

APPROPRIATION (RECURRENT 2018–19) BILL 2018

Introduction and First Reading

Bill introduced, on motion by **Mr B.S. Wyatt (Treasurer)**, and read a first time.

Explanatory memorandum presented by the Treasurer.

Second Reading

MR B.S. WYATT (Victoria Park — Treasurer) [2.00 pm]: I move —

That the bill be now read a second time.

[The Treasurer read the following speech.]

INTRODUCTION

Mr Speaker, I am honoured to stand here delivering the McGowan Labor Government's second Budget. Our second Budget in eight months shows that the McGowan Labor Government's responsible plan to get the State's finances back on track is working.

As I said in the 2017–18 Budget, the only credible way back to surplus is to deliver low general government expense growth and return the Budget to surplus.

The McGowan Labor Government has had a little over a year in office. In that time, while funding most of our election commitments, we have restrained expense growth to historical lows and delivered responsible financial management.

Over the whole of 2018–19 we expect expense growth to be constrained to just 0.9 percent. And over the forward estimates period expense growth is forecast to average just 1.2 percent.

By way of context, 0.9 percent growth is the lowest expense growth in over 20 years.

At the same time we are beginning the delivery, and funding of, our election commitments to grow jobs and diversify the State's economy.

Our efforts to restrain expense growth have not been in vain. We are still on track to return to surplus in 2020–21. In fact, relative to last year's Budget, the State's total net operating position is \$2.8 billion better off over the four years to 2020–21. That is \$2.8 billion that will not be added to the debt we inherited.

The economy is also starting to turn the corner. Most importantly, around an additional 30,000 Western Australians have found employment since the March 2017 election and we expect another 20,000 jobs to be created in the year ahead.

Clearly, the McGowan Labor Government's plan for the State is starting to pay dividends.

The 2018–19 Budget has been about continuing to deliver on our election commitments and investing in critical infrastructure, while putting the State's finances back on track.

This means that in some cases we have needed to find alternative funding sources—some of these are very large like the Commonwealth's welcome commitment to METRONET and some of these are small, such as industry contributions to programs that they value.

Every single one of the McGowan Labor Government's Budgets will be framed by responsible financial management.

The 2018–19 Budget is also framed by a number of job-creating projects.

A new \$394 million social and affordable housing package will create 1,390 new homes, including 720 social and affordable homes and 2,350 jobs centred around METRONET precincts. Through partnership with the private sector, it is expected that the entire project will be delivered without increasing net debt.

We are procuring 246 new railcars over the next ten years, with at least 50 percent of the content sourced locally.

This Budget continues the fight for a fair share from the Commonwealth.

After a determined period of negotiation, we have secured a \$3.2 billion funding offer from the Commonwealth. Not all of this money is booked in the Budget, as there is more work to do. The Commonwealth offer comprises:

- \$1.052 billion for a range of METRONET projects. I am pleased to see both sides of Federal politics are committed to the McGowan Labor Government's integrated transport solution for Western Australians. The benefits of METRONET will be felt for decades to come;

- \$189 million for health projects;
- \$190 million for Myalup–Wellington Dam; and
- \$1.7 billion for metropolitan and regional roads.

These capital contributions are welcome, but are in no way compensation for our disgracefully low GST share. Even with a 50 percent per capita share WA still subsidises the rest of the nation to the tune of \$3.4 billion, relative to an equal per capita share.

There is also more work to do where underfunding is embedded. Like in child care, where Western Australia gets around 25 percent per child compared to Queensland and New South Wales because we deliver child care more efficiently in a school setting rather than offsite.

This Budget continues the effort to strengthen the State's economy.

We are supporting new industries through targeted investments that will help diversify the State economy.

Another \$4 billion over four years will be spent in the regions through the Royalties for Regions program.

The McGowan Labor Government recognises that funding regional WA is more than a branding exercise. Across Western Australia \$3.4 billion will be invested in regional infrastructure. Things like:

- regional roads, where more than \$2 billion will be spent over the next four years;
- our investment of \$79.2 million in the Geraldton Health Campus and associated Step Up/Step Down Mental Health Facility; and
- a \$177 million investment in regional school infrastructure.

Another \$128.5 million will be invested in fire and emergency services capabilities, with the majority of this being invested in the regions for a dedicated Rural Fire Division, including another \$35 million for bushfire mitigation.

RESPONSIBLE FINANCIAL MANAGEMENT

Fiscal Outlook

Mr Speaker, responsible financial management—particularly constraining the rate of recurrent expenditure growth—is not glamorous. But it is absolutely critical to getting the State's finances back on track.

This Budget continues the focus on responsible financial management evident over the McGowan Labor Government's first year in office, and we remain on track to return the general government operating balance to a surplus position by 2020–21.

The return to surplus in 2020–21 is built on low expense growth, not a drastic turn around in revenue forecasts.

The Budget does show that the State's own-source revenues such as payroll tax and transfer duty appear to have stabilised and are expected to grow over the forward estimates period, however this turnaround was already forecast and factored into the 2017–18 Budget and the Pre-election Financial Projections Statement.

This Budget provides for expense growth of 0.9 percent in 2018–19 and an average of 1.2 percent per annum over the forward estimates period.

These historically low rates of expense growth are the result of the Government's Budget repair measures and our disciplined approach to reviewing and reprioritising expenditure to fund election commitments and other priority programs and infrastructure.

In just five months, the expected deficit for 2017–18 has been halved—from \$2.6 billion to \$1.3 billion—as a direct result of controlling our spending and being responsible with the State's finances.

The improvement has been so stark that the 2019–20 year, forecast just eight months ago as part of last year's Budget as \$1.1 billion in deficit, is now close to a balanced Budget year with a \$160 million deficit forecast.

The 2020–21 forecast operating surplus has again been protected, improving slightly to \$1.3 billion. Mr Speaker, this will be the first surplus outcome since 2013–14, after the previous Government racked up nearly \$5 billion worth of deficits in its last three years in office.

With the addition of the new final outyear's forecast \$1.5 billion surplus, the Western Australian Government, for the first time in a long time, is on track to earn more than it is spending over the Budget and forward estimates period, with a combined operating surplus position of \$1.8 billion.

As a result of the McGowan Labor Government's disciplined approach to expenditure management, and the resulting path back to surplus, total public sector net debt is now expected to peak at \$40.9 billion at 30 June 2020. This is \$2.9 billion less than forecast in the 2017–18 Budget.

By 30 June 2021, net debt is expected to be \$3.2 billion lower than forecast in the 2017–18 Budget.

These improvements did not happen by accident. It takes fiscal discipline, it takes hard decisions and it takes every one of my Cabinet colleagues, every Member of the Government to buy into the plan, and I applaud and thank them all for the commitment and restraint they have shown.

Although the McGowan Labor Government's plan is starting to bear fruit, there is a lot more work to do. Importantly, with our work on limiting expense growth while supporting our economy, net debt as a percentage of Gross State Product is projected to decline to 13 percent by 2021–22, down from a peak of 14.6 percent in 2019–20.

Budget Repair

As part of our first Budget, we announced a significant package of Budget repair measures. I am happy to report that most are progressing well. For example:

- our Voluntary Targeted Separation Scheme, while not concluding as quickly as originally anticipated, is still on track to achieve the full 3,000 separations target, with over 2,000 separations expected to be finalised by 30 June 2018 and estimated gross savings of \$1.1 billion anticipated over the forward estimates period;
- Government office accommodation reforms are on track to achieve savings of \$128 million, and \$55 million in savings are now assigned at agency level for State Fleet initiatives; and
- the Point of Consumption Wagering Tax is in progress and expected to commence from 1 January 2019.

Mr Speaker, there is no silver bullet to resolving the financial mess created by the former Government.

The Liberal–National Government was spending more than it was earning, year, on year, on year. The solution to that problem does not lie in a sale of the State's assets.

It is also not an option to drastically increase taxes and other revenues to match the ballooning expenses of the former Government.

I remind the House that the Liberal–National Coalition oversaw an average annual 6.4 percent increase in general government expenditure over their time in office. That is a whopping \$9.9 billion increase in real terms.

To offset some of this expense growth, the Liberal–National Coalition delivered six different transfer duty and land tax increases and a total of \$8.4 billion in revenue measures during their time in office.

The McGowan Labor Government would not undermine business confidence through such reckless revenue increases in any economic context, let alone at the current point in the cycle, where business confidence has just returned and employment is starting to grow again.

However, there are some limited revenue measures available to us.

In last year's Budget we committed to a 1.25 percentage point increase in the gold royalty rate, reflecting that the gold sector's discounted royalty rate equated to just half of the benchmark return for all other commodities. This modest increase, which was blocked by the Liberal and National parties, would have had a net impact of around \$14 an ounce. Since that time the gold price has risen by \$142 an ounce, completely undermining the claims that a rate increase would have hurt the industry and cost jobs. While the Government is not seeking to reintroduce the royalty increase in this year's Budget, we believe an increase in the rate remains justified.

A small increase to payroll tax for the largest one percent of businesses was also announced in the 2017–18 Budget, revenue which will begin to flow into the Consolidated Account from 2018–19 for five years, by which time the task of Budget repair will be well progressed.

Can I take a moment to thank those large employers who have accepted this tough decision without complaint. They understand the community has a collective responsibility to contribute to the task of Budget repair and I commend their collective understanding.

Last year I also announced the introduction from 1 January 2019 of a 4 percent surcharge on purchases of residential property by foreign individuals and entities. In this Budget, we have decided to bring

Western Australia into line with other States and raise the foreign buyers surcharge to 7 percent. This increase will raise an estimated additional \$50 million, bringing the total estimated revenue from the foreign buyers surcharge to \$123 million over the forward estimates period—at no cost to Western Australians.

There are also revenue initiatives to fund major programs.

Mr Speaker, the McGowan Labor Government has made the financially responsible decision to increase cost recovery rates in key areas. This means we can announce the continuation of valued programs, such as the Exploration Incentive Scheme.

Funding of \$10 million per annum for the Exploration Incentive Scheme will be raised through increases to annual mining tenement rents of 6 percent in each of 2018–19 and 2019–20. This is not only a responsible decision financially, it will also support and create local jobs through the encouragement of exploration investment and lock in ongoing funding for the Scheme.

This Government is removing the resource sector's exemption from paying the Building and Construction Industry Training Fund Levy on engineering construction work. This will support training and skills development for the State's construction workforce.

We are also introducing an improved cost recovery model for environmental regulation services undertaken by the Department of Water and Environmental Regulation. The additional revenue will be reinvested in the Department in the form of additional staff and implementation of digital services to improve service delivery and reduce environmental application assessment timeframes. This approach will help drive efficiencies, promote economic development and create jobs in the State.

Finally, Mr Speaker, as already announced by the Premier and the Minister for Emergency Services, the 2018–19 Budget includes an additional \$128.5 million in fire and emergency services over the next four years, mostly allocated to regional projects.

This unprecedented investment will see \$80 million spent on enhancing rural bushfire capacity through the new Rural Fire Division, including a first of its kind \$18 million Bushfire Centre of Excellence and a \$35 million boost for bushfire mitigation effort. It will be funded through the Emergency Services Levy with a modest increase taking effect on 1 July 2018.

An increase of \$28 to the metropolitan ESL and increases of between \$8 and \$17 per annum across the four regional ESL categories are also included in the Budget.

Mr Speaker, I wish to emphasise a key point here: the spending associated with these announcements is dependent upon the Government's reasonable fee increases.

The final option for Budget repair left to Government is to reduce expenses and this is where the McGowan Labor Government has chosen to do most of the heavy lifting.

We must cut the expenditure of Government to match its revenues and, as I said earlier, this is the first Budget in a long time where the Budget and forward estimates period is now in net surplus.

The very low expense growth across the forward estimates can only happen if we reduce embedded, and ever climbing, cost structures of the public sector.

We have reduced embedded cost growth in the public sector through the \$1,000 wages policy, which is estimated to reduce spending by around \$700 million over the five years to 2021–22.

We successfully reduced the size of the senior executive public service by 20 percent, saving \$26 million per year from 2018–19. We have also frozen the annual wage costs for all Parliamentarians, Judges and senior public servants under the jurisdiction of the Salaries and Allowances Tribunal for the current term of Government.

We are reducing the size of the car fleet and the office floor space for the public sector.

The Government Trading Enterprises are also making sizable contributions to Budget repair through efficiency measures and increased dividend payments to Government.

Most importantly, we have reduced the number of departments and agencies in the public sector. The Machinery of Government changes are delivering ongoing and critical efficiencies in service delivery as we remove duplication.

Decisions such as these mean that we are able to make smart decisions for our future.

Decisions such as ensuring the freeze on vocational education and training course fees continues over the period to 2021. This will help address affordability concerns for prospective students and employers, and help more people into jobs in the future.

Public Sector Reform

Mr Speaker, in response to more than 300 recommendations from the Service Priority Review, the Special Inquiry into Government Programs and Projects, and the Interim Report of the Sustainable Health Review, the McGowan Labor Government has already initiated a number of changes which have led to greater efficiencies.

Taking the Department of Health for example and we see average expense growth of just 1.2 percent per annum across the forward estimates period, compared to growth under the former Government of 8.5 percent per annum. There is a lot of work to do to make sure agencies have recurrent expenditures that are effective and efficient, and we will keep doing that work.

But, we also recognise that we need to do things better in the public sector. There are a number of reforms that have gone unimplemented—we are more than a decade behind the other States. The development and implementation of standardised governance arrangements for Government Trading Enterprises is a prime example.

Similar to other States, we also plan to introduce data sharing legislation, including protections for personal and other sensitive information, to support better Government decision-making and service delivery. The changes will remove barriers to data sharing across Government agencies and underpin important research on public policy issues such as juvenile offending and domestic violence.

To ensure coordinated and sustained reform, we will set up a central implementation team and invest \$21.8 million over the next four years to reform and rebuild the public sector.

We have also allocated \$15.3 million over the next four years to establish Infrastructure WA as an independent advisory body to provide expert advice to Government on infrastructure needs and priorities.

Although New South Wales and Victoria have had similar entities since 2011 and 2015, this is a new approach in Western Australia to long term infrastructure planning and decision-making. It is an approach that is focused on growing the economy and generating jobs in Western Australia, as well as improving service delivery to the community.

To sum up, Mr Speaker, Infrastructure WA will help to ensure investment is made in the right projects, at the right time, for the right price.

Update on TAB and Landgate

Mr Speaker, while this Government does not see asset sales as a solution to the fiscal problems we have inherited, we do wish to end the uncertainty which has frustrated the racing industry over the future of the TAB.

The previous Government talked a lot about whether or not the TAB should remain in public hands, but failed to make a decision. With the support of industry, we will end this indecision. I am happy to report that consultation is proceeding well and I am confident that we will agree a path forward for the future of the TAB later this year.

The Government will continue to investigate the potential commercialisation of the activities of Landgate and look forward to providing an update in due course.

FIGHTING FOR A FAIR SHARE FOR WA

Mr Speaker, Western Australia's low share of the GST continues to be a fundamental constraint on our Budget, and we are continuing to fight for a fair share for Western Australia.

In 2018–19, Western Australia will receive just 47.3 percent of our population share of GST revenues. This represents a loss of \$3.6 billion compared to if we had received our full population share. Even by 2021–22, our GST relativity is only forecast to reach 64.9 percent. To put this in context, Mr Speaker, no other State has ever received less than 83.4 percent of its population share of the GST.

I'd like to make this point on the GST Mr Speaker. The GST system is broken, it needs reform and there are strong underlying economic and fairness arguments to justify that reform.

That being said, it was only part of the problem—and as such it is only part of the solution.

It is estimated that if a 70 percent GST floor was in place for the entirety of the former Government's tenure, the former Government would have realised an additional \$9.2 billion in revenue.

That is a long way short of the forecast \$41 billion of debt left to us by the former Government.

Regardless, we continue to advocate for a GST solution and a fair share for Western Australia.

The Productivity Commission is expected to deliver its report on its GST distribution inquiry by 15 May. We expect the Commonwealth Government to move quickly to implement reforms.

Fundamental GST reform is needed, and the McGowan Labor Government will continue to fight for a fairer share for Western Australia.

I would like to now briefly address the Commonwealth funding included in this Budget.

I acknowledge the work done by the Premier, the Minister for Transport and the Minister for Health in advocating for Western Australia and securing a range of Federal funding commitments. Without their tireless efforts, I would not be able to book additional infrastructure funding totalling \$1.2 billion over the period 2017–18 to 2021–22 for our METRONET plan, as well as road, hospital and water infrastructure.

Just days before our State Budget cut off, the State Government had confirmed that the Federal Government would provide a \$3.2 billion funding offer between 2017–18 and 2024–25.

We moved quickly to implement this funding contribution in this Budget, including \$1.2 billion across the forward estimates, towards our projects that are closer to delivery stage.

This, of course, included METRONET, and I must take this opportunity to acknowledge the commitment from the Liberal National Coalition Government to the McGowan Government's METRONET plan.

In line with the recommendations of the Special Inquiry into Government Programs and Projects handed down earlier this year, for some projects that require further planning work and the development of business cases, the McGowan Government will get that work completed to ensure these important projects are delivered. Timing of new road projects will be determined in due course by the State Government when that work is done, but importantly further funding will be sought from existing Federal Government infrastructure programs to these projects.

The progress the McGowan Labor Government has made in dealing with the Federal Government on the GST issue in a little over 12 months highlights that a constructive and mature approach can deliver results for our State.

The Premier and I will continue to work tirelessly with the Federal Government, no matter which party holds office, to first ensure GST top-up funding flows every year until our relativity gets to a reasonable level, but more critically to continue to push for reform to the broken GST system, so that Western Australia never again finds itself short changed by billions and billions of dollars for years on end.

There is however, more work to be done with the Commonwealth in advocating for a fair share for Western Australia.

In particular with the array of Commonwealth funding agreements that are due to expire, or have already expired.

For example, we are actively engaged in negotiations with the Commonwealth on a new National Housing and Homelessness Agreement to replace two existing agreements that expire on 30 June 2018. A commitment to continued Commonwealth funding for remote housing is also being sought following the imminent expiry of the current agreement. Any reduction in this funding (of over \$100 million per annum) would have a significant adverse impact on Western Australia's remote areas, particularly as it would come on top of the Commonwealth's 2015 withdrawal of investment in essential and municipal services in these communities.

Finally, we need to address in-built inadequacies in the Commonwealth's overall approach to Western Australia. It must be recognised that our dollars must stretch across our vast land mass and reach people in some of the most remote places in the country.

For too long, the level of funding provided to this State has failed to adequately recognise the higher costs of delivering services in our regional and remote locations, as well as the high levels of State investment in our schools. For example, on the latest available data, Federal healthcare funding for Western Australia is \$277 per person below the national average.

Further:

- we have only 63 aged care beds for every 1,000 elderly people, compared to the national average of 75;

- per child, the Commonwealth's annual contribution to pre-school students in Queensland and New South Wales is estimated to be over \$5,000 compared with only \$1,200 in Western Australia; and
- the Commonwealth recognises only a small fraction of the extra cost of providing vocational training in regional and remote areas, which is around \$45 million higher each year than for metropolitan services.

These are just a few examples of why we need to continue fighting for our fair share.

CREATING JOBS AND STRENGTHENING THE STATE'S ECONOMY

Economic Outlook

Mr Speaker, I mentioned earlier that the State's economy is turning a corner.

After contracting by 2.7 percent in 2016–17—the first annual contraction on record—I am pleased to advise that the Western Australian economy is estimated to grow by 2.5 percent in 2017–18 and a further 3.25 percent in 2018–19.

Exports, particularly of LNG, iron ore, lithium and gold, will continue to be the major driver of growth in the State's economy in the short to medium term.

The State's LNG exports are projected to grow by around 70 percent in the three years to 2019–20 to almost 50 million tonnes, accounting for around 10–15 percent of expected global production. The recent announcement by Chevron Australia of a multi-billion dollar subsea expansion of the Gorgon natural gas project is a welcome development that will maintain the supply of gas for the life of the project and create hundreds of Western Australian jobs.

Conditions in the gold industry remain very favourable, and investment in the production and refining of lithium is an emerging area of growth for the State's resources sector, with lithium expected to contribute a growing share of mineral production and exports over the forward estimates period.

Mr Speaker, consumer confidence in the State is also on the rise and from 2019–20 an improving domestic economy and labour market is expected to see household consumption take over as the major driver of growth in Western Australia's economy. This should see much steadier and more balanced growth in the years ahead than the boom-bust cycle of the last decade.

To help deliver more balanced and diversified growth in the economy, and in doing so create local jobs, the McGowan Labor Government has:

- invested heavily in tourism destination marketing and events, with \$425 million over five years allocated to Tourism WA in last year's Budget;
- recently launched an action plan to grow the number of visitors to the State over the next two years;
- provided Defence West with a \$4.9 million boost to continue to champion Western Australia's defence industry; and
- launched WA Industry Link – a key component of the Government's Jobs Law that will help local businesses secure work on government contracts.

We will also spend \$3.4 million over the forward estimates period to expand the State's Science, Technology, Engineering and Mathematics Strategy.

Around 30,000 jobs have already been added since the McGowan Labor Government came to office. This follows a reduction of more than 11,000 in 2016–17.

METRONET

The Government's significant investment in METRONET is not only an integrated land and transport plan, it is also a plan to reduce congestion, and a plan that will lead to the creation of local jobs. It will truly transform this city.

We continue our work on the Yanchep Rail Extension and the Thornlie–Cockburn Link, both fully funded in last year's Budget.

In recognition that various METRONET projects are still under development, with business cases currently being progressed for projects such as the Morley–Ellenbrook Line, the Midland Station project and extension of the Armadale line to Byford, we have set aside a \$750 million provision for METRONET over the forward estimates period. I am pleased to say that the Federal Government now shares our vision for METRONET. We have secured additional Federal infrastructure funding totalling

\$1.052 billion over the period 2017–18 to 2024–25 for our METRONET plan. As well as set aside a small amount from the Metropolitan Region Improvement Fund.

Our railcar procurement program—among the first projects to be started under the new *Western Australian Jobs Act*—will deliver 246 railcars over the next ten years. This will seek at least 50 percent of local manufacturing of the railcars, alongside a maintenance requirement of 30 years, thereby helping to create ongoing jobs within the State.

Mr Speaker, we recognise that the public housing portfolio is ageing, with social housing waitlist data indicating a critical shortage of homes suitable for the needs of singles and couples in terms of location, access to public transport, amenities and configuration.

That is why this Budget includes a \$394 million METRONET Social and Affordable Housing and Jobs Package, which will be delivered in collaboration with the private sector and be strategically aligned to the delivery of Stage 1 of METRONET. This package is also expected to create over 2,350 additional jobs over the next four years.

Over the Budget and forward estimates period, the package is forecast to be net debt neutral, with sales proceeds forecast to offset both the costs of the developments and the creation of an additional 320 social housing dwellings.

Emerging Industries

Mr Speaker, when we came to office, we not only committed to creating jobs, but also to the development of new industries such as emerging battery technologies to help diversify the economy.

This is why we have now committed \$5.5 million to support the State's bid to host the headquarters for the New Energy Industry Cooperative Research Centre. The objective for the Cooperative Research Centre is to create value through industry-led research and drive global demand for local products, services and solutions. It is an initiative that builds upon our State's natural mineral endowment, as well as our extensive research and industry capabilities.

Aboriginal Employment

Mr Speaker, I am pleased to announce that good progress is being made in implementing the \$20 million Aboriginal Ranger Program we announced in last year's Budget. Thirteen applications have been funded under Round One of the program, providing real jobs and economic and social benefits in remote and regional Western Australian communities.

The Government has also delivered on our election commitment to support Aboriginal-owned businesses through an Aboriginal Procurement Policy. This Policy outlines progressive targets for Government agencies to award one percent of procurement contracts to registered Aboriginal businesses from 1 July 2018, increasing to two percent from 1 July 2019 and three percent from 1 July 2020.

We have consulted with the Aboriginal business sector and Government agencies and identified a need to build capability within the sector to help Aboriginal businesses make the most of the opportunities available. Therefore, we have allocated \$500,000 a year in grants for the next three years to enhance expertise in business development, governance, contractual compliance and tendering.

DELIVERING QUALITY HEALTH CARE, EDUCATION AND COMMUNITY SERVICES

Mr Speaker, when it comes to the delivery of services, we are committed to ensuring we do so effectively and efficiently.

Health

This Budget includes expenditure of \$8.8 billion in 2018–19 to support the provision of high quality health care to the people of Western Australia. The McGowan Labor Government continues to put patients first, while also recognising the need for value for money in the delivery of its health services.

Importantly, we are starting to see improved efficiency in the delivery of hospital services in the State, which in turn has seen the unit cost of hospital activity fall in 2017–18. This has helped bring the cost of hospital services in Western Australia closer to the national average cost.

Improving the efficiency of public hospital services is not only critical to repairing the State's finances, but to ensuring a sustainable and high quality health system into the future.

In recognition of the growing demand for health services in the Joondalup–Wanneroo catchment area, we have provisioned \$158 million to expand services at Joondalup Health Campus. This expansion will be in partnership with Ramsay Health Care and is funded by the Commonwealth. We have established

a project team and committed \$4.6 million towards planning the design and construction of the expansion. The remaining funds will be allocated upon approval of the business case.

Other key investments in health infrastructure include:

- \$79.2 million for redevelopment of the Geraldton Health Campus. This includes \$5.9 million for an offsite Step Up/Step Down Mental Health Facility;
- \$24.9 million at Osborne Park Hospital with the Commonwealth contributing \$10.6 million towards this project;
- \$11.8 million at Royal Perth Hospital to develop a dedicated observation area, with an authorised mental health unit, for patients presenting with mental health issues or drug or alcohol intoxication; and
- \$1.8 million to construct a family birthing centre at Fiona Stanley Hospital.

Education

Mr Speaker, the Government will be spending \$5.1 billion on public school education in 2018–19, delivering high quality education to Western Australian students.

We are continuing our important election commitment to put education assistants back in the classroom, spending \$54.9 million over the forward estimates period. This will include a total of 74 regional and remote schools receiving funding to appoint additional Aboriginal and Islander education officers to support Aboriginal students.

We are also investing \$1.2 billion over the forward estimates period on the construction, refurbishment and expansion of public schools across Western Australia, including \$469 million in 2018–19.

In addition, we are investing \$9.8 million across the forward estimates period on North Albany Senior High School and Albany Secondary Education Support Centre. This will enable construction and refurbishment of buildings, and will increase permanent student accommodation capacity.

In the training sector, we are continuing to upgrade and repurpose ageing TAFE training campuses State-wide and will invest \$17.9 million in South Regional TAFE's Esperance Campus to provide industry-relevant training facilities to support the training and workforce development needs of the Esperance region, with a focus on trades training, nursing and aged care.

Law and Order

Mr Speaker, the McGowan Labor Government is committed to community safety. This is why we prioritised the decision in this year's Budget to provide \$26.9 million for a new police helicopter. This will replace the almost 30-year-old helicopter currently in use, which is often spending more time in the hangar undergoing maintenance than in the air providing crucial support to frontline police.

We will spend \$20.5 million over four years to deliver our Target 120 election commitment. This is a significant investment in children and young people most at risk of escalating criminal activity. We will work with their families to make positive changes in their lives and reduce their risk of reoffending, helping to both protect the community and improve the future prospects for these young people.

Significantly, while our major focus is on supporting 120 individuals and their families, if our forecast timeframes, caseloads and attrition rates are achieved, we believe up to 300 young people may complete the Target 120 program by the end of the forward estimates.

I want to specifically acknowledge the Minister for Community Services and all those public servants who have worked to develop this sophisticated policy.

Mr Speaker, the McGowan Labor Government is continuing to implement its Stopping Family and Domestic Violence election commitment to hold violent perpetrators accountable, keep victims safe, and prevent violence against women and children.

As part of the 2018–19 Budget, an additional \$2.6 million has been allocated for a second 'Breathing Space' service operated by Communicare for male perpetrators of family and domestic violence. The service will provide a three month residential program, incorporate supported case management and behaviour change programs, and include support and advocacy for partners.

We will also spend \$4.3 million to upgrade information and communication technology systems to integrate with the National Order Reference System information sharing platform, which will improve interjurisdictional monitoring of domestic violence orders.

To help ease demand pressure in our courts, we will spend an additional \$4.2 million for two additional judicial officers and support staff in the Magistrates Court, which is expected to reduce the Court's time to trial towards its target of 19 weeks.

National Disability Insurance Scheme

Mr Speaker, in December last year, the Government entered into a revised National Partnership Agreement for transition to the Commonwealth-administered National Disability Insurance Scheme.

In this Budget, we have committed to spend \$20.3 million to support the disability sector in this transition, and a further \$14.5 million to facilitate the transition of the existing workforce, with up to 200 employees expected to permanently transfer to the National Disability Insurance Agency over the transition period.

Emergency Services

Mr Speaker, I noted earlier that the McGowan Labor Government is investing a record additional \$128.5 million in fire and emergency services over the next four years. This includes \$80.3 million to establish a dedicated Rural Fire Division within the Department of Fire and Emergency Services, which will expand the rural focus from response to broader emergency management.

Essential Services and Household Fees and Charges

Mr Speaker, the McGowan Labor Government remains committed to ensuring everyone in the State has access to reliable electricity, water and wastewater services. We are investing a substantial \$6.6 billion across the forward estimates period on power and water infrastructure, including \$1.8 billion in 2018–19.

Despite this significant investment, for 2018–19 we have limited increases to tariffs, fees and charges that impact the 'representative household' to just 4.8 percent, down from 7.7 percent in last year's Budget.

This includes the increase in the Emergency Services Levy mentioned earlier.

Electricity prices for the average household will this year rise by 7 percent or about 30 cents a day.

This Budget includes significant reform in relation to water pricing, aimed at minimising price increases for low consumers of water and sending a clear price signal to water guzzlers. Larger increases for high water users have allowed us to keep increases in water, sewerage and drainage charges for the representative household to just 5.5 percent.

We have kept changes to public transport fares to a minimum, with standard fares increasing by 1.5 percent (rounded to the nearest 10 cents) and student fares remaining unchanged at 70 cents.

SHAPING OUR STATE, INVESTING IN OUR SUBURBS AND TOWNS

Regional Expenditure

Through responsible financial management, the McGowan Labor Government has secured the future of the Royalties for Regions program. Another \$4 billion will be spent across the forward estimates period under Royalties for Regions.

New expenditure in this Budget is focused on improving economic diversification and creating jobs, including:

- \$24 million to build Western Australia's grains research and development capacity;
- \$22.5 million for a Regional Economic Development Grants program; and
- \$5 million for the Myalup Primary Industry Reserve.

The McGowan Labor Government's commitment to the regions extends beyond the Royalties for Regions program.

Infrastructure investment in the regions will total \$3.4 billion over the forward estimates period. Around \$1.7 billion will be spent on the delivery of health services in the regions and \$1.1 billion on educating over 72,000 students enrolled in over 300 regional schools.

Roads and Road Safety

Mr Speaker, investing in road infrastructure in our suburbs and towns is a major focus of this Budget.

The McGowan Labor Government will spend more than \$2 billion over the forward estimates period on regional roads—this massive investment reflecting the high priority given to making our regional roads safer.

Major ongoing projects include:

- \$347.2 million for a range of upgrades on the Great Northern Highway from Muchea to Wubin; and
- \$65.7 million to complete construction of the remaining 90 kilometres of unsealed sections of the Broome to Cape Leveque Road.

We will invest \$93.8 million over the forward estimates period—\$75 million of this being Commonwealth funds—to commence the northern and southern sections of the Bunbury Outer Ring Road. This will improve road freight access to the Port of Bunbury, reduce congestion and improve safety for all traffic.

We are also investing a total of \$125 million on the extension of Stephenson Avenue between Scarborough Beach Road and the Mitchell Freeway, with \$65 million of this funded by the Commonwealth.

To support improved road safety, \$124.1 million will be spent over the next four years on various projects, including:

- \$70 million to deliver upgrades on regional roads where there is a high risk of run-off road accidents;
- \$20 million to widen a 58 kilometre section of Indian Ocean Drive;
- \$17.2 million to continue upgrades to Great Eastern Highway on priority sections identified in the Wheatbelt Safety Review; and
- \$13.3 million on safety treatments at high priority metropolitan intersections.

Cycling

Mr Speaker, for those people who like to cycle, I am pleased to announce that we will invest a further \$20 million to increase and extend the Principal Shared Paths in the Perth metropolitan area. This will help achieve more sustainable transport options for key arterial transport corridors.

We will also spend \$5.3 million to increase cycling grants to local governments and to continue the Safe Active Streets Bike Boulevard program.

Culture, Heritage and Environment

Mr Speaker, the McGowan Labor Government is shaping our State by managing, protecting and enhancing our culture, heritage, environment, and local assets.

In this Budget, we are providing \$3 million to deliver on our election commitment to establish a Contemporary Music Fund. This Fund will support home-grown contemporary music artists by assisting them with marketing, promotional, performance, recording and production costs. A strong and vibrant local music industry will support tourism and the creation of local jobs.

We have also committed to supporting jobs and boosting the economy through heritage tourism by reinvesting \$4 million of sales proceeds over two years into the Heritage Revolving Fund.

Near Bunbury, we are providing \$10.5 million to fast-track the creation of the Preston River to Ocean Regional Park and to assist the Government in creating the 2,297 hectare Leschenault Regional Park, which will extend along the Collie and Brunswick Rivers, westwards across the Swan Coastal Plain.

Mr Speaker, establishment of these regional parks has been proposed since 1983, but it has taken the McGowan Labor Government to put these long term plans into effect. Importantly, these parks will not only preserve much needed regional open space for the greater Bunbury area, they will also provide local jobs for Aboriginal enterprises and contribute to tourism opportunities in the city of Bunbury—Western Australia's second largest population centre.

CONCLUSION

In conclusion, Mr Speaker, the 2018–19 Budget has been framed in a responsible manner, and in a manner that is consistent with the McGowan Labor Government's priorities of:

- creating jobs and strengthening the State's economy;

- delivering quality health care, education and community services;
- shaping our State, and investing in our suburbs and towns; and
- fighting for a fair share for Western Australia.

The Government is gradually cleaning up the financial mess we inherited upon coming to office, and through our responsible financial management the State's finances are returning back to a sustainable path.

Mr Speaker, I commend this Budget to the House.

I would now like to proceed with the formal purposes of the two Appropriation Bills, which seek the sums required for services in the coming financial year.

Appropriation (Recurrent 2018–19) Bill 2018 is for recurrent services, which comprise the delivery of services and administered grants, subsidies and other transfer payments.

Appropriation (Capital 2018–19) Bill 2018 is for capital purposes, providing for asset purchases and payment of liabilities of agencies.

Recurrent service estimates of \$22,046,903,000 include a sum of \$2,664,596,000 permanently appropriated under Special Acts, leaving an amount of \$19,382,307,000 that is to be appropriated in the manner shown in the Schedule to Appropriation (Recurrent 2018-19) Bill 2018.

Capital purposes and financing transactions estimates of \$3,181,457,000 comprise a sum of \$615,433,000 permanently appropriated under Special Acts and an amount of \$2,566,024,000 that is to be appropriated in the manner shown in the Schedule to Appropriation (Capital 2018-19) Bill 2018.

Mr Speaker, I commend the Bills to the House and I now table:

- Budget Speech – Budget Paper Number 1;
- Budget Statements – Budget Paper Number 2; and
- Economic and Fiscal Outlook – Budget Paper Number 3.

[See papers 1329 to 1332.]

[Applause.]

Debate adjourned, on motion by **Ms L. Mettam**.