

Western Australia Budget 2004 – 2005

May 2004

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Budget Overview

This paper provides a summary of Western Australia's 2004-2005 Budget, released on 6 May. The key measures of the fourth budget of the Gallop Government were a freeze on government fees and charges and tax relief for families.

The Government's tax relief package totals \$580 million, and includes:

- the abolition of stamp duty to first home buyers;
- cuts to property taxes; and
- a freeze on household charges.

Specific household charges frozen in the budget round include the WA Water Corporation's water, sewerage and drainage charges; electricity tariffs; motor vehicle registration; compulsory third party insurance premiums; driver's licence fees; and Transperth fares.

Details of the tax relief initiatives include:

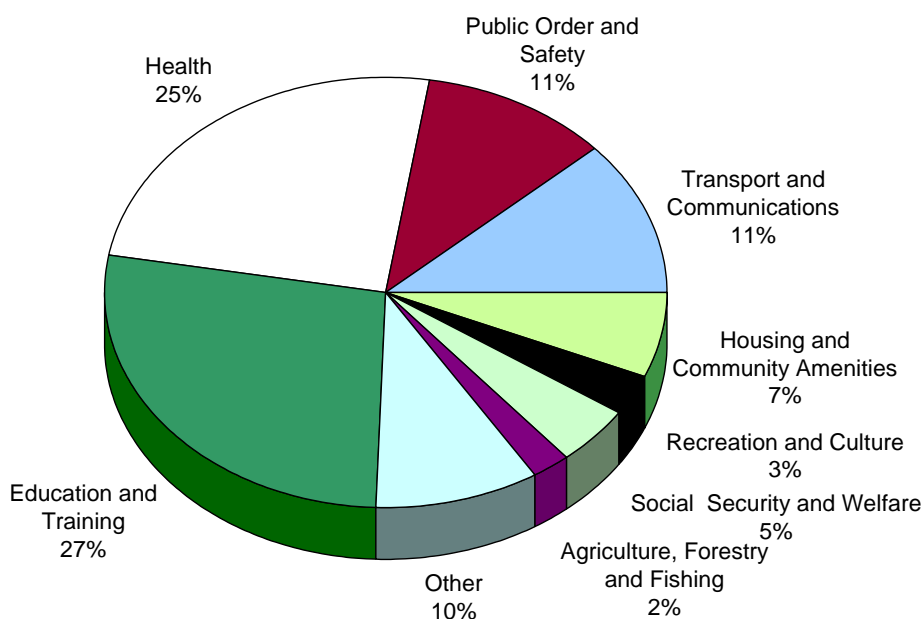
- abolishing stamp duty for first homes worth less than \$220,000 and stamp duty cuts for first homes worth less than \$300,000;
- a five per cent cut in conveyance duty rates; and
- providing relief to 36 per cent of land taxpayers by raising the tax-free threshold to \$100,000.

As part of the Government's focus on families, the related policy areas of health, education and policing were also targeted for increased funding.

The Government estimates its increase in Keystart loans of \$2.1 billion over the next four years will inject \$506 million into the housing industry next year, including \$200 million for construction loans.

The State Government's debt forecast for 2003-04 is \$816 million. It remains committed to retaining its AAA credit rating, aiming to contain State debt by using gains in revenue to reduce the need for borrowing.

2004-2005 General Government Expenses
Total expenses: \$12,477 million



Budget Documents

Online information on the 2004-05 WA State Budget is available from the following websites:

- Treasurer's speech: www.dtf.wa.gov.au/cms/uploadedFiles/200405budgetspeech.pdf
- Budget overview: www.dtf.wa.gov.au/cms/bud_index.asp
- Budget papers: www.dtf.wa.gov.au/cms/bud_content.asp?ID=835
- Agency details: www.dtf.wa.gov.au/cms/bud_content.asp?ID=834

Capital Works

The Government's capital works program for 2004-05 is estimated at a record \$3.9 billion. The Budget outlines a diverse range of projects in the areas of public transport, education, health, port infrastructure, electricity networks, water supply and industrial development.

A major focus of the capital works program is improving the quality, reliability and safety of electricity supply in both regional and metropolitan areas, and providing increased capacity to service new customers. Western Power's capital program is \$418.6 million for 2004-05 and \$1.5 billion over the forward estimates.

In summary, major capital works for 2004-05 include:

- \$418 million for electricity infrastructure
- \$376 million for roads
- \$527 million for public transport (mainly the New Rail Project)
- \$356 million for water infrastructure
- \$100 million for port infrastructure
- \$88 million for police service support
- \$156 million in public housing
- \$190 million on government school and TAFE college infrastructure

Major Spending Programs by Policy Sector

Infrastructure

More than \$31 million will be spent on common use infrastructure in 2004-05 for industrial projects to be established on the Burrup Peninsula. This is part of a total commitment of \$183.3 million towards infrastructure on the Burrup that has been set aside subject to further investor commitment.

The Government earlier announced a commitment of \$18.4 million over the forward estimates towards the provision of infrastructure and services to support the Ravensthorpe nickel project, of which \$2.3 million has been allocated in 2004-05. The Premier Geoff Gallop commented that he was disappointed that the Federal Budget did not make any similar contribution to the project.

A further \$19 million is expected to be spent on upgrades to the Esperance Port Authority over the forward estimates period. The Government has also budgeted \$10.9 million in 2004-05 to upgrade the Fremantle Port Authority to facilitate the Hismelt direct reduced iron project.

Expenditure on the New Metro Rail Project is planned to total \$411.5 million in 2004-05. This includes:

- \$83.5 million on the purchase of 18 three car sets
- \$14.1 million on completion of the Northern Suburbs railway to Clarkson
- \$51.3 million on completion of the Kenwick to Thornlie extension
- \$128.6 million on continuation of the Southern Suburbs railway extension
- \$134 million on continuation of the City Project works

The Government has committed \$792 million to maintaining, improving and expanding the State's road networks.

Energy and Utilities

Western Power's total capital program of \$418.6 million in 2004-05 represents an increase of \$82 million or 24%. The bulk of the investment is being directed at improving the quality, reliability and safety of supply.

Funds of \$12 million have been set aside for rural networks, including those which are the subject of safety and reliability issues raised by the Director of Energy Safety.

Other Western Power capital works funding includes:

- \$34.7 million for generation works
- \$25 million for sustainable energy projects
- \$14.2 million for works in the Pilbara and non-interconnected areas.

A total of \$356.3 million will be invested by the Water Corporation in 2004-05 on various projects, including \$162.1 million on the distribution network to replace and augment existing infrastructure.

Other capital works funding for utilities includes:

- \$16.5 million for the Kalgoorlie Pipeline
- \$44 million for the Infill Sewerage Program
- \$30.7 million for projects focusing on securing water supplies to Perth and country areas.

Planning and Infrastructure budget section: www.dtf.wa.gov.au/cms/uploadedFiles/10planinfrastructure.pdf

Health

A total of \$3.2 billion will be spent in 2004-05 delivering health services around the State, an increase of \$163 million or 5%.

The Government has provided new capital funding of \$1.7 billion over the next 13 years to significantly improve WA's health infrastructure, as recommended by former NSW Health Director-General Mick Reid's report, *A Healthy Future for Western Australians*.

Key capital projects include establishing north and south of the river tertiary hospitals by building a new 600 bed Southern Tertiary Hospital and creating a Northern Tertiary Hospital through the amalgamation of Royal Perth Hospital and Sir Charles Gairdner Hospital.

Department of Health Budget section: www.dtf.wa.gov.au/cms/uploadedFiles/07health.pdf

Education

The recurrent funding for the Department of Education and Training will be \$2.5 billion in 2004-05, an increase of \$74.7 million or 3.1%.

Key projects associated with the Department's investment in information and communication technologies (ICT), include:

- \$30.6 million on the Education to Community strategy (e2c)
- \$17 million in ICT grants to schools
- \$4.9 million on the Notebooks for Teachers project
- \$4.9 million on the 100 Schools Project

In addition, \$189.9 million will be spent in 2004-05 on government school and TAFE college infrastructure.

Education budget section: www.dtf.wa.gov.au/cms/uploadedFiles/12edandtraining.pdf

Police and Justice

The Police Service's capital works program in 2004-05 is \$88.1 million, and includes work on eight new police stations, new remote multifunctional police facilities and a new Forensic Facility.

New police stations will be built at Albany, Laverton, Wanneroo, Newman, Carnarvon, Kimberley (District Complex), Vincent and Canning Vale.

The Department of Justice has a \$70.5 million capital works program, including \$13.9 million for a purpose-built District Court and superior criminal courts complex on the Hay/Irwin Street site in Perth CBD.

Police Budget section: www.dtf.wa.gov.au/cms/uploadedFiles/09police.pdf

Justice Budget section: www.dtf.wa.gov.au/cms/uploadedFiles/07justice.pdf

Environment

The WA Government has committed to spending \$158 million to fight salinity and improve water quality throughout the State. Through matching agreements with the Commonwealth, \$316 million will be allocated for these purposes over the next four years.

The Government has committed additional funding of \$2.4 million to establish a Greenhouse Unit.

A total of \$162.6 million has been allocated under the "Protecting Our Old Growth Forests" policy to cease all logging in old growth forests.

Environment budget section: www.dtf.wa.gov.au/cms/uploadedFiles/08environprotection.pdf

Housing and Works

The State Housing Commission is planning to spend a total of \$87.5 million on its land program in 2004-05 to produce more than 2,700 lots. Almost 2,000 of these lots will result from contributions of \$28 million to joint venture projects with the private sector.

The Commission will invest a total of \$156.7 million on the construction of new units, an increase of \$11.8 million over 2003-04.

Housing and Works budget section: www.dtf.wa.gov.au/cms/uploadedFiles/15housingandworks.pdf

State Housing Commission budget section:
www.dtf.wa.gov.au/cms/uploadedFiles/15statehousingcommission.pdf

Main Roads budget section: www.dtf.wa.gov.au/cms/uploadedFiles/10mainroads.pdf

Western Power budget section: www.dtf.wa.gov.au/cms/uploadedFiles/03westernpower.pdf

Water Corporation budget section: www.dtf.gov.au/cms/uploadedFiles/15watercorporation.pdf

About Hawker Britton

Hawker Britton was founded in 1997 by Bruce Hawker and David Britton, former chief of staff and senior media adviser respectively to Premier Bob Carr. From Sydney, Hawker Britton has grown to eight offices in Australia, the United Kingdom, the United States and New Zealand.

Hawker Britton is Australia's only national and international public affairs firm, working with Top 100 companies, peak bodies, and not-for-profit organisations. Hawker Britton specialises in providing services tailored to the unique needs of each business, in the areas of government relations, strategic communications, and campaigns.

Government Relations

Key services in Government Relations include:

- High-level strategic advice on all areas of government
- Expertise in infrastructure developments
- Unrivalled experience in public-private partnerships

Strategic Communications

Hawker Britton's Strategic Communications include:

- Media and issues management
- Crisis management
- Media training
- Stakeholder communications
- Financial communications
- Reputation management

Campaigns

Key Campaigning services include:

- Community campaigns and consultation
- Corporate and association elections
- Public affairs campaigns
- Corporate campaigns

Hawker Britton brings to the corporate boardroom a unique approach to strategy and campaigns, borne out of corporate and political experience. Our specialist consultants are drawn from the ranks of former ministers, members of parliament, chiefs of staff, and senior policy and media advisers. Corporate clients appreciate our political and strategic communications heritage and the value that it brings to corporate planning.

For more information, contact our Perth office (08) 9214 3879 or email rharris@hawkerbritton.com.au