

**Speech by**

**Hon Eric S Ripper MLA**

**Deputy Premier; Treasurer; Minister for Energy**

**Thursday, 6 May 2004**

Mr Speaker, I move that this Bill be read a second time.

**INTRODUCTION**

This Budget puts Western Australian families first.

It does so through a mix of tax relief measures and targeted spending, and it fully funds the most comprehensive reform of the State's health system ever undertaken.

The Budget cements in place everything we have been seeking to achieve over the past three years.

While it demonstrates the Government's commitment to sound financial management, it is ultimately about making Western Australia a better place to live.

It is about:

- providing quality health care for our loved ones;
- ensuring a safe and supportive community;
- developing a world class education and training system; and
- sustaining an environment that we can enjoy now and into the future.

We have once again responded to the community's priorities by investing 84 per cent of the projected spending increase in 2004-05, some \$352 million, into health, education and training, law and order, and community support.

**BUDGET CONTEXT**

The Budget also continues the very important work this Government undertook when it came to office just over three years ago of turning around the State's finances.

In this time, we have balanced the Budget three times, and we will do so again next financial year with a projected surplus of \$243 million.

This compares with the record of four consecutive deficits between 1996-97 and 1999-2000, and a total of five deficits in eight budgets, under the previous Government.

The turnaround in the State's financial management has allowed the Government to invest record amounts in essential infrastructure within debt levels that remain consistent with the State's triple-A credit rating. Importantly, this has been achieved without privatisation of the people's assets.

The importance of these surpluses is illustrated by the fact that the State's net debt at 30 June 2004 is currently estimated to be \$816 million lower than the corresponding estimate in the 2000-01 *Pre-election Financial Projections Statement*. This reduction in debt has reduced the Government's interest bill by over \$100 million this year – money that can now be spent on essential community services such as health and education.

The revenue outlook for the budget year is brighter than in recent budgets. This is despite an expected slowdown in revenue from stamp duty on property conveyances.

Years of hard work finally paid dividends for Western Australia in March when the Commonwealth Government approved a change in State shares of GST grants following a major review by the Grants Commission.

In 2004-05, Western Australia will claw back \$231 million of the \$523 million annual loss it has suffered at the hands of the Grants Commission over the past 10 years.

The Government will fight hard to retain these benefits and achieve further improvements in a system that still penalises economic development by not recognising the public investment that goes with it.

In addition to this improved outlook for the State's GST grants, the 2004-05 Budget continues the Government's focus on restraining expense growth in lower priority areas of public sector activity. Overall, expenses are forecast to increase by \$417 million or 3.5 per cent in 2004-05, and by an average of 3.3 per cent a year across the forward estimates period.

Helping to contain future expenses is the incorporation of substantial savings arising from the recommendations of the Functional Review Taskforce. This is a quiet revolution that involves streamlining the corporate service or 'back office' operations of government, and greater efficiency in the buying of goods and services by the public sector each year.

These reforms will cut waste and duplication in government administration, saving taxpayers hundreds of millions of dollars in the process. They will allow greater focus on services rather than unnecessary bureaucracy, and ease pressure on taxes and charges.

## **GROWING ECONOMY**

Not only are the Government's finances in good shape, but so too is the Western Australian economy. This is no coincidence.

Economic growth is forecast to reach 6.75 per cent in 2003-04, the highest growth in nearly a decade.

This is the third straight year of strong economic growth and follows the contraction of economic activity we inherited from the last year of the previous Government – the only contraction on record in this State.

Mr Speaker, Western Australia's strong growth has been underpinned by a staggering \$40 billion in business investment over the past three years.

The outlook in 2004-05 is equally positive, with economic growth of 4.5 per cent forecast on the back of business investment of around \$16 billion next financial year.

The Government will continue to promote new developments in the gas and mineral processing sectors as well as encouraging new resource projects across the State.

We have, for example, already committed \$18.4 million over the forward estimates towards the provision of infrastructure and services to support the \$1.4 billion Ravensthorpe nickel project. It is disappointing that the Australian Government lacks the vision to follow suit, and draws into question its concern for regional Western Australia.

Over the next two years, the massive investment by business is expected to start reaping rewards for the State, as capacity expansions translate into strong growth in exports.

Increased production capacity will allow Western Australia to meet the strong demand for resources from an accelerating world economy, and in particular, demand from China.

Our exceptional economic performance is testament to the Government's policies to promote economic growth.

Sound financial management, and particularly the maintenance of the State's triple-A credit rating, sends a powerful signal to investors that Western Australia is a safe place to invest.

The Budget also includes a massive \$132 million, four-year investment in science, research and innovation – the lifeblood of a successful economy.

We are also kick-starting mineral exploration with a further \$12 million over four years for geological surveys and implementing reforms to streamline project approvals and mining applications.

And key export relationships will be developed with a new trade office in South Korea and participation in the Aichi Expo in Japan.

Tourism investments will be stepped up with \$2 million to host for the first time the Australian Tourism Exchange program, expected to attract 2,500 delegates in June 2005.

Our agricultural sector is improving its international competitiveness with a consolidation of the annual \$90 million agriculture, food and natural resources research effort of the Department of Agriculture and the three major universities.

Current projects include crop breeding for disease resistance and stress tolerance, and the development of new fruit, vegetable and flower varieties to meet market demand.

The most important thing is that this positive economic outlook delivers benefits for Western Australian families.

And it will do, with 23,000 new jobs forecast in 2004-05 and 100,000 over the next four years.

Over 50,000 new jobs have been created since the Gallop Government came to office.

The unemployment rate is expected to average 6 per cent in 2003-04, equal to the previous year. This is the lowest rate for a financial year in more than two decades.

With this growth, the unemployment rate is expected to average 5.75 per cent over 2004-05, well below the average of 7.2 per cent under the previous Government.

## **TAXES AND CHARGES RELIEF**

Mr Speaker, it has always been the intention of this Government to keep the burden of taxes as low as possible, within the context of responsible financial management. This is why we have worked so hard to ensure the tax system is as fair, efficient and simple as possible.

To that end, this Government has undertaken the biggest shake up of the State's taxes since the Second World War.

Stamp duty on cheques – which had been around for 120 years in WA – is gone forever.

And we have abolished stamp duty on leases and unlisted marketable securities.

On 1 July this year, stamp duty on workers' compensation insurance and life insurance will also be a thing of the past, and on 1 July next year debits tax will be abolished.

We have also had the political courage to substantially overhaul payroll tax so the dog's breakfast of rates was replaced by a new single marginal rate of 6 per cent.

And we raised the payroll tax threshold to \$750,000, freeing up many businesses from paying the tax.

Land tax scales have also been simplified to tackle the problem of bracket creep.

But we're not stopping there.

Given better than expected revenue growth and our goal of keeping taxes as low as possible, the Government has decided to put \$585 million back into the pockets of Western Australians over the next four years.

We have recognised particularly the importance of home ownership for families of the future. Home ownership encourages a stable and well-functioning society.

With rising house prices and higher interest rates, some first home buyers are finding it difficult to afford a home of their own.

We intend to do something about it.

On 1 July conveyance duty will be abolished for first homes worth less than \$220,000, and reduced for first homes valued at up to \$300,000.

This means a first home buyer will save \$8,230 on a property valued at \$220,000.

Add to this the \$7,000 First Home Owners Grant, which is now funded by the State from its GST receipts, and assistance from the State Government to first home buyers purchasing a first home valued at \$220,000 is worth \$15,230.

As a result of these changes, a first home buyer purchasing a median priced first home in this State of \$190,500 will now not be required to pay any stamp duty. This represents a saving of over \$6,800. With the First Home Owners Grant, the assistance from the State Government for a median priced first home is over \$13,800.

As a result of these measures, it is expected that around 70 per cent of first home buyers will now not be required to pay any stamp duty.

To ensure broadly equivalent assistance is provided to those first home buyers choosing to buy an established home and those choosing to buy a vacant block and then build, a concession will also be provided for purchases of vacant land by first home buyers. A full rebate will be made for conveyance duty on vacant land valued up to \$100,000, with the concession phasing out at \$150,000.

For administration and compliance purposes, and to ensure that the conveyance duty concession scheme is straightforward and easy to understand, the eligibility requirements for the stamp duty concession will be linked to those for the \$7,000 First Home Owners Grant.

These first home buyer initiatives are estimated to cost \$45.5 million in 2004-05.

In addition to this assistance targeted at first home buyers, the Government will reduce conveyance duty rates by 5 per cent across-the-board. This will benefit all purchasers of dutiable property, including self-funded retirees and businesses.

The previous Government never cut conveyance duty, even though it also had periods of rapid growth in property values, and strong revenue growth.

Based on the Perth median house price in March 2004, home buyers purchasing a median priced home of \$242,800 will save around \$470 as a result of the 5 per cent across-the-board reduction in conveyance duty.

Businesses will also benefit from the cut in conveyance duty rates. The stamp duty saving on a property purchase of \$1 million will be \$2,735.

The across-the-board rate reduction in conveyance duty is estimated to cost \$47.2 million in 2004-05.

Currently, there is an anomaly in the concessional rate of duty for purchases of low value homes and small businesses such that there is a significant jump in duty where the concession ends – under the current arrangements, at \$135,000.

To address this, the Government has decided to extend the concessional rate so that purchases of homes and small businesses valued up to \$200,000 will receive concessional treatment. This initiative means that all purchasers of lower value homes, including those wishing to downsize to smaller homes, and purchasers of smaller businesses, will receive tax relief.

In addition to the conveyance duty measures, the Government will also provide targeted land tax cuts.

To ameliorate the impact of the strong growth in property values on land tax payers, the Government will adjust the land tax scale. The land tax exemption threshold will be lifted by \$50,000 (to \$100,000), the second tier threshold by \$30,000 (to \$220,000) and the third tier threshold by \$20,000 (to \$570,000).

These adjustments will free around 55,000 – or 36 per cent of – taxpayers, mostly small investors, from paying land tax, and reduce the liability of a further 58,000 land tax payers. This measure will reduce land tax and Metropolitan Region Improvement Tax revenue by around \$17 million in 2004-05, compared to the current scale.

To encourage members of the community to preserve our unique and precious environment, I am also pleased to announce the introduction of a land tax exemption in respect of land protected by conservation covenants issued by the Department of Conservation and Land Management or the National Trust.

Providing incentives for people who commit to protecting land with high conservation values (including rare or endangered flora and fauna) is an important step in ensuring that such land is appropriately managed for the preservation of the environment.

The Budget legislation will also put in place a range of measures to improve taxation administration. In particular, new lodgement and payment arrangements for stamp duty on conditional contracts are proposed that should significantly reduce compliance costs for taxpayers.

### **Tariffs, Fees and Charges**

In addition to these tax cuts, we are offering further help to Western Australian families struggling to make ends meet.

The Government will freeze key tariffs, fees and charges in 2004-05 that impact on household expenditure.

This means there will be no increase in:

- the Water Corporation's water, sewerage and drainage charges;
- electricity charges;
- compulsory third party insurance premiums;
- motor vehicle registration costs and driver's licence fees; and
- Transperth fares.

In 2004-05, the representative household in Western Australia is estimated to spend around \$3,220 on these charges. Relative to increases in line with inflation, the decision to freeze charges represents a saving of around \$64 to such a family.

This will be the fourth consecutive year that the level of electricity prices and public transport concession fares have remained unchanged.

In aggregate, the decision to freeze these key tariffs, fees and charges is estimated to cost \$20.5 million in 2004-05.

This brings the total cost of the revenue relief package to \$133 million in 2004-05, rising to \$160 million in 2007-08.

## **HEALTH**

Mr Speaker, I would now like to turn to our health system – an issue which affects us all.

Australians born in recent years are expected to live, on average, to at least 75 years of age. This compares to an average life expectancy of just 55 years of age a century ago.

Today, we are less likely to contract an incurable disease due to phenomenal advances in medicine.

And we are now more likely to survive a serious disease, and it will likely be detected earlier than previously.

While these facts are welcome news, they all contribute to increased pressures not only on our State's health system, but on health systems around the world.

The simple fact is that our health system was not designed to meet the health demands of today.

This is why the Government established the Health Reform Committee in March last year. Its role was to develop a blueprint for improving the delivery of health services in Western Australia, while also providing solutions for better managing health system costs – sustainable service delivery and sustainable finances.

The Health Reform Committee released its findings earlier this year and the Government accepted all but one of the Committee's recommendations – choosing to leave Princess Margaret Hospital at its current location.

Integral to the Committee's vision is a significant reconfiguration of the State's metropolitan hospitals and a revamp of services to minimise duplication in tertiary hospitals, and enhancing access to appropriate care in the appropriate settings.

The reforms will establish two 'super' hospitals, with the creation of a northern tertiary hospital and a southern one. The capacity of existing secondary hospitals will be dramatically increased in order to help meet the demands of population growth and an ageing population on the health system.

Major initiatives include:

- the establishment of specialist centres of excellence for major trauma, neurosurgery and heart, lung and renal transplantation at the two new tertiary hospitals;
- the expansion of emergency departments in each of the four metropolitan General Hospitals;
- the development of Regional Resource Centres at Albany, Broome, Bunbury, Geraldton, Port Hedland and Kalgoorlie-Boulder to provide more locally accessible hospital care, where clinically appropriate; and
- the implementation of improved accountability, resource allocation and governance arrangements to ensure effective management of the system.

These are generational changes to the health system in Western Australia.

The cost of implementing these reforms is estimated to be \$1.7 billion over the next 13 years. The Budget Papers clearly show the timing of each of these initiatives over this period. This \$1.7 billion is a major allocation of new money to the health system, and shows the priority this Government will be giving to addressing the health needs of Western Australians in the next term.

Mr Speaker, when the normal capital investment program in health is added to this major new initiative, the Government will provide a staggering \$2.7 billion of capital investment in health over the next 13 years, including \$633 million over the forward estimates period.

To support these reforms and to address ongoing cost and demand pressures, recurrent funding to the Department of Health will increase by \$178 million in 2004-05 – a real increase of 4.4 per cent.

This will bring total recurrent funding for the Department of Health to a record \$2.8 billion in 2004-05.

Among other things, the additional funding will provide for:

- 332 additional beds across the metropolitan area to address the temporary increase in demand over winter;
- 115 new nurses, over and above those arising from our Winter Beds Strategy. This increase in nurses is on top of nearly 1,000 additional nurses the Government has employed since coming to office; and
- four new after hours bulk-billing medical centres near Royal Perth Hospital, Fremantle Hospital, Rockingham/Kwinana Hospital and Joondalup Health Campus, which will enable patients who present to hospital emergency departments due to a lack of GP's to be treated in an appropriate setting and timeframe.

We are also working hard to reduce the number of people on the State's waiting list.

Since coming to office, approximately 155,000 cases on the waiting list have been treated and we expect to treat another 50,000 cases in 2004-05.

Mr Speaker, funding is one thing, but these services could not be delivered without the dedication of those who work in the health system – people like Terry Jongen, a registered nurse in the emergency department at Royal Perth Hospital, who is part of the Government's campaign to attract secondary school students to nursing as a career.

And people like Paula Gee, who is one of the nurses who have joined Nursewest, established to support hospitals where temporary staff are needed.

## **LAW AND ORDER**

Mr Speaker, every Western Australian wants to feel safe in their homes and in their community.

That goal is shared by the Gallop Government.

Honouring our commitment, by December 2004 the last of the extra 250 police officers will be recruited, with funding for a total of 4,948 officers provided, compared to 4,698 as at the end of January 2001. To achieve this, we will recruit an additional 75 police officers in 2004-05 and 10 Aboriginal Police Liaison Officers.

We are also providing funding for the extension of the Burglary Reduction Pilot Programs and continuing with our efforts to tackle crime through our successful DNA program.

Next year, 20,000 additional DNA samples will be taken to tackle crime. So far, more than 30,000 samples have been taken, helping to solve serious crimes, some of which are a decade old.

Senior Sergeant Eamon Heary is an officer in the Police forensic division with the expertise in crime scene investigation, including DNA sampling. His is the face of crime fighting in the world of advanced technology, and we must ensure Western Australia is at the forefront of it.

The Government is also providing an annual funding injection of \$8.7 million from 2004-05 for new initiatives to allow the Police Service to:

- expand its focus on child abuse in order to protect the vulnerable in our community;
- release police officer resources to focus on operational imperatives; and
- improve service delivery to the community.

We are also providing additional funding to ensure the six metropolitan Police District stations remain open to the public 24 hours a day, 7 days a week. We will use additional public servants to staff these counters so that police officers can be released from this task and allowed to focus on operational imperatives.

And this Budget also provides \$1.5 million in 2004-05 to begin implementation of the Police Royal Commission recommendations, which will lay the foundations for a new era in the fight against crime.

Under this Government, resources to the Western Australian Police Service have been increased by a massive 33.2 per cent – one of the strongest increases of the State's major agencies over this period.

This funding has substantially provided for increasing police numbers, relieving officers to front-line policing and supporting them with modern systems and equipment.

Clearly, as the Royal Commission also concluded, increasing the number of police is only part of the solution – they need to be managed effectively to achieve levels of efficiency and effectiveness that are comparable to other States. We have a way to go in this regard and will be considering our full response to the Royal Commission over the coming months.

Capital works spending of \$159 million has been budgeted for law and order-related projects in 2004-05 – an increase of \$62 million. Key projects include:

- construction of replacement police stations in Wanneroo, Newman and Laverton, as well as land acquisition and planning for stations in Vincent, Canning Vale, Carnarvon and the Kimberly District Complex;
- construction of the new Great Southern District Police Complex in Albany; and
- construction of a new purpose-built District Court and superior criminal courts complex on the Hay/Irwin Street site in the Perth CBD.

## **COMMUNITY SUPPORT**

Mr Speaker, as I said earlier, this Budget puts families first.

And it is a reality in our community that some families, and in particular children, are in need.

That is why the Government has decided to employ an extra 50 staff to work with children in care, at a cost of \$18.9 million over four years.

The additional workers will ensure that safe, quality care is provided for more than 1,900 children in State care.

The funding is a vote of confidence in people like foster carer Fay Alford, and child protection worker Jan Wilkinson, who works with families in crisis in the northern suburbs.

The increase in workers brings the total number of child protection staff and staff working with children in care to 409, a boost of 39 per cent on the number of staff in 2000-01.

The additional staff will also assist in implementing the major child protection reforms planned as part of the Children and Community Development Bill.

Mr Speaker, as the Premier has indicated in recent days, the plight of elderly Western Australians caring for their disabled adult children has touched our whole community.

That's why disability funding was made a central priority of the Budget.

Over the next four years, we are allocating an additional \$68 million in recurrent funding to the Disability Services Commission to help more than 5,000 Western Australians with a variety of needs.

This is the biggest increase since the Commission was established many years ago.

Having said that, the Government recognises it will never be enough.

But we hope that this substantial funding increase will make further inroads into addressing unmet demand for accommodation and services, as well as providing for an increase in the delivery of preventive support services.

An additional \$5.7 million is allocated for accommodation support for a further 107 people in 2004-05. In addition, it is anticipated that an extra 19 people will be assisted through efficient management of places and resources.

We have to acknowledge that in many areas of service provision, the non-government sector plays a critical role. It is true to say that in many areas we could not deliver comprehensive services without them.

That's why the Government has decided to support the viability of non-government services with indexed grants so their services are not eroded by rising costs.

## **EDUCATION AND TRAINING**

The State's future lies in the knowledge and skills of its people.

Enhancing this future and ensuring equal opportunity to it are fundamental principles of this Government. This is why we are providing the Department of Education and Training with an extra \$74.7 million in 2004-05, bringing its total recurrent funding to \$2.5 billion.

This additional funding will increase the average amount to be spent on each student in a government school to \$10,416, up from \$8,293 when we took office.

It is funding that is making a real difference.

Queens Park Primary School is just one of the schools to benefit from the Government's program to provide 100 needy schools with access to the best information technology available, so the students there are not denied their place in the information age.

Improving the retention and participation rates of 15-19 year olds remains a key challenge. The *School Leaver Program* identifies the intentions of more than 45,000 year 10, 11 and 12 students and provides support to those students identified at risk of not making a successful transition to further education, training or employment.

We are committed to ensuring that the State maximises all opportunities available through the apprenticeship and traineeship system. A target of 25,500 apprentices and trainees in training has been set for 2004-05. This is up by more than 35 per cent from when the Government came to office.

The Government's *Mature Employment Program* is also important through its provision of career guidance, employability skills, training options and skills recognition to mature-aged unemployed people. The program aims to assist 5,500 people per year.

The Department of Education and Training's capital works program in 2004-05 is \$190 million.

Our new schools are receiving international recognition for their innovative design, supporting 21<sup>st</sup> century educational practices to provide a high quality education for our children.

This Budget includes funding for the construction of four new and four replacement primary schools for the 2005 school year, as well as refurbishment and upgrades of existing schools. We have also provided funding to commence the construction of four new primary schools and one new secondary school to open in 2006.

## **ENVIRONMENT**

Mr Speaker, this Government has committed to preserving and improving the State's environment.

The health of our Swan and Canning Rivers is close to the hearts of many Western Australians.

We have recognised this by providing unprecedented funding to the Swan River Trust to help preserve these rivers for the Western Australian community.

An extra \$15.5 million has been allocated to projects such as restoring river foreshores and stripping algae-producing nutrients from drains flowing into the river system.

Planning is also underway for the creation of a new Swan and Canning River Park to recognise the iconic status of these rivers, and a new Swan River Act will be introduced to give greater powers to the Swan River Trust – the agency charged with protecting the river.

Mr Speaker, the State Government has previously committed \$31.4 million to the National Action Plan for Salinity and Water Quality for the period up to 2007-08.

Over the next four years, this Government will commit an additional \$32.2 million to plantations forestry, and \$15 million for the recovery of the Collie River and Wellington Reservoir.

We have also allocated an additional \$79.4 million for the implementation of accredited regional Natural Resource Management strategies under the National Action Plan, which completes the Government's contribution under this Plan and brings the total State commitment to \$158 million.

It is hoped that these efforts will be enough to end two years of difficult negotiations with the Commonwealth and result in \$316 million of joint funding by the State and Commonwealth Governments to combat salinity.

Implementation of the Government's *Protecting Our Old Growth Forests* policy will continue in 2004-05. Additional spending of \$11.5 million will be made over the forward estimates to manage our native forests in a sustainable manner under the new Forest Management Plan.

Logging of old-growth forests has ceased and work to create 30 new national parks and two new conservation parks is well underway.

The Government has a strong commitment to develop a world class system of national parks, marine parks and other conservation reserves, and that is reflected in substantial funding in the coming year.

## **CAPITAL WORKS PROGRAM**

Including the social infrastructure spending already indicated, the Government is making a massive investment in essential infrastructure throughout the State.

This investment is necessary to maintain and expand the State's asset base, to promote economic development and to better deliver government services.

In 2004-05, the Capital Works Program is an estimated \$3.9 billion – a record amount.

A major focus for investment will be the electricity system, because Western Australians are entitled to a safe, reliable and good quality electricity supply.

Western Power's capital works budget will increase \$82 million – or 24 per cent – to a total of \$419 million next financial year, or \$1.5 billion over four years. Western Power will be retaining more of its profits to fund these expenditures.

Capital and recurrent spending on the electricity network alone will amount to \$1.8 billion over the next four years, an investment of historic proportions.

Other major areas of public infrastructure investment in 2004-05 include:

- over \$400 million on the New MetroRail project, including completion of the Northern Suburbs Railway extension and progress on the infrastructure works for the Southern Suburbs Railway, covering underground works in the Perth CBD and bridge and road works along the Kwinana Freeway;
- in addition to work associated with the New MetroRail project, \$376 million for the road construction and maintenance program, including major projects to extend: the Roe Highway to Kwinana Freeway; Tonkin Highway to Thomas Road; and the Mitchell Freeway to Burns Beach Road, and construction of the Geraldton Southern Transport Corridor. This program also includes maintenance of \$23.6 million in grants to local government roads;
- \$356 million on water, wastewater and drainage services, including continuation of the Infill Sewerage Program and projects focusing on securing water supply to Perth and country areas; and
- \$101 million on the State's ports, including construction of the North Quay Rail Loop and Rail Terminal at Fremantle, and construction of a new bulk liquid jetty at Dampier as part of the Burrup Infrastructure Package.

## **REGIONAL DEVELOPMENT**

Mr Speaker, the State's regions provide a large contribution to our economy, contributing over 80 per cent of the State's exports. It is therefore important that we have a strategic plan for their development.

This is why late last year, the Government released a regional development policy for Western Australia titled *Regional Western Australia – A Better Place to Live*. This policy provides a comprehensive policy framework setting out the Government's vision, priorities and strategies for regional Western Australia.

Our goal is for the State's regions to be healthy, safe and enjoyable places to live and work, offering expanded and improved education and employment opportunities, as well as a high standard of services.

People living in our regions should not have to accept second best when it comes to the quality of key services.

This is why we have and will continue to invest substantially in the regions.

Others have promised much, but we have delivered.

We have presided over a \$106 million investment in energy infrastructure in Esperance, which has, for the first time, resulted in the piping of North West Shelf gas to the southern coast and will open up a wealth of economic opportunities.

We have deepened the Geraldton Port opening up mineral exports and allowing, for the first time, ships to be fully loaded with grain for export, delivering significant benefits to WA growers.

And we have invested millions upgrading ports at Bunbury, Dampier, Esperance and Port Hedland.

Upon coming to office one of our key initiatives for regional Western Australia was the establishment of the \$75 million Regional Investment Fund over four years to assist with the economic and social development of regional Western Australia.

The Government has decided to extend this commitment by providing \$80 million over the four years from 2005-06 so regional Western Australians can be assured the program will not come to a premature end.

### **Health**

For people living in the regions, ready access to quality health services is a prime concern, particularly for families. Key initiatives we are undertaking in 2004-05 to improve health care in the regions include:

- \$20.1 million as part of a six year plan for a replacement facility for the Geraldton Regional Hospital;

- \$10.2 million towards upgrading health facilities at Derby, Fitzroy, Kununurra and Halls Creek;
- \$6 million to address the health needs of the people of Moora; and
- \$1.6 million as part of a four-year program to replace the Warburton Clinic.

### **Education**

Parents living in the regions should feel secure that their children are not disadvantaged relative to those children living in major cities.

As part of our *Education To the Community*, or e2c, strategy, School of the Air lessons commenced in Kalgoorlie in February this year, with the remaining schools in Carnarvon, Port Hedland, Derby and Meekatharra due to commence before the end of Term 2.

We are also continuing to investigate ways to increase post-compulsory and tertiary education opportunities for regional Western Australians. To this end, a new collaborative learning centre and an upgrade to existing facilities at Esperance Senior High School will increase vocational education and training opportunities for 15 to 19 year olds in that region.

Further capital works expenditure in the regions in 2004-05 will include:

- \$5.6 million for a replacement primary school at Onslow;
- \$2.3 million to complete major upgrade work at Kununurra District High School; and
- \$1.5 million for major additions and upgrade work to be completed at South Kalgoorlie Primary School.

### **Sport and Recreation**

The promotion of sport and recreation is important in the regions not only to improve the health of the community, but also in promotion of social interaction.

This is why we have approved \$9.2 million in 2004-05 through the Community Sporting and Recreation Facilities Fund, with \$6 million of this to be used in regional areas on projects such as:

- the redevelopment of the Albany Leisure and Aquatic Centre;
- development of sporting fields and infrastructure at the Broome Recreation and Aquatic Centre; and
- construction of two undercover multi-purpose sports courts in Roebourne.

## CONCLUSION

Mr Speaker, this Budget is the culmination of years of hard work by Ministers in the Gallop Government.

Without their discipline and sense of purpose, we would not be in a position today to deliver the benefits of a robust economy and healthy finances to the Western Australian people.

The Government's commitment to sound financial management since coming to office is clearly paying dividends, with a fourth consecutive budget surplus expected in the current financial year, and yet another surplus budgeted for 2004-05.

These surpluses have allowed the Government to invest record amounts in the State's economic and social infrastructure, boosting economic development and jobs growth and paving the way for improved services now and into the future.

Nothing better illustrates our achievements over four years than a comparison of spending today with that of the last year of the previous Government.

We inherited a public sector chronically underfunded in the basic service areas of government.

Today, annual spending in health is up by \$808 million, an increase of 35 per cent.

Total spending on education and training is up by \$457 million, or 24 per cent.

Annual spending on police is up by \$159 million, or 35 per cent.

And spending on disability services is up by \$72 million, or 35 per cent.

In short Mr Speaker, this Budget puts families first.

I urge Western Australians to judge the Budget for themselves by logging on to [www.ourstatebudget.wa.gov.au](http://www.ourstatebudget.wa.gov.au).

I acknowledge the outstanding work of the Department of Treasury and Finance, and other officers across government, who worked long hours to assemble the Budget.

I would now like to go to the formal purposes of the two Appropriation Bills, which seek the sums required for services in the coming financial year. Appropriation Bill Number 1 is for recurrent services, which comprise the delivery of outputs and administered grants, subsidies and other transfer payments. Appropriation Bill Number 2 is for capital purposes, providing for asset purchases and payment of liabilities of agencies.

Recurrent services estimates of \$10,828,785,000 include a sum of \$1,072,397,000 permanently appropriated under Special Acts, leaving an amount of \$9,756,388,000 which is to be appropriated in the manner shown in the Schedule to Appropriation Bill Number 1.

Capital purposes and financing transactions estimates of \$710,343,000 comprise a sum of \$28,721,000 permanently appropriated under Special Acts and an amount of \$681,622,000 which is to be appropriated in the manner shown in the Schedule to Appropriation Bill Number 2.

Mr Speaker, I commend the Bills to the House and seek leave to table:

- Budget Speech – Budget Paper Number 1;
- Budget Statements – Budget Paper Number 2; and
- Economic and Fiscal Outlook – Budget Paper Number 3.