

Barton Deakin Brief: WA State Budget 2015-16

15 May 2015

The Western Australian Treasurer, the Hon Dr Mike Nahan MLA, yesterday delivered the 2015-16 State Budget. This is the Coalition Government's seventh budget.

The state net debt projection for 2015-16 is \$30.9 billion.

The state net debt is forecasted to peak at \$36.3 billion in 2017-18.

The operating balance is forecast to be in deficit in 2015-16, reflecting the difference between forecast revenue of \$26.3 billion and recurrent spending (or expenses) of \$29 billion.

The operating balance is forecast to return to surplus from 2017-18.

The 2014-15 State Budget showed a projected general government operating deficit of \$1.3 billion. This would fall to \$788 million when the recently announced Australian Government contribution of \$499 million for road infrastructure flowed through to the State.

General government revenue is forecast to contract by 2.7 per cent in 2015-16, following an estimated year on year reduction of 3.3 per cent in 2014-15.

Economic growth is forecast at 2 per cent in 2015-16, rising to 3.5 per cent in 2016-17.

The unemployment rate is forecast to peak at 6.25 per cent in 2015-16.

Asset Sales

The WA Government has announced an asset investment program totalling \$6.3 billion in 2015-16 and \$24.1 billion over the next four years.

The Government will pursue a long term lease of the assets and operations of the Fremantle Port Authority. A media release regarding this announcement can be read [here](#).

The Government will continue to pursue the sale of the TAB as announced in the 2014-15 WA State Budget. Barton Deakin's Brief on the 2014-15 WA State Budget can be read [here](#).

The Government has identified the following assets to be considered for further investigation as part of a second tranche of asset sales.

- The Forest Products Commission;
- A portfolio of Government Regional Officer Housing stock;
- Securitisation of part of KeyStart's loan book;
- The State's vehicle fleet, via a sale and leaseback arrangement;
- Various Government-owned office buildings, via a sale and leaseback arrangement; and



- Individual generation assets of Synergy and Horizon Power, and Western Power's non-core assets.

The forward estimates in the 2014-15 Budget do not make any provisions for the anticipated sale of assets as the proceeds will not be reflected until the sale transactions have been completed.

Barton Deakin's Brief on the first tranche of asset sales can be read [here](#).

A fact sheet on the Government's Asset Investment Program can be read [here](#). Barton Deakin's Brief on the Insurance Commission of Western Australia's proposed asset divestment is available [here](#).

Infrastructure

The 2015-16 Budget includes investment in infrastructure of \$24.1 billion over the next four years. This brings total investment by the Government since 2008-09 to nearly \$71 billion.

New infrastructure investment in the 2015-16 Budget are outlined below.

Roads

The Budget includes investment on roads and improving road safety outcomes. The Government will bring forward \$100 million in funding from 2017-18 to 2015-16 to enable the Mitchell Freeway extension from Burns Beach Road to Hester Avenue to be completed by April 2017.

New road infrastructure projects include:

- \$40.3 million toward upgrades to the Great Northern Highway;
- \$28 million toward alleviating traffic congestion on metropolitan roads;
- \$25 million toward enhancing accessibility for vehicles, cyclists, pedestrians and public transport to the Aubin Grove Train Station; and
- Construction of a new \$29.5 million, 1,000 bay car parking facility at Edgewater Station.

As outlined in the Federal Budget 2015-16, WA will also benefit from an additional \$499 million in road infrastructure funding from the Commonwealth. This funding will be spread over nine projects, including the Mitchell Freeway extension, Tonkin Highway grade separations and work on the Reid Highway–Malaga Drive intersection grade separation.

A media release from the Federal Government outlining the specific road upgrades is available [here](#).

Public Transport

New public transport measures include:

- \$104.4 million on 21 new railcars and 105 Transperth buses in 2015-16;
- \$53.4 million to be invested between 2015-16 and 2018-19 to replace the existing radio system used by Transperth train operations with a new digital system;
- \$25 million over two years to widen the Russell Road bridge over the Kwinana Freeway and replace traffic control signals with roundabouts near the new Aubin Grove Train Station;
- \$18.7 million for the Transperth Rail Resilience Package to reduce the likelihood of infrastructure-related incidents and improve network reliability and safety;



- \$15.5 million to replace escalators in the Perth Underground and Esplanade train stations;
- \$45.5 million toward the \$2 billion Forrestfield-Airport Link, which in 2020 will create a 20 minute rail journey from Perth's eastern suburbs to the city; and
- \$72.1 million over the next four years for cycling projects.

Water and Electricity

The Budget includes \$170.5 million of new investment toward electricity infrastructure.

- \$140.4 million will be spent in addressing safety and reliability issues in the Western Power network primarily for the treatment of wood poles and conductors; and
- Up to \$30.1 million will be spent to upgrade Horizon Power's transmission network for the Pilbara Power Project.

The Government will also invest \$713 million in 2015-16 to maintain high quality and reliable water and wastewater services, including \$44 million for the construction of Australia's first full-scale Groundwater Replenishment Scheme.

A media release regarding infrastructure investment in the 2015-16 Budget can be read [here](#).

Health

The total expenditure on health in 2015-16 will be \$8.1 billion. The Budget includes \$19 million in 2015-16 to meet critical infrastructure maintenance needs and support the operation of Royal Perth Hospital following the transition of some services to the newly completed Fiona Stanley Hospital.

Other key health measures in the Budget include:

- \$206.9 million for a new Karatha Health Campus;
- \$58 million toward Kalgoorlie Health Campus;
- \$14.7 for paediatrics services at Joondalup Health services;
- \$25.9 million toward Carnarvon Health Campus;
- \$13 million toward Harvey Health Campus; and
- \$32.5 million toward Esperance Health Campus.

The following measures to improve mental health outcomes are also included:

- \$25.9 million over the next four years to implement a new suicide prevention strategy;
- \$27.9 million for new subacute services in Karratha and Bunbury; and
- \$50 million to improve Aboriginal health outcomes across the State.

Further information regarding the specific health projects receiving funding can be found in a government media release – click [here](#).

Education

Total education spending in the 2015-16 Budget is \$4.8 billion, an increase of \$294 million or 6.5 per cent on 2014-15.



Major education initiatives announced in the Budget are:

- Investing \$1.2 billion over the next four years to build new senior high schools and primary schools, including \$60.5 million for the stage one construction of South Baldivis Senior High School, \$57.2 million for the stage one construction of Yanchep Senior High School, and \$29.8 million for the amalgamation of Hamilton Senior High School and South Fremantle Senior High School into the new Fremantle College.
- Allocating an additional \$15.7 million in 2015-16 to address maintenance needs in schools across the state.
- A partnership with the private sector to construct four new primary schools (opening in 2017) and four new senior high schools (opening between 2018 and 2020) at an estimated cost of \$370 million.

The Department of Education is also implementing several significant reforms in the public school system. Further information on these reforms can be found in the Government's fact sheet [here](#).

Social Services

Social services measures included in the 2015-16 Budget include:

- A new \$560 million Social Housing Investment Package, that will deliver 1,000 additional social housing dwellings and halve the number of seniors and families with children on the priority waitlist – fact sheet [here](#).
- An additional \$172 million over the next four years to meet demand for child protection and family support services;
- An additional \$35 million over two years for the National Partnership Agreement on Homelessness. In 2015-16, the Government will spend \$90.6 million on programs related to homelessness and crisis accommodation;
- Changes to seniors' concessions including a gradual increase the eligibility age for the WA Seniors Card from 60 to 65 years, with the eligibility age reaching 65 by 2023-24 – media release [here](#). The changes are expected to save \$199 million over the forward estimates period, including \$41 million in 2015-16.

Disability Services

In 2015-16, expenditure on disability services will increase by \$98 million or 11.3 per cent in 2015-16. Key measures include:

- Allocating an additional \$39.8 million over 2014-15 and 2015-16 to support trials of the National Disability Insurance Scheme (NDIS) in regional sites; and
- Opening the first Disability Justice Centre in 2015-16 at a cost of \$8.5 million.

Tax, Charges and Levies

State charges will increase for the following services:

- Compulsory Third Party Insurance (standard licence) will go up by 4.1 per cent;
- Drivers Licence (standard licence) will go up by 2.7 per cent;



- Electricity will go up by 4.5 per cent for the average household;
- Water charges will go up 4.5 per cent for the average household;
- Motor Vehicle Registration will go up by 2.6 per cent; and
- Public Transport Fares (standard 2-zone) will go up by 10 cents.

Other Announcements

Other significant measures included in the 2015-16 Budget include:

- A no-fault catastrophic injury Compulsory Third Party (**CTP**) insurance scheme, commencing from 1 July 2016. A media release regarding this announcement can be read [here](#).
- \$1.4 billion on WA Police in 2015-16, which represents an increase of \$53 million or 4.1 per cent – Treasurer’s media release [here](#).
- \$358 million in 2015-16 for the Western Australian Land Authority to deliver residential and economic centres to meet the needs of communities and industry throughout WA;
- A new land tax scale from 1 July 2015 raising additional revenue of \$184 million in 2015-16 and a total of \$826 million over the next four years.
- A total of \$300 million allocated toward the *Seizing the Opportunity* agricultural initiative. This includes \$63 million in 2015-16.
- \$1.8 billion of subsidies and concessions for essential utilities and public transport.
- An additional \$140 million for a total of \$1 billion for Western Power in 2015-16 to address safety and reliability issues in the network, including the treatment of wood poles and conductors, bushfire management, and distribution and transmission capacity expansion.

Further information

Further information can be found on the [WA State Budget website](#), including:

- [Full transcript](#) of the Treasurer’s Budget Speech;
- [Budget Overview](#): key economic figures and detailed information on Government initiatives;
- Budget Papers: [Volume 1](#) and [Volume 2](#) and the Economic and Fiscal Outlook ([Budget Paper Number 3](#));
- Budget [Fact Sheets](#);
- Budget [media release](#);

Barton Deakin’s Briefs on the policy activities of the WA Government can be accessed [here](#). Barton Deakin’s Budget Briefs page can be accessed [here](#).

For more information please contact [Eacham Curry](#) on 0428 933 130, [James Coward](#) on 0408 980 463 or [Alexander Clark](#) on 0418 894 040.

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