

Speech by

Hon Eric S Ripper MLA

**Deputy Premier; Treasurer; Minister for Government Enterprises;
Minister Assisting the Minister for Public Sector Management**

Thursday, 26 May 2005

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

INTRODUCTION

Mr Speaker, the Gallop Labor Government is back – and, for the fifth year in a row, we are in the black.

This is a budget which delivers our commitments. During the last election campaign, we went to the people with a plan to build a better future for all Western Australians. That plan was embraced by the wider community on 26 February.

This budget implements \$1.1 billion of commitments outlined during that election campaign. The community supported our plan to invest in infrastructure and essential services while providing a better deal for families – and now we are delivering.

This is a budget for today and for the future.

Our booming economy has provided the opportunity to address some major issues simultaneously, when, in other circumstances, we would have to choose between them.

Western Australian businesses and families will be better placed to deal with whatever the future might hold, due to the decisions we have taken and the choices we have made.

Mr Speaker, Western Australia's booming economy and the Government's disciplined approach to managing the State's finances, have paved the way for record infrastructure investment during 2005-06. We will be making massive investments to ensure essential services such as power, water and transport can meet the long term demands of our growing State.

We will also build upon our work in the first term in our key priority areas of health, education and law and order. To ensure our children have the skills to participate in our modern economy, Education and Training will receive particular attention.

Relative to the 2004-05 Budget, this set of forward estimates funds:

- 225 new teachers;
- 146 new TAFE lecturers and 100 training mentors;
- 800 additional nurses; and
- 350 new police officers and 160 expert civilian staff for the police service to free up more police officers for frontline duties.

This budget provides a better deal for families and businesses – including more tax relief. With our election commitments, this budget delivers tax relief worth about \$430 million over the next four years. Including measures such as abolition of the Bank Account Debits Tax and Labor’s learning allowance for the parents of senior students, this figure rises to \$870 million.

Combined with \$1.5 billion worth of tax cuts announced last year, the Gallop Government will deliver almost \$2.4 billion worth of tax cuts and concessions during its second term.

Our ability to deliver on our election commitments; invest in infrastructure; support our core areas; and provide significant tax relief is underpinned by our strong record of financial management. We have delivered four consecutive budget surpluses, increased expenditure in priority areas, kept net debt in check and secured the State’s triple-A credit rating.

Mr Speaker, the turnaround in the State’s finances since Labor came to office in 2001 has been nothing short of stunning.

When we took our first look over the books in 2001, we were confronted with an impending financial train wreck. The surplus was under threat, the economy was shrinking and desperate promises made by the previous Coalition Government were just not funded. Western Australia was going backwards.

Within four short years, Western Australia’s spectacular economic growth leads the nation and independent analysts are likening our economy to the leading tiger economies of Asia.

I am very pleased to report that we are forecasting a general government operating surplus of \$521 million in 2005-06, following an estimated surplus of \$631 million for the current financial year.

These surpluses are underpinned by continuing strong growth in the State’s economy and the current high level of commodity prices – especially oil and iron ore.

The Government is also playing its part through our strong commitment to public sector reform. Improvements to the way government agencies purchase goods and services and revised contracting arrangements are already delivering significant savings to taxpayers – and there's more to come.

We are cutting waste, duplication and inefficiency at every opportunity through sweeping public sector reform measures.

This year we are on track to deliver more than \$32 million worth of procurement savings. During the last year the average cost of interstate airfares paid by government agencies fell by about 30 per cent. Two years ago, many agencies were paying more than \$1,500 for a typical personal computer. Under the revised common use arrangement, the average price is now about \$1,050.

In 2005-06, we expect procurement reform will deliver savings of more than \$100 million to taxpayers, meaning more money can be spent on our priority areas.

A GROWING ECONOMY

Mr Speaker, last year I referred to Western Australia's V8 economy. In fact our economy has turned out to be a supercharged V8, growing by a massive 7.5 per cent in 2003-04 – the strongest rate of growth on record in this State and almost double the national rate of growth.

Our economy is forecast to grow by 5.25 per cent in 2004-05 – the fourth consecutive year of strong growth.

Importantly, this growth has been supported by an investment boom, with businesses investing an estimated \$56 billion over the past four years. This is a real vote of confidence in Western Australia, which ultimately means more jobs and opportunities for Western Australians.

In 2005-06, the Western Australian economy is forecast to grow by 4.5 per cent. Business investment is expected to reach a record \$16.5 billion, while exports are tipped to become the lead driver of growth, as recently completed projects move into operational phase.

To date, our investment in infrastructure, combined with significant investment by the private sector in port and rail facilities, has underpinned growth in the volume of Western Australian exports of 17.2 per cent from 2000 to 2004. By comparison, national goods and services exports increased by just 3.5 per cent over the same period.

INVESTING IN INFRASTRUCTURE

Mr Speaker, Labor's prudent approach to financial management means we have a unique opportunity to put in place the essential infrastructure that will drive our economy and meet the demands of our growing population deep into the 21st century.

A record \$4.7 billion Capital Works Program will roll-out across the State in 2005-06. There has never been a greater level of public infrastructure investment over a 12 month period in the State's history.

A lot of this extra investment is about ensuring the community is provided with world class essential services such as water and power. Confronted with a drying climate and ageing electricity system, we recognise that long term measures need to be implemented while we have the financial capacity to do so.

Leading the way will be a \$715 million capital works investment in water and wastewater services during the coming financial year. This massive investment represents a huge 74 per cent increase on 2004-05.

The Gallop Government recognises that our climate is changing. Doing nothing is not an option. We must act now to address the issue of diminishing rainfall.

This is why we will spend more than \$300 million in 2005-06 building the Perth Seawater Desalination Plant.

The plant, which will be powered by renewable energy, will become the biggest single contributor of water to the Integrated Water Supply Scheme, providing a rainfall-independent 17 per cent increase in the public water supply.

In the process, the risk of total sprinkler bans will be greatly reduced and thousands of Western Australian jobs in the gardening and horticultural sector will be safeguarded, providing the Government with the time to investigate long term supply options.

And the community can be assured, when Labor commits to a long term supply option, it will be technically feasible, environmentally sound and we will know exactly how much it will cost before we start.

Mr Speaker, regional water supplies will also benefit from the \$64 million we will spend on the distribution network to replace and augment existing infrastructure in the State. Some of the projects include additional water storage at Kalgoorlie-Boulder, improved water quality for customers supplied by the Great Southern Towns Water Scheme and an upgrade to the Albany water supply.

Mr Speaker, the events of February 2004, when the State endured extensive outages, revealed serious weaknesses in our electricity supply – extreme temperatures, record electricity demand and an ageing network combined to highlight the need for change.

That is why in our last budget, the Gallop Government committed \$1.8 billion over four years in capital and operating expenditure for Western Power's network.

But still more needs to be done to ensure the long term reliability of Western Australia's electricity network. A reliable power supply is crucial in attracting investment, maintaining our lifestyle and underpinning economic growth.

The Gallop Government will invest an additional \$488 million on boosting reliability, safety and meeting increased demand over the next four years. This will enable a 25 per cent improvement in network reliability. An extra \$70 million in operating expenditure will target pole maintenance, reducing bushfire risk, carrying out energy safety orders and environmental compliance.

The extra funding means that in 2005-06 alone, Western Power's capital works budget will increase by \$135 million – or 29 per cent – to around \$600 million.

A healthy surplus and commitment to strong financial management has made this record investment in our electricity system possible – without any increase in household electricity charges.

Mr Speaker, additional investment is one way we are improving power provision in this State. Another way is Labor's plan to push ahead with the splitting of Western Power – an important economic reform providing greater opportunity for private sector competition in our electricity system and establishing a single organisation dedicated solely to network performance.

Electricity reform progress in 2004-05 has seen the development of the rules for the wholesale market, implementation of a code for access to Western Power's network, an increase in the number of business customers able to choose their electricity supply and the introduction of new consumer protection measures.

In 2005-06, the Government's major electricity reform focus will be the splitting of Western Power and the introduction of the wholesale electricity market by 1 July next year. Given the Opposition Leader's previous support for Western Power's disaggregation, we will expect the full support of the Opposition on this important reform.

Mr Speaker, another major focus of ongoing investment is the Gallop Government's New MetroRail project. In the coming year, city works and construction of the Southern Suburbs Railway to Mandurah will hit full pace, with forecast expenditure of \$401 million. By 2007, Perth's passenger rail network will have doubled in size, linking Clarkson in the north to Mandurah in the south.

At the same time, the Gallop Government will spend \$302 million on improving and expanding the State and local road networks. Apart from work on Roe Highway, Tonkin Highway and the Mitchell Freeway, we will pump additional funds into the regions through works including the Eyre Highway from Caiguna-East to Balladonia, Stage 2 of the Karratha-Tom Price Link Road and the Great Eastern Highway, from Hines Hill to Merredin and Merredin to Walgoolan.

Mr Speaker, much has been said in recent times about transport bottlenecks on the eastern seaboard, particularly around ports. In fact, the Howard Government has used the issue as an opportunity for yet another assault on State rights.

I am pleased to say that Labor's investment has ensured our export ports remain among the best in Australia. Our reliance on export markets means that competitive, efficient ports are crucial if we are going to sustain long term economic growth. Since coming to office, the Gallop Government has spent \$432 million on our ports. In 2005-06, we will invest another \$101 million including new works at Fremantle, such as the North Quay Rail Loop and Terminal; and an extension of the Broome Jetty, enabling the port to service the fast-growing trade needs of the West Kimberley region.

At Esperance Port, almost \$31 million will be spent on the construction of a storage shed and a shore-based crane to assist with exports from BHP Billiton's Ravensthorpe nickel project.

A BETTER DEAL FOR FAMILIES

Mr Speaker, Labor has always stood for a better deal for families.

Following last year's freeze on household tariffs, fees and charges, the Gallop Government will continue to minimise the day-to-day living expenses of Western Australian families.

In 2005-06, we will remove, reduce or freeze a number of key tariffs, fees – including select taxes – and charges that impact on households.

From 1 July this year, Bank Account Debits Tax will be abolished. Debits Tax was the last of three State taxes listed for abolition under the terms of the GST agreement, signed with the Commonwealth in 1999. I'd like to make it clear once and for all that the removal of Debits Tax means Western Australia has honoured the terms of the GST agreement – a view supported by independent legal advice.

For a household making two withdrawals per week of between \$100 and \$499, abolition of Bank Account Debits Tax will deliver an annual saving of about \$70.

For the fifth consecutive year, there will be no increase in electricity prices. In fact, when adjusted for inflation, electricity prices have fallen by 13 per cent since Labor came to office in 2001.

Similarly, compulsory third party insurance premiums and stamp duty rates on insurance will remain unchanged.

Transperth standard fares will increase by a flat 10 cents, with the exception of two-section or one-zone fares – where there will be no change. Transperth concession fares will increase by 2.2 per cent, rounded to 10 cent increments.

However, these slight rises will be more than covered by savings to families with school-aged children using public transport. Labor's election pledge to introduce 50 cent fares for all school students travelling to and from school on Transperth services, regardless of where they live, will provide substantial savings to families.

For example, 16 year old Gosnells student Travis Kelly travels by bus to Como Secondary College each day – a three-zone trip costing \$13.60 a week. For his mother Vicki, a single parent, the cost is significant. When the new 50 cent fare is introduced, Travis's weekly travel costs will more than halve to just \$5.

Motor vehicle licence and driver's licence fees will increase by 2.2 per cent. But, once again, this rise will be more than offset by a Labor election commitment – to increase the family concession by \$25 to \$53 per vehicle.

Water, sewerage and drainage charges will increase by 2.2 per cent.

Mr Speaker, in 2005-06, families will be better off under Labor. Spending by the 'representative household' on the above basket of State Government goods and services will decrease by \$80.74. This equates to a 2.5 per cent decrease on the previous year's expenditure on the same basket of goods and services, and is significantly below the forecast inflation rate of 2.5 per cent.

In real terms, fees and charges paid by the 'representative household' have fallen by \$267, or 7.9 per cent, over the period of this Government. This compares very favourably with an increase of \$159, or 5 per cent, using the same measure over the last five years of the previous Coalition Government.

For a pensioner eligible for concessions, the decrease is expected to be \$75.94, or 3.2 per cent.

TAX RELIEF

Mr Speaker, the Gallop Government announced two tax relief packages last year. The first, contained in the 2004-05 Budget, reduced conveyance duty rates, introduced the first homebuyer stamp duty exemption and reduced land tax. The second package, announced in October 2004, cut conveyance duty rates again, increased the threshold for the first homebuyer stamp duty exemption, cut payroll tax and further reduced future land tax bills.

When we cut taxes, we respond to the community – not the politically-charged demands of Canberra bullies.

In this budget, we will build upon last year's tax cuts as we continue to return the dividend of our booming economy to taxpayers. In 2005-06, we will cut land tax even further and introduce a stamp duty exemption for the refinancing of mortgages by homeowners and small businesses.

The latest land tax cuts are recognition that rising property values are making it increasingly tough for some landowners. The Gallop Government has responded by countering the impact of strong growth in land values through a mix of threshold and tax rate adjustments to apply from 1 July this year. The minimum threshold will be increased from \$100,000 to \$130,000. This means about another 24,000 Western Australians will be completely freed of the land tax burden.

An increase in the second threshold – from \$220,000 to \$290,000 – and the third threshold – \$570,000 to \$750,000 – will offset bracket creep. The reduction in the marginal tax rate from 1.76 per cent to 1.62 per cent – which applies after the new \$750,000 threshold – will also help reduce growth in land tax bills for many landowners.

Mr Speaker, for many Western Australians, the annual holiday to one of Western Australia's coastal destinations is a highlight of family life. We are blessed with the opportunity to pack up the car and head to coastal destinations such as Kalbarri, Busselton and Margaret River for a low-cost holiday at a caravan park. Unfortunately, rapid growth in land values has put this great Western Australian tradition under threat. To make ends meet, caravan park owners – particularly in the South West – are reconsidering their pricing or, worse still, other land use options.

To safeguard the low cost family holiday and provide relief to park owners, Labor will provide a 50 per cent land tax concession for caravan parks from 1 July this year.

These land tax cuts will save taxpayers about \$55.5 million in 2005-06 and a quarter of a billion dollars over four years to 2008-09.

Mr Speaker, against the ever present spectre of rising interest rates, it is crucial that Western Australian homebuyers and small businesses can secure the most competitive financing packages.

To encourage homebuyers and small businesses to get the best deal possible, the refinancing of mortgages by owner-occupiers and small businesses will be completely exempt from stamp duty.

Under this change, from 1 January next year, homeowners who refinance a \$140,000 mortgage will save \$350 while a small business owner with a mortgage of the same size will save \$560.

This measure will save taxpayers an estimated \$6.2 million in 2005-06 and almost \$50 million over the next four years.

Mr Speaker, when you take into account the land tax cuts; the abolition of Bank Account Debits Tax; changes to the TAB betting tax regime; and our family friendly measures such as the \$25 cut to motor vehicle registrations, 50 cent fares for students; and our new learning allowance, the Gallop Labor Government will deliver \$870 million worth of tax and concession relief measures over the next four years.

When combined with the tax relief measures announced last year, this adds up to savings of more than \$2.4 billion to Western Australians over the next four years.

THE STATE TAX REVIEW

Mr Speaker, tax reform is an ongoing responsibility for any State government. The Gallop Government will initiate this year a consultation with the Western Australian community to shape tax reform in this State over the next five years.

The aims of this review will include genuine, real tax relief. At the same time, as we have previously announced, a complete re-write of the Stamp Act will be undertaken. I can confirm that this process will also start this year.

In our first term of government, we initiated and concluded a highly successful Business Tax Review. In this term of government, we have a wider aim to address the concerns of all Western Australians on tax matters. And this review will therefore be correspondingly broader in its terms of reference.

The Business Tax Review introduced a new process to public consultation in Western Australia via the independently chaired reference group that worked with Treasury to produce the final recommendations.

The State Tax Review that I announce today will be based on that same inclusive model and we will be seeking representatives across the spectrum of community interests to work with government on this review.

Our aim is to achieve genuine tax reform within available fiscal capacity. It will be tailored to the needs of the Western Australian community, and framed with extensive consultation with Western Australians.

COMMONWEALTH-STATE FINANCIAL RELATIONS

Mr Speaker, in the context of this massive relief package, I must touch on the issue of Commonwealth-State financial relations – particularly in relation to tax reform and GST funding arrangements.

As part of Canberra's blatant power grab, in which John Howard and Peter Costello have been described by respected journalist Michelle Grattan as "a couple of pythons swallowing everything in sight", the Commonwealth has claimed Western Australia is in breach of the GST agreement.

Mr Speaker, independent legal advice supports the State Government's view that we have more than met the terms of the agreement.

Western Australia has scrapped the three taxes listed for abolition, along with three of the six taxes listed for review only under the agreement. In this budget, we have also tackled another of the taxes listed for review by abolishing mortgage duty on loan refinancings by homeowners and small businesses.

Furthermore, Canberra has given Western Australia no credit for the abolition of stamp duties on workers' compensation and life insurance policies, which are not listed in the intergovernmental agreement. Nor has the Commonwealth recognised the State's socially responsible stance on poker machines, through which we forego more than \$200 million in revenue each year.

Labor has a record of responsible financial management and tax reform. Indeed, Western Australia is the lowest taxing State as a percentage of gross State product. Meanwhile, to finance its spending in other places, Canberra rips nearly \$3 billion out of Western Australia each year.

This is one reason why the responsibility for funding Western Australian infrastructure continues to rest with the State Government.

IMPROVING SERVICES

Mr Speaker, this budget will invest heavily in key services and builds on our commitment to make Western Australia's education and training, health and law and order systems the best in the world.

We are committed to improving the quality of service to all Western Australians, regardless of their postcode.

Disciplined financial management means we have the ability to increase funding in these three key portfolios in 2005-06.

Education and Training

Education and training is a top priority for Labor in its second term.

We want all young Western Australians to have the opportunity to realise their potential no matter what their economic circumstances or where they live.

In 2005-06, recurrent spending on Education and Training will increase by \$80 million to \$3.2 billion. During the next four years, an extra \$337.4 million will be provided to meet Labor's election commitments in the Education and Training sector.

Over this period, more than \$1 billion will be spent on capital works and maintenance in Education and Training.

Mr Speaker, this budget fully funds the Government's vision to increase the leaving age so that children stay at school, undertake formal training, or secure employment until the end of the year in which they turn 17 years of age.

Under Labor, doing nothing is no longer an option. Completion of education and training vastly increases the prospects of our children being able to secure long term employment and make a real contribution to our community.

By next year, students will be required to continue in formal education, training or employment until the end of the year in which they turn 16. This will be raised in 2008 to the end of the year in which they turn 17.

Mr Speaker, the Gallop Government recognises that putting children through school can be expensive for families and we are committed to doing our part to help out.

In a major boost for education and training, Labor will honour its election pledge to support parents by making an annual payment to parents of \$200 for 16 and 17 year old students in Years 11 and 12 at both government and non-government schools – and up to \$400 for 16 and 17 year old students enrolled in full-time TAFE studies or a private registered training organisation.

But Labor's support for education and training moves beyond such financial support.

The Government's *Behaviour Management and Discipline Strategy* has transformed the learning environments in some of Western Australia's more challenging high schools. Since 2001, the number of students excluded from school has been lowered by 32 per cent and the number suspended by 18 per cent.

In 2005-06, \$16.5 million will be provided to 200 primary schools and 75 secondary schools to help them work with students with behaviour and discipline problems. In addition to 60 extra teachers employed under this initiative in 2004, Labor has employed an extra 65 in 2005.

Building on Labor's successful *Getting It Right* literacy and numeracy strategy, an additional 25 specialist teachers will be employed over the next four years in priority high schools at a cost of \$6.9 million. An additional \$1.5 million will be allocated for professional development for specialist literacy and numeracy teachers.

In 2005, there will be approximately 300 specialist literacy and numeracy teachers working full or part-time in 302 schools. This targeted strategy will ensure those students needing extra assistance in literacy and numeracy get the maximum possible value from specialist programs.

The Government will ensure that attention is also paid to the State's brightest students.

At a total cost of \$16.9 million, we will be re-establishing Perth Modern School as the State's premier school of academic excellence, serving Western Australia's most brilliant high school students.

Perth Modern School will not be the only option for outstanding students, with funding of \$700,000 over four years being provided to improve services to gifted and talented students at all public schools. In addition, more than \$1 million in scholarships over four years will be made available to encourage and reward outstanding academic achievement in public schools.

Labor is also engaging in the biggest ever investment in repairs and improvements to Western Australian schools.

In 2005-06, we will spend just under \$230 million on government schools and TAFE college infrastructure, including:

- the completion of three new primary schools and continued construction of three replacement primary schools;
- the commencement of six new primary schools and one replacement primary school;
- the continued construction of the replacement for Kwinana Senior High School and the new Comet Bay College at Secret Harbour; and
- the commencement of four new high schools at Atwell, Dalyellup, Ellenbrook and Vasse and a new senior college on the South West Regional College of TAFE site in Bunbury.

Health

Turning to health, the Gallop Government has embarked on an ambitious reform agenda to deliver better health services to all Western Australians. This is a once-in-a-generation opportunity and we have committed \$2.7 billion in capital funding over 13 years to make it happen. This is a sustainable, long term plan.

In the shorter term, Labor is providing funding to permanently maintain the increase in the number of general medical hospital beds in the metropolitan area by 130. In addition, we have provided funding to open over 200 extra beds to meet the increased demand for inpatient admissions over the winter 2005 period.

In 2005-06, an estimated 52,000 Western Australians on the elective surgery waiting list will be treated. During the next four years, Labor will meet its commitment to spend an extra \$40 million to reduce the list and ensure patients are treated within a reasonable timeframe.

Mr Speaker, additional funding announced last year has already had the desired effect. Just ask 76 year old Geoffrey Baker from Como. Mr Baker had been on the waiting list since 15 April this year to have a haematoma removed from under his jaw. Thanks to an additional \$8 million announced last year, Mr Baker underwent day surgery within a month at Royal Perth Hospital and is now well on the road to recovery.

An extra \$40 million over this term will provide a similar turnaround for thousands more Western Australians like Mr Baker.

In 2005-06, our significant reform agenda will continue with key activities including the development and release of the Clinical Services Plan. This plan is essential to ensure that services are patient focused, integrated and delivered within a financially sustainable environment.

In recognition of the demand pressures in the northern suburbs, in 2005-06 the Government will commence redevelopment of the Joondalup Health Campus. This will provide additional public theatres, beds and associated facilities, in accordance with the recommendations of the Health Reform Committee.

To provide further services to patients south of the river and accelerate the reform process, the Government has allocated significant funding to construct the new Fiona Stanley Hospital, redevelop the Rockingham-Kwinana District Hospital and continue upgrades at Fremantle Hospital.

Labor has also implemented recommendations of the Douglas Inquiry, leading to significant improvements in the provision of services at King Edward Memorial Hospital. These include increased coverage by senior clinicians, particularly in high risk areas, and a review of discharge procedures.

This budget also fully funds Labor's commitment to provide all aged pensioners with free ambulance services. Senior citizens over the age of 65 will receive a 50 per cent subsidy for both emergency and non-urgent ambulance services. Mr Speaker, these measures will kick in from 1 July this year.

All up, spending on health services in 2005-06 is estimated to be \$3.5 billion, an increase of \$171 million, or 5.1 per cent, on the current financial year.

Law and Order

Mr Speaker, the Gallop Government has a record of successfully fighting crime and improving community safety.

Last term, we promised to appoint an additional 250 police officers – we achieved this goal.

Combined with other initiatives, the extra officers oversaw a vast improvement in clearance rates, with the robbery clearance rate improving by a staggering 51 per cent in the year ending March 2005.

We are building on this achievement in our second term. In 2005-06, we will recruit an additional 80 police officers and 40 civilian staff. This is the first stage in delivering our commitment of an additional 350 police officers and 160 expert civilian staff to be recruited over the next four years.

Together with the Police Service's Frontline First Strategy, these measures will enable more than 500 police officers to be deployed to front-line policing duties by 2008-09, double the increase we achieved in our first term. More officers on the beat means a safer community.

Of course, the massive improvement in clearance rates has placed unprecedented pressures on the State's justice system. In response, the Government has developed a comprehensive Safety and Security Strategy.

While this strategy will be resourced to ensure an immediate impact is made on improving security and safety within Western Australian prisons, it is also aimed at developing sustainable solutions to reduce the likelihood and consequence of future incidents.

Initiatives include:

- upgrading security at prisons, including the construction of perimeter fencing for the Wooroloo and Karnet Prisons;
- improved computer security; and
- the development of a comprehensive safety system to mitigate risk to staff and the community by developing new and improved prison facilities.

In addition, Juvenile Justice Centres will be built at Geraldton and Kalgoorlie to increase the successful rehabilitation of young offenders.

Safety in Northbridge and other hotspots is of particular concern. To address this issue, the Government has committed to providing police with the power to immediately ban individuals with firearms, weapons or drugs, or those who have been charged with certain offences should they be found in the vicinity of nightclubs and licensed premises.

To support this commitment, we have provided funding to issue metal detectors to police and to regulate the use of metal detectors by designated nightclubs and hotspot venues.

The Police Service will also continue to enforce the successful Northbridge curfew and establish an Entertainment Precinct Unit to focus efforts on addressing anti-social behaviour and street violence in Northbridge and other known hotspots.

Over the next four years, \$343 million worth of capital works have been allocated to the Police Service, paving the way for the construction and completion of 27 police facilities across the State and the development and implementation of new information and communication systems.

Included in the capital works program are funds for the commencement of the design and planning phase to replace the current Perth Watch House, refurbishment and additions to Curtin House and a new Criminal Investigation and Intelligence Services Command Centre in Midland – these three initiatives will be funded through an \$81 million injection to Labor’s successful frontline crime-fighting program.

Mr Speaker, the Perth Watch House is a classic example of the Gallop Government using its current strong financial position to alleviate long term infrastructure problems.

The replacement of the old East Perth lock-up is long overdue. Built in the 1960s, the facility is just not up to 21st century policing standards, with cramped conditions and an outdated layout. On a hot summer’s night – particularly on a weekend – the East Perth Lockup is a terrible place to be working.

While we have got the financial capacity, we are going to do something about it.

The new Perth Watch House and refurbished central police complex at Curtin House will ensure our officers are provided with the very best facilities to better protect and safeguard people in the city and Northbridge.

In 2005-06, total police spending will increase by 7.2 per cent to \$703 million.

Supporting Communities

Mr Speaker, in 2001 Labor gave a commitment to Western Australians with disabilities and their families that we would assist them to build better lives within a supportive community.

In our first term of government, we clearly delivered on this commitment. Our funding for growth in services for people with disabilities reached unprecedented levels.

In this budget, services for people with disabilities will receive a further funding boost of \$19.2 million over the next four years. Total funding for the Disability Services Commission will have increased from \$167 million in 2000-01 to \$289 million in 2008-09 – an increase of \$122 million, or 73 per cent, since the Gallop Government came to office.

The Government has continued its commitment to provide additional accommodation support over and above the targets set in the independent Accommodation Blueprint, prepared for the Government in 2003. An additional \$7.4 million will be allocated in 2005-06 specifically for accommodation support funding.

This represents one of the highest levels of additional funding that has been allocated to accommodation support for people with disabilities in any one year.

This includes \$1.4 million in 2005-06 to deliver Labor's election commitment to support 25 people with disabilities living at home with carers aged 70 years and over. This commitment acknowledges the untiring efforts of older carers, the difficulties they face and their need for peace of mind for the future.

The Government is continuing its sizable housing construction program, with work starting on 1,908 units in 2005-06. This incorporates 250 properties as part of the regional upgrade strategy to replace or upgrade ageing stock in country areas and 418 units that will be refurbished as part of our New Living Program.

Mr Speaker, we recognise that for many, the dream of home ownership may be out of their reach without some assistance. Reflecting this, we expect to provide more than 5,200 loans in 2005-06 to assist Western Australians into home ownership.

Of these loans, 34 per cent are expected to be in regional Western Australia and approximately 4,000 will be provided to first homeowners.

TURNING GROWTH INTO JOBS

Mr Speaker, since this Government was elected, an extra 107,900 people have gained employment.

As a result, well over one million Western Australians are now in full-time or part-time employment.

In 2005-06, more than 20,000 new jobs are forecast to be created and over the next four years, around 90,000 new jobs will be created.

The State's unemployment rate, estimated at 4.75 per cent in 2004-05, is now at its lowest level since the 1970s.

Our massive infrastructure program is designed to keep the jobs and opportunities flowing. However, we will also increase funding in tourism by \$26.8 million over five years to cultivate jobs growth in an area of great potential.

This includes a record investment in destination marketing to attract tourists from key markets including the United Kingdom, Japan, New Zealand and interstate, as well as the developing markets of China and Korea.

An unfortunate side effect of strong jobs growth has been the emergence of skill shortages in some areas. In recognition of this, Labor is increasing apprenticeships and traineeships.

Since 2001, 54,900 apprenticeships and traineeships have been commenced, as well as 2,500 school-based apprenticeships. We are on course to achieve a target of 26,700 apprentices and trainees in training in the next financial year.

To tackle skills shortages, the Gallop Government will spend \$21.4 million over the next four years for initiatives including:

- \$14 million for a partnership with industry to train 30,000 apprentices and trainees, with special emphasis on areas of skills shortage;
- \$4.2 million for the development of rapid-response training to address immediate or imminent skills shortages;
- \$2 million on a plan to re-engage unemployed and under employed 15 to 24 year olds who do not have formal qualifications;
- funding to establish a Master Class of Trades for apprentices and young tradespeople who strive for excellence; and
- establishment of a voluntary mentor program that will enable senior tradespeople to pass on their knowledge to younger workers.

LIFESTYLE

Mr Speaker, I now turn to another key priority of the Government – protecting Western Australia’s distinctive lifestyle, especially our unique environment.

We will continue a major upgrade of facilities and roads in our national parks with \$13 million to be spent on improvements to visitor facilities and park roads in 2005-06.

This expenditure will also have significant benefits for our regional areas and enhance the tourism experience. For example, \$3.3 million has been allocated to complete the design work and begin construction of a new interpretive centre at the Pinnacles in Nambung National Park near Jurien. There are also significant capital works programs in other regions, including the Wellington National Park near Collie and the Walpole Nornalup National Park on the State’s south coast.

Western Australia contains the nation’s only internationally recognised terrestrial biodiversity hotspot and eight of the 15 national hotspots. Our commitment to the conservation of our biodiversity, especially our unique flora, will be delivered through funding of \$16.2 million over the next three years for the construction of a new State Herbarium. The new building will enable representative samples of the State’s flora to be collected and stored in modern and secure conditions.

Other environmental projects earmarked for Labor’s second term include:

- \$900,000 for the State Cane Toad Initiative, to help prevent cane toads entering Western Australia;
- additional marine conservation funding for the Montebello and Barrow Island marine reserves, Jurien Bay Marine Park, Rowley Shoals Marine Park and an extra \$1.65 million for management and capital works associated with the Ningaloo Marine Park;
- \$3.35 million in 2005-06 as part of Labor’s four-year \$15.5 million commitment to improve the Swan River; and
- \$32 million in 2005-06 to support sustainable energy projects, including development of wind-diesel projects at Coral Bay and Hopetoun.

Labor will continue to support sport and recreation during the next four years, with initiatives including:

- a commitment of up to \$50 million towards a Multipurpose Indoor Entertainment and Sports Stadium;
- finalisation of the second stage of Members Equity Stadium as part of the Government’s \$25 million contribution towards establishing a Perth-based Super 14s rugby team;
- \$1.7 million for the State Indoor Centre, catering for a variety of indoor-based sports;

- \$5 million for the WA Netball Association's plan for a State Training Centre;
- \$2.5 million for a swimming pool facility at Mindarie;
- \$2.5 million for a swimming pool facility at Ellenbrook; and
- almost \$7 million worth of Community Sporting and Recreation Facilities Fund projects in 2005-06.

Culture and the Arts will benefit from expenditure of \$114 million over four years on capital projects. This significant capital works program to upgrade Western Australia's cultural assets will include:

- \$42.2 million for a new performing arts venue in Northbridge, scheduled for completion in 2008-09;
- \$2.35 million to help refurbish the Subiaco Theatre Centre; and
- \$2.25 million to improve cultural and arts infrastructure across the State through the Community Cultural and Arts Facilities Fund.

STRENGTHENING THE REGIONS

Mr Speaker, the Gallop Government has always had a strong commitment to supporting development in regional Western Australia and this will continue in 2005-06.

Strong regions mean a strong Western Australia. In the regions our massive capital infrastructure spend includes new and redeveloped schools, health facilities and police stations, increased funding of power and water supplies and a big boost to port infrastructure.

Labor has also boosted the Regional Investment Fund to \$80 million over four years in our second term. In 2005-06, we plan to spend \$36 million, including \$4.2 million on the Shark Bay World Heritage Interpretive Centre and \$3 million on the Port Hedland Enhancement Scheme.

In the health sector we are planning for the future. Including election commitments, new initiatives focus on \$79 million to provide significant upgrades to health facilities in the Kimberley region, as well as bringing forward construction of the new \$65 million Hedland Hospital and the \$20 million redevelopment of the Albany Hospital.

Of the \$302 million we have allocated to improving and expanding the State and local road networks in 2005-06, more than \$108 million will be spent in regional Western Australia. Major projects include:

- \$12 million in 2005-06 for Stage 2 of the Karratha-Tom Price Road, which involves construction of 90 kilometres of new road;

- \$5.1 million on Stage 1 of the Albany Ring Road, which will provide a 6.6 kilometre bypass for heavy vehicles; and
- \$4 million to begin preliminary works for the new Perth-Bunbury Highway, incorporating the extension of the Kwinana Freeway from Safety Bay to Mandurah and the Peel Deviation.

We will also be spending \$15.4 million in 2005-06 to complete Stage 1 of the Geraldton Southern Transport Corridor project.

Finally, to support regional tourism, we have boosted the Regional Events Scheme by \$1 million over four years.

CONCLUSION

In conclusion Mr Speaker, this is a budget for today and for the future.

It is a budget that delivers on \$1.1 billion worth of commitments we made to the people of Western Australia.

It is a budget that takes advantage of our strong financial position to make fundamental improvements to our essential infrastructure.

It is a budget that delivers a record \$4.7 billion Capital Works Program that will underpin improved services, more jobs and a better lifestyle for communities right across Western Australia, deep into the 21st century.

It is a budget that increases funding in the key areas of education and training, health and law and order.

It is a budget that provides a better deal for families through continued tax relief and new concessions.

And Mr Speaker, it is a budget that is financially responsible, with Labor balancing the books for the fifth consecutive year.

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 No. 1 is for recurrent services, which comprise the delivery of outputs and administered grants, subsidies and other transfer payments. Appropriation Bill No. 2 is for capital purposes, providing for asset purchases and payment of liabilities of agencies.

Recurrent services estimates of \$12,009,452,000 include a sum of \$1,045,784,000 permanently appropriated under Special Acts, leaving an amount of \$10,963,668,000, which is to be appropriated in the manner shown in the Schedule to Appropriation Bill No. 1.

Capital purposes and financing transactions estimates of \$1,264,508,000 comprise a sum of \$52,168,000 permanently appropriated under Special Acts and an amount of \$1,212,340,000 which is to be appropriated in the manner shown in the Schedule to Appropriation Bill No. 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.