

## Western Australia: 2019-20 Budget delivered 9 May 2019

WA Treasurer Hon. Ben Wyatt delivered the 3rd McGowan Labor Government Budget. For the first time in 5 years there is a return to surplus - \$553 million for 2018-19.

Consistent with the previous WA Labor budgets, central themes of the 2019-20 Budget are: budget repair; ongoing fiscal discipline to constrain current expenditure growth; job creation; strengthen and diversify the WA economy; and build Metronet.

This Hawker Britton Occasional Paper outlines the State Budget outlook and details major funding and policy announcements across various portfolios.

The Treasurer's Budget speech is available [here](#).

The 2019-20 Budget Papers are available at the [Western Australia State Budget 2019-20 website](#)

Highlights of the Budget summary [here](#).

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### Budget Outlook

The major long-term goal of the McGowan Government is to restore WA's credit rating to AAA based on its responsible approach to financial and economic management.

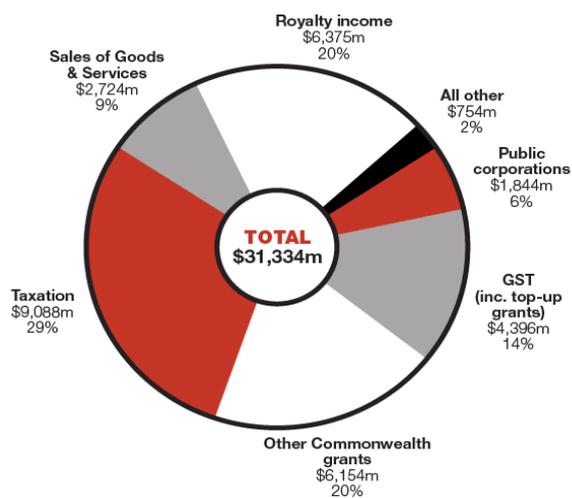
Factors influencing the return to surplus include:

- Extra GST top-up payments from the Federal Government of \$434 million in 2018-19 – total GST \$4.396 billion - directly allocated to the WA Debt Reduction Fund;
- Extra Commonwealth grants payments \$6.154 billion; and
- Higher iron ore royalty revenue than was forecast \$6.375 billion.

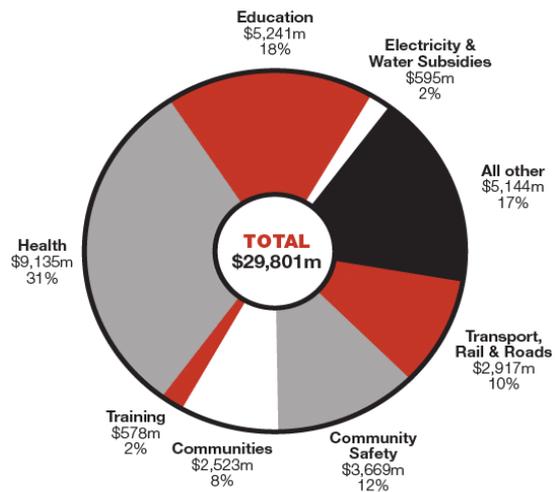
## Data

- Operating surplus of \$553 million in 2018-19;
- \$1.5 billion forecast surplus in 2019-20 - \$9.3 billion over the next 4 years;
- WA economy forecast to grow by 2% per annum over the next 4 years;
- Revenue estimate of \$31.3 billion in 2019-20;
- Expenditure forecast of \$29.8 billion in 2019-20;
- Expense growth in 2019-20 expected to be 1.5%, with 1.3% per annum over the next 4 years;
- \$36 billion debt in 2018-19 expected to peak in 2020-21 at \$37 billion declining to \$35 billion in 2022-23;
- Electricity prices capped at the rate of inflation – the lowest increase in household fees and charges in 13 years; and
- 2% water tariff; 2% public transport fares; 3.1% motor vehicle injury insurance increases.

### 2019-20 Revenue General Government Sector



### 2019-20 Expenditure General Government Sector



## Federal Commitments

The Liberal Party of Australia and the Australian Labor Party have released a number of election commitments. For further detail released policies go to the [Liberal Party website](#) and/or the [Australian Labor Party](#).

## State Budget Highlights

### Infrastructure; Transport

The 2019-20 Budget funding for key infrastructure projects includes:

- \$30 million for site works at the East Perth power station to ready it for development – 5 bidders shortlisted; for more information go to Government [Media Statements](#);
- \$230 million for new Fremantle Traffic Bridge.

### METRONET initiatives:

METRONET remains a centrepiece of the McGowan Government infrastructure plans with \$4.1 billion in spending over the next four years.

- \$415 million to remove railway crossings along the Armadale line. \$17.5 million allocated in 2019-20 to prepare for planning and design work of business cases;
- More than \$1.2 billion is allocated in this Budget for METRONET projects under development, including: Byford Rail Extension, Morley-Ellenbrook Line, Midland Station Project and Karnup Station; and
- Construction to start on new Bellevue rail car and assembly and manufacturing facility in 2019-20.

### Roads

The 2019-20 Budget delivers \$1.2 billion (joint Federal funding) for the Tonkin Highway Transformation Project including:

- Tonkin Highway Gap - widening from Great Eastern Highway to just north of Guildford Road (\$58 million State, \$232 million Federal);
- Tonkin Highway - separated interchanges at Kelvin and Welshpool roads and flyover at Hale Road (\$73 million State, \$293 million Federal);
- Tonkin Highway – extension from Thomas Road to South Western Highway in Mundijong (\$101 million State, \$404 million Federal); and
- Leach Highway and Welshpool Road grade separated interchange (\$46.5 million State, \$46.5 million Federal).

Other projects:

- Great Eastern Highway Bypass grade separated interchanges at Roe Highway and Abernethy Road (\$36 million State, \$144 million Federal);
- Abernethy Road upgrade (\$13.25 million State, \$13.25 million Federal);
- Lloyd Street Extension from Great Eastern Highway Bypass to Clayton Street Midland (\$20 million State, \$20 million Federal);
- Thomas Road and Nicolson Road intersection upgrade (\$10 million State, \$10 million Federal); and
- Major road upgrades to roads servicing the future Kwinana Outer Harbour.

### Regional Roads

\$2 billion to be spent on regional roads. Projects include:

- \$175 million for the construction of the Albany Ring Road to divert heavy haulage around the City of Albany;
- \$852 million for the Bunbury Outer Ring Road;
- \$310 million for the upgrade and sealing of the Karratha-Tom Price Road;
- \$347 million for the continued improvements to Great Northern Highway (Muchea to Wubin); and
- \$275 million for the construction of the 46-kilometre Bindoon Bypass.

For a full list of projects go to [Transforming Our Roads](#).

## **Jobs, Innovation and Tourism**

- \$60 million to the Industry Attraction and Development Fund to create long terms jobs in Collie;
- \$22 million for the creation and ongoing management of national parks, marine parks and conservation reserves;
- \$182 million over forward estimates for an Employer Incentive Scheme;
- \$12 million in new funding for international destination marketing;
- \$10 million for international aviation development to secure more direct flights to Perth;
- \$10 million for Collie Adventure Trails to turn Collie into WA's premier adventure trail town, as part of the Industry Attraction and Development Fund;
- \$4.5 million to implement the StudyPerth International Education Plan;
- \$3.6 million to support Aboriginal Tourism Initiatives;
- \$16.2 million for Rottnest island;
- \$52 million towards the Future Health Research and Innovation Fund; and
- \$48.4 million to upgrade port facilities across WA

## **Health - Major announcements**

### Methamphetamine Action Plan

\$42.5 million has been allocated to implement initiatives of the Methamphetamine Action Plan. The package outlines a range of targeted, functional and practical responses to meet recommendations of the Meth Action Plan Taskforce Report including:

- \$9.2 million towards the development of a comprehensive alcohol and other drug youth service in the Kimberley - fulfilling an election commitment;
- \$20.1 million towards the North West Drug and Alcohol Support Program.

For more information go to Government [Media Statements](#).

### Palliative Care Services Package

\$41 million for end-of-life choices and palliative care service package to provide extra support and enhance community-based palliative care services. This Package includes an extra \$5 million to build a 38 bed residential aged and palliative care facility in Carnarvon (\$11.6 million already allocated). For more information click [here](#).

**Health Budget** - Expenditure for 2019-20 \$9.1 billion or 31% of the Budget.

- \$23 million on Royal Perth Hospital Intensive Care;
- \$3.3 million for planning of a new Women's Hospital;
- \$66 billion total infrastructure investment over the next four years;
- \$942.1 million investment to mental health, alcohol and drug services in 2019-20;
- \$161 million to redevelop Joondalup Health Campus;
- \$26 million for implementing Sustainable Health Review and initial projects; and
- \$93.8 million boost for mental health services in the public health system.

For more information on projects go to [Putting Patients First](#).

### *Mental Health*

- \$15.6 million for a new 20-bed secure mental health unit at Fremantle Hospital – the second secure unit is expected to open in 2022 with 84 beds;
- \$8.9 million for the continuation of the Mental Health Court Diversion program \$8.1 million for suicide prevention programs;
- \$3.6 million towards the establishment of Recovery Colleges; and
- \$3 million additional funding for comprehensive planning to decommission Graylands Hospital.

### *Aged Care Infrastructure*

- An additional \$5 million to build a 38 bed residential aged and palliative care facility in Carnarvon (\$10.6 million allocated in 2018-19).

### **Education**

\$5.2 billion expenditure for 2019-2020 or 18% of the total budget.

- \$4.5 million to the StudyPerth's International Education Action Plan to secure international students to study in Perth;
- \$452.8 million in 2019-20 to build and improve WA schools;
- \$152.8 million to build four new primary schools to open in 2020 and five new primary schools to open in 2021;
- \$77.4 million to redevelop secondary schools across Perth;
- \$38.3 million of infrastructure works to commence at regional schools; and
- Additional \$40 million allocated to students with disability in WA public schools through to 2022-23 to help address learning needs of students

### **Community Safety**

Across portfolios of Police, Justice and Communities

- \$186 million to expand prisons;
- \$12.3 million for Greenough Regional Prison including funding of the women's compound;
- \$21.2 million to the Meth Border Force;
- \$34.6 million to roll out personal mobile tablets to free up Police officers for more time on the beat; and
- \$11.3 million to support and expand PCYC's.

### **Emergency Services**

- \$22 million investment to boost the Enhanced Prescribed Burning program in the South-West
- \$8 million to build a new multipurpose bushfire facility to support career and volunteer emergency services personnel including firefighters and SES in Collie and the South-West; and
- \$5.7 million for hostile vehicle protection measures at key stadia and venues.

### **Agriculture; Food & Regional Development**

- \$131.5 million for the Department of Primary Industries and Regional Development (DPIRD) to cover 37% decrease in expenditure that were built in to the forward estimates by the previous Liberal National Government;
- Royalties for Regions Fund - \$4.2 billion over 4 years;
- \$7 million for Marine Fish nursery in Geraldton; and

- \$3.3 million for upgrades to DPIRD's South Perth laboratories.

For more information go to [Investing in WA](#)

## **Communities and Prevention of Domestic Violence**

### Housing

- Temporary changes to Keystart eligibility to target a housing stimulus. For more information on the changes click [here](#).

### Family and Prevention of Domestic Violence

\$31 million funding to address family and domestic violence. Initiatives include:

- \$11.7 million to establish 2 new Family and Domestic Violence Hubs – in Mirrabooka and Kalgoorlie;
- New Family and Domestic Violence Monitoring Unit in partnership with the Department of Justice and WA Police;
- \$15.5 million for electronic monitoring trial of high-risk domestic violence offenders; and
- \$2.1 million for training of frontline police officers and to develop a Code of Practice.

## **Energy and Water – Utilities**

Electricity prices to rise by 1.75% in line with the forecast rate of inflation. This is the lowest increase in 13 years.

### Western Power

- Western Power will invest \$849.7 million in 2019-20 and a further \$2.4 billion across the forward estimates period;
- an additional \$61.5 million for Western Power's Advanced Metering Infrastructure project from 2018-19 to 2021-22, bringing Western Power's total investment in metering to \$251 million over the period;
- \$262.5 million in 2019-20 to continue important safety programs including:
  - \$235.2 million in 2019-20 to replace more than 2,100 km of the highest risk overhead conductors and replacing or reinforcing around 125,000 wooden power poles; and
  - \$14 million on bushfire management programs, focusing on mitigating safety risks in the most fire-prone areas.
- \$321.5 million on service-related projects. Key investments include business support and ICT corporate real estate, metering, regulatory compliance.

### Synergy

- Expenditure to maintain the capacity and reliability total \$39.5 million in 2019-20.

### Horizon Power

- Horizon Power to spend \$38.4 million in 2019-20;
- Onslow Power - Horizon Power will invest \$2.8 million in 2019-20; and
- \$11.6 million for the installation of solar farms and batteries in remote Aboriginal communities.

### Water Corporation

- Water charges will increase by 2 per cent.
- Asset Investment Program - \$700 million committed to capital investment projects across WA.

- Expenditure in the Regions - \$134.9 million in 2019-20 on about 140 water projects and \$62.4 million to be spent in 2019-20 on 80 wastewater projects; and
- \$182.7 million committed to metro water network and supply projects including \$58.9 million towards the Groundwater Replenishment Scheme and \$338.6 million committed to projects across the metropolitan region.

**Further information**

The Treasurer's Budget speech is available [here](#).

The 2019-20 Budget is available at the [Western Australia State Budget 2019-20 website](#)

For further information, contact [Megan Anwyl](#)