$766 million on water, wastewater and drainage infrastructure, the investigation of new water sources, and ongoing programs such as the Infill Sewerage program.
- \$706 million to expand, maintain and improve the road network of our vast State, with major projects including the New Perth to Bunbury Highway, Stage 2 of the Karratha to Tom Price Link Road, the Mitchell Freeway extension from Hodges Drive to Burns Beach Road, and construction of Stages 1 to 3 of the Broome Bypass of the Broome Highway.
- \$324 million on health infrastructure, which is almost double the expected expenditure in 2006-07.



- \$295 million on public schools and TAFE colleges around the State, involving works on 25 high schools and 14 primary schools.
- \$220 million on police, prison and other law and order related projects.
- \$99 million on upgrades and improvements to the State's port facilities, further enhancing the State's export capacity.

Decisions for Our Future

Debt Management

As a result of the Government's sound management of State finances, the general government sector will remain net debt-free across the entire forward estimates period.

Every dollar of the projected surpluses will be used to reduce debt or build infrastructure.

The Government has used its surpluses to retire around \$2.4 billion in State debt over the last three years.

This decision has meant that the Government has saved the State around \$150 million each year in interest payments. The Government's projected surpluses are used as a funding source for future capital works, with less reliance on borrowings.

The Government used the 2005-06 surplus to fully fund the New MetroRail project and will see the 2006-07 surplus used to build the \$1.09 billion Fiona Stanley Hospital with no borrowings and no debt servicing costs into the future.

These funding decisions will mean that Western Australia has a lasting legacy from the current boom.

Household Fees and Charges

The State Government's decision to keep increases in overall fees and charges below the inflation rate will help all Western Australians better manage their household budgets.

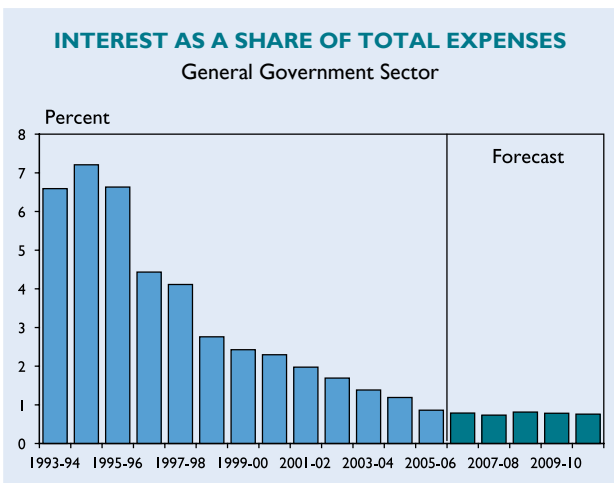
For the seventh consecutive year there will be no increases in household electricity prices.

However, in line with recommendations from the Economic Regulation Authority, total water charges for the average household will increase by \$27.30 (or 8.07 per cent) in 2007-08 – to reflect the real cost of providing water.

The change in prices will also ensure that appropriate price signals are sent to consumers in continually managing this precious resource.

In 2007-08 spending by the 'representative household' on the basket of State government goods and services will increase by \$133.65. This represents an increase of 3.9 per cent – well below the reference rate of inflation of 4.8 per cent.

In seven years, the State Labor Government has reduced key household fees and charges for the representative household by \$413 or 10.8 per cent in real inflation-adjusted terms.





A Strong Economy

In the five years from 2000-01 to 2005-06, Western Australia's gross State product (GSP) has grown from \$75.7 billion to \$119.2 billion – with the State's annual average growth rate in real terms over this period a strong 5.6 per cent.

Western Australians are benefiting from current economic conditions, with the State having the nation's highest consumption growth rate, lowest unemployment rate, higher than average participation rates and higher than average job vacancy rates. Since early 2001, employment has grown by more than 169,000, bringing to 1.1 million the number of people in employment.

Wages growth in Western Australia is faster than the national average, and business confidence levels are also the highest nationally.

Our robust economic conditions are expected to continue into the future. The economy is forecast to grow by 6 per cent in 2006-07, significantly higher than the long-term average growth rate of 4.6 per cent.

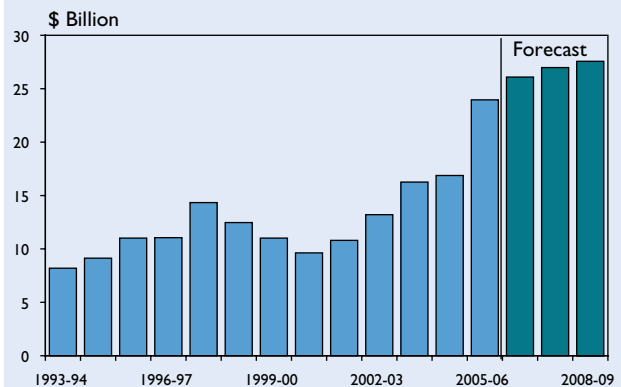
In 2007-08 the economy is then forecast to grow at 4.5 per cent and by 5 per cent in 2008-09.

Our strong growth is built upon record levels of business investment, with major projects either proposed or under construction totalling more than \$138.8 billion – a staggering 29 per cent of the national total.

Exports are expected to rise as the strong growth in investment in Western Australia's resources sector over the past few years yields higher output and boosts export volumes. Net international trade is expected to contribute over half of the growth rate in GSP for 2007-08.

Western Australia now has an annual trade surplus of \$34.6 billion – compared to the national deficit of \$12.4 billion. Our exports are now valued at just over \$57 billion, which is more than one third of the national total.

BUSINESS INVESTMENT IN WESTERN AUSTRALIA^(a)



^(a) The reference year for prices in the chain volume estimates above is 2004-05. The business investment figures above also exclude net purchases of second-hand public sector assets by the private sector. The most notable instance of such purchases was the sale of the Dampier to Bunbury Natural Gas Pipeline for \$2.1 billion in 1997-98.

On the jobs front, the high demand for labour and the high participation rate are expected to continue, with a slowing of employment growth to a relatively low 2 per cent in 2007-08 and 2 per cent in 2008-09 due more to an expected continuation of labour supply constraints than a slowing in demand.

The State's unemployment rate is expected to increase to 3.25 per cent in 2007-08, and the tightness in the State's labour market is likely to persist in 2007-08 and 2008-09. As a result, wages are expected to grow by 4.25 per cent in 2007-08 and 4 per cent in 2008-09, somewhat higher than the long-term average.

Decisions for Our Future



Housing Affordability and Land Supply

Having access to high quality and affordable housing is a key priority of the State Government in this year's Budget.

Not only will Western Australians benefit from the nation's most generous first home buyer concessions, the Government will also invest \$417.3 million over the next four years to boost affordable housing programs throughout the State. This program will deliver an estimated 3,700 new public and community housing units over the next four years.

Other key initiatives in this year's Budget to address housing affordability and land supply include:

- \$300 million over four years for implementation of the FirstStart shared equity home loan scheme.
- \$21.1 million over four years to deliver the electronic Land Development Program (eLDP) that will streamline the lodgement of applications from initial subdivision approval to the issue of titles.
- An additional \$5.7 million to expand the Bond Assistance Scheme, resulting in more families and singles being assisted with entry costs into private rental accommodation.
- \$2.7 million over two years to prepare a Structure Plan for the Amarillo development, south of Perth. With the potential to house up to 90,000 people, the target for first land releases is 2012.
- The appointment of an Urban Development Co-ordinator to work in the office of the Minister for Planning and Infrastructure to ensure an adequate supply of land at a reasonable price for all Western Australians.



Protecting our Children

There is nothing more important than the safety and welfare of our children. That's why the State Government announced a \$51 million child protection package in September 2006 to recruit an additional 133 child protection and support staff.

The Government subsequently decided to establish the Department for Child Protection to replace the Department for Community Development.

Expenditure for the new department will increase by \$31.1 million, or 12.9 per cent, to \$272.6 million in 2007-08. This includes funding of \$3.1 million as part of an \$11.9 million commitment over four years to operate two hostels in Halls Creek, providing an additional 17 places for children in care. The Halls Creek plan also includes the sourcing of an additional 8 foster care placements for at-risk children and implementation of a responsible parenting program.

In response to the Ford Review, the Government is committing total funding of \$104.5 million over the next four years.

Key initiatives to be undertaken as part of this package include:

- Providing additional residential care placements and options through a two-tiered regime for at-risk children, along with additional direct care workers to support these placements.
- Increased subsidies to foster carers in recognition of the increased complexity of children's needs in care.



- Additional support to foster carers through the recruitment of extra carers to provide respite care for the existing foster carers and additional training for carers.
- Recruitment, training and dedicated support for additional Aboriginal carers.
- Strategies to retain and attract staff including improved measurement and management of caseloads and a broader approach to workforce planning.
- Refurbishment of an existing Departmental facility to become the State's Intensive Therapeutic unit.
- Introduction of mandatory minimum qualifications for every caseworker in the Department and increased opportunities for staff to undertake further training and tertiary education.
- Establishing a small independent specialist unit to investigate complaints and to examine Child Death Review cases where the child is known to a number of agencies.
- An Aboriginal Reference Group to provide input into policy, practice, staff training and development and provide feedback on the Department's impact on Aboriginal children and youth.



Having access to high quality and affordable housing is a key priority of the State Government in this year's Budget.

GASCOYNE

- \$5.9 million for water supply upgrades at Coral Bay
- \$3.3 million for the ongoing construction and sealing of the Carnarvon-Mullewa Road between North West Coastal Highway and Gascoyne Junction
- \$2.2 million for the construction of the Carnarvon Volunteer Fire Rescue Station
- \$2.0 million for the development of Stage 1 of the Carnarvon Integrated Health Service
- \$1.0 million for additions and improvements to the Carnarvon Senior High School

PERTH METRO AREA

East Metropolitan

- \$45.7 million to be spent upgrading and building new schools and TAFE colleges
- \$22.4 million on upgrading the lower Helena Dam pump station
- \$10.7 million for the reconstruction of Roe Highway to Muchea on the Great Northern Highway
- \$7.9 million on improvements to the Kelmscott Train Station
- \$7.9 million on the ongoing development of the Police Operations Support Facility at Midland
- \$3.3 million to be spent on health infrastructure projects including the upgrade of theatre suites at the Kalamunda Hospital and planning of the new Swan Health Campus

North Metropolitan

- \$102.9 million for the Alkimos wastewater treatment plant
- \$71.5 million for the extension of the Mitchell Freeway from Hodges Drive to Burns Beach Road
- \$51.0 million on upgrading and building new schools, including \$13.1 million for the redevelopment of Central TAFE
- \$49.4 million for a new performing arts theatre
- \$36.0 million to be spent on health infrastructure projects including \$21.2 million on further expansion and upgrades to Joondalup Health Campus
- \$31.7 million on the upgrade program for the Fremantle Port
- \$18.0 million over the next four years to add almost 1,500 extra car parks on the Northern Suburbs Railway line
- \$1.1 million for the wet trades training areas at West Coast TAFE in Clarkson

South Metropolitan

- \$86.2 million for upgrading the Australian Marine Complex
- \$64.7 million to be spent on health infrastructure projects including \$45 million on Stage 1 of the redevelopment of the Rockingham Kwinana Hospital and \$15.2 million towards the new Fiona Stanley Hospital
- \$36.9 million on upgrading and building new schools, including \$14.6 million on a new replacement high school at Kwinana
- \$33.7 million on the upgrade program for the Fremantle Port
- \$20.0 million for the East Rockingham wastewater scheme

WHEATBELT

- \$64.7 million to be spent on improving roads in the Wheatbelt, including \$24.5 million on construction of a 10 km section of Indian Ocean Drive from Lancelin to Ocean Farms Estate
- \$17.9 million on a range of improved wastewater, water supply and storage projects, including \$8.0 million on additional storage at Northam
- \$6.7 million on the construction of new buildings at Muchea for the Western Australian Meat Industry Authority

PEEL

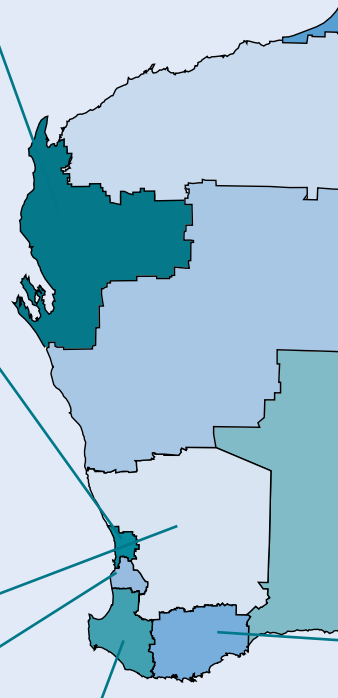
- \$218.7 million for the construction of the new Perth-Bunbury Highway
- \$65.2 million on transmission lines to Alinta's cogeneration plant and to the Boddington gold mine
- \$59.3 million to improve water supply, including \$35.4 million on wastewater improvements and \$11.2 million for the Halls Head wastewater treatment plant upgrade
- \$9.1 million to complete construction of the marina operations centre in Mandurah
- \$7.3 million for a new primary school at South Halls Head
- \$5.9 million to be spent on new emergency facilities at the Peel Health Campus and a new Murray District Health Centre at Pinjarra

KIMBERLEY

- \$30.8 million of road improvements, including
- \$23.0 million to be spent on the replacement
- \$22.3 million for the continued development of Stage
- \$15.9 million for various developments at Kur
- \$15.4 million to be spent on replacing the Der
- \$10.9 million for the upgrade of the Wyndham
- \$9.8 million for upgrades to the Broome Regio
- \$9.8 million to commence planning for constr
- \$4.0 million for Stage 2 of the Broome Reside
- \$3.5 million to be spent on volunteer fire and
- \$2.9 million on irrigation works on the Ord R
- \$2.8 million for the Broome Performing Arts

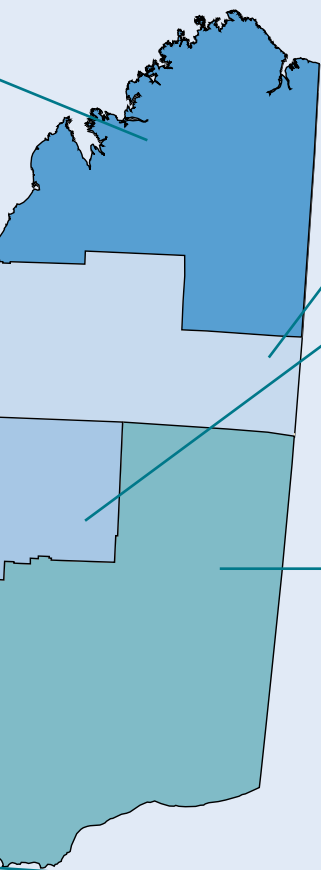
SOUTH-WEST

- \$80.2 million on a variety of wastewater and v
- the Stirling Dam
- \$48.2 million on upgrades to the Muja power
- \$35.2 million on upgrading and building new s
- College and \$10.4 million on Manea Senior C
- \$12.6 million on a new dental clinic, completi
- planning of the Busselton Integrated District H
- \$11.8 million for additions and upgrades at Bu
- \$7.5 million on a new multi-purpose crane and
- \$4.6 million to be spent on the re-enhanceme
- \$2.3 million on the construction of a replacem



Western Australians

\$15.8 million on the Broome Bypass
of the Fitzroy Crossing District High School
of the Broome Regional Resource Centre and
Kununurra, Wyndham, Fitzroy Crossing and Derby
by Police station and construction of the Kimberley District
n water supply
onal Prison and to finalise replacement planning
uction of the Kimberley Prison and Work Camp
ntial College
emergency collocation in Derby and Kununurra
iver
and Cultural Centre



PILBARA

- \$42.7 million of road improvements including \$41.0 million of further works on the Karratha-Tom Price link and \$1.6 million on overtaking lanes on the Dampier Road
- \$10.3 million for the development of the Hedland Regional Resource Centre at South Hedland
- \$9.4 million on the redevelopment of Karratha Senior High School and the Pilbara TAFE
- \$9.3 million on replacement of the police station at South Hedland, the Pilbara District headquarters, and construction of a new facility at Jigalong
- \$5.9 million on electricity upgrades including Nullagine and Marble Bar
- \$3.5 million on upgrades and improvements to the Dampier Port
- \$1.4 million to accommodate the new Community Justice Service Centre in Karratha

MIDWEST

- \$22.0 million for improvements to a range of wastewater and water supply projects for the region
- \$10.2 million for a new primary school at Wiluna and upgrades to John Willcock College, Geraldton Secondary College and Kalbari District High School.
- \$9.2 million for expansion of the Geraldton Port including \$6.3 million for the expansion of the iron ore berth
- \$6.7 million for the Morawa and Perenjori Multi-purpose Health Centre
- \$2.3 million for continuing improvements as part of the Geraldton Foreshore Redevelopment

GOLDFIELDS-ESPERANCE

- \$72.3 million for wastewater and water supply upgrades throughout the Goldfields
- \$59.0 million for improvements to the Goldfields regional road network, including \$39.0 million for ongoing widening and improvements to Eyre Highway at Heartbreak Ridge and Balladonia East and \$16.4 million for the construction of a new bridge and approaches at Lake Raeside
- \$3.5 million for a replacement police station at Leonora
- \$3.0 million for new FESA Volunteer collocated station at Esperance
- \$2.8 million for upgrades to the Kalgoorlie Court Complex
- \$2.7 million for upgrades and improvements to the Esperance Port
- \$1.4 million to complete the Eastern Goldfields Prison upgrades and continue replacement planning
- \$1.1 million for upgrades to Curtin University's Training and Education Centre in Kalgoorlie
- \$650,000 for the development of the South Boulder quarantine yard

GREAT SOUTHERN

- \$19.0 million for the redevelopment of the Albany Waterfront
- \$16.4 million for road construction and upgrades, including the Albany Ring Road and Muirs Road
- \$12.6 million on the Denmark Multi-purpose Centre
- \$9.9 million for the Albany wastewater treatment plant tree farm expansion
- \$8.9 million for the redevelopment of the Albany Residential College
- \$4.2 million for the planning and construction of the Albany Entertainment Centre
- \$3.8 million for improved rail access to the Albany Port
- \$3.1 million for new Mount Barker Primary School
- \$1.3 million for the Bremer Bay Wind-Diesel Project

water supply projects, including \$30.5 million on upgrades to
station
chools, including \$12.6 million on the Dalyellup Secondary
ollege
on of the new South-West Mental Health facilities and
Health Service
nbury Regional Prison
d investigations into the deepening of the Bunbury Port
nt of the Bunbury Back Beach
ent police station at Harvey

Decisions for Our Future – Improving Services for all Western Australians



Health

The State Government's decision to commit a record spend of \$4 billion towards health in this year's Budget will ensure Western Australia is on track to implementing the Health Reform Committee's recommendations. The Government's commitment in 2007-08 is up more than \$206 million or 5.4 per cent on 2006-07.

Key highlights of the 2007-08 Health budget include:

- The employment of an additional 200 nurses in 2007-08, bringing to more than 10,000 the number of nurses employed by the Department of Health.
- Expansion of the Hospital in the Home and Rehabilitation in the Home programs that will target 220 patients per day receiving treatment at home as an alternative to admission to hospital, thereby helping reduce waiting times for elective surgery.
- Funding of \$50 million in 2007-08 for the continuation of the Mental Health Strategy that will provide greater access to mental health adult inpatient beds, emergency services, community-based services and residential care.
- Funding of \$5.5 million over four years to improve services to Aboriginal communities at Halls Creek, Kwinana, Norseman and the Western Desert communities of Jigalong, Punmu, Parngurr and Kunawarritji.
- Implementation of the joint Federal and State Government program Healthy for Life that will provide targeted and coordinated health checks and programs for the 0-6 and 6-15 age groups among Aboriginal children in the Great Southern and Fitzroy Valley.

In 2007-08, the Government will spend a record \$324.5 million on health infrastructure, including planning of the \$1.09 billion Fiona Stanley Hospital in Perth's southern suburbs.

New and improved health facilities in 2007-08 will include:

- \$12.6 million on a new in-patient and out-patient multi-purpose health centre at Denmark with a total budget of \$18 million.
- A total of \$38.1 million to be spent in the Kimberley region on a range of new facilities and programs including funding of \$22.3 million for the redevelopment of the Broome Hospital.
- \$45 million on the redevelopment of the Rockingham Kwinana Hospital to provide an increased range of services including general surgery, obstetrics and gynaecology, and emergency, with a total project cost of \$92.1 million.
- \$21.2 million to progress the upgrade of the Joondalup Health Campus, including expansion of the inpatient mental health unit with a total budget of \$131.3 million.
- \$10.3 million to commence construction of the Hedland Regional Resource Centre.



Education and Training

Making sure Western Australians have the skills and knowledge to drive our economic prosperity into the future is a key priority of the State Government. In 2007-08, the Government will spend a record \$3.3 billion, up \$177 million or 5.7 per cent on the previous year.

The training system is being transformed to make it more responsive, flexible and efficient. Along with providing funding for 34,600 apprenticeship and traineeship places in 2007-08, an increase of nearly 16,000 places since 2000-01, the 2007-08 Budget also includes additional funding of \$62.5 million for new and upgraded training facilities, equipment and programs to attract new people to trades.

Key highlights of the 2007-08 Education and Training budget include:

- Implementation of a range of advertising and recruitment programs for more teachers, which has already resulted in expressions of interest from 150 teachers from the United Kingdom.
- The employment of additional teachers for the *Getting It Right* Literacy and Numeracy Strategy – bringing to 335 the number of specialist teachers working in 317 primary schools, and 36 the number of specialist teachers working in 41 high schools, across the State.
- \$41.2 million over the next four years for computers in schools with \$7.8 million being spent in 2007-08.
- Funding of \$69 million from 2004-05 to 2008-09, with ongoing funding of \$14.3 million each year thereafter, to assist the parents and guardians of students aged 16 or 17 in Years 11 and 12 by providing \$200 to reduce the cost of education. Parents and guardians of students aged 16 or 17 enrolled in full-time TAFE or private training receive a payment of up to \$400 based on a full year's enrolment.
- Funding of \$66.3 million over the next four years, with a commitment of \$16.6 million in 2007-08, for additional resources for children with disabilities.

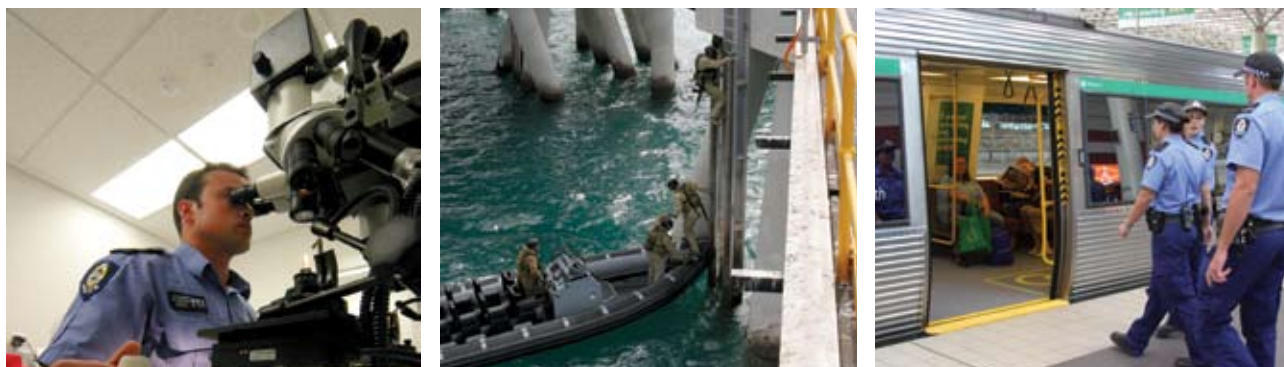
The Department of Education and Training's capital works program in 2007-08 of \$295 million is for new schools, and major upgrades to existing schools and TAFE centres.

The major highlights include:

- \$44.5 million on new capital works and equipment for the TAFE sector, including \$13.1 million on redevelopment of the Central Metropolitan TAFE in Northbridge and \$1.1 million to commence construction of the \$12.4 million West Coast TAFE trade facilities at Clarkson.
- \$39 million on new primary schools at Ellenbrook (Coolamon), Hocking, Southern River, South Halls Head and Waikiki, and a replacement school at Wiluna – all due to open in 2008.
- \$15.1 million to commence construction on four new primary schools at Kingston, Madeley, Somerly and Success.
- \$50.6 million to be spent on construction of the Cape Naturaliste College, Atwell High School, Dalrymple Secondary College and the new Manea College in Bunbury.
- Funding of \$34 million for the replacement of the Fitzroy Crossing District High School and the new Landsdale High School.
- \$75.5 million on the continuing school maintenance program including \$14.1 million on the 'Fixing Our Schools Program'.
- \$22 million for the seatbelts in school buses program, of which \$494,000 will be spent in 2007-08.

A record \$4 billion towards health in this year's Budget will ensure Western Australia is on track to implementing the Health Reform Committee's recommendations.

Decisions for Our Future – Improving Services for all Western Australians



Community Safety

Community safety remains a key priority for the State Government. In 2007-08, the Government will spend \$813.8 million. This 6.5 per cent increase on 2006-07 will result in more front line officers keeping our State safe for everyone.

Key highlights of the Police budget include:

- Recruitment of an additional 90 officers in 2007-08, continuing the Government's commitment to an additional 350 officers. By the end of 2007-08, 260 officers will have been recruited above attrition in this term of Government and will bring to 510 the total number of additional police officers recruited since February 2001.
- An additional \$17.7 million will be spent in 2007-08 on front line policing initiatives.
- An estimated 13,000 DNA samples will be collected in 2007-08 bringing to more than 96,000 the number of personal DNA samples collected since the legislation came into existence.
- Perth nightspots will be made safer with the establishment of a special Entertainment Precinct Unit to address anti-social behaviour and street violence in Northbridge and other hot spots.
- The transitioning of a further 30 Aboriginal Police Liaison Officers into mainstream policing in 2007-08.
- Expanding the operations of the Traffic Enforcement Group to major metropolitan arterial roads and regional roads to improve traffic safety.
- An allocation of \$3.2 million from the Community Safety and Crime Prevention Fund to support local community and crime prevention initiatives.

A total capital works program of \$261.1 million over the next four years will see the construction and completion of 13 new police facilities. The capital works program for 2007-08 will total \$97.2 million and will include:

- \$4.8 million to be spent on the new Increased Counter Terrorism Enhanced Response, including a Water Police Unit in the North-West to help protect critical infrastructure.
- \$19.2 million on the Delta Communications and Technology project and \$9.3 million on the Perth Metropolitan Radio Network.
- \$12 million on the site acquisition phase of the new \$93 million Perth Police Complex.
- \$3 million on the construction of the Rockingham Police Rail Unit and \$3 million on the construction of a new police station at Secret Harbour.



Transport and Roads

A modern, fast and efficient public transport system and safe road network are important to the future development and sustainability of our community.

That's why the State Government has committed to road spending of more than \$1.2 billion in 2007-08 – an increase of \$258.4 million on 2006-07. More than two-thirds will be spent on country roads, reflecting the strong economic growth in regional areas.

Public transport will also receive a boost in 2007-08 with the Public Transport Authority increasing spending to \$759.3 million – up \$115.7 million or 18 per cent from 2006-07.

The Government will also spend \$73.8 million over four years to modernise the Licensing Business Unit.

The year's major highlight will be the opening of the Perth to Mandurah rail line as part of the debt-free \$1.6 billion New MetroRail project. Other highlights for 2007-08 include:

- \$218.7 million on the new Perth-Bunbury Highway project with an estimated project cost of \$631 million – the State's biggest ever road project.
- The purchase of 69 new buses at a cost of \$41.7 million.
- \$8.7 million on new ticketing machines to support the introduction of the new Smart Card ticketing system.
- The recruitment of an additional 139 railway transit guards and security staff, bringing to 568 the number of security staff – an increase of 365 staff since 2001.
- \$31.8 million on the completion of the New MetroRail project.
- \$30.2 million on the purchase of new rail cars for the city's rail network to meet increasing patronage for urban rail services.



- \$20 million for the State's Black Spot Program, and a commitment of \$28 million in 2007-08 and 2008-09 for the Safer Roads Program.
- \$71.5 million for the extension of the Mitchell Freeway from Hodges Drive to Burns Beach Road.
- \$269.7 million to be spent on road maintenance to further improve the quality and safety of the State's road network.
- \$18 million over four years to add almost 1,500 extra bays to car parks on the Northern Suburbs Railway line.

Road spending of more than \$1.2 billion in 2007-08 – an increase of \$258.4 million on 2006-07.

Decisions for Our Future – Building Our Capacity

Our ability to build on Western Australia's ongoing prosperity into the future is dependent upon making sure we have the capacity to meet the challenges of economic growth.

That's why the State Government has committed a record \$5.8 billion in 2007-08 and a staggering \$21.6 billion over the next four years to vital infrastructure including new roads, improved power supplies, increasing the capacity of our ports and new and sustainable water supplies.

Along with providing funding for 34,600 apprenticeship and traineeship places, the 2007-08 Budget is also funding \$62.5 million for new and upgraded training facilities, equipment and programs to attract new people to trades.

Building on Our Skills

There are about 100,000 people currently in Western Australia's vocational education and training system. The number of places for apprentices and trainees in Western Australia will increase from 18,700 in 2001 to 34,600 – an increase of 85 per cent. About 40 per cent of these new places are in regional Western Australia.

The State Government will continue to transform the State's training system to make it more responsive, flexible and efficient. Programs and initiatives will include:

- An additional \$33 million over five years (2006-07 to 2010-11) to create an additional 11,070 apprenticeship and traineeship places.
- A training guarantee for all unemployed Western Australians under 19 years of age aimed at increasing job opportunities and encouraging greater participation in the workforce.
- An additional \$9.7 million over three years to support Indigenous Western Australians to successfully participate in apprenticeships and traineeships.
- An increase from 21 to 29 in the number of field officers in the Apprenticeship and Traineeship Support Network to provide support and advice to employers of apprentices and trainees.

- A website service to refer potential apprentices and trainees to interested employers as part of a marketing campaign aimed at getting more employers to take on apprentices.
- \$2 million to fund improved assessment materials to make it easier for workers with no formal qualifications to have their skills recognised.
- \$3.7 million over four years to significantly reduce red tape and improve the flexibility, responsiveness and efficiency of the training system.

Powering the State

In 2007-08 the Government will spend \$897 million on improving the safety and reliability of electricity transmission, distribution and generation as part of a \$3 billion program over the next four years. A large amount of our expenditure will be on improving our electricity network to assist businesses – both large and small – continue to meet growing local and international demand for our goods and services, particularly in the burgeoning resource sector.

Specific projects include enhancements to the transmission network to cater for private sector power generators and to supply new sites and bulk loads, such as Alinta's number 2 generation unit at Pinjarra and connection works for the Boddington Gold mine. Other priorities will include increased distribution capacity for customers to support growth; works to increase efficiency, reliability and environmental targets of generators; continuation of the Bushfire Mitigation program; and continuing the underground power project.

New Water Supplies

Developing and finding long-term, sustainable water supplies is vital to the future prosperity and security of our State.

To achieve this outcome the Government has decided to invest \$766 million in 2007-08 to deliver a range of water, wastewater and drainage projects throughout the State.



And just as importantly, this will include investing heavily in alternative water sources for Perth and regional Western Australia. Key among the initial work to be undertaken will be Australia's first groundwater replenishment trial. To meet growing demand, substantial investment will be made in the construction of wastewater schemes at Alkimos and East Rockingham; expanding capacity at the Beenyup Waste Water Treatment Plant; and the continuation of the Infill Sewerage program.

A further \$750 million has been set aside in the forward estimates to fund the development of new water sources for the State.

Meeting the Export Challenge

The capacity of our ports to meet the growing demand for Western Australia's exports is fundamental to meeting global demand.

In 2007-08, the Government will commit \$99.4 million upgrading our port facilities and expanding our capacity to service growing export markets.

The Fremantle Port Authority will spend \$65.4 million in 2007-08 on improvements to our busiest port. For example, money will be spent on strengthening the inner harbour berths and infrastructure will be upgraded at the Kwinana Bulk Terminal.

In regional Western Australia, extra capacity is also being created at Bunbury and Geraldton Ports.

The Bunbury Port Authority will spend \$9.5 million on a new Multipurpose Portainer Crane, investigation on deepening the harbour to cater for larger vessels, and minor works.

The Geraldton Port Authority will complete modifications to Berth 5 as a dedicated iron ore berth to meet the growing needs of the Mid West iron ore producers.



An Efficient and Safe Road Network

An efficient and safe transport network is essential infrastructure that allows business and industry to remain internationally competitive.

In 2007-08 the Government is spending \$705.9 million on improving and expanding the State and local road networks.

In the State's South-West – the fastest growing region in Western Australia – an estimated \$218.7 million will be spent in 2007-08 on the new \$631 million Perth to Bunbury Highway. Not only will the highway cut travel times to Bunbury, it will also result in improved safety and efficiency, especially for heavy vehicle users.

In Perth's northern suburbs, \$71.5 million will be spent on extending the Mitchell Freeway from Hodges Drive to Burns Beach Road, and in the State's North-West, \$41 million will be invested on Stage 2 of the construction and sealing of the Karratha to Tom Price Link Road. In the Eastern Goldfields, \$39 million has been allocated for reconstruction work on the Eyre Highway.

Road safety also remains a priority for the Government, with a commitment to spend \$28 million in 2007-08 on the Safer Roads Program and \$20 million on the State Black Spot Program.

Over the coming years the decisions that have been made in this year's Budget will help sustain Western Australia's position as the economic powerhouse of the nation.

Decisions for Our Future – Lifestyle and Environment



Western Australians enjoy a unique lifestyle and the State Government is committed to enhancing and sustaining our unique lifestyle for future generations.

A Sustainable Environment

The State Government recognises the threat that climate change poses to Western Australia. It has committed \$101.2 million over the next five years for the implementation of a climate change package to be managed jointly by the Office of Energy and the newly created Office of Climate Change. The package includes the following initiatives.

Low Emission Energy Development Fund

A \$36.5 million Low Emission Energy Development Fund will be established to support technology breakthroughs and large-scale reductions in greenhouse gas emissions.

The fund will focus investment towards technologies where Western Australia has clear natural and competitive advantages, including geothermal and clean coal technologies and renewable energy technologies such as wind, wave, tidal and solar. Matching contributions will be sought from industry and the Commonwealth Government.

Greenpower

Renewable energy sources will play an increasingly important role in meeting the future energy needs of Western Australia. The Government has already invested significantly in projects and reforms aimed at boosting the State's renewable energy sector.

To provide further incentives for the growth of the sector, the State Government has committed to funding of \$19.5 million over five years to purchase 20 per cent of its electricity requirements from accredited renewable energy sources by 2010.

Waterwise Rebate Scheme

Householders will continue to be rewarded for using waterwise products through the continuation of the Waterwise Rebate Scheme with funding of \$9 million per annum in 2007-08 and 2008-09. Products for which householders can claim a rebate include rainwater tanks, water-efficient washing machines, greywater re-use systems, swimming pool covers, flow control valves and subsurface irrigation systems.

Mandatory Energy Efficiency Program

The State Government will work with industry to develop legislation that creates a mandatory energy efficiency scheme applicable to large and medium sized power consumers. In developing the scheme, the Government will seek to ensure that it is consistent with schemes being implemented in other States and at a national level.

Renewable Energy Target

The State Government is committed to the increased use of renewable energy as a readily deployable, safe, zero emission technology.

A total of \$5.2 million will be spent over five years for the implementation of the 2020 Renewable Energy Target for the South West Interconnected System.



Solar Schools Program

The State Government will invest an additional \$4.1 million over four years to double the successful Solar Schools Program so that over 350 of the State's schools will use renewable energy by 2010.

Office of Climate Change

Funding of \$3.5 million over five years will be provided to establish a new Office of Climate Change within the Department of Environment and Conservation to support the Minister for Climate Change and coordinate the implementation of the Government's climate change policies and programs.

National Emissions Trading Team

Funding of \$1.6 million over five years will be provided to establish a National Emissions Trading Team. The team will engage in the final phase of the design of the national emissions trading scheme to ensure the best outcome for Western Australia.

Household Sustainability Audit and Education Program

Funding of \$1.5 million has been allocated to the Household Sustainability Audit and Education Program over 2007-08 and 2008-09. The program will provide education and information on climate change factors including energy, water, waste and transport and will focus on what householders can do to reduce emissions.



Beat the Peak

Funding of \$1 million over four years has been committed to continue the Beat the Peak campaign to encourage consumers to conserve energy and reduce greenhouse gas emissions.

The State Government is committed to enhancing and sustaining our unique lifestyle for future generations.



BUDGET OVERVIEW

2007-08
Decisions for Our Future

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Budget Overview
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