

Western Australia 2018-19 Budget

10 May 2018

Western Australian Treasurer Hon. Ben Wyatt delivered the second McGowan Labor Government Budget today. Its central themes are ongoing fiscal discipline to constrain current expenditure growth and ongoing budget repair. A surplus of \$1.3b is forecast for 2020-21 – to be the first operating surplus since 2013-14.

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

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

The 2018-19 Western Australian Budget is available [here](#).

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

Contents

Budget Outlook.....	1
Budget Highlights	2
Infrastructure, Transport.....	2-3
Jobs, Tourism and Innovation	3-4
Health, Mental Health and Aged Care	4-5
Education	5-6
Community Safety	6
Emergency Services	6
Agriculture, Food and Regional Development.....	7-8
Communities, Prevention of Domestic Violence and Disability Services (NDIS)	8
Energy and Water	8-11
Further information	11

Budget Outlook

Goals include continuing with the fiscal principals introduced in the 2017-18 Budget. This includes returning a general government sector to surplus, restraining current expenditure growth and job creation.

Key challenges for the government include declining GST revenue and other Commonwealth grants representing the lowest percentage of any Australian jurisdiction.

Data

- Now estimated at \$1.3 billion, the deficit for 2017-18 has halved since the Mid-year Review in December 2017
- Revenue estimated to be \$29.6 billion in 2018-19

- WA economy forecast to grow by 3.25% per annum over the budget period
- Expense growth in 2018-19 expected to be 0.9% and an average of 1.2% per annum growth over forward estimates
- Net debt for 2018-19 expected to be 39.1 billion to peak at \$40.9 billion in 2019-20
- \$3.2 billion improvement on the forecast level of net debt compared to 2017-18

Federal Government Funding 2018-19

On 27 April 2018, Prime Minister Malcolm Turnbull pledged \$3.2 billion for Western Australia to fund rail, road and infrastructure commitments. This is seen as a GST top-up.

Some projects to be funded:

- \$1.05 billion for Metronet – project funding of \$500 million to construct the Morley-Ellenbrook line; \$241 million to extend the Armadale line to Byford; \$83 million allocated for the Midland Station and \$226 million to support other Metronet related projects
- \$1.7 billion for WA roads – projects include \$560 million for the Bunbury Outer Ring Road extension and widening of Tonkin Highway, Mitchell Freeway extension; Stephenson Avenue extension; \$183 million to Hale, Welshpool and Kelvin interchanges
- \$140 million towards the Myalup-Wellington Dam Project

State Budget Highlights

Infrastructure; Transport

The 2018-19 Budget funding for key infrastructure projects includes:

- \$3.6 billion over 4 years allocated to Metronet projects in total
 - \$1.9 billion Forresterfield Airport Link on track to be completed late 2020
 - \$1.6 billion to build the Thornlie-Cockburn Link and Yanchep Rail Extension
 - \$69 million to remove the Denny Avenue level crossing in Kelmscott
 - \$28.2 million towards the Midland Station Project, including the extension to Bellevue
 - \$151.2 million (with a further \$908.3 million beyond the Budget period) to replace the Transperth 'A' Series railcars.
 - \$508 million committed to 102 new railcars (17 six-car sets) servicing the new Metronet, with delivery of the first sets due to begin in 2021
 - \$750 million allocated for Metronet projects under development such as the Morley-Ellenbrook line; Byford Rail extension and Midland Station Project

Roads

The 2018-19 Budget delivers an allocation of \$3.2 billion investment for road infrastructure to reduce congestion, improve safety and create jobs. Key initiatives include:

- \$145 million for the duplication of Armadale Road between Anstey Road and Tapper Road
- \$237 million for the Armadale Road Bridge, connecting North Lake Road
- \$49 million for the Kwinana Freeway northbound widening between Russell Road and Roe Highway
- \$86 million for the provision of a bridge at the intersection of Roe Highway and Kalamunda Road
- \$40 million for widening the southbound lanes of Mitchell Freeway between Cedric and Vincent Street

- \$115 million for bridges at the intersection of Wanneroo Road and Ocean Reef Road and Wanneroo Road and Joondalup Drive
- \$31 million for the Wanneroo Road dual carriageway between Joondalup Drive and Flynn Drive
- \$70 million for the duplication of Reid Highway between Altone Road and West Swan Road
- \$125 million for the extension of Stephenson Avenue between Scarborough Beach Road and the Mitchell Freeway
- \$118 million for the High Street upgrade between Carrington Street and Stirling Highway

Regional Roads

\$2 billion to be spent on regional roads:

- \$106.3 million over the forward estimates period to commence the northern and southern sections of the Bunbury Outer Ring Road
- \$347 million for a range of upgrades on the Great Northern Highway from Muchea to Wubin
- \$66 million to complete construction of the remaining 90 kilometres of unsealed sections of the Broome to Cape Leveque Road
- \$50 million for Stage 3 of the Karratha-Tom Price Road improvement project

Jobs, Innovation and Tourism

Jobs

- Implementing the new WA Jobs Law with WA Industry Link
- \$3.2 billion for job-creating road infrastructure and maintenance initiatives across the State
- Investing in important job-creating hospital upgrades across the State
- \$184 million towards a METRONET Social and Affordable Housing and Jobs Package
- \$22.5 million for the Regional Economic Development Grants program to drive economic development
- \$45 million over four years for the Building Western Australia's Grains Research and Development Capacity programs
- \$4.9 million to expand the operations of Defence West

Innovation

- \$3 million over the budget period to establish the Contemporary Music Fund
- \$22.5 million for the Regional Economic Development Grants Scheme
- \$45 million over four years for the Building Western Australia's Grains Research and Development Capacity program
- \$17.8 million over four years for the New Industries Fund
- \$10 million per annum from 2019-20 to continue the Exploration Incentive Scheme to increase private sector exploration to find mineral or energy discoveries
- 9.3 million towards Pilbara Conservation Projects through the Pilbara Environmental Offsets Fund - in collaboration with key industry partners
- \$5.5 million provisioned to allow WA to bid for the Commonwealth's New Energy Industry Cooperative Research Centre HQ
- More than \$3.3 million allocated to start the rollout of WA's STEM skills plan

Tourism

- Leveraging the \$425 million of State Government investment over five years towards destination marketing and event tourism
- Deliver on the two-year action plan to attract more visitors to Western Australia I
- implement significant liquor reforms to reduce duplication and red tape for applications – supporting local businesses, creating more jobs and driving a new wave of activity through WA's vibrant hospitality scene

Health

Urgent Care Clinics

The McGowan Labor Government is progressing its plan to deliver Urgent Care Clinics across the WA community. Urgent Care Clinics will provide better integrated quality health care for patients close to where they live.

Western Australia's first Urgent Care Clinic is well underway at Royal Perth Hospital for patients presenting with behavioral disturbances and/or toxicological conditions to ensure they are treated in an appropriate environment and relieve pressure on the emergency department.

Planning is underway for more Urgent Care Clinics and will be delivered in subsequent budgets.

Medihotels

Specialist hotel for patients who are discharged from hospital but are still recovering – putting patients first and freeing up expensive hospital beds. WA's first Medihotel is being built as part of the larger 9.6-hectare Murdoch Health and Knowledge Precinct near Fiona Stanley Hospital. The precinct will include aged care beds, housing and health and research facilities.

Stage one civil works are expected to be completed by mid-2018 for the Medihotel to be ready in 2021.

Health Budget

\$37 billion total investment in health. Expenditure for 2018-19 \$8.81 billion or 29% of the Budget.

- \$655 million total infrastructure investment over the next four years
- \$182.3 million, over four years, for the Patient Assisted Travel Scheme to support regional Western Australians when they need to travel for medical treatment
- \$158 million towards the Joondalup Health Campus expansion
- \$73.3 million over the next five years for the Geraldton Health Campus stage 1 redevelopment – to expand the emergency department, inclusion of an acute psychiatric unit and a mental health short stay unit
- \$55.9 million investment into health technology and priority infrastructure projects
- \$46.9 million to replace medical equipment over 2018-2019 and 2019-2020
- \$46.4 million to redevelop the Newman Health Service
- \$27.1 million towards the district hospital investment program
- \$24.9 million to expand rehabilitative, neonatal and midwifery services at Osborne Park Hospital
- \$21 million towards the small hospital and nursing post refurbishment program
- \$17.4 million for the primary health centres demonstration program

- \$11.8 million to establish a Mental Health Observation Area Plus Unit at Royal Perth Hospital to support inner city mental health needs
- \$10.2 million over the next five years to construct and operate a Mid West community mental health step up / step down service
- \$10 million to fund information and communication technology investments into clinical and corporate systems
- \$9.3 million to fast-track 33 more alcohol and drug rehabilitation beds in the South West
- \$6.8 million towards renal dialysis services
- \$5 million for the Tom Price Hospital
- \$4.4 million on upgrades at the 193-bed Peel Health Campus
- \$3.5 million towards the Pilbara Health Partnership
- \$2.2 million for protective equipment to bolster safety for front-line health staff
- \$1.8 million for a family birthing centre at Fiona Stanley Hospital to provide south metropolitan families access to midwifery led care
- \$1.5 million to replace defibrillators and monitors

Mental Health

- \$3.8 billion, over the next four years, for the Mental Health Commission to deliver mental health, alcohol and other drug priorities
- \$9.3 million to fast track 33 more alcohol and drug rehabilitation beds in the South West
- \$10.2 million over the next five years to construct and operate a Mid West community mental health step up / step down service
- \$12.8 million for the Northwest Drug and Alcohol Support Program
- \$1.6 million towards Regional Men's Health to improve men's health and wellbeing in regional Western Australia
- A boost in the number of acute and sub-acute mental health beds across WA hospitals and community facilities including additional mental health units as part of Geraldton Health Campus and Royal Perth Hospital redevelopment programs

Aged Care Infrastructure

- \$10.6 million for a residential aged care facility in Carnarvon
- \$4 million towards the residential aged and dementia care investment program in regional WA
- \$1 million for Dongara Aged Care
- \$500,000 to redevelop the 64-bed aged care Valley View Residence in Collie
- More than 30 aged care development opportunities have been progressed through land transfers, rezonings and development approvals
- 1,500 more aged care beds will be made available across the state

Education

\$5.09 billion expenditure for 2018-19 or 17% of the total budget. A total of \$22.2 billion investment over four years:

- \$468.7 million to be invested in modern school facilities

- \$74.5 million for construction of 4 new primary schools – Baldivis North, Banksia Grove East; Byford South East and Caversham South
- \$153.6 million for new primary schools over the budget period
- \$100 million for construction of secondary schools
- \$67.8 million for Inner City College (Subiaco). \$46.1million extensions at Shenton College
- \$73.5 million allocated to fund the increased number of students attending public schools
- 100 more education assistants to be employed in WA schools in 2018

Community Safety

Highlights across portfolios of Police, Justice and Communities

- \$21.5 million for Regional Youth Justice Services in the Kimberley and Pilbara
- Creation of a Western Australian Office of Crime Statistics and Research unit
- \$4.2 million for establishment of 2 additional magistrate positions
- Co-located Armadale Courthouse and Police Complex underway in new Armadale Police District
- \$181.5 million investment in road safety initiatives
- \$26.9 million for new police helicopter
- \$9.3 million to fast track 33 more alcohol and drug rehabilitation beds in the South West
- Establish two alcohol and other drug treatment prisons, with the female facility at Wandoo expected to open in the second half of 2018. The male facility, to be housed at Casuarina Prison, is expected to open in late 2019 in line with the planned roll out of four additional accommodation units and supporting facilities
- \$10.2 million over the next five years to construct and operate a Mid West community mental health step up / step down service

Emergency Services

- \$128.5 million investment towards critical fire emergency services including \$19.5 million for Volunteer and Marine Rescue groups
- \$18 million for an Australian-first Bushfire Centre of Excellence
- \$8 million to replace ageing volunteer fire stations in regional locations
- \$80 million to enhance rural bushfire capacity through the new Rural Fire Division
- \$34.6 million increase in bushfire mitigation funding
- \$15 million towards the Bushfire Risk Management Planning program

Agriculture; Food & Regional Development

- \$4 billion over 4 years to guarantee the future of Royalties for Regions
- \$3.4 billion for new economic diversification infrastructure and Job Creation in regional areas
- \$22.5 million for the Regional Economic Development Grants program to drive economic development
- \$45 million across four years for the Building the Western Australian Grains Research and Development capacity program

- \$5 million for development of the Myalup Primary Industry Reserve

A range of additional funds to renew ageing infrastructure, start new or continue existing projects in the regions including roads, hospitals and tourism assets.

Regional WA Investment Snapshot

- More than \$2 billion will be spent on the State's regional roads between 2018-19 and 2021-22
- \$70 million improvements to regional roads across the State identified as high risk for runoff crashes
- \$1.2 million for advanced warning signs at intersections on rural roads
- \$136 million over four years for the Country Age Pension Fuel Card and \$4 million for the volunteer fuel card
- \$128.5 million record investment towards critical fire emergency services including \$80 million to enhance rural bushfire capacity across the State through the new Rural Fire Division and \$19.5 million for Volunteer and Marine Rescue groups
- \$8 million to replace ageing volunteer fire stations in regional locations such as Gingin, Margaret River, Northampton and Halls Creek
- \$800,000 additional funding for the Yarloop Bushfire clean-up
- \$18.5 million for the Regional Enforcement Unit to increase traffic enforcement on country roads
- \$73.3 million, over five years, for the Geraldton Health Campus stage 1 redevelopment
- \$10.2 million over the next five years to construct and operate a Mid West community mental health Step Up/Step Down service, which will be offsite but integrated with the Geraldton Health Campus mental health services;
- \$46.4 million to redevelop the Newman Health Service
- \$5 million towards the Tom Price Hospital project
- \$9.3 million to fast-track 33 more alcohol and drug rehabilitation beds in the South West
- \$4.4 million for upgrades to the 193-bed Peel Health Campus
- \$182.3 million over four years for the Patient Assisted Travel Scheme to support regional Western Australians when they need to travel for medical treatment
- \$9.8 million for much needed upgrades to the Albany Secondary Education Support Centre and North Albany Senior High School
- More support for students - 100 education assistants employed in WA schools in 2018, with 100 more to come in both 2019 and 2020
- Additional support provided for students in regional WA with extra Aboriginal and Islander Education Officers at 51 schools in 2018, and 74 schools in 2019
- Independent Learning Coordinators located at 10 schools in 2018 to help senior students studying through the School of Isolated and Distance Education
- Eight Regional Learning Specialists allocated to the School of Isolated and Distance Education to provide specialist classes for Year 11 and 12 students
- \$45 million across four years for the Building the Western Australian Grains Research and Development capacity program
- \$5 million for development of the Myalup Primary Industry Reserve

- \$22.5 million for the Regional Economic Development Grants program to drive economic development
- \$9.3 million for conservation projects in the Pilbara by implementing the Pilbara Offsets Fund
- \$10.5 million to establish and manage the Preston River to Ocean and Leschenault Regional Parks to drive tourism
- \$1.5 million over three years for a capability building program for Aboriginal business across the state to support the Aboriginal Procurement Policy
- \$21.5 million to continue the Regional Youth Justice Services into the Pilbara and Kimberley
- \$20.5 million for the Target 120 program for early intervention into young offenders

Communities, Prevention of Domestic Violence and Disability Services

Housing

- \$394 million METRONET housing package - The package will deliver an additional 1,390 new transit-aligned homes, including 320 social housing dwellings, 400 affordable purchase opportunities and up to 300 with universal design features. \$184 million in the 2018-19 Budget.
- A new 10 year Early Years Initiative is being provided by the Minderoo Foundation and the repurposing of existing State Government funding
- ,North-West Aboriginal Housing Fund (the Fund) will provide new housing options and intensive support for Aboriginal families to help increase participation in education and employment. All projects will be required to meet the Fund's minimum Aboriginal employment target of 40% in the Kimberley and 20% in the Pilbara and will create jobs and facilitate local Aboriginal apprenticeships and traineeships
- The National Partnership Agreement on Remote Housing concludes on 30 June 2018 and there is no further Commonwealth funding commitment beyond this date. The State will continue to support existing housing in remote communities, recognising its importance for social, economic, health and education outcomes
- Hardship Utility Grant Scheme (HUGS)

Family and Prevention of Domestic Violence

- \$4.3 million to implement the National Domestic Violence Order Scheme to enable family violence restraining orders and police orders to be automatically recognised and enforced across all Australian jurisdiction
- \$2.6 million towards a residential program, which will have nine beds and a 24/7 service, to help family and domestic violence perpetrators change their behaviour
- \$570,000 for crisis and transitional accommodation in Collie
- \$1.1 million to support the Kimberley family violence service

Disability

- \$20.3 million to support the adoption of NDIS National Scheme across WA

Energy and Water

Western Power

\$232.5 million in 2018-19 to continue important safety programs including:

- pole management which includes \$163 million on: – replacement and reinforcement of wood poles, recognising the potential public safety and property risks associated with pole failures; and – replacement of wood pole cross arms to mitigate consequences of cross arm failure, including the ignition of pole top fires; and
- expenditure on conductor management, connection management and bushfire mitigation projects amounting to \$49.1 million, \$8.9 million and \$11.5 million respectively.

Service

Service projects cover regulatory compliance, reliability, asset replacement, metering, business support, information and communications technology (ICT), and building and site management (termed corporate real estate).

\$365.2 million on service-related projects in 2018-19. Key investments include:

- business support and ICT (\$122.1 million) - in addition to providing support to the organisation, this investment aims to achieve Western Power's ICT strategy. This will be enabled through automating ICT processes, introducing meter management billing systems, upgrading the distribution and transmission network management systems and the enterprise resource planning system, introducing a customer management system, as well as an asset management and network planning system;
- corporate real estate (\$54.4 million) - under the depot modernisation program, depots will be relocated, decommissioned or redesigned and refitted to reduce health and safety risks and operating costs, as well as to provide sufficient accommodation to meet future operational requirements;
- metering (\$32.4 million) - Western Power will provide new and replacement metering services, including the installation and replacement of over 301,000 meters during the four year period ending 30 June 2022;
- regulatory compliance (\$36.7 million) - Western Power will replace pole top switches and distribution transformers to maintain power quality compliance, address transformer compliance at five sites, improve substation safety security, remove asbestos and replace transmission battery banks; and
- reliability and asset replacement (\$119.7 million) – this covers the replacement and reinforcement of existing distribution and transmission network assets to reduce public safety and reliability risks associated with asset failure.

Growth

- \$230.4 million for customer driven network upgrades
- \$69.5 million in capacity expansion to facilitate customers connecting to the transmission and distribution networks in 2018-19.

Synergy

\$162.7 million on Asset Investment Program including:

- \$48.1 million for various projects to support safety, reliability, efficiency and environmental targets at Muja Stages C and D Power Station
- \$32.5 million for various projects at Kwinana Power Station. Major works include: – \$24.6 million on the continuation of compliance works for rehabilitation and relocation of shared

services in order to support other generation infrastructure located at the Kwinana site following the retirement of the Kwinana Power Station;

- \$19.4 million for the Collie Power Station, and
- \$4.6 million for various smaller projects to deliver effective operations and management of Synergy's generation portfolio, of which a key project is the \$1.5 million renewal of the Perron Quarry bore water supply pipeline

Retail

- \$15 million in 2018-19 and over the forward estimates period for capability and systems enhancement works has been allocated to various information and communications technology (ICT) projects to support the development of new products and services and maintain the current customer relationship management system, to appropriately manage and better serve Synergy's more than one million customers.

Corporate

- \$14.9 million in 2018-19 and over the forward estimates period has been allocated for the replacement and/or upgrade of ICT infrastructure associated with finance and human resources systems, as well as ongoing ICT capital expenditure requirements such as the replacement of end of life devices.

Horizon Power

- Asset Investment Program Horizon Power will invest \$99.5 million during 2018-19 and a further \$160.5 million across the forward estimates period.
- Asset Management Plan Horizon Power is forecast to invest \$38.2 million in 2018-19 and a further \$120.9 million over the forward estimates to mitigate extreme and high risks associated with energy assets. This investment contributes towards ensuring regulatory compliance, reliability and capacity of all of Horizon Power's systems to support the safety, development and enhancement of communities throughout regional Western Australia.
- Onslow Distributed Energy Resource Project Horizon Power will spend \$50.8 million in 2018-19 and across the forward estimates to deliver power infrastructure to meet forecast demand in Onslow. This will be largely supported by a grant from the Department of Jobs, Tourism, Science and Innovation, in turn funded by payments from Chevron Australia, as part of the Ashburton North (Wheatstone Project) State Development Agreement.

Water Corporation

Asset Investment Program

\$2.8 billion over 4 years including \$738.3 million in 2018-19 on infrastructure. In 2018-19, a total of \$111.4 million has been committed to regional water projects, including:

- \$6.2 million to connect a distribution main to the Nanson Road Water Tank which, once completed, will assist in securing the water supply to the north of Geraldton and to meet future growth;
- \$4.8 million to upgrade the Cunderdin pump station to improve operational reliability and pumping capacity to meet growth. A total of \$65.8 million will be spent in 2018-19 on wastewater projects, including \$12.4 million to upgrade the Margaret River Wastewater

Treatment Plant. The upgrade will double the wastewater treatment capacity to 3 million litres per day.

Metropolitan Area

A total of \$408.4 million has been committed in 2018-19 to projects across the metropolitan area that ensure an ongoing supply of drinking water and the development of adequate facilities for the collection and treatment of the community's wastewater. In 2018-19, \$242.4 million has been committed to water network and supply projects, including:

- \$131.9 million to continue expanding the Groundwater Replenishment Scheme. This investment will provide greater certainty for Perth's Integrated Water Supply Scheme, as it continues to be impacted by the effects of climate change. Once completed, the expansion will double the capacity of the Groundwater Replenishment Scheme from 14 billion litres each year to 28 billion litres each year; and
- \$25.1 million to continue the Pipes for Perth program, which involves essential work to replace Perth's older water reticulation and distribution mains, some of which are over 100 years old.

\$158.7 million in 2018-19 on wastewater treatment projects in both the northern and southern corridors, including:

- \$26.4 million to upgrade the Woodman Point Wastewater Treatment Plant to service areas south of the Swan River and north of Kwinana. The upgrade will increase the capacity of the plant from 120 million litres per day to 180 million litres per day to cater for growth in these catchments
- \$9.4 million to provide an energy recovery system for the Beenyup Wastewater Treatment Plant. This project uses biogas, a by-product of the treatment process, to generate electricity for use in the plant, reducing both greenhouse gas emissions and energy costs
- \$1.6 million to commence an upgrade to the Barrambie Way wastewater pump station and pressure main to cater for growth in Ellenbrook.

Further information

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

The 2018-19 Budget is available in [here](#).

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