



2008-09

budget

overview

Building WA



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Budget Overview

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2008–09 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 2008-09 Budget Statements

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2008-09 **budget** overview

Building WA

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Building WA

The 2008-09 State Budget is about building a better Western Australia for everyone. A better State and a vibrant community, making a great State greater.

This is the State Government's eighth consecutive balanced budget. Our track record of responsible financial management has given us the capacity to invest a record \$7.6 billion in 2008-09 – and \$26.1 billion over the next four years – in building our State's infrastructure.

We are building new hospitals, new schools, new electricity networks, water and drainage infrastructure, and new transport routes that link the capital with the regions to build an efficient and effective road, rail and sea transport network for Western Australia.

Add to that a new major sports stadium, entertainment complex, performing arts centre and museum, and an iconic waterfront that will be at the centre of Perth's culture and lifestyle.

We are experiencing strong economic growth, with a third consecutive year of above 6 per cent growth forecast for 2008-09. The 2008-09 Budget shares the State's prosperity with significant new spending on child protection, health care (including mental health), education and training, law and order, and public housing.

Sharing the State's prosperity also includes tax reform, with a \$1.2 billion package that includes:

- a cut in the amount of stamp duty on house purchases, slashing nearly \$3,000 off the cost of the average home;
- reductions in land tax and Metropolitan Region Improvement Tax; and
- payroll tax reforms to ease the compliance and tax burden on business.

The 2008-09 State Budget is also about building a better community. A healthy, safe, and well-educated community.

It's about paying our teachers, nurses and police officers wages and salaries that reflect the vital role they play, while attracting and retaining the right people.

It's about building a State that provides training and apprenticeships so our workforce has the skills, abilities and talent to lead us into the future.

All these things help build a State that is healthier, safer, better educated and more vibrant.

The Budget at a Glance

Building WA

- We will invest a record \$7.6 billion in 2008-09 to provide critical infrastructure, including:
 - \$1.2 billion to improve, extend and maintain the electricity infrastructure across the State;
 - \$1.1 billion on the State's water, wastewater and drainage services to ensure the ongoing quality and reliability of water services, and to meet the demands associated with strong economic growth;
 - \$810 million on road construction and maintenance;
 - \$502 million on infrastructure to improve and extend the State's health care facilities;
 - \$377 million on improvements to port infrastructure around the State;
 - \$347 million on schools and TAFE colleges across the State, including construction of 9 new high schools and 17 new primary schools;
 - \$219 million on the public transport system; and
 - \$211 million on law and order-related projects, including the Perth Police Complex and the Kimberley Prison and Work Camp.
- Over the forward estimates period, our massive \$26.1 billion Capital Works Program includes investment in a new major stadium, entertainment complex, museum, and an iconic waterfront that will be at the centre of Perth's culture and lifestyle.

Prosperity that Benefits Our Community

- Health ↑ \$247 million (or 5.8 per cent).
 - Expanded mental health services, better pay for nurses, and initiatives to address emergency department demand.
- Law and order ↑ \$138 million (or 8.3 per cent).
 - Improved pay for police officers, and Crime Regional Response Teams to investigate serious cases of child abuse and other issues facing Indigenous communities.
- Education and training ↑ \$135 million (or 3.9 per cent).
 - Improved wages and conditions for teachers, and record numbers of places for apprentices and trainees.
- Child protection ↑ \$48 million (or 16.5 per cent).
 - 210 additional caseworkers and support staff, and implementation of mandatory reporting of child sexual abuse.



Improving Housing Affordability

- The Government will invest more than \$1.2 billion in affordable housing programs in 2008-09, including delivery on the Government's commitment to provide 984 new and replacement public housing units in 2007-08 and 2008-09, and produce about 3,100 residential lots per annum.
- From 1 July 2008, stamp duty on the purchase of a median-priced house will be cut 15 per cent, or nearly \$3,000, to assist housing affordability.
- Mortgage duty will also be abolished from 1 July 2008, which saves about \$300 on the average mortgage of \$239,700.

Further Tax Cuts – Fifth Year in a Row

- Building on previous rounds of tax relief, the 2008-09 State Budget provides additional tax cuts of \$1.2 billion over the next four years.
- This includes further land tax relief and payroll tax reform to improve the equity of the State's tax system and ease the compliance and tax burden for business.

Responsible Management

- This is the Government's eighth consecutive balanced budget.
- The State's annual savings (i.e. the budget surplus) are being used to help fund infrastructure projects such as the new \$1.76 billion Fiona Stanley Hospital, which will be built *debt-free*.
- Increases in household fees and charges have again been kept below the reference rate of inflation, despite massive increases in the costs of providing these services.
- Our economy will continue to grow strongly, with a third consecutive year of growth above 6 per cent forecast for 2008-09.



How the Budget Surplus is Building WA

The State Government has run budget surpluses since 2001-02. These annual savings have been used to reduce debt and to help fund the Capital Works Program, reducing the need for new loans. The Government has used recent savings to build the \$1.66 billion New MetroRail project debt-free. The new \$1.76 billion Fiona Stanley Hospital will also be built debt-free.

As indicated in the following table, the operating surplus is projected to decline significantly over the next four years, to about \$200 million by 2011-12 (largely due to further reductions in Western Australia's share of national GST revenue and the impact of declining commodity prices – notably iron ore). As our annual savings will not be enough to cover the massive infrastructure growth, the Government will have to borrow more in the future to fund this infrastructure.

The general government operating surplus represents the revenue left over after meeting the day-to-day costs of running government. These costs include salaries for nurses, teachers, police officers and other key personnel.

The operating surplus is like a household's savings account – i.e. the amount of income from wages and salaries left over after meeting household expenses such as groceries, mortgage payments, and water and electricity bills. The Government invests the surplus — the State's savings account — in the same way that a household uses its savings towards paying for expenditures like an overseas holiday, a new TV, or a house renovation. By using its savings in this way, the household limits the debt on its credit card or mortgage.

Key Budget Aggregates for Western Australia

	2007-08 Estimated Actual	2008-09 Budget Estimate	2009-10 Forward Estimate	2010-11 Forward Estimate	2011-12 Forward Estimate
General Government					
Revenue (\$m)	18,829	19,872	20,600	20,687	20,694
Revenue growth (%)	7.1	5.5	3.7	0.4	0.0
Expenses (\$m)	16,736	18,017	18,930	19,614	20,491
Expense growth (%)	9.2	7.7	5.1	3.6	4.5
Net operating balance (\$m) (Savings)	2,093	1,855	1,670	1,073	203
Capital Works Program (\$m)					
<i>Net lending (\$m)</i>	880	125	525	129	-1,385
Net debt to revenue ratio (%)	23.9	34.8	36.9	38.0	43.9
Total public sector net debt at 30 June (\$m)	4,711	7,911	9,028	9,489	11,443



How the Budget Surplus is Building WA

	Household	Government Finances	2008-09 Budget Estimate \$m
Revenue	<ul style="list-style-type: none"> Wages and salaries Earnings from shares or rental property 	<ul style="list-style-type: none"> Commonwealth grants State taxes Royalties Fees and charges Other 	19,872
<i>Less</i>			
Day to day expenses	<ul style="list-style-type: none"> Power and water Fuel Rent, interest payments Food/clothing Payments to contractors (e.g. car maintenance, lawn mower man, child care) 	<ul style="list-style-type: none"> Power and water Fuel Rent, interest payments Public servant wages and salaries (e.g. doctors, nurses, teachers, police, train drivers) Payments to contractors (e.g. school maintenance, road maintenance, prisoner transport, bus services, accommodation and care provisions for people with disabilities) 	18,017
Difference	<ul style="list-style-type: none"> Annual savings 	<ul style="list-style-type: none"> Operating surplus 	1,855
Investment	<ul style="list-style-type: none"> Extensions or renovations Buy a rental property Put in a pool Holiday 	<ul style="list-style-type: none"> Expand the electricity network Build a wastewater treatment plant Build a new school or hospital Build a new stadium 	7,643
Change in debt	<ul style="list-style-type: none"> Increase/decrease in mortgage and credit card 	<ul style="list-style-type: none"> Net lending 	125
Level of net indebtedness	<ul style="list-style-type: none"> Mortgage and credit card balances less any cash savings or other financial assets (e.g. shares) 	<ul style="list-style-type: none"> Net debt of the total public sector 	7,911
Debt sustainability	<ul style="list-style-type: none"> Interest payments as a share (%) of household income (banks usually use a max. of 30% in assessing whether households have enough income to service their mortgage) 	<ul style="list-style-type: none"> Net debt to revenue ratio (this is assessed by the ratings agencies as to whether the State has adequate revenue to service its debt. The Government has a self-imposed upper limit of 47%) 	34.8% in 2008-09 rising to 43.9% by 2011-12 (AAA consistent)

Building Better Infrastructure

Since 2001 the State Government has built a strong record of delivering key infrastructure. The \$1.66 billion New MetroRail project was completed in 2007-08. This was the largest public transport infrastructure project in the State's history, taking cars off our roads, and reducing greenhouse gas emissions.

The Government has also built Australia's first large-scale seawater desalination plant to help secure our future water needs. The \$387 million plant can produce enough water for 160,000 households each year.

The Government has also improved infrastructure in key service delivery areas. Since 2001 it has delivered 48 new primary schools and 13 new high schools, and 21 new and replacement police stations. The Government has also spent \$1.03 billion on completing new and improved health infrastructure since 2001.

2008-09

The \$26.1 billion Capital Works Program is the centrepiece of the 2008-09 State Budget, with a record \$7.6 billion investment in 2008-09. Key features of the program are:

Economic Expansion

Energy

The Government will spend \$1.2 billion in 2008-09 as part of a four year, \$4.2 billion program to improve electricity services to Western Australians. This is the biggest energy Capital Works Program ever undertaken, and includes:

- \$644 million for power transmission infrastructure, including a new 360 kilometre transmission line from Pinjar to Geraldton (\$295 million), a new 165 kilometre line from Muja to the Perth metropolitan area (\$169 million), and another \$180 million to connect Grange Resources iron ore mine at Southdown near Albany to the State's power grid;
- \$151 million on upgrades to the Muja power station;





- \$132 million to replace power stations at Carnarvon, Marble Bar and Nullagine, and for general asset replacement and upgrades to Horizon Power infrastructure; and
- \$50 million for the development of renewable energy projects such as solar, wind, hydro, tidal and biomass energy.

Water

In 2008-09, the Government will spend \$1.1 billion to provide new and upgraded water, wastewater and drainage infrastructure, including commencement of the \$955 million Southern Seawater Desalination Plant near Bunbury, and wastewater treatment plants at Alkimos, East Rockingham and Beenyup.

Ports

The Government has committed \$377 million in 2008-09 to upgrade and improve the State's port infrastructure, including commencement of works on a \$126 million project to deepen the Fremantle Inner Harbour, and \$155 million for construction of a multi-user Panamax Berth and bulk handling facility at Utah Point in Port Hedland.

Roads

The Government is committing \$810 million to maintaining, improving and expanding the State and local road networks in 2008-09. Highlights include:

- \$246 million on the \$705 million new Perth–Bunbury Highway;
- \$53 million for the commencement of the Reid Highway dual carriageway from West Swan Road to the Great Northern Highway;
- \$32 million to complete the extension of the Mitchell Freeway from Hodges Drive to Burns Beach Road; and
- \$25 million for the commencement of construction on the second stage of Indian Ocean Drive, a 55 kilometre section between Ocean Farms Estate and Cervantes.



Building Better Infrastructure (continued)

Improving Services

Health

A record \$502 million will be spent in 2008-09 improving and expanding the State's health care facilities. Work will continue on implementing the recommendations of the Health Reform Committee, with a number of significant projects now into their construction phase, including Stage 1 of the Rockingham Kwinana Hospital.

Education

In 2008-09, the Government will spend \$347 million on schools and education facilities, including redevelopment of the Karratha Senior High School,

redevelopment of the Perth campus of Central TAFE, and commencement of planning for a \$63 million school to replace the current Governor Stirling Senior High School.

Law and Order

The Government will spend \$211 million in 2008-09 on law and order-related projects, including expenditure towards the \$104 million Kimberley Prison and Work Camp, the \$93 million Perth Police Complex, and the \$38 million Carnarvon Police and Justice Complex.





Cultural and Recreational Assets for the Future

Over the next four years construction is due to commence on a number of major projects that will keep pace with the rapidly growing economy. These include:

New Major Stadium

A new major stadium will be built at Kitchener Park in Subiaco to replace Subiaco Oval as the premier sporting venue in the State. The stadium will have a capacity of 60,000 seats with the potential to expand to 70,000 seats. Construction will commence in 2011 and the stadium will be completed in 2016 at a total cost of \$1.07 billion, with \$334 million to be spent in the forward estimates period.

Enhancing Perth's Entertainment Precinct

The Government will spend \$246 million over the next three years to complete the new \$335 million Perth Arena. Another \$9 million will be spent on

the Northbridge Link project to develop the land between the arena and the Perth Entertainment Centre as public open space with a mixture of commercial, residential and tourism uses.

New Museum

The Government will build a new museum on the site of the old East Perth power station at a cost of \$506 million, including \$52 million over the forward estimates period. Construction on the museum, which will showcase Western Australia's history, Indigenous heritage and environment, is due to start in 2012 with completion expected in 2015.

New Waterfront for Perth

\$50 million over the next four years has been allocated to start work on Stage 1 of the Perth Waterfront. This project will transform the Esplanade and waterfront between William Street and the Barrack Square foreshore. The total investment is expected to be \$319 million.



Building Better Infrastructure (continued)

Building WA – Major Projects

Projects	Investment over the Forward Estimates \$m (2008-09 to 2011-12)	Total Investment \$m
Fiona Stanley Hospital	1,057	1,762
New Major Stadium	334	1,068
Southern Seawater Desalination Plant	935	955
New Perth-Bunbury Highway	276	705
New Museum	52	506
Alkimos Wastewater Scheme	312	411
Central Tertiary Hospital – Stage 1	145	378
Perth Arena	246	335
Perth Waterfront	50	319
Muja Power Station	151	301
Geraldton-Pinjar Transmission Line	291	295
Panamax Berth at Port Hedland	211	216
Mundaring Water Treatment Plant	138	187
Swan Health Campus	156	181
Mitchell Freeway – Hodges Drive to Burns Beach Road	32	171
Collie to Eastern Terminal Transmission Line	158	169
East Rockingham Wastewater Scheme	28	167
Karratha – Tom Price Link Road	64	147
Perry Lakes Redevelopment	109	142
Agriculture Headquarters and Biosecurity Relocation	126	126
Fremantle Inner Harbour Deepening – Stage 1	126	126
Cervantes – Greenhead Road – Stage 2	110	110



Housing Affordability

The State Government is committed to delivering more affordable housing and land. \$1.2 billion will be invested in affordable housing programs in 2008-09.

To cover cost increases in land development and public housing construction, this budget includes additional expenditure of \$450 million over four years. This enables the Government to fulfil its promise to provide 984 new and replacement public housing units in 2007-08 and 2008-09, and produce about 3,100 residential lots per annum.

The First Start Shared Equity Scheme will continue to address affordability, with a further 1,000 first home buyers expected to be assisted in 2008-09, and a total of 3,000 households to be assisted over three years.

Tax Reductions to Improve Housing Affordability

Last year's budget included the abolition of stamp duty for first homebuyers on properties up to

\$500,000 (with a partial exemption on properties up to \$600,000), and land tax relief through threshold and rate adjustments.

The 2008-09 State Budget builds further on these measures through:

- lowering stamp duty payable on residential property purchases and transfers (\$487 million), with the introduction of a concessional scale for residential property transactions from 1 July 2008, which will save 15 per cent or nearly \$3,000 on the purchase of a median-priced house; and
- lowering land tax and Metropolitan Region Improvement Tax (\$558 million), through increases in thresholds and cuts in rates.

This is in addition to our announcement in the 2006-07 Budget that we would abolish mortgage duty from 1 July 2008, which will save about \$300 on the average mortgage of \$239,700.



A Budget for all WA

GASCOYNE

- \$8.8 million for the construction of the Carnarvon Police and Justice Complex
- \$5.4 million for the completion of the Burringurrah Remote Multi Functional Policing Facility
- \$1.7 million on roofing the Carnarvon Brown Range water storage tanks
- \$1.3 million for the restoration of Carnarvon Jetty
- \$1 million for the Coral Bay Wind-Diesel Project

PERTH METRO AREA

East Metropolitan

- \$102.6 million to be spent on a variety of wastewater and water supply projects, including \$43.5 million for a trunk main at Wungong Dam and \$16.2 million for upgrades to the Lower Helena Dam Pump Station
- \$66 million for the construction and improvement of roads, including \$52.9 million to improve the safety of Reid Highway from West Swan Road to Great Northern Highway
- \$50.6 million to be spent on a new electricity transmission line from Collie to service the power needs of the Perth metropolitan area
- \$24.7 million to be spent upgrading and building new schools, including the planning for a replacement of the Governor Stirling High School and \$9 million each towards the construction of Lockridge and Roseworth Primary Schools
- \$18 million to be spent on hospitals, health centres and community facilities including \$6.6 million on the new Swan Health Campus
- \$14.7 million to be spent on public transport improvements, including \$6.1 million for upgrades to Kelmscott Station

North Metropolitan

- \$298.3 million to be spent on a variety of wastewater and water supply projects, including \$176.9 million on the Alkimos wastewater scheme
- \$147 million for the ongoing construction of Perth Arena
- \$121.9 million to be spent upgrading and building new schools and TAFE colleges, including \$42.9 million for Stage 3 of the redevelopment of Central TAFE Perth Campus and \$20.5 million for a new high school at Ashdale
- \$77.8 million for the Perry Lakes Redevelopment Project
- \$76.9 million for the development of the new major stadium, including \$13.5 million on planning
- \$74.6 million to be spent on hospitals, health centres and community facilities including the Joondalup Health Campus Redevelopment
- \$63.7 million on upgrades and improvements to the Fremantle Port at North Quay and Rous Head including \$47.3 million for Berth Upgrades
- \$31.9 million to complete the construction of the Mitchell Freeway from Hodges Drive to Burns Beach Road

South Metropolitan

- \$152.3 million to be spent on hospitals, health centres and community facilities, including \$84.3 million on Stage 1 of the new Fiona Stanley Hospital and \$59.8 million on Stage 1 of the Rockingham Kwinana Hospital Redevelopment
- \$129.8 million on upgrades and improvements to the Fremantle Port including \$80.2 million for Stage 1 of the deepening of the Inner Harbour
- \$117.8 million to be spent on a variety of wastewater and water supply projects
- \$61.6 million on further upgrades to the Australian Marine Complex
- \$31.9 million to be spent upgrading and building new schools and TAFE colleges, including \$10.6 million on Success Primary School and \$9 million on Bannister Creek Primary School
- \$16.5 million to be spent on Stage 1 of the Biodiversity Conservation Science Centre and Herbarium
- \$10.2 million for the relocation of Fire and Emergency Services Authority House

PEEL

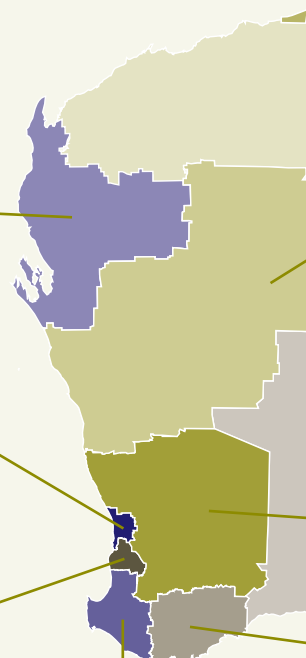
- \$246.3 million for the construction of the new Perth-Bunbury Highway
- \$106.2 million on a variety of wastewater and water supply projects
- \$14.6 million for the construction of various link roads
- \$9.4 million on electricity transmission lines for the Boddington Gold Mine Expansion
- \$3.8 million to be spent on the Murray District Health Centre

KIMBERLEY

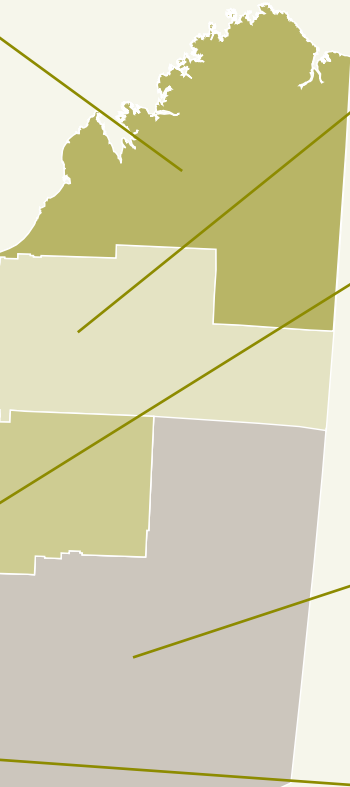
- \$64.8 million of road improvements, including Great Northern Highway from Elvire to Sandstone
- \$25.3 million for the Kimberley Prison and Vets Centre
- \$23.8 million to be spent on hospitals, health centres and community facilities including \$11.7 million on Stage 1 of the Broome Regional Health Centre
- \$21.8 million to be spent on a variety of wastewater and water supply projects including \$8.9 million on the second Broome wastewater treatment plant
- \$16 million to replace Fitzroy Crossing District Hospital
- \$7.6 million for a new electricity substation on the Ord River
- \$5.1 million to be spent on the Looma Remote Health Centre
- \$4.3 million for the Ord River Irrigation project
- \$2.1 million for the completion of the Broome Regional Health Centre

SOUTH-WEST

- \$280.3 million to be spent on a variety of wastewater and water supply projects including \$164.2 million on the Southern Seawater Desalination Plant, \$20.7 million for the Stirling Dam Upgrade and \$20.7 million for the replacement of the Stirling Dam
- \$57.9 million to be spent on the Muja Power Station
- \$57.2 million to be spent on the electricity network including a new transmission line and transformer at the Margaret River Substation and a new transmission line from Busselton to Margaret River
- \$34.3 million on road improvements, including the Bunbury Port access road connecting to the Bunbury Highway
- \$28.9 million to be spent upgrading and building new schools and TAFE colleges including \$10.5 million for the Manea Senior College and \$9.4 million for the Bunbury TAFE College
- \$15.5 million on the Collie-Wellington Salinity Project
- \$11.2 million to be spent on hospitals, health centres and community facilities including \$9.3 million on the new Busselton Integrated Health Centre
- \$5.5 million to be spent on the Bunbury Water Treatment Plant



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Work Camp
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gional Resource Centre Hospital Redevelopment
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ater treatment plant
rict High School
on Buckleys Road in Broome
ote Multi-Functional Policing Facility
ect
e Performing Arts and Cultural Centre



PILBARA

- \$155 million for the Multi-User Panamax Berth at Utah Point
- \$55.8 million for Stage 2 of the new Hedland Regional Resource Centre Hospital
- \$25 million for refurbishment works at the Nullagine and Marble Bar Power Station
- \$14.7 million to be spent on a variety of wastewater and water supply projects
- \$14.7 million for connecting electricity generators for Rio Tinto's iron ore operations in the Pilbara
- \$13 million for the redevelopment of Karratha Senior High School
- \$11.6 million to be spent on the Great Northern Highway and \$9.3 million for Stage 2 of the Karratha-Tom Price Link Road
- \$10.2 million to be spent on the Pilbara District Police Complex and \$9.4 million for the South Hedland Police Station

MID WEST

- \$75.7 million towards a new 360 kilometre electricity transmission line from Pinjar to Geraldton to improve power supply to the region
- \$26.4 million to be spent on a variety of wastewater and water supply projects including \$15 million for the Geraldton Walkaway Pipe System and Pipeline Upgrade
- \$25 million for Stage 2 of the Geraldton Southern Transport Corridor
- \$3 million for the second electricity transformer at the Rangeway Substation
- \$2.8 million for the Geraldton Foreshore Redevelopment and CBD Revitalisation Project
- \$2 million to be spent on the Batavia Coast Marine Centre

GOLDFIELDS-ESPERANCE

- \$58.1 million to be spent on a variety of wastewater and water supply projects, including \$13.5 million for a 15 mega litre storage facility at Bullabulling
- \$15.1 million for road improvements, including \$11.5 million to reconstruct the Lake Raeside section of the Goldfields Highway
- \$10.2 million to be spent on the Kalgoorlie Court Upgrade
- \$6.4 million to be spent on the Blackstone Remote Multi-Functional Policing Facility
- \$3.2 million on improvements to the Curtin V-Tech TAFE College in Kalgoorlie
- \$3 million on electricity substation works to connect Westonia Mine
- \$2.8 million on Stage 1 of the Kalgoorlie Regional Resource Centre Hospital Redevelopment
- \$2 million to be spent on the Wiluna Education and Vocational Training Centre

WHEATBELT

- \$39.9 million to be spent on the construction of passing lanes on the Great Northern Highway from Muchea to Wubin
- \$35.3 million on a variety of wastewater and water supply projects
- \$25 million for Stage 2 of the construction of the Cervantes-Greenhead Road from Lancelin to Cervantes
- \$11.9 million for the construction of new buildings at Muchea for the Western Australian Meat Industry Authority
- \$2.8 million to install the third electricity transformer at the Muchea Substation

stewater and water supply projects including
salination Plant, \$21 million for Stage 2 of the
medial works on the Wellington Dam
Station
ork, including \$24 million for a 132KV line
ation and a further \$24 million for a second
River
g \$22 million to be spent on Stage 1 of the
Perth-Bunbury Highway
ing new schools and TAFE colleges, including
nd \$10.3 million for Kingston Primary School
Diversion
centres and community facilities, including
District Health Service
rfront

GREAT SOUTHERN

- \$30.6 million to be spent on a variety of wastewater and water supply projects, including \$10.3 million for the Albany wastewater treatment plant tree farm expansion
- \$29.1 million to be spent on the Albany Waterfront Development
- \$25.8 million to be spent on the Albany Entertainment Centre
- \$7.4 million to be spent on coastal infrastructure for the Albany Waterfront
- \$4.9 million for Stage 1 of the Albany Regional Resource Centre Hospital Redevelopment
- \$4.3 million to be spent on the redevelopment of Albany Residential College
- \$3.3 million for the replacement of the Denmark Multi Purpose Health Centre

Helping Households

For the eighth consecutive year, the State Government has kept the combined impact of government fees and charges below the rate of inflation, with the increase for a typical household having an overall impact of just 2.4 per cent – well below the 3.4 per cent reference rate of inflation.

In 2008-09, there will be no increase in domestic electricity tariffs, compulsory third party insurance premiums, driver's licence fees, or the stamp duty rate on insurance.

Increases in other fees and charges are:

- 3.4 per cent for motor vehicle licence fees – or \$6.64 a year on the average family car;
- 0.7 per cent or \$1 on the average residential emergency services levy;¹

- an average 6 per cent or \$56.30 per year increase in household water bills (consistent with recommendations of the independent Economic Regulation Authority); and
- a 3.4 per cent increase for standard public transport fares. The special 50 cent student fare will remain unchanged, as will all concession fares up to and including two zones. Other concession fares will rise by a flat 10 cents.

Western Australia's rates for water, electricity and compulsory third party (CTP) insurance on motor vehicles are amongst the lowest in the nation (see following table), and we have achieved this during a period in which we have invested billions of dollars in electricity, water and public transport infrastructure, which has almost trebled since 2001.

In general Western Australians pay an average \$331 per year below the average of the other States for these items.

Interstate Comparisons of Key Fees and Charges

	WA \$	NSW \$	VIC \$	QLD \$	SA \$	TAS \$	WA \$
CTP insurance ^{(a), (b)}	235.59	331.00	366.00	264.40	382.00	338.00	Lowest
Average residential water expenditure ^(c)	401.10	457.90	806.70	498.80	422.90	na	Lowest
Household electricity prices (GST exclusive)	609.50	542.00	657.50	560.00	863.00	704.00	3rd Lowest

^(a) From 1 July 2008. Based on data available from other jurisdictions as at 11 April 2008.

^(b) Based on a six cylinder Holden Commodore with a target weight of 1,622 kg.

^(c) Using water providers of Water Corporation for Western Australia, Sydney Water for New South Wales, South East Water for Victoria, Brisbane Water for Queensland and SA Water for South Australia. Information is not available for Tasmania.

¹ The actual impact of the emergency services levy on the average household will not be known until late May when final property data are available.



Utility Hardship Package

The State Government has committed \$51 million over the forward estimates to improve essential services for the most financially and socially disadvantaged members of our community.

The package provides an increase in concession card holder rebates to compensate for increased energy tariffs (from 2009-10), additional financial counselling services and emergency grants for those struggling to make utility payments, as well as access to a range of energy and water saving devices to reduce utility bills.



Quality Workers for Quality Services

The State Government needs teachers, nurses, doctors, and prison officers to help deliver crucial services. \$2.1 billion has been allocated over the forward estimates for wages settlements either concluded or on offer to help attract and retain these key staff.

The table below shows the estimated impact on the forward estimates of recently concluded Enterprise Bargaining Agreements, as well as current Government offers to teachers, TAFE lecturers and general public servants.

Enterprise Bargaining Agreements ^(a)

	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	Total \$m
Teachers	29	92	134	173	211	639
Nurses ^(b)	72	109	148	145	145	620
Public Servants	11	52	76	90	93	323
Medical Practitioners	40	29	46	33	33	181
TAFE Lecturers	8	18	24	27	27	104
Prison Officers	12	17	20	19	19	87
Other ^(c)	19	31	43	48	50	191
TOTAL	191	348	490	536	579	2,145

^(a) Includes salaries, superannuation and other employee-related expenses where applicable.

^(b) Includes nurses employed by the Department of Corrective Services.

^(c) Includes Public Transport Authority and hospital support workers.





Building a Better Health System

In 2008-09, the Government will spend a record \$4.5 billion on health care services across the State, representing a \$247 million (or 5.8 per cent) increase over 2007-08.

This expenditure will see increased investment in mental health services (discussed in more detail on page 24). It will also provide for initiatives to address emergency department demand and the payment of higher wages.

Since 2001, the Government has employed more than 2,200 extra nurses and nearly 1,000 extra doctors, and elective surgery waiting lists have fallen to all-time lows.

More than 580 graduate nurses and 172 medical interns started work across the Western Australian public health system in 2008.

Medical graduates from Western Australian universities will increase from 125 in 2006 to an expected 278 in 2010, with guaranteed internships to all domestic graduates of the State's medical schools.

In 2008-09 we will spend \$502 million on health infrastructure, an increase of more than 80 per cent on 2007-08. This expenditure includes work on the:

- \$1.76 billion Fiona Stanley Hospital;
- \$115 million Rockingham Kwinana Hospital Redevelopment Stage 1;
- \$114 million Hedland Regional Resource Centre Hospital;
- \$77 million Busselton Integrated District Health Service;
- \$71 million Pathwest development;
- \$65 million Stage 2 of the Cancer Centre; and
- \$51 million Broome Regional Resource Centre Hospital and Mental Health Unit.



Better Education and Skills for the Future

The State Government wants all young Western Australians to have the opportunity to realise their potential. This year's budget aims to build a better education system and provide the right kind of training to ensure the State's workforce has the skills to lead our State into the future.

In 2008-09, we will spend a record \$3.6 billion on education and training services, an increase of \$135 million (or 3.9 per cent) on 2007-08. Spending per student will be \$12,755 in 2008-09, an increase of nearly \$4,500 or 54 per cent since 2000-01.

Additional spending in 2008-09 includes:

- measures to attract and retain teachers;
- improved starting salaries and allowances for graduate teachers, which makes them the highest paid in the nation; and
- provision for improved wages and conditions for teachers and TAFE lecturers.

We are also spending an additional \$61 million over the next four years to add another

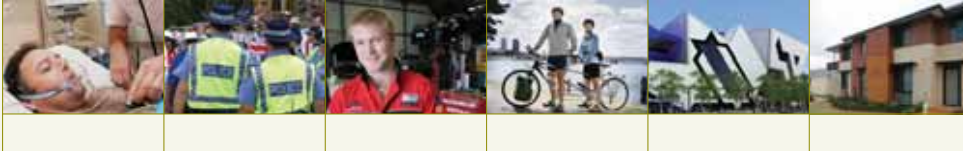
4,400 apprentices and trainees, increasing the total number of funded places to 39,000 by December 2008. This is more than double the number of places available in February 2001.

Building Our Education Assets

In 2008-09, the Government will spend \$347 million on schools and education facilities, including:

- \$43 million on the redevelopment of the Perth campus of Central TAFE;
- \$21 million to complete Ashdale Secondary College;
- \$16 million to complete Fitzroy Crossing District High School;
- \$13 million on the redevelopment of Karratha Senior High School; and
- \$2 million to commence planning for a \$63 million school to replace the current Governor Stirling Senior High School.





Building a Safer State

Western Australia spends more per capita on public order and safety than any other State – in fact 28 per cent higher than the average of all other States. This budget includes another significant increase in law and order spending.

More Police and More Pay

Expenditure by Western Australia Police will increase \$64 million or 7.6 per cent in 2008-09. This includes improved pay for police officers, and deployment of Crime Regional Response Teams to investigate child abuse and other issues facing Indigenous communities.

In 2008-09 an additional 90 police officers will be recruited, completing the State Government's commitment to provide an additional 350 police officers between 2005 and 2009. This will bring to 600 the total number of additional police officers recruited since February 2001.

Home burglaries and car thefts have fallen dramatically as a result of this investment.

Courts and Corrective Services

The Government will spend \$5.8 million over the forward estimates for an additional magistrate and support staff in the Kimberley and South West regions.

Construction of the \$104 million Kimberley Prison and Work Camp will continue, with \$25 million to be spent in 2008-09.

Road Safety

The State Government is maintaining its commitment to improving road safety and reducing deaths and injuries with:

- \$50 million for the Safer Roads Program;
- \$20 million for the ongoing State Black Spot Program;
- \$14 million for grants to fund road safety initiatives, including additional police enforcement, RoadWise, school-based education programs, and pilot road infrastructure projects to address run-off-road crashes;
- \$7.4 million for community education and awareness campaigns; and
- \$4.5 million towards other road safety initiatives.



A Growing Economy

In the six years since 2000-01, Western Australia's economy has grown at an average of 5.5 per cent per year, faster than any other State or Territory. In 2006-07, our economy grew by 6.3 per cent and our population increased by 2.2 per cent – the fastest growth rates of any State.

Recent data shows Western Australia's domestic economy grew 9.7 per cent through the year to the December quarter 2007. Also over 2007, the State recorded its lowest unemployment rate since the 1970s, along with record high labour force participation rates.

Our economy is forecast to grow by 7.5 per cent in 2007-08 and a further 6.25 per cent in 2008-09 – three consecutive years of growth above 6 per cent. If these forecasts are realised, this will mean the State's economy will have grown in real terms by 57.3 per cent over the eight years since 2000-01.

Export volumes are expected to increase steadily in the next few years as recent investment in the resource sector flows through to higher output. As a result, net exports are forecast to make an increasing contribution to the State's economic growth.

Employment is forecast to grow by 3.75 per cent in 2007-08, with the unemployment rate forecast to remain low at 3.25 per cent in 2008-09 and 2009-10.

Expanding the State's Growth Potential

Reforms in areas such as State taxation, electricity, gas and water have made the State's service delivery, administration and regulation more efficient.

More recently, the Council of Australian Governments (COAG) has agreed to a new reform program in the areas of transport, infrastructure, regulation reduction, health service delivery, education and early childhood, climate change and water, housing, and Indigenous disadvantage. The State Government is actively participating in this process and has a leadership role in the Business Regulation and Competition Working Group.

Key Economic Forecasts for Western Australia

	2006-07 Actual %	2007-08 Estimated Actual %	2008-09 Budget Estimate %	2009-10 Forward Estimate %	2010-11 Forward Estimate %	2011-12 Forward Estimate %
Real Gross State Product Growth	6.3	7.5	6.25	5.75	4.5	4.5
Real State Final Demand Growth	8.8	7.5	4.0	4.0	5.25	5.25
Employment Growth	2.5	3.75	2.5	2.25	2.5	2.5
Unemployment Rate	3.2	3.0	3.25	3.25	4.25	4.25
Wage Price Index Growth	4.7	5.75	5.25	4.5	3.5	3.5
Consumer Price Index Growth	3.9	3.25	3.25	3.0	2.75	2.75



Strengthening Regulatory Gatekeeping

The State Government has allocated \$3.75 million in the 2008-09 Budget for strengthening regulatory gatekeeping. This helps ensure any new restrictions on competition are well designed and only introduced when necessary in the public interest. The strengthened process will minimise new red tape and restrictions on economic activity while reducing business compliance costs.

Development of the North West

The eyes of the world are fixed on Western Australia's surging resources sector.

Our merchandise exports now outstrip those of NSW, Victoria and South Australia combined.

While this massive growth in resources exports is good for the State, it also presents some serious challenges.

Electricity supplies, port capacity, road and rail networks must all be able to meet the demands of both the community and industry while red tape must also be streamlined to ensure we offer investors efficient approvals processes.

But we must also ensure the rights of Indigenous Western Australians are upheld and that our pristine environment and unique heritage values are protected.

To that end, the State and Commonwealth Governments are working together on a detailed analysis to ensure relevant agencies can meet the demands and pressures associated with development in the North West. This audit will determine whether approvals processes are on track, the status of social and economic infrastructure, and identify any emerging trends or problems.

This strategic approach will not only help the Government sustain resources growth, but to manage the expansion over the next decade and beyond.

As part of the process to select the single common-user hub site for LNG processing in the West Kimberley region, the Government recognises any development will need the fully-informed consent of the Traditional Owners and will also have to meet strict environmental and heritage standards.

The Government has also committed an additional \$15 million for the Ord River expansion project which will ultimately turn the fertile Ord River valley into irrigated agricultural and horticultural areas.

Building Small Business

Nearly \$3 million has been allocated in the 2008-09 Budget for the ongoing funding of 26 Small Business Centres. The Small Business Centre network was implemented in 2006-07 and of the 26 centres, 19 are located in regional Western Australia. The major role of the centres is to deliver services to the small business community and provide a local link for small business support.



Protecting the Vulnerable

Protecting our Children

The 2008-09 State Budget delivers additional spending of \$112 million over four years to meet increasing demand for child protection services, by substantially boosting the number of case workers to support children in care, protect children from abuse, and support families at risk.

The Government will also spend a further:

- \$68 million to facilitate mandatory reporting of child sexual abuse, which includes the establishment of a specialised unit and extra case workers to manage the expected increase in assessments and investigations; and
- \$5 million for remote community child protection workers in Oombulgurri and Warmun, and extra front-line workers to work alongside police in remote communities where child abuse allegations and immediate support needs may arise.

This is in addition to continuing the roll-out of Working With Children checks (\$19 million over four years), and providing an extra 128 beds for children in State care.



Caring for People with Disabilities

The State Government will spend \$388 million in 2008-09 on disability services, an increase of \$17 million or 4.7 per cent on 2007-08. This will include:

- \$7.3 million for accommodation support for an additional 121 people;
- \$6.4 million to assist non-government organisations with higher costs;
- \$0.8 million to provide people with disabilities, their families and carers with equipment for daily living; and
- \$0.3 million to make the Companion Card free for people with a life-long disability who need help to attend functions and venues.

Mental Health

Investing in mental health care continues to be one of our top priorities. A further \$100 million over four years has been allocated to improve the overall delivery of mental health services across the State and reduce the demand on acute services.

Targeted strategies include:

- increased access to adult inpatient beds, including a new inpatient facility in Broome;
- additional funding for the early detection and treatment of mental illness in children and adolescents; and
- investment in accommodation for people with a mental illness.



Better Lifestyle and a Sustainable Environment

Western Australians enjoy a lifestyle that others envy. The State Government is committed to both a vibrant community and a sustainable environment. We have ended logging in old growth forests, protected Ningaloo Reef and safeguarded more of our environment by establishing marine parks, and created 36 new national parks and nature reserves.

We are also tackling climate change with spending of \$27.9 million in 2008-09. This includes \$8.7 million for the Low Emissions Energy Development Fund for the development of new technology and to support technology advancements to cut greenhouse gas emissions.

We are better managing our precious water resources to make Perth one of the most water-efficient cities in the world. We have the nation's first large scale desalination plant at Kwinana, with a second 45 gigalitre plant near Bunbury expected to commence construction in 2008-09.

To improve the vibrancy and cultural environment in Perth, we are investing in the Perth Arena, a new museum, a performing arts theatre, a new major stadium, and redevelopment of the Perth Waterfront.

Important regional renewal projects are also underway, including the Albany Waterfront and Entertainment Centre, the Bunbury Waterfront Development, the Port Hedland Enhancement Scheme, and the Geraldton Foreshore Redevelopment.

We are also spending \$5.4 million on a new swimming pool in Fitzroy Crossing, and \$2.1 million to expand the East Kimberley Clontarf Football Academy program to include Halls Creek District High School and extend the Kununurra academy.

Building a Better Public Transport System

Following the opening of the Perth to Mandurah railway last year – the biggest public transport infrastructure project in the State's history – improvements to our public transport system in 2008-09 include:

- \$55 million towards 15 three-railcar sets;
- \$52 million for 96 new buses, including 65 natural gas-powered buses;
- \$13 million for the new James Street bus bridge;
- \$6 million to upgrade the Kelmscott train station and bus interchange;
- \$6 million for additional parking at northern suburbs train stations;
- \$5 million to redevelop facilities at the Karrinyup bus depot, including refuelling facilities for natural gas buses;
- \$2 million for a replacement Transperth ferry;
- \$1.2 million for extended peak hour buses in the northern suburbs;
- \$1 million towards upgrades to the Edgewater train station; and
- \$0.6 million for a Joondalup CAT bus trial.

Building a More Equitable Taxation System

The annual net tax relief as a result of measures introduced since 2001 (in 2008-09 prices) is about \$1.2 billion.

Since coming to office, the Government has abolished or committed to abolish 11 State taxes, saving taxpayers a total of \$680 million per annum. A two year review of all State taxes was announced in 2005, with Stage 1 State Tax Review measures announced in the 2006-07 Budget including the staged abolition of stamp duties on rental/hire of goods business, mortgages, and non-real conveyances.

The estimated value of each State Tax Review measure is provided in the table on page 27.

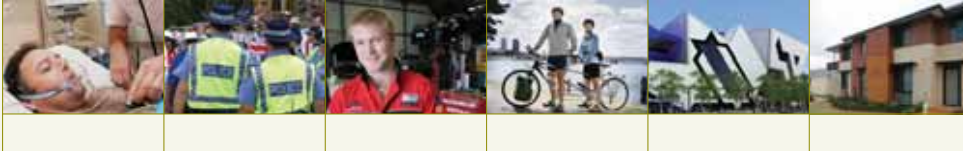
The 2008-09 State Budget is the fifth budget in a row in which the Government has delivered tax relief, and provides a further \$1.2 billion reduction in

State taxes over the forward estimates period. In addition to the stamp duty and land tax cuts mentioned earlier, this budget reduces State taxes through lowering:

- payroll tax (\$164 million), by harmonising significant elements of Western Australia's payroll tax laws with the other States, which will simultaneously deliver payroll tax relief to many businesses; and
- motor vehicle duty (\$12 million), by bringing forward by six months the scheduled \$5,000 threshold increase.

As a share of the economy, Western Australia is expected to have the second lowest tax burden of all States (after Tasmania) in 2008-09 and across the forward estimates period.





State Tax Review Measures - First Full Year Impact

2006-07 Budget	\$m
Mortgage duty – abolition (from 1 July 2008)	-161.9
Hire of goods duty – abolition (from 1 January 2007)	-38.0
Conveyance duty – non-real property abolition (from 1 July 2010)	-119.0
Land tax (and MRIT) – scale adjustment	-42.6
Land tax – two year exemption for new residences	-2.3
Land tax – aggregation anti-avoidance measure	10.0
2007-08 Budget	
Conveyance duty – increase first home buyer threshold	-80.1
Motor vehicle duty – threshold increases (from 1 July 2007)	-27.3
Motor vehicle duty – caravan exemption	-7.1
Motor vehicle duty – single rate for heavy vehicles	-1.8
Land tax (and MRIT) – scale adjustment	-316.0
Land tax – aged care provider exemption	-1.0
2008-09 Budget	
Conveyance/transfer duty – residential concession	-104.0
Land tax (and MRIT) – adjust scales	-120.0
Payroll tax – harmonisation (includes grouping provisions from 1 July 2009)	-50.0
Motor vehicle duty – threshold increase (from 1 July 2008)	-28.9
Other	
Duties Act (from 1 July 2008)	
— landholder provisions	100.0
— 5 per cent reduction in transfer duty rates (including home buyers)	-100.0

Note: Only measures with more than negligible costs are shown, based on first full year impact reported in the budget papers.



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