

Western Australia: 2020-21 Budget delivered 8 October 2020

WA Treasurer Hon. Ben Wyatt delivered the 4th McGowan Labor Government Budget. Despite the global pandemic, WA has delivered another surplus - \$1.2 billion for 2019-20. This is down from last year's surplus of \$1.6 billion and down from the mid-year review.

Consistent with the previous WA Labor budgets, central themes of the 2019-20 Budget are: Job creation; building of Metronet; supporting businesses through the pandemic and to strengthen and diversify the WA economy.

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 2020-21 Budget Papers are available at the [Western Australia State Budget 2020-21 website](#)

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

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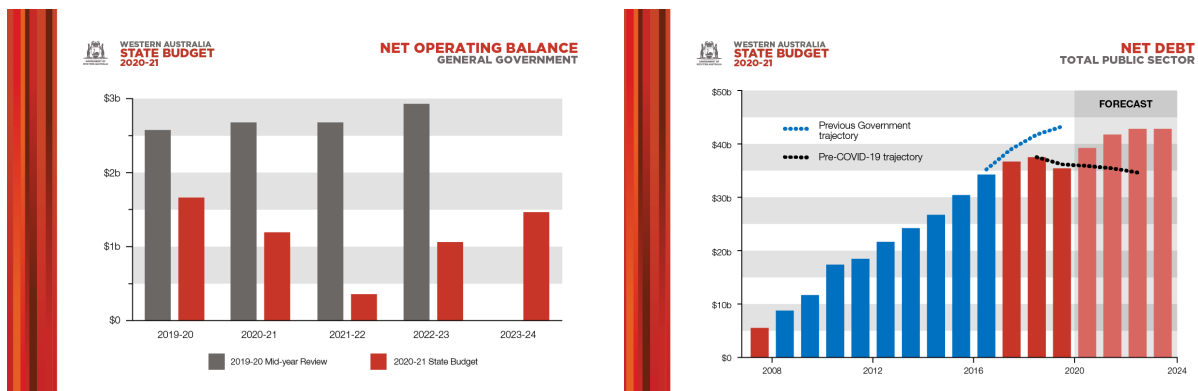
Budget Outlook

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 surplus include Commonwealth Grants (\$9,886 million in 2020-21) and Royalty Income (\$8,287 million in 2020-21)

Data

- Operating surplus of \$1.6 billion in 2019-20;
- \$1.2 billion forecast surplus in 2020-21 - \$4.1 billion over the next 4 years;
- WA economy forecast to grow by a modest 1.2 per cent in 2020-21;
- Revenue estimate of \$34.1 billion in 2020-21;
- Expenditure forecast of \$32.9 billion in 2020-21;
- Expense growth in 2019-20 expected to be 8 per cent;
- \$35 billion debt in 2019-20 expected to peak in 2022-23 at \$42.9 billion declining slightly to \$42.8 billion in 2023-24;
- \$644 million (from the recent Bell Group settlement) to provide a one-off \$600 Household Electricity Credit in 2020-21 for all residential customers of Synergy and Horizon Power, and recipients of the Energy Concession Extension Scheme; and
- The 2020-21 Budget fully funds the Government’s \$5.5 billion WA Recovery Plan.



Key Economic Forecasting Assumptions

The economic forecasts presented in this Budget are underpinned by the following overarching assumptions:

- there is no second wave of COVID-19 in Western Australia;
- there are no further significant COVID-19 outbreaks in other States (beyond the current second wave in Victoria), that would have spill-overs to household and business confidence in Western Australia; and
- there is a relatively smooth transition of economic impacts associated with the tapering of the Commonwealth Government’s JobKeeper and JobSeeker schemes.

Transport and Infrastructure

Transport initiatives

- \$354.5m for the soon-to-be-completed Forrestfield-Airport Link project.
- \$275.3m for 246 locally made railcars and the local assembly and manufacturing facility at Bellevue.
- \$207.2m for other projects like the Morley-Ellenbrook Line, Byford Rail Extension and Midland Station project.
- \$195m for the Thornlie-Cockburn Link, Perth's first east-west rail connection.
- \$184.7m for the Yanchep Rail Extension, with three new train stations.
- \$144.6m for removal of level crossings, including the under-way Denny Avenue Level Crossing Removal Project and early works for three others on the Armadale Line.
- \$100m to install Smart Freeway technology on the Mitchell Freeway from Joondalup to the city.

METRONET initiatives

The 2020-21 Budget builds on last year's record investment, as the McGowan Government continues to deliver on the METRONET vision it took to the 2017 State Election, with \$1.7 billion to be spent this financial year.

- \$275 million to construct a 45.6 kilometre, 10-metre-wide sealed bypass two lane highway west of Bindoon, including connections to existing roads and overtaking lanes;
- \$100 million to install Smart Freeway technology on the Mitchell Freeway between Hester Avenue and Vincent Street
- \$49.75 million to construct the 6-metre-wide Causeway Cyclist and Pedestrian Bridge with dedicated pedestrian and cyclist lanes to the west of the Causeway
- \$36 million on the Great Northern Highway Port Hedland Deviation project.

Fast tracking work and building for tomorrow

As part of the McGowan Government's \$6.6 billion Building for Tomorrow program, 11 major transport infrastructure projects are being fast tracked across WA, creating up to 13,000 jobs.

- Bunbury Outer Ring Road, expected to create 4,500 jobs, construction anticipated in January 2021, three months earlier than expected
- Swan River Crossings (Fremantle Traffic Bridge), expected to create 1,400 jobs with early works expected late 2021, and contract due to be awarded in December this year, six months earlier than previously scheduled.
- Roe Highway/Great Eastern Highway/Abernethy Road, expected to create 1,200 jobs, with contract awarding by January 2021 and early works to commence in March - 18 months earlier than anticipated.
- Mitchell Freeway Extension to Romeo Road, expected to create 1,200 jobs with early works planned for January 2021 and contract award due before the end of year

- Tonkin Highway Gap project, expected to create 1,050 jobs with early works planned for later this month, three months ahead of schedule.
- Albany Ring Road, expected to create 1,000 jobs with construction now underway - three months ahead of program.

Roads

As part of the WA Recovery Plan, more than \$100 million has been invested towards major job-creating road projects to support local jobs and local businesses.

Projects include:

- \$16 million to improve amenity along some of Perth's key arterial routes;
- \$16 million towards a program for Low Cost Crash Treatments on local government roads in the metropolitan area;
- \$11.35 million for the Metropolitan Intersection Crash Program which targets high risk intersections with a high crash rate for improvements - annual ongoing program;
- \$11.5 million to upgrade and undertake pipe relocation works for intersection improvements of Albany Highway, Kelvin and Olga roads in Maddington;
- \$7 million for the Stock Road Bridge replacement;
- \$7 million for road and rail crossings upgrades on the South West Main Line in Cookernup, Coolup and Waroona.

Jobs, Innovation and Tourism

Projects and initiatives to create and support job growth:

- \$1.7 billion to support businesses, households and community groups
- \$475 million for the housing construction sector.
- \$453 million for frontline service delivery
- \$492 million for new schools and school improvements
- \$330 million to improve opportunities for industry
- \$300 million for sports, community and cultural facilities
- \$260 million on road and rail infrastructure
- \$230 million for training related initiatives, including \$167 million to build and refurbish TAFE's and other training facilities.
- \$150 million for tourism initiatives, including affordable regional airfares and providing new and refurbished tourism related facilities.
- \$127 million for renewable energy technology, investing in environmental projects and creating jobs in the environmental sector.

Supporting Business

The McGowan Government will support businesses with \$943 million worth of initiatives:

- \$2,500 offset for electricity bills for 95,000 small businesses
- Up to \$100 million to waive a range of licence fees including trades, commercial fishing and tourism
- Waiving of the 2020 liquor licencing fees
- Bringing forward the increase in payroll tax exemption threshold to \$1 million by six months
- A four month payroll tax waiver for employers who have taxable wages less than \$7.5 million as at 29 February.
- A payroll tax exemption for wages provided under the JobKeeper scheme.

Health

The McGowan Government is investing \$9.6 billion to strengthen WA's health system.

Mental Health, Alcohol and Drug Services

The 2020-21 State Budget allocates \$1.01 billion to the Mental Health Commission

- \$46.9 million for suicide prevention programs and initiatives
- \$25.1 million for a new 16-bed youth mental health, alcohol and other drug homelessness service in the Perth metropolitan area
- \$24.5 million to establish a 20-bed adult community care unit.

Other key health projects and initiatives

- \$322.2 to address methamphetamine issues in WA.
- \$306 million in additional funding towards mental health services
- \$256.7 million to redevelop the Joondalup Health Campus
- \$168.6 million in funding to general hospital services
- \$80 million in additional funding for essential health system and community based services
- \$82.3 million towards the redevelopment of the Geraldton Health Campus
- \$73.8 million for hospital maintenance blitz
- \$60.8 million total investment towards Bunbury Regional Hospital redevelopment
- \$68.9 million for mental health hospital services in the public health system.
- \$61.4 million to redevelop the Newman Health Service (including \$15 million from BHP)
- \$55.5 million for operational costs associated with implementing a Medihotel pilot program at the Murdoch Health and Knowledge Precinct.

WA Recovery Plan

The Government will deliver \$453 million in health funding as a part of the WA Recovery Plan

- \$9.5 million for refurbishment of Kalamunda Hospital palliative care services.
- \$5 million towards university-led COVID-19 pandemic projects.
- \$8.1 million towards planning for an Electronic Medical Records System
- \$7.5 million for critical upgrade works at the Pathwest State Mortuary.

Education

This Budget includes a total of \$5.5 billion for school education in 2020-21, an increase of \$225.8 million from the previous year. The package is designed to create local jobs today, and prepare students for the jobs of the future.

The McGowan Labor Government will invest \$456.23 million in 2020-21 to improve public school infrastructure in Western Australia and deliver quality education no matter where students live.

- \$60 million for Stage 1 of a new secondary school in Piara Waters, to open in 2023.
- \$57.6 million towards construction of Stage 2 of Bob Hawke College, increasing capacity to 2000 students.
- \$42 million to rebuild Roebourne District High School
- \$39.6 million for Semester 2 of 2020 to ensure schools can continue enhanced cleaning to stay COVID-19 safe.

Building and upgrading secondary schools

As part of the \$5.5 billion WA Recovery Plan, \$492.2 million of new funding has been committed to upgrade and expand WA public schools over the next four years, including:

- Construction of a new secondary school in Piara Waters - \$60 million towards Stage 1, including an Education Support Centre.
- Bob Hawke College - \$57.6 million for Stage 2 expansion, increasing the capacity of the school to 2,000 students.
- Carine Senior High School - \$32 million major upgrade to provide classrooms and facilities for up to 600 students.
- Ridge View Secondary College - \$29.9 million for works on Stage 2.
- Karratha Senior High School - \$22 million upgrade to provide new facilities to accommodate increasing enrolments.

Community Safety

The McGowan Labor Government is investing significantly in community safety:

- \$314 million to recruit an additional 800 police officers over the next four years
- \$6.6 million towards a line scanner and aircraft to enhance aerial intelligence and capability
- \$5.6 million for more District Courts resourcing following increase lodgements/cases
- \$9 million to help support and protect survivors of domestic violence
- \$6.8 million to continue the Aboriginal Community Connectors Program

The Budget includes funding for initiatives which are part of the WA Recovery Plan, including:

- \$73.4 million for the recruitment of 150 police FTE to assist with the COVID-19 response
- \$52.58 million to construct a new Fremantle Police Complex
- \$28.1 million for Family Domestic Violence initiatives
- \$20 million in crisis and emergency relief grants for not-for-profits community groups to deliver crisis and emergency support to the most vulnerable.

Further information

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