



protecting jobs  
supporting the economy

2009-10  
**Budget**  
Overview

securing the State's  
economic future



supporting  
families and our community  
protecting the  
State's finances

2009-10 Budget Overview  
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2009-10 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 2009-10 Budget Statements

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## Introduction

The Liberal-National Government's first budget has been framed in very challenging circumstances, reflecting the impact of the global economic downturn on the State's finances.

This budget responds decisively to the current economic environment, through a range of measures which are aimed at preserving the State's triple-A credit rating and delivering budget surpluses. The State Government is anticipating a \$409 million surplus in 2009-10, and is working to:

- protect jobs and support the economy;
- secure the State's economic future;
- support families and our community; and
- protect the State's finances.

The Liberal-National Government has also set as a priority the delivery of its election commitments.

The State Budget is worth more than \$28 billion in 2009-10 with a record \$8.3 billion Asset Investment Program aimed at providing jobs, economic growth and improved services.

A priority of the Liberal-National Government has been to partner with both the private sector and the Commonwealth to deliver world class projects that will underpin the State's future economic development.



## Protecting Jobs and Supporting the Economy

A key priority of the Liberal-National Government's first budget is protecting and supporting the jobs of Western Australians and creating future employment opportunities for young people.

### Jobs Protection Package

The \$155 million Jobs Protection Package supports the employed, the unemployed, small business and the tourism sector.

- The Government will provide a one year payroll tax rebate to small businesses to help them retain and employ staff. A total of 6,700 small businesses will be eligible for this incentive, fully offsetting payroll tax for around 68,000 employees.
- As further support to employers to retain apprentices, the budget delivers a rebate of workers' compensation premiums for first year apprentices and trainees in 2009-10 and 2010-11, at a cost of \$10.6 million. This measure will support the retention of over 15,000 apprentices and trainees each year.
- All eligible unemployed Western Australians will be entitled to an exemption on course fees for any training place during the next three years, which is over and above the COAG initiative to provide training places for Australians under 25 years of age.
- The budget also delivers other targeted training and skills recognition initiatives over the next three years, including:
  - assisting people disadvantaged in the labour market to increase foundation skills as a pathway to further training or employment; and
  - additional resources for a critical support unit to support employers and apprentices who have been affected by the economic downturn.
- Small businesses will have access to a program to develop their capacity to weather the current downturn. The BIZFit business resilience program will provide hands-on training, support and guidance to small business operators.
- Additional tourism marketing funding of \$5.7 million in the coming year will help protect the 80,000 jobs in Western Australia generated by tourism.





## Record spending on the Asset Investment Program

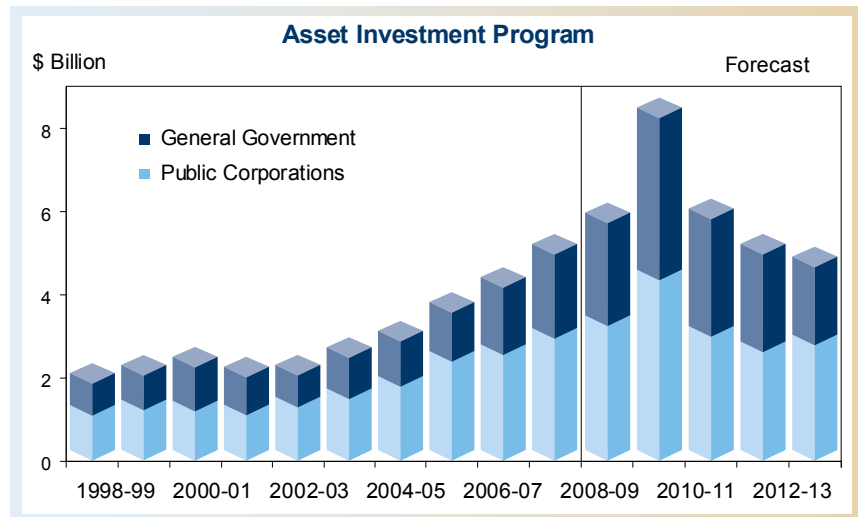
The Government's Asset Investment Program plays a vital role in not only delivering economic and social infrastructure but in creating jobs across the State.

In the coming year, the Government will spend a record \$8.3 billion on public infrastructure.

And over the next four years, we will invest \$23.8 billion in capital works — a significant increase on the \$18.5 billion spent over the past four years.

The Government has given priority to those capital works which can provide an immediate boost to jobs and the economy, including:

- \$316 million to immediately construct more than 1,000 new dwellings to boost the housing construction industry and reduce pressure on the State's social housing waiting list.
- Together with additional Commonwealth funding, some 2,600 new public houses will be procured throughout the State over four years. In addition, around 400 existing public dwellings will be upgraded to provide tenants with better quality housing.
- An additional 14 schools over six years will be built or upgraded for a total cost of \$300 million. And, with additional Commonwealth funding, each and every one of Western Australia's schools, both government and non-government, will receive funding to add or upgrade facilities.
- \$654 million on road construction and improvement works, with continued progress



on major roads such as the Mandurah Entrance Road, improved linkages to the Port of Bunbury, Indian Ocean Drive Stage 2, and the extension of the Reid Highway.

- \$20 million over the next two years to commence construction on the Hopetoun to Bremer Bay Road.
- \$572 million for health-related infrastructure, including commencement of the \$117 million forward works program for a new children's hospital at the QEII Medical Centre site, and the redevelopment of Joondalup Health Campus.
- Port infrastructure across the State will receive \$377 million including harbour deepening at Fremantle Port and continued construction of the Port Hedland Port Authority's Multi User Panamax Berth at Utah Point.
- *Royalties for Regions* will support small businesses and construction jobs across the State through the \$400 million Country Local Government Fund; the \$368 million Regional Community Services Fund; and the \$1.7 billion Regional Infrastructure and Headworks Fund.



## Securing the State's Economic Future

Not only does this budget deliver immediate support for the WA economy, it also provides the foundations for the State's long-term economic future. This budget's record \$8.3 billion Asset Investment Program includes infrastructure that will support jobs and investment over coming decades.

The Government is committed to projects that will secure the future of the State's economy, with significant progress already made on a number of world class projects.

These include the Oakajee Port and Rail project that will open up the Mid-West region and enable a significant expansion of the State's iron ore and mineral mining industry and value adding through the port's industrial estate.

The James Price Point LNG Precinct will bring long-lasting benefits to the Indigenous people of the Kimberley, and the Gorgon LNG project will result in record investment for the State.

Development of the north of the State is particularly important — not only through investment to support the resources sector, but to broaden its economic base beyond mining and to build vibrant and self-sustaining communities.

Ord Stage 2 was a major Liberal Party election commitment that will be funded through *Royalties for Regions* in partnership with the Commonwealth. The project will see the Liberal-National Government contribute \$220 million to double the size of the irrigation area.

*Royalties for Regions* will also provide a total of \$300 million for a Pilbara Revitalisation Plan which allocates \$120 million this year to support a range of community initiatives throughout the Pilbara region, with \$60 million for each subsequent year to 2011-12.

This funding will focus strongly on town centre enhancement, improving recreation and cultural amenities and upgrading housing, health and education facilities.

Funding will also be provided to the Pilbara Underground Power Project and the Pilbara Water Study, which identifies options to provide economic diversity and irrigated agriculture/forestry opportunities across the Pilbara — potentially opening the door to further primary and secondary industry expansion within the region.







Across the State, we are allocating \$1.2 billion for expanding, maintaining and improving the State's electricity infrastructure including:

- the construction of two new 100 megawatt high efficiency gas turbines to be commissioned in 2011 at Kwinana, at a total cost of \$263 million. These turbines will contribute to the reliability of electricity supply within the South West Interconnected System, as well as lowering overall carbon intensity and making better use of available gas supplies;
- increasing distribution capacity for customers to support growth; and
- continuing the State Underground Power project.

A total of \$1.1 billion is being invested in the State's water, wastewater and drainage services to ensure the ongoing quality and maintenance of water services. This includes the commencement of construction of the \$955 million Southern Seawater

Desalination plant at Binningup, the ongoing construction of wastewater treatment schemes at Alkimos, Broome and Beenyup, and further investigation and research into alternative water sources for the State.

The Liberal-National Government is undertaking a range of investments in transport infrastructure across the State, including the extension of the Northern Suburbs Railway to Brighton (with \$147 million to be spent in the next four years) and commencement of planning for the Ellenbrook railway.

A service and supply base at the Australian Marine Complex will be constructed at a cost of \$35 million to initially meet the needs of the Gorgon project.

And with the private sector being the primary driver of job creation and investment in WA, the Government is determined to work constructively with business to facilitate investment and to ensure approvals and regulatory processes are reformed.



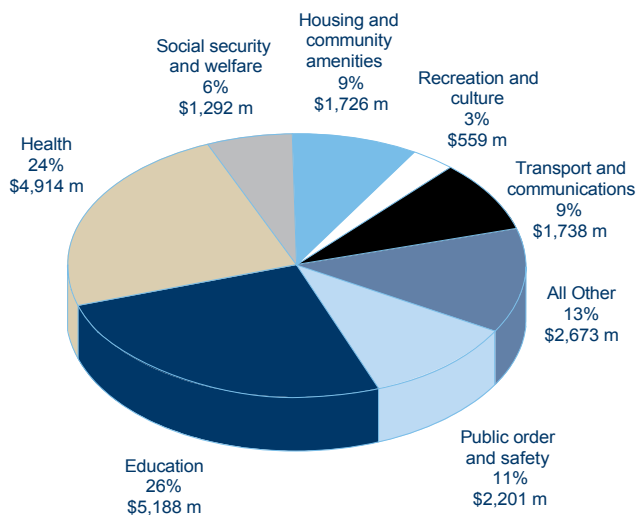


## Supporting Families and Our Community

As part of its first budget, the Liberal-National Government has set as a priority increased investment in health, education and law and order.

### 2009-10 Expenses <sup>(a)</sup>

#### General Government



a) Spending categories shown above are consistent with ABS Government Purpose Classifications. These differ from Departmental spending figures quoted elsewhere.

### Health

This budget will see a record \$5.1 billion being spent on health services across the State in 2009-10, a \$282 million or 5.9 per cent increase from 2008-09, including:

- \$27 million for the Friend-in-Need Emergency initiative;
- \$18 million for patient transport services through the Royal Flying Doctor Service and the Patient Assisted Transport Scheme;
- \$8 million for palliative care and cancer services;

- \$6 million to implement the State Suicide Prevention Strategy; and
- \$7 million to support nurses training through the Hospital Nurses Support Fund.

The Liberal-National Government is also committed to implementation of the 'Four Hour Rule'. This will improve the patient journey through our public health system by ensuring that patients arriving at emergency departments are seen and admitted, discharged or transferred within a four hour timeframe.

The Government is investing in new and expanded hospitals across the State, including:

- bringing forward the construction of a new children's hospital with work commencing on a \$117 million forward works program;
- Fiona Stanley Hospital, with site works completed and construction of the main hospital buildings to begin in mid-2009. Completion is expected in late 2013;
- a significant increase in bed capacity at Joondalup Health Campus at a cost of \$227 million;
- Albany Hospital;
- Kalgoorlie Hospital;
- Busselton Hospital; and
- Nickol Bay Hospital.

## Education and Training

In 2009-10, the budget provides a record \$4.1 billion on public education and training services in Western Australia, up \$419 million from 2008-09.

The Government is meeting its election commitment to invest an additional \$300 million to build or upgrade 14 schools. Together with existing funding, 32 schools will be built or undergo significant redevelopment over the next six years.

Training facilities will be improved at Central, Central West, Challenger and West Coast TAFE campuses, agricultural colleges and various Trade Training Centres.

The Government is implementing a range of initiatives to improve student behaviour and increase the quality of pastoral care for students.

To do this, we will spend \$47.7 million over five years to 2012-13 to:

- provide an additional 50 school psychologists;
- provide more Behaviour Centres and school Chaplains; and
- provide training to assist and empower teachers in the classroom.

### Schools to be Built or Redeveloped Over Next Six Years

| School                               | Total Cost \$'000 |
|--------------------------------------|-------------------|
| Applecross Senior High School        | 56,000            |
| Ashdale College                      | 64,500            |
| Atwell College                       | 33,000            |
| Aubin Grove Primary School           | 15,000            |
| Aveley Primary School                | 16,000            |
| Baldivis Secondary School            | 44,000            |
| Banksia Grove High School            | 30,000            |
| Bannister Creek Primary School       | 12,500            |
| Bullsbrook High School               | 20,000            |
| Butler High School                   | 53,000            |
| Byford Secondary School              | 30,000            |
| Comet Bay College                    | 25,060            |
| Craigie Heights Primary School       | 12,500            |
| Deanmore Primary School              | 14,250            |
| Dongara District High School         | 30,000            |
| Ellenbrook Secondary College         | 25,100            |
| Exmouth District High School         | 15,000            |
| Governor Stirling Senior High School | 63,000            |
| Greenwood Primary School             | 13,000            |
| Harvey Agricultural School           | 25,000            |
| Karratha Primary School              | 26,000            |
| Karratha Senior High School          | 77,500            |
| Lake Gwelup Primary School           | 13,000            |
| Lockridge Primary School             | 13,000            |
| Mt Barker Primary School             | 12,196            |
| Roseworth Primary School             | 14,000            |
| Safety Bay Primary School            | 12,800            |
| Tapping Primary School (K-2)         | 10,000            |
| Wandina Primary School               | 17,000            |
| Wattle Grove Primary School          | 14,250            |
| West Byford Primary School           | 17,000            |
| Yakamia Primary School               | 16,000            |
|                                      | <b>839,656</b>    |



## Supporting Families and Our Community (contd)

### Law, Order and Safety

Western Australians deserve to feel safer on the streets and in their homes — this budget provides more funding for police and greater investment in prisons, with total expenditure of \$2.2 billion on law, order and safety, an increase of \$68 million.

This includes spending of \$950 million for Western Australia Police, an increase of \$33 million. Capital expenditure initiatives for 2009-10 for Western Australia Police will be \$152 million. Major initiatives include:

- the construction of the Perth Police Complex;
- 500 additional police personnel and 200 expert civilian staff over five years will be recruited to further boost police resources at a total cost of \$208.5 million;
- \$49 million has been allocated over four years for the expansion of the Perth Metropolitan Radio Network north to Lancelin, east to Northam and south to Dunsborough, improving police response times, information availability and officer security;
- a replacement helicopter;
- \$34 million on the construction of new police facilities; and
- \$8 million on the re-opening of regional police stations over four years.

The State Government's election commitments to toughen sentencing laws will be underpinned by a significant investment in prison capacity. A total of \$655 million will be invested between 2008-09 and 2012-13 towards an additional 1,657 prisoner beds across the Western Australian prison system, including:

- a new 350 bed prison in the Eastern Goldfields;
- the addition of 387 beds at an expanded Acacia Prison;
- commencement of works for the new 150 bed Derby Prison, and the Wyndham work camp;



- the development of an 80 bed prison for young offenders;
- the construction of two new work camps in Warburton and the Wheatbelt; and
- commencement of the expansion of Banksia Hill Detention Centre.

The Government will also spend an additional \$47.3 million over five years from 2008-09 to support volunteer marine rescue services, replace protective clothing for career fire and rescue services personnel, and a new Brigade Alarm Network to monitor government facilities and commercial and private sector residential buildings.

## Social Services

This budget sees key social services including child protection, disabilities, communities and social housing receive a significant boost to meet increasing demand. This includes:

- an extra \$15 million in 2009-10 to meet the increasing demand for child protection services including funding for case workers, domestic violence intake teams, remote community child protection workers, and intensive in-home support services;
- \$78 million over four years for the reform and expansion of residential care for children;
- additional funding of \$142 million over five years to provide increased accommodation support, respite, disability professional services, alternatives to employment and indexation; and
- additional funding for the Hardship Utilities Grants Scheme to lessen the impact on low-income families of higher electricity tariffs.

As part of the National Partnership Agreement on Homelessness, the Commonwealth will provide an additional \$49.7 million over four years from 2009-10 to the State. Western Australia will match this with a \$51.2 million commitment over four years.

In addition, the new National Disability Agreement, signed in January 2009, means that Western Australia will receive an additional \$60 million over five years to support disability services.



## Supporting Families and Our Community (contd)

### Seniors

Seniors on retirement incomes are particularly vulnerable at this time as they face declining investment returns and increases in the cost of living.

The Government is providing free off-peak public transport for seniors. And for pensioners in country Western Australia, who do not have access to low-cost public transport, the Government, through *Royalties for Regions* has introduced the Country Age Pension Fuel Card. This will provide pensioners in the country with \$500 worth of fuel or taxi travel each year to assist with their cost of travel.

This budget secures the funding to enable all Seniors Card holders to receive an annual Cost of Living Rebate of \$100 for singles and \$150 for couples. We have committed \$136 million over five years to provide these payments, and with over 200,000 seniors benefiting each year from the rebate, this is the largest payment of its kind ever undertaken in Western Australia.

We have also committed \$10 million over three years from 2009-10 to provide a \$200 rebate per household for all Western Australian Seniors Card holders toward the installation or purchase of home security devices to ensure seniors feel safe and secure in their own homes.



## Protecting the State's Finances

This budget represents a sound balance between well targeted stimulus and financial responsibility.

In order to provide the funding for the range of initiatives contained in this budget, difficult decisions have needed to be made. Funding has been reprioritised from a number of areas to allow the Government to provide record expenditure on capital works; health; education and training; and law and order.

These tough decisions have involved savings of \$7.6 billion over five years across government, including:

- delivery of \$1.3 billion in 3 per cent efficiency dividend savings over four years – which represents achievement of 97 per cent of targeted savings;
- \$3 billion in redirection of capital works expenditure;
- \$1.1 billion in savings from Stage 1 of the Economic Audit;
- the removal of the freeze on electricity prices in order to move towards cost recovery and to ensure the ongoing viability of the State's electricity entities;
- the sale of surplus government land;
- a savings contribution from Liberal and National Party election commitments;
- reduction in government spending on advertising, media, marketing and consultancies;
- a ceiling on public sector employee numbers; and
- a responsible public sector wages policy.

Fees and charges are being increased at responsible levels. Excluding electricity price increases, the average WA household will experience an increase in fees and charges of only 3 per cent.



## Economic Outlook

In late 2008 the global economy entered its deepest and most synchronised downturn in many decades. Western Australia's economy is nonetheless expected to grow strongly in 2008-09, due mainly to strong business investment growth associated with projects that were underway prior to the downturn.

However, the State will not escape the global recession. In the past few months the USA, UK, Japan, and euro area have entered recession, commodity prices have fallen, and world trade has contracted sharply. Evidence would suggest Australia too is likely to have entered a recession.

A contraction in the State's economy of 1.25 per cent is forecast for 2009-10, as the global

recession intensifies and the business investment boom unwinds. A second year of economic contraction (albeit marginal) is expected in 2010-11, due mainly to a further fall in business investment. As the global recovery builds gradually through 2010 and beyond, the State's economy is forecast to recover, growing by 3.75 per cent in both 2011-12 and 2012-13.

The unemployment rate is forecast to rise in 2009-10 and 2010-11 as the State's economy contracts, peaking at 6.75 per cent in 2010-11.

Unfortunately the extent, depth and duration of the world economic downturn are still far from clear.

### Key Economic Forecasts for Western Australia

|                                      | 2007-08<br>Actual | 2008-09<br>Estimated<br>Actual | 2009-10<br>Budget<br>Estimate | 2010-11<br>Forward<br>Estimate | 2011-12<br>Forward<br>Estimate | 2012-13<br>Forward<br>Estimate |
|--------------------------------------|-------------------|--------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                                      | %                 | %                              | %                             | %                              | %                              | %                              |
| Real Gross State Product Growth      | 5.2               | 8.0                            | -1.25                         | -0.5                           | 3.75                           | 3.75                           |
| Real State Final Demand Growth       | 9.3               | 8.25                           | -3.5                          | -3.75                          | 4.75                           | 4.5                            |
| Employment Growth                    | 3.6               | 3.25                           | -2.0                          | -                              | 2.0                            | 2.5                            |
| Unemployment Rate                    | 3.3               | 3.25                           | 5.75                          | 6.75                           | 6.0                            | 5.25                           |
| Wage Price Index Growth              | 5.8               | 4.5                            | 3.0                           | 2.75                           | 3.25                           | 4.0                            |
| Average Weekly Earnings Growth       | 9.8               | 2.5                            | 1.5                           | 2.75                           | 3.75                           | 4.0                            |
| Population Growth                    | 2.6               | 3.1                            | 2.4                           | 1.8                            | 1.8                            | 1.8                            |
| Perth Consumer Price Index<br>Growth | 3.6               | 3.5                            | 2.5                           | 2.5                            | 3.0                            | 3.0                            |



## Revenue

Due to the global economic downturn, the State's revenue outlook is bleak. Revenue from transfer duty has fallen by more than half in 2008-09, while GST grant revenue has also dropped sharply. Payroll tax, mining royalties and GST grant revenue are all expected to fall in 2009-10. Payments for specific purposes from the Commonwealth are among the few major revenue lines expected to increase in 2009-10, partly on the back of the Commonwealth Government's economic stimulus packages.

The longer-term outlook for general government revenue is also subdued, with continued erosion of Western Australia's GST share likely to detract from a recovery in other revenues. This reflects the lagged impact of the Commonwealth Grants Commission process, which effectively penalises Western Australia for the strong underlying growth in its tax and mining revenues of recent years. By 2012-13, the State's share of national GST revenue is projected to decline to just 5.7 per cent (relative to our population share of 10.5 per cent), which equates to a revenue loss of around \$2.4 billion in 2012-13 alone.

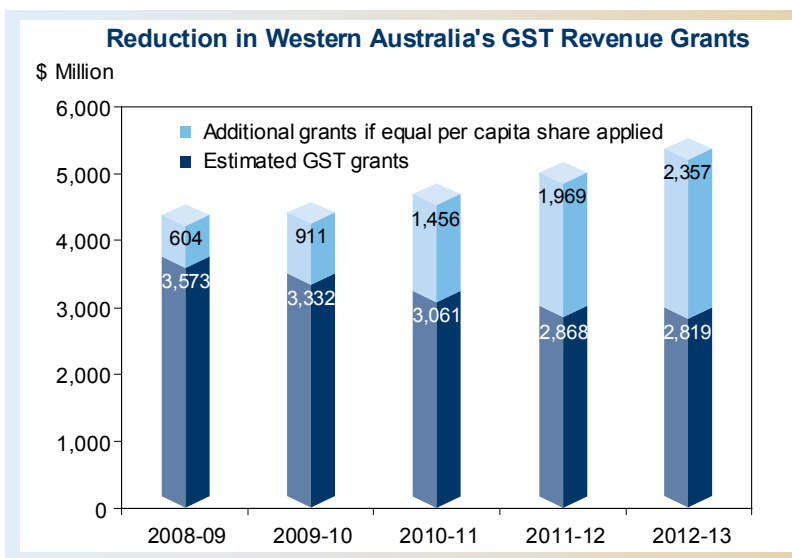
### Tax relief

In these difficult economic times, the Government is well aware of the challenges businesses are facing. Accordingly, despite the severe deterioration in the State's revenue outlook, the Government is delivering payroll and land tax relief worth \$123 million over the forward estimates period.

### Payroll Tax

- A \$100 million one-off rebate will provide significant tax relief to small to medium businesses, benefiting around 6,700 employers (just over half of all tax paying employers). Small employers with annual payrolls of up to \$1.6 million in 2009-10 will receive a full rebate of payroll tax, payable in 2010-11. The amount of the rebate will be phased out between payrolls of \$1.6 million and \$3.2 million.

An ongoing payroll tax exemption for wages paid to workers for parental leave and volunteer emergency services work will commence from 1 July 2009.





## Revenue (contd)

### Land Tax and Metropolitan Region Improvement Tax (MRIT)

- The increase in individual land values each year for land tax (including MRIT) purposes will be capped at 50 per cent, commencing in 2009-10. This will reduce excessive volatility in land tax bills and make these bills easier for businesses and landholders to budget for.
- The time for paying land tax in instalments will be extended significantly and the flat charge on the three instalments option will be halved.
- The concession for land developers, which was abolished by the previous Government in 2003, will be re-introduced (also commencing in 2009-10), allowing developers to pay land tax on the lower undeveloped (or 'englobo') value of land holdings, rather than the subdivided value of lots, for one year after the creation of the lots. This will contribute to a smoother pattern of lot creation by the development industry and a reduction in bottlenecks in the approval process.

#### Summary of Revenue Measures

|   | 2009-10<br>Budget<br>Estimate<br>\$m | 2010-11<br>Forward<br>Estimate<br>\$m | 2011-12<br>Forward<br>Estimate<br>\$m | 2012-13<br>Forward<br>Estimate<br>\$m | Four Year<br>Total<br>\$m |
|---|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------|
| <b>Payroll Tax</b>  |                                      |                                       |                                       |                                       |                           |
| Small business rebate (payable in 2010-11 based on 2009-10 payroll) | -                                    | -100.0                                | -                                     | -                                     | -100.0                    |
| Exemptions for parental leave and volunteer emergency service work  | -0.5                                 | -0.5                                  | -0.5                                  | -0.5                                  | -2.0                      |
| <b>Land Tax and MRIT</b>  |                                      |                                       |                                       |                                       |                           |
| 50% cap on unimproved valuation growth                              | -6.9                                 | -                                     | -2.3                                  | -2.3                                  | -11.5                     |
| Re-introduction of developers' englobo concession                   | -2.3                                 | -2.3                                  | -2.3                                  | -2.3                                  | -9.2                      |
| <b>TOTAL</b>  | <b>-9.7</b>                          | <b>-102.8</b>                         | <b>-5.1</b>                           | <b>-5.1</b>                           | <b>-122.7</b>             |

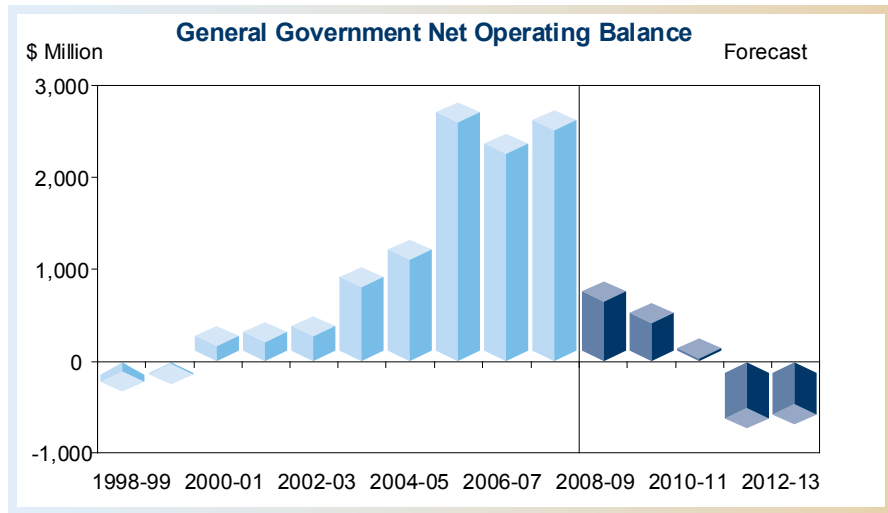
## Key Budget Aggregates

This budget forecasts a general government operating surplus of \$409 million in 2009-10, following an estimated surplus of \$647 million in 2008-09. A small surplus is also forecast in 2010-11, with deficits currently projected in 2011-12 and 2012-13.

However, the Government's objective is to ensure the budget remains in surplus, and on the basis of these projections, there

is ample time for the Government to take further action, should it be required, to ensure this outcome.

The deteriorating outlook for the general government operating balance combined with very significant levels of asset investment, is expected to see net debt levels increase from around \$7.0 billion at 30 June 2009 to \$19.1 billion by 30 June 2013. While this increase is of concern, this level of net debt remains affordable, with net interest costs forecast to remain below five per cent of revenue, consistent with the Government's financial target.



### Key Budget Aggregates for Western Australia

|   | 2008-09<br>Estimated<br>Actual | 2009-10<br>Budget<br>Estimate | 2010-11<br>Forward<br>Estimate | 2011-12<br>Forward<br>Estimate | 2012-13<br>Forward<br>Estimate |
|---|--------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>General Government Sector</b>            |                                |                               |                                |                                |                                |
| Revenue (\$m)                               | 19,677                         | 20,700                        | 20,738                         | 21,227                         | 22,494                         |
| Growth (%)                                  | 1.7                            | 5.2                           | 0.2                            | 2.4                            | 6.0                            |
| Expenses (\$m)                              | 19,030                         | 20,291                        | 20,715                         | 21,739                         | 22,952                         |
| Growth (%)                                  | 13.0                           | 6.6                           | 2.1                            | 4.9                            | 5.6                            |
| <b>Net Operating Balance (\$m)</b>          | <b>647</b>                     | <b>409</b>                    | <b>23</b>                      | <b>-513</b>                    | <b>-458</b>                    |
| <b>Total Public Sector</b>                  |                                |                               |                                |                                |                                |
| Net Debt at 30 June (\$m)                   | 6,959                          | 12,364                        | 15,039                         | 17,658                         | 19,132                         |
| Asset Investment Program (\$m)              | 5,745                          | 8,272                         | 5,817                          | 4,977                          | 4,693                          |
| <b>Total Non-Financial Public Sector</b>    |                                |                               |                                |                                |                                |
| Net Interest Cost as a Share of Revenue (%) | 1.6                            | 2.3                           | 2.9                            | 3.8                            | 4.2                            |



## Royalties for Regions

The *Royalties for Regions* program reflects the Government's long-term focus on regional development.

A substantial amount of the State's royalties will be reinvested each year in regional infrastructure, services and capacity building projects to underpin the future of regional communities.

*Royalties for Regions* aims specifically at creating sustainable communities in rural and regional Western Australia through investment in projects and programs identified at the local level.

The overall program has been formulated to promote increased local decision making through Regional Development Commission contestable grants and prescribed allocations to local government authorities.

Under the program an agreed amount based on 25 per cent of the State's estimated royalty income is to be appropriated to the *Royalties for Regions* Fund each year, with the total balance to be capped at \$1 billion.

The *Royalties for Regions* program consists of three specific funds:

- Country Local Government Fund;
- Regional Community Services Fund; and
- Regional Infrastructure and Headworks Fund.

Amounts in these funds will be invested in rural and regional Western Australia based around six policy objectives:

- building capacity in communities;
- retaining benefits in local communities;
- improving services to achieve equality with metropolitan communities;
- attaining sustainability;
- expanding employment and growth opportunities; and
- growing prosperity.

The following table provides an overview of all approved *Royalties for Regions* projects and initiatives. The table also reflects a \$25 million per annum savings contribution (\$100 million over four years) to support the achievement of the Government's financial targets.

A major new initiative funded by *Royalties for Regions* is the Pilbara Revitalisation Plan. This is a \$300 million commitment over four years (2008-09 to 2011-12) that will provide significant stimulus to the Pilbara region in recognition of the vital and strategic role it plays in securing Western Australia's economic future.

The Pilbara Revitalisation Plan commenced in 2008-09 with the allocation of \$120 million to assist with the implementation of existing community plans. The community plans focus strongly on:

- town centre enhancement and cultural amenities;
- upgrading housing, health and education facilities; and
- cyclone-proofing power supplies in Pilbara coastal towns by placing existing overhead cables underground.

Additionally in 2008-09 an amount of \$2.5 million has been allocated to support a feasibility study on the potential to harness water from mine dewatering processes across the Pilbara and create non-mining industries like agriculture and tree-cropping.

An amount of \$60 million each year in 2009-10, 2010-11 and 2011-12 will be utilised to implement a range of other strategic priority projects across the Pilbara.

Other key *Royalties for Regions* initiatives that will be supported over the period to 2012-13 include:

- \$220 million for the Ord-East Kimberley Expansion Project; and
- \$609.7 million for regional housing - including \$180 million in 2009-10 for Government regional officers housing.

*Royalties for Regions* has also committed \$80 million for the Country Age Pension Fuel Card, \$80 million for the Exploration Incentive Scheme and a \$76.3 million contribution towards the construction of the Albany and Kalgoorlie Hospitals.



### Royalties for Regions Funding Allocation to 2012-13

|   | 2008-09<br>\$m | 2009-10<br>\$m | 2010-11<br>\$m | 2011-12<br>\$m | 2012-13<br>\$m |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Country Local Government Fund</b>  | <b>100.0</b>   | <b>100.0</b>   | <b>100.0</b>   | <b>100.0</b>   | <b>100.0</b>   |
| Local Government – Local Infrastructure Asset Renewal and New Assets        | 97.5           | 62.5           | 48.8           | 48.8           | 48.8           |
| Regional Organisations of Councils New Regional Infrastructure Assets       | -              | 35.0           | 48.8           | 48.8           | 48.8           |
| Capacity Building – Regional Governance Services and Asset Management Tools | 2.5            | 2.5            | 2.5            | 2.5            | 2.5            |
| <b>Regional Community Services Fund</b>                                     | <b>21.3</b>    | <b>57.8</b>    | <b>98.2</b>    | <b>99.0</b>    | <b>113.2</b>   |
| Country Age Pension Fuel Card   | 7.5            | 12.5           | 20.0           | 20.0           | 20.0           |
| Bushchange Housing Grant  | -              | 10.0           | 27.0           | 32.0           | 41.0           |
| Royal Flying Doctor Service   | 5.7            | 9.2            | 8.3            | 2.9            | 3.9            |
| Patient Assisted Travel Scheme  | 4.2            | 8.7            | 9.0            | 8.9            | 9.3            |
| Regional Workers Incentives   | -              | 4.7            | 20.0           | 20.3           | 22.5           |
| Boarding Away From Home Allowance   | -              | 1.8            | 1.9            | 2.0            | 2.5            |
| Community Resource Centres  | 4.0            | 11.0           | 12.0           | 13.0           | 14.0           |
| <b>Regional Infrastructure and Headworks Fund</b>                           | <b>202.0</b>   | <b>445.7</b>   | <b>433.2</b>   | <b>421.1</b>   | <b>364.0</b>   |
| Exploration Incentive Scheme  | 1.9            | 16.1           | 21.9           | 23.3           | 16.8           |
| Ord – East Kimberley Expansion Project                                      | 14.0           | 86.0           | 60.0           | 60.0           | -              |
| Pilbara Revitalisation Plan   | 120.0          | 60.0           | 60.0           | 60.0           | -              |
| Bunbury to Albany Gas Pipeline  | -              | -              | -              | 10.0           | 10.0           |
| Regional Airport Development Scheme   | 0.5            | 5.5            | 5.5            | 5.5            | 5.0            |
| Housing for Workers   | 20.0           | 180.0          | 125.0          | 115.2          | 169.5          |
| Housing for Workers – South Hedland Town Centre Revitalisation              | 4.2            | 11.0           | 8.1            | -              | -              |
| Northern Towns Development Fund   | 0.5            | 10.5           | 10.0           | 10.0           | 9.0            |
| Pre-Feasibility Pilbara/Gascoyne  | 0.5            | -              | -              | -              | -              |
| Regional Grants Scheme  | 40.0           | 63.0           | 90.0           | 90.0           | 90.0           |
| Regional Grants Scheme – Strategic Reserve                                  | -              | 10.0           | 19.3           | 21.7           | 40.0           |
| Nickol Bay Hospital   | 0.4            | 3.6            | 3.0            | 3.0            | -              |
| Kalgoorlie Hospital   | -              | -              | 10.0           | 2.0            | 3.4            |
| Albany Hospital   | -              | -              | 20.3           | 20.3           | 20.3           |
| <b>New Regional and Statewide Initiatives</b>                               | <b>10.7</b>    | <b>15.5</b>    | <b>14.6</b>    | <b>45.0</b>    | <b>115.8</b>   |
| <b>Sub Total</b>  | <b>334.0</b>   | <b>619.0</b>   | <b>646.0</b>   | <b>665.0</b>   | <b>693.0</b>   |
| Savings Contribution  | -              | 25.0           | 25.0           | 25.0           | 25.0           |
| <b>TOTAL</b>  | <b>334.0</b>   | <b>644.0</b>   | <b>671.0</b>   | <b>690.0</b>   | <b>718.0</b>   |

Note: columns may not add due to rounding.



