



2012-13

Budget Overview



Leadership
Supporting Our Community
Building the State

2012-13 Budget Overview

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2012-13 Budget Paper set includes:

Budget Paper No. 1 – Budget Speech

Budget Paper No. 2 – Budget Statements (Volumes 1–2)

Budget Paper No. 3 – Economic and Fiscal Outlook

Budget Overview

Reader's Guide to the 2012-13 Budget Statements (Available electronically from <http://ourstatebudget.wa.gov.au>)

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Introduction

The Liberal-National Government's fourth budget:

- maintains the disciplined economic and financial management of the past three years to ensure Western Australia continues to lead the nation and remain a prosperous place for present and future generations to live and work
- continues the strong social effort being made by the Government to improve the lives of all Western Australians, now and into the future
- delivers the infrastructure investment needed to build our State and delivers a sustainable vision for the future.
- a forecast peak in the level of net debt in 2014-15, demonstrating the success of the Government's disciplined approach to financial management
- targeted tax relief for small businesses and for employers taking on new Indigenous employees or employees with a disability
- the creation of a Western Australian Future Fund to redistribute revenue from the State's finite mineral resources to future generations, with an initial allocation in this budget of more than \$1billion

Highlights of the 2012-13 Budget include:

- a budget surplus of \$196million in 2012-13, with surpluses also projected in each of the outyears, despite a further significant reduction in Western Australia's GST revenue
- significant reprioritisation of expenditure to deliver the Government's key service objectives and new initiatives
- a new Cost of Living Assistance (CoLA) payment to help households in need with their cost of living expenses
- a major focus on families with young children, with funding to enable an additional 100 community nurses to be hired and 10 Child and Parent Centres to be established at selected government schools.





Economic Overview

The Western Australian economy continues to outperform the rest of Australia. Business investment and exports have become increasingly dominant influences on the State's economic growth, resulting in strong labour demand and household spending, and above-average population growth.

Strong demand for Western Australia's resource exports in recent years has resulted in a large pipeline of committed liquefied natural gas and iron ore projects, which will underpin high levels of investment over coming years.

The outlook for business investment and associated strong demand for labour is expected to support above-average population growth over coming years.

This is likely to flow through to continued strong growth in household consumption and a recovery in housing demand.

Overall, the Western Australian economy is forecast to grow by a robust 4.75 per cent in 2012-13. Export volumes are expected to pick up in coming years as new major resource projects commence production, supporting growth over the medium term.

The strong demand for labour, supported by high levels of resource-related investment, is reflected in the lowest unemployment rate of all the States. Western Australia's unemployment rate is forecast to be 4.25 per cent in 2012-13 and 2013-14, before falling to 4.0 per cent in 2014-15.

KEY ECONOMIC FORECASTS ANNUAL GROWTH (%)

	2011-12 Estimated Actual	2012-13 Budget Estimate	2013-14 Forward Estimate	2014-15 Forward Estimate	2015-16 Forward Estimate
Gross State Product (GSP)	6.0	4.75	4.75	4.25	4.25
Employment	2.5	2.75	2.5	2.25	2.0
Unemployment rate ^(a)	4.25	4.25	4.25	4.0	4.0
Consumer Price Index (CPI)	2.5	3.5	3.25	3.25	3.25
Wage Price Index (WPI)	4.25	4.5	4.5	4.5	4.5
Population	2.5	2.3	2.3	2.2	2.2

^(a) Average rate over the year.



Economic Overview (cont.)

Threats to the Western Australian Economy

Western Australia's economy is predominantly export-focused, which means that the State's economic health is linked heavily to global economic conditions. Faltering economic recoveries in the United States and Japan, and a very subdued economic outlook for the euro area, are the prime external risks facing Western Australia.

Closer to home, however, there are several immediate or imminent risks, including:

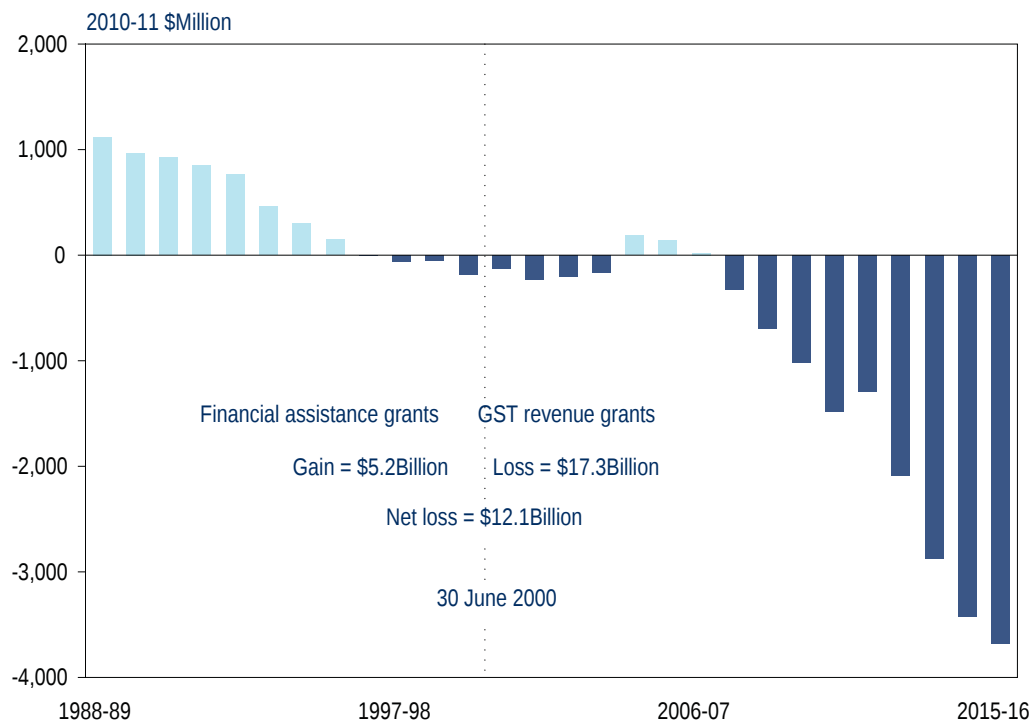
- Western Australia's declining share of GST revenue

- the Federal Government's Minerals Resource Rent Tax.

Western Australia's Declining Share of GST Revenue

In 2012-13, Western Australia will receive just 55 per cent of its population share of GST revenue – down from an already low 72 per cent in 2011-12, and the lowest that any State has ever experienced since the GST sharing arrangements were introduced. Overall, Western Australia's GST revenue in 2012-13 has been cut by \$662million, relative to 2011-12.

**FISCAL EQUALISATION SUBSIDY RECEIVED BY WESTERN AUSTRALIA
SINCE TARIFF REFORM^{(a)(b)}**



^(a) Difference from equal per capita share of GST/financial assistance grants, budget balancing assistance and special revenue assistance.

^(b) Equalisation was introduced originally to compensate States such as Western Australia that suffered from the impact of tariffs. A phased program removing the majority of industry protection through tariffs commenced in 1988-89.



In the absence of reform to the GST sharing arrangements, it is forecast that Western Australia's GST grant share will fall to as low as 25 per cent by 2015-16.

Western Australia is projected to receive \$2.3billion less in 2012-13 than if it were to receive its full population share of GST. Over the five years to 2015-16, this shortfall rises to \$15.3billion.

As the chart shows, the subsidy received by Western Australia in the form of financial assistance grants between major tariff reform in 1988-89 and the introduction of the GST in 2000-01 is dwarfed by the projected impost on the State between 2000-01 and 2015-16.

It is not sustainable for Western Australia to receive sharply lower GST revenue each year when it faces such strong demand for services and infrastructure to support the State's rapidly growing economy. The outcomes of the current form of 'fiscal equalisation' penalise hard work, encourage welfare dependency and limit growth in the national economy, to the detriment of all States.

Significantly, the interim report of the Federal Government's GST Review Panel recognises Western Australia's dwindling GST share and that the existing GST distribution system is not working properly. The report suggests a number of options to increase the predictability and stability of distribution of GST revenue, and indicates support for discounting the impact of mining royalties. If these options were to be implemented, Western Australia could expect a fairer share of GST revenue in future years, although the timing of any improvement is still uncertain.

The State Government will continue to vigorously pursue a fairer GST distribution system that recognises the State's role as the powerhouse of the national economy.

Strong Decisions – Deferral of Projects Due to Falling GST Revenue

The State Government is not prepared to take on an unsustainable level of debt to fund infrastructure and services as a result of declining GST revenue. With an estimated fall of \$662million in Western Australia's GST grant in 2012-13 and further reductions foreshadowed in subsequent years, the State Government has no choice but to make strong decisions in order to limit growth in State net debt to manageable levels.

One such decision has been a review of the State's Asset Investment Program, which has resulted in deferral to beyond 2015-16 of \$1.8billion of capital expenditure. This deferred expenditure spans a total of 19 agencies and 33 individual projects or programs.

Minerals Resource Rent Tax (MRRT)

The MRRT, which was passed on 19 March 2012 by the Federal Parliament and will take effect from 1 July 2012, represents another threat to the Western Australian economy.

This tax has a far greater impact on Western Australia than any other State. It is estimated that around 60 per cent of national MRRT revenue will be extracted from the Western Australian economy, compounding the inequity of continually falling GST revenue.



Leadership

Under the Liberal-National Government's financial and economic leadership, Western Australia now has the highest Gross State Product per capita and the lowest rate of unemployment of all States. Budget surpluses have been achieved in each of the past three years. This trend is expected to continue in 2011-12 and 2012-13, with surpluses also forecast for each of the outyears.

The 2012-13 Budget builds on the Government's track record of strong financial management and its demonstrated ability to set the right conditions for sustained and robust economic growth. It will help ensure that Western Australia continues to lead the nation when it comes to economic performance, and remains a prosperous place for current and future generations to live and work.

Financial Position

Through decisiveness and the willingness to make hard decisions, and in the face of a \$662million reduction in Western Australia's GST revenue, the State Government is expecting to deliver an operating surplus of \$196million in 2012-13. This follows an estimated surplus of \$484million in 2011-12.

The Government will invest a total of \$26.4billion over the next four years, including \$7.6billion in 2012-13, to build and expand the State's economic and social infrastructure.

KEY BUDGET AGGREGATES

	2011-12 Estimated Actual	2012-13 Budget Estimate	2013-14 Forward Estimate	2014-15 Forward Estimate	2015-16 Forward Estimate
General Government Sector					
Revenue (\$m)	24,749	25,477	27,019	28,376	30,238
Growth (%)	3.5	2.9	6.1	5.0	6.6
Expenses (\$m)	24,266	25,281	26,674	27,540	28,833
Growth (%)	8.8	4.2	5.5	3.2	4.7
Net Operating Balance (\$m)	484	196	345	836	1,404
Total Public Sector					
Cash Position (\$m)	-3,150	-3,364	-2,959	-853	598
Net Debt at 30 June (\$m)	15,169	18,594	22,176	23,156	22,866
Asset Investment Program (\$m)	6,852	7,639	7,422	6,038	5,344
Total Non-Financial Public Sector					
Net Interest Costs as a Share of Revenue (%)	2.1	2.4	2.8	2.9	2.9
Net Financial Liabilities as a Share of Revenue (%)	66.8	72.0	75.9	73.9	68.3



Reflecting the State's dwindling share of GST revenue and the Government's massive investment in infrastructure, net debt levels are forecast to rise over the next few years, reaching a peak of \$23.2billion in 2014-15 before falling to \$22.9billion in 2015-16.

Significantly, while other developed economies are generally exhibiting flat or negative growth and considerable uncertainty surrounding their prospects, Western Australia's economy remains safe and secure, with the State's triple-A credit rating underpinning investor and community confidence.

The Western Australian Future Fund

Future generations of Western Australians will benefit from a redistribution of a portion of the State's finite mineral resources and associated royalty revenue through the creation of the Western Australian Future Fund.

Between 2012-13 and 2015-16, over \$1billion in 'seed capital' will be transferred from the *Royalties for Regions (RfR)* Fund into the new Future Fund. This funding comprises 3 per cent efficiency dividend and other savings in the *RfR* Fund (\$223million) and the *RfR* component of the

2011-12 Budget decision to remove the royalty concession applying to iron ore 'fines' (\$820million). From 2016-17 onwards, at least one per cent of the State's annual royalty revenue will be paid into the Future Fund (indicatively estimated at between \$65million to \$70million per annum).

Through legislation, the annual balance of the Future Fund and its interest earnings will be quarantined from spending for a period of 20 years (i.e. until 2031-32). It is estimated that after 20 years, the Future Fund will have an indicative balance of around \$4.7billion.

By directing a portion of royalty revenue to the Future Fund, future generations of Western Australians will share in the benefits of the State's finite resources, with future Governments able to respond to emerging infrastructure requirements with a revenue reserve.

The Western Australian Future Fund will earn interest of approximately \$230million per annum from 2031-32. This annual interest earned on the Future Fund balance will help fund, on an ongoing basis, the economic and social infrastructure needs of the State, appropriately split across regional and metropolitan areas.



Leadership (cont.)

Royalty Rate Analysis

Since coming to office, the State Government has negotiated with industry to remove decades-old concessions on iron ore royalties which applied under relevant State agreements pertaining to hematite iron ore and which were no longer justified in today's market. In last year's budget, the Government announced the further staged removal of royalty rate concessions under relevant State agreements and the *Mining Act 1978* pertaining to hematite iron ore.

Western Australia's three tier royalty rate system was introduced in 1981 and since that time, the State has had a standing policy position that the revenue actually returned from the royalties applied to any mineral resource was to be an amount broadly equivalent to one-tenth of the total 'minehead' value of the mineral resource in question. It is noted that one-tenth of the minehead value of a mineral resource does not mean and is not achieved by a 10 per cent rate of royalty,

as the minehead value of a mineral resource is a theoretical measure of the value of the mineral at the first mine stockpile – prior to any costs associated with further processing, transport or handling before sale. The minehead value is determined by estimating the average price or sales value of a mineral and deducting from this the post mine costs applying to the mineral (including processing, transport and handling costs). Accordingly, for some mineral categories an actual royalty rate of (say) 4 per cent may achieve an amount equivalent to one-tenth of the minehead value of the mineral resource in question.

Allowing for the fact that the total minehead value changes over time (as does the figure representing one tenth of the minehead value), the 1981 policy position still in place today anticipated that royalty rates would be changed from time to time. The aim of the long standing policy position was to ensure actual royalty rates were adjusted to achieve revenue broadly equivalent to one tenth of the total minehead value of the mineral resource in question.





Against this background, the Government commits in this budget to undertake an analysis of existing royalty rates in Western Australia, which is intended to:

- examine the ongoing efficacy and appropriateness of the still prevailing 1981 policy position that the revenue actually returned from the royalties applied to any mineral resource is to be broadly equivalent to one-tenth of the total minehead value of the mineral resource in question
- examine the extent to which present actual rates of royalties produce revenue amounts which differ from the present target amount of one tenth of the total minehead value of mineral resources and identify appropriate instances where, in consultation with industry, royalty rates may be adjusted to produce revenue amounts more closely correlated to the present target amount of one tenth of the total minehead value of the mineral resource in question.

The analysis, which will involve a three year period of consultation with potentially affected industries to end before 1 July 2015, is not designed nor does it intend to pursue any thoroughgoing change of all relevant royalty rates to actual royalty rates which would produce revenue to meet the prevailing target of an amount broadly equivalent to one-tenth of the total mine head value. This is because the Government's present best estimates are that the actual royalty rates needed to produce that result are presently unlikely to be achievable. Rather, the

analysis is designed over time and in consultation with industry to achieve a marginally improved return of revenue to the Western Australian community from the sale of the mineral products that the community owns. The 2012-13 Budget includes a provision for additional revenue of \$180million in 2015-16. This estimated amount:

- represents a maximum figure of expected revenue which, based on best present estimates, is less than one quarter of the additional revenue that would be required to meet the still prevailing 1981 policy of a target rate of return broadly equivalent to one-tenth of the minehead value of all minerals
- acknowledges that any changes to royalty rates made after the analysis and consultation described above would be unlikely, based on the maximum estimated amount of revenue of \$180million, to be significantly greater than 0.5 per cent of present actual royalty rates applying in any sector and in some cases may be less
- anticipates the necessity to allow for a range of potential exemptions for either entire mineral classes or specific projects, from any decisions which changed actual royalty rates in a way designed to achieve greater correlation between royalty revenue actually returned and the prevailing target amount of one-tenth of the minehead value.

Consideration of potential royalty rates for magnetite iron ore is not part of this process.



Leadership (cont.)

Disciplined Financial Management

Since coming to office in 2008 the Liberal-National Government has slashed wastefulness by introducing the following successful measures to achieve efficiencies in the State public sector:

- a three per cent efficiency dividend on the general government sector starting in 2008-09, which saved \$1.46billion over its first four full years
- a five per cent efficiency dividend in 2011-12 on discretionary spending by government trading enterprises (GTEs), saving \$524million over four years to 2014-15
- targeted savings initiatives built into the 2011-12 Budget, saving \$324million from 2011-12 to 2014-15
- implementation in the 2009-10 Budget of recommendations from Stage One of the Economic Audit, conducted shortly after the 2008 State election, saving \$979million over four years
- voluntary severance programs, saving \$216million between 2012-13 and 2015-16
- the Capital Works Audit, conducted at the time of the Global Financial Crisis, which at the time saved \$3billion in net debt terms.

Wages Growth

The Liberal-National Government's wages and salaries growth in its first three years of office has been 2.1 per cent lower than under the previous Labor Government, which saw an average growth of 8.8 per cent per annum during their time in office.

Salaries expenditure is estimated to grow by no more than 6 per cent a year over the period 2012-13 to 2015-16.

Expense Growth

After increasing by an estimated 8.8 per cent in 2011-12, growth in general government sector expenses is expected to decline significantly to 4.2 per cent in 2012-13 and an average of 4.4 per cent per annum over the four years to 2015-16 as a result of the savings measures outlined below.

Savings Measures

In response to the sharp decline in Western Australia's GST revenue, the Government has been forced to impose a range of savings measures to keep the State's finances strong and sustainable. In total, the package of savings measures announced in the 2012-13 Budget is expected to generate net debt savings of \$4.9billion over 2011-12 to 2015-16.

These measures build on the previous savings initiatives implemented successfully by the Government, and are designed to ensure that government departments and agencies are re-focused to delivering the Government's service priorities and new initiatives approved as part of the budget.

The measures include:

- all general government sector agencies will be subject to an efficiency dividend, commencing at two per cent in 2012-13 (one per cent for the Department of Education) and rising by one percentage point per annum thereafter. This measure is expected to reduce net debt by \$1.9billion over four years
- all GTEs, with the exception of the Housing Authority, will be subject to a 2.5 per cent efficiency dividend in 2012-13 (1.5 per cent for the port authorities), rising to 6.0 per cent in 2015-16. This measure will reduce net debt by an estimated \$384million over four years



- increasing port charges to raise long-term average rates of return on port assets (commencing in 2013-14), which is expected to reduce net debt by around \$145million by 30 June 2016
- deferral of a range of Asset Investment Program projects over the next four years that will generate net debt savings of \$1.8billion, as noted earlier
- the capping of full time equivalent (FTE) employee numbers at currently approved levels, except for operational staff in Health, Education and Police. The FTE cap is for two years (2012-13 and 2013-14), with growth in FTEs thereafter limited to 1.5 per cent per year (estimated net debt savings of \$708million by 30 June 2016).



Fees and Charges

In recognition of cost of living pressures, the Government has sought to contain increases in fees and charges to manageable levels.

From 1 July 2012:

- the State Government will restrict increases in residential electricity tariffs to 3.5 per cent, in line with forecast growth in the Consumer Price Index (CPI)
- water charges for households with an average consumption of 270kL a year will increase by 6.0 per cent
- public transport fares will increase by between 3.6 per cent and 5.6 per cent, depending on the length of journey. There will be no change to the 50 cent student concession fare, and seniors will continue to enjoy free public transport between 9.00am and 3.30pm on weekdays and all day on weekends and public holidays
- drivers licence and motor vehicle licence fees will increase by 2.7 per cent and 2.8 per cent respectively (below forecast growth in the CPI), while compulsory third party insurance premiums will remain unchanged and continue to be the lowest in the nation.

Annual expenditure by a 'representative household' on State government goods and services is estimated to increase by \$163 or 3.6 per cent in 2012-13, broadly in line with growth of 3.5 per cent in the CPI.



Supporting our Community

The Liberal-National Government is committed to improving the lives of all Western Australians, now and into the future. The 2012-13 Budget contains a range of initiatives aimed at supporting our community.

Families

Cost of Living Assistance

The 2012-13 Budget introduces a new energy subsidy payment, which will reduce electricity bills for a large number of needy households in Western Australia. A total of \$286million will be devoted to this new electricity payment; the Cost of Living Assistance (CoLA) payment.

The CoLA payment will replace and increase the existing base concession that currently exists in the form of the Supply Charge Rebate (SCR).

The way in which relevant subsidies are presently provided to households for electricity costs is as follows:

The base subsidy is presently the SCR. Western Australian households that hold any one of the following concession cards are entitled to the SCR:

- Western Australian Seniors Card
- Department of Veterans Affairs Gold Card
- Pensioner Concession Card
- Health Care Card
- Commonwealth Seniors Health Card.

For these households the SCR is presently a yearly rebate of \$147 which is deducted off the year's total electricity bills for each eligible household.





Those households that hold a Health Care Card, Pensioner Concession Card or a Department of Veterans Affairs Gold Card (and are thereby entitled to the SCR) are also entitled to a further rebate if they have dependent children. A household that has one of the above concession cards and has one or more children in the household is additionally entitled to a Dependent Child Rebate (DCR) which operates on a sliding scale determined by the number of dependent children in the household.

By way of example, an eligible family with two dependent children will presently receive the base rebate being the SCR (a rebate of \$147) and receive a DCR (a rebate of \$297).

The new CoLA payment will replace the SCR and see the base yearly rebate to eligible recipients increase over 35 per cent from \$147 to \$200 per annum.

The new CoLA payment will be indexed to take account of any future price increases.

On top of the CoLA payment, all eligible families that also have dependent children will still continue to receive the DCR (in addition to the new CoLA).

By way of example of the operation of the new system:

- an eligible family with no dependent children would previously receive the SCR of \$147 a year; they will now receive the new CoLA payment of \$200 a year – an increase of over 35 per cent in the rebates received on the cost of electricity





Supporting our Community (cont.)

- an eligible family with two dependent children would previously receive the base SCR of \$147 a year – they will now receive the new CoLA payment of \$200 a year AND then receive the DCR payment (for two children) of \$307. Taking the total annual rebate payments to \$507. This means that for an eligible family with two children they will now receive a yearly rebate equalling approximately one third of the average household's spending on electricity per annum
- an eligible family with three dependent children will receive the new CoLA payment of \$200 a year plus the DCR payment (for three children) of \$371 per year. Taking the total annual rebate payments to \$571. This means that for an eligible family with three dependent children they will now receive a yearly rebate equalling over one third of the average household's spending on electricity per annum
- an eligible family with four dependent children will receive the new CoLA payment of \$200 a year plus the DCR payment (for four children) of \$434 per year. Taking the total annual rebate payments to \$634. This means that for an eligible family with four dependent children they will now receive a yearly rebate equalling over 40 per cent of the average household's spending on electricity per annum.

The funding for the CoLA payment sees existing funding for the SCR and DCR supplemented by new funding of \$24.7million and the addition of \$52.5million in funding redirected from the Hardship Efficiency Program (HEP). The Government will end the HEP having concluded that the HEP scheme had been largely unsuccessful in substantially mitigating against the effects of electricity price





increases through the provision of home energy audits and giving energy advice and that the HEP funding could be better spent assisting directly in reducing families' electricity bills than on conducting home energy audits or providing energy advice.

The final result is a further \$77.1million in additional money going directly to reducing the electricity bills of those most in need.

The Government expects that once rolled out in October 2012, the CoLA payment will reach over 340,000 Western Australian households.

In total, State government social concessions are now expected to be around \$900million in 2011-12 and to approach \$1billion in value in 2012-13.

Existing recipients of the SCR will automatically be transferred to the CoLA payment from 1 October 2012. New applicants must register their

details with their electricity retailer (Synergy or Horizon Power) as they would have been required to do under the previous system.

Hardship Utilities Grants Scheme

A total of \$11.7million has been allocated in 2012-13 to assist households in financial hardship pay their utilities bills – an increase of \$7.6million over the previous 2012-13 allocation. Under the Hardship Utilities Grants Scheme (HUGS), the State Government pays up to 85 per cent of a household's gas, electricity or water bill, where the individual is assessed as being in financial hardship.

Together with the new CoLA payment, the increased allocation to HUGS reflects the Government's commitment to assisting disadvantaged and vulnerable households with their cost of living expenses.





Supporting our Community (cont.)

Child Care and Youth Development

To further assist families, the Liberal-National Government has:

- provided an additional \$59million over the next four years to expand community health services across Western Australia. This will enable an additional 100 community nurses to be hired, and forms part of the Government's strategy to integrate early childhood services through the establishment of new Child and Parent Centres (see next point)
- committed to establish 10 Child and Parent Centres at selected government schools in vulnerable communities at a cost of \$29million over the four years to 2015-16. These centres will form a one-stop-shop for families to access support services to improve the developmental, health and learning outcomes of young children
- allocated \$4million over four years from 2012-13 to upgrade 41 family centres and 29 child care centres that it owns and operates. The child care centres, which are managed by community boards, are often the only child care facilities available in many small regional towns
- provided funding of \$2million from 2012-13 to 2015-16 to establish up to 10 'River Ranger' units in primary schools, catering for up to 500 children aged between eight and 12 years, to engage children in structured and supervised activities to help them develop confidence, teamwork and leadership skills
- allocated \$3million over two years to establish a new Child Care Regulatory Unit for the improved monitoring of child care centres, following agreement by the Council of Australian Governments on a new nationally consistent approach to the regulation and quality assurance of child care.

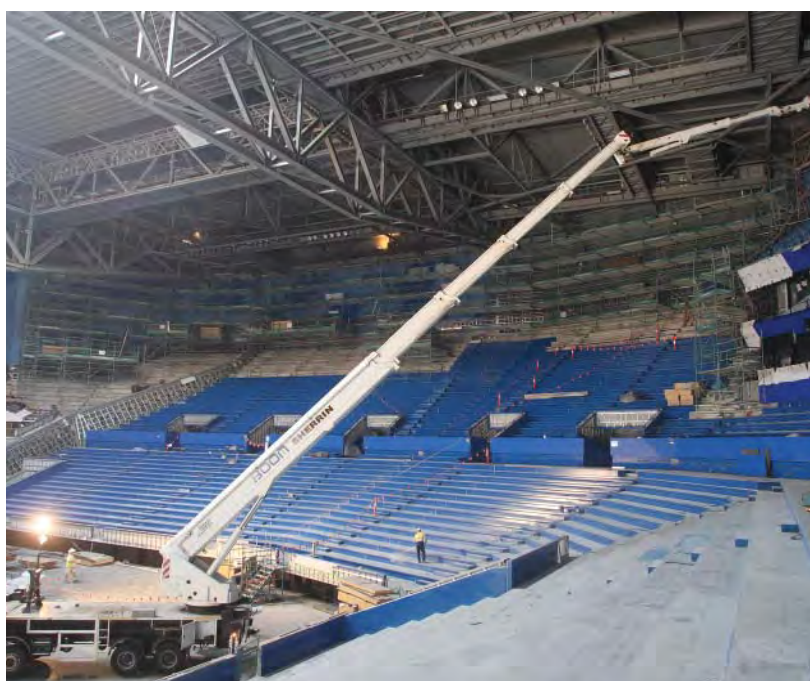




Sports and Cultural Venues

To provide families with greater access to top-level sports and entertainment events as well as cultural facilities, the Government is developing a number of significant projects, including:

- construction of a Western Australian Institute of Sport (WAIS) High Performance Service Centre, at a cost of \$32million over the next three years. The new Centre, which will be within walking distance of a number of major State sporting facilities, will enable WAIS to provide recovery areas, modern training facilities and office accommodation that meet contemporary training needs, and also provide universal access to enable disabled athletes to make use of the full range of WAIS services
- the Perth Major Stadium, which will have a capacity of 60,000 seats, and be capable of expanding to 70,000 seats or more, subject to future demand. The budget includes a provision of \$375million from 2013-14 to 2015-16 to begin construction of the stadium, which is expected to be completed in 2018
- a \$428million new Museum in the Perth Cultural Centre. An allocation of \$71million over three years from 2013-14 will enable commencement of the Museum's construction, with completion expected in 2019-20
- the \$549million Perth Arena, which is due to open in November 2012
- the \$95million Perth Rectangular Stadium Redevelopment, with construction expected to commence in early 2012-13 and completion early in 2013-14.





Supporting our Community (cont.)

Seniors

The Safety and Security Rebate Scheme, which was introduced in 2009 by the Liberal-National Government and expanded in 2010 to allow rebates for Seniors Card holders of up to \$200 towards the purchase of home security devices and up to \$200 towards fire and electrical safety devices, has been extended to the end of 2012-13.

Seniors Card holders will also receive the Seniors Cost of Living Rebate, which in 2012-13 will be \$155.25 for singles and \$232.90 for couples.

This is in addition to the new CoLA payment noted earlier.

Disadvantaged and Vulnerable

The Liberal-National Government is committed to assisting those in the community who are at risk, or merely need a helping hand to get them through difficult circumstances.

Mental Health

Spending in 2012-13 on mental health services will total \$655million, an increase of \$46million or 7.5 per cent over 2011-12. Key initiatives with respect to mental health include:

- spending of \$18million over four years to establish two centres to provide secure accommodation for people with an intellectual or cognitive disability who have been accused of a crime but are deemed unable to plead as a result of their disability





- an allocation of \$17million over four years to fund new and innovative programs that are expected to be implemented under the new Mental Health Bill, resulting in better protection for the rights of people receiving treatment and support for mental illness, particularly those being treated involuntarily
- \$5million over two years to trial an adult court diversion and support program for people with mental health problems who come before the metropolitan magistrates' courts
- \$2million over two years for a mental health assessment and early intervention pilot program in the Children's Court
- funding of \$9million over three years to provide additional homes for Mental Health Commission clients who are unable to secure appropriate housing in the private market.

Social and Affordable Housing

In order to provide a much-needed boost to the State's social housing stock, the Government will inject an additional \$130million into the Housing Authority over 2012-13 and 2013-14. This will fund the construction of 433 homes, helping those in vulnerable households who cannot secure housing in the private market.

In total, the Government is spending \$2.5billion in 2012-13 for the provision of social and affordable housing infrastructure, services and programs. Other major elements of this spending include:

- \$450million under the Affordable Housing Expression of Interest Program including the SharedStart shared equity program to secure a range of affordable, entry level properties across the State for low to moderate income earners



GASCOYNE

Total project spend in the Gascoyne region of \$95.9million in 2012-13

- \$37million to continue the development of the Carnarvon Police and Justice Complex
- \$29.5million for the redevelopment of the Carnarvon Power Station
- \$14.7million to commence the redevelopment of Carnarvon Hospital

- \$3.5million for building and upgrading schools
- \$3million to commence construction of the New Ambulatory Care Facility at Exmouth Hospital
- \$2.3million to invest in coastal infrastructure via the construction of the Exmouth floating pens
- \$2million for construction of the Carnarvon Dual Purpose Alcohol and Other Drug Centre

KIMBERLEY

Total project spend in the Kimberley region of \$213.8million in 2012-13

- \$115million from the *Royalties for Regions* Program for the Ord East Kimberley expansion project
- \$31.3million for building and upgrading schools
- \$14.1million for various water supply works
- \$12.1million for ongoing improvements to power services within Broome and Kununurra

PERTH METRO AREA

North Metropolitan

Total project spend in the Perth Metropolitan North region of \$1.419billion in 2012-13

- \$340.8million on health services
- \$183.4million for the Perth City Link Project (\$173.8million PTA and \$9.6million Metropolitan Redevelopment Authority)
- \$167.3million for the Perth Waterfront Project
- \$92.7million for construction of the Northern Suburbs Rail Extension to Butler
- \$85.1million for construction of the Perth Rectangular Stadium
- \$67.4million for upgrading and building new schools
- \$35million for works on the Graham Farmer Freeway Tunnel and Mitchell Freeway
- \$29.2million to widen Mitchell Freeway from Hepburn Avenue to Hodges Drive
- \$25million for rail infrastructure improvements in the North Metropolitan region
- \$26.1million for continued construction of Perth Police Complex
- \$2.4million to commence construction of the Western Australian Institute of Sport High Performance Service Centre

- \$50million on upgrading and building new schools
- \$34million on the State Underground Power Program
- \$25.6million on various water supply and waste water initiatives
- \$17.6million for the redevelopment of the Rockingham Campus at Challenger Institute of Technology
- \$7million for Inner City congestion initiatives
- \$6.4million for improvements to Perth Zoo
- \$2.4million to commence the Cockburn Central Police Station (District Hub)
- \$2.1million to begin pier protection to Fremantle Swan River Bridge

East Metropolitan

Total project spend in the Perth Metropolitan East region of \$444.9million in 2012-13

- \$105.1million on road projects (Funded by State and Federal Governments)
- \$97.5million for development of the Midland Health Campus (Funded by State and Federal Governments)
- \$92million for works on the Gateway WA Project, (Funded by State and Federal Governments)
- \$57.8million upgrading and building new schools
- \$7.2million for Kewdale Intermodal Terminal and Rail Network
- \$6.2million for upgrades to Ashfield, Bayswater, Guildford and Maddington Rail Stations
- \$4.3million for Career Fire and Rescue Service Bassendean/Kiara Fire Station

South Metropolitan

Total Project spend in the Perth Metropolitan South region of \$628.5million in 2012-13

- \$328.6million on health services (includes State Rehabilitation Service \$47.2million funded by Federal Government)
- \$110million on upgrades and improvements to Fremantle Port

PEEL

Total project spend in the Peel region of \$111.3million in 2012-13:

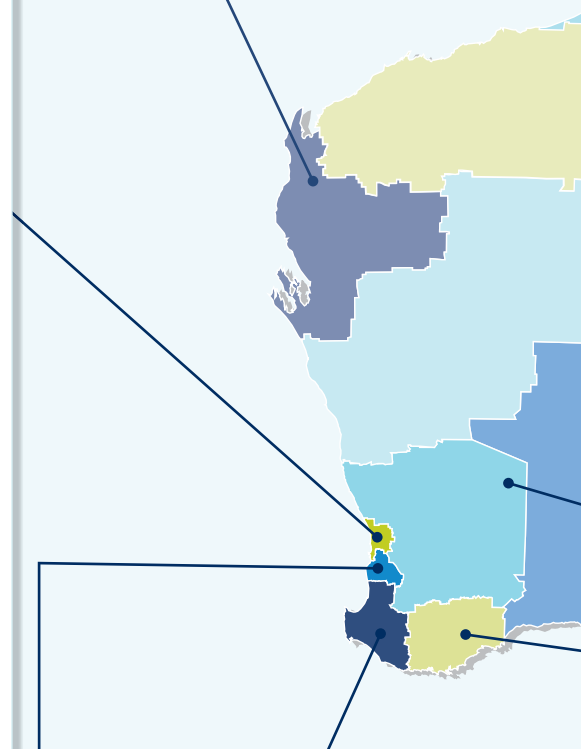
- \$28million for duplication of the Stirling Trunk Main water pipeline
- \$32.7million on building and upgrading schools

- \$14million to increase potable water storage through the Harvey 32 Megalitre Summit Tank Duplication
- \$9million to finalise works for the Ravenswood pumping station
- \$1.7million to commence the replacement of Mundijong Police Station

SOUTH WEST

Total project spend in the South West region of \$359.4million in 2012-13

- \$67.6million for road projects; including \$44million on the construction of the Bunbury Outer Ring Road (Stage 1), \$22.7million for the construction and sealing of Bunbury Port Access Road (Stage 2) (Funded by State and Federal Governments)
- \$47million for continuing work on the Muja Power Station
- \$42.3million to commence construction of the Busselton Health Campus
- \$41million on building and upgrading schools



Western Australians

- \$11.7million for continued construction of Kununurra Courthouse
- \$10million for completion of the West Kimberley Regional Prison
- \$2.7million for the Broome Paediatrics Facility (Funded by Federal Government)
- \$2.7million for the Broome Mental Health Facility
- \$2.5million to commence construction of the Fitzroy Crossing Courthouse

PILBARA

Total project spend in the Pilbara region of \$479.2million in 2012-13

- \$141.1million for the continued reconfiguration works of the Great Northern highway in Port Hedland (Funded by State and Federal Governments)
- \$39.7million for upgrades to the Karratha Waste Water Treatment Plant
- \$46million for building and upgrading schools

- \$36.4million on the Karratha Temporary Generation Project
- \$30.6million for continued construction of dualling the Dampier Highway (stages 2 to 6) between Karratha and the Burrup Peninsula Road in Dampier (Funded by State and Federal Governments)
- \$53.3million for works on the Pilbara Underground Power Project
- \$17million for redirection of Karratha Wastewater Treatment Plant 2 catchment to Karratha Wastewater Treatment Plant 1 to prevent overflowing

MID WEST

Total project spend in the Mid West region of \$226.2million in 2012-13

- \$176million for the Mid West Energy Project
- \$14.5million for the Murchison Radio Observatory Power Station
- \$11.4million for improvements to Geraldton Port
- \$5.7million to complete construction of Dongara District High School

- \$3million from the *Royalties for Region* Program for Skills Training Initiative programs at the Durack Institute of Technology
- \$2.7million to complete construction of the Mt Magnet Police Station
- \$2.6million to commence construction of the Geraldton Career Fire and Rescue Service Fire Station
- \$1.4million to commence construction of the Geraldton Volunteer Fire and Rescue Service Fire Station

GOLDFIELDS-ESPERANCE

Total project spend in the Goldfields-Esperance region of \$162million in 2012-13

- \$94million for ongoing construction of the Esperance Port Access Corridor Project (Funded by State and Federal Governments)
- \$17.8million for ongoing safety improvements to power services in Esperance

- \$16million for continuing upgrades to the main campus of the Kalgoorlie Health Campus
- \$13.3million for continuing upgrades to Kalgoorlie Court
- \$8million for maintenance of water supply schemes
- \$5.5million to commence work on the Esperance Health Campus

WHEATBELT

Total project spend in the Wheatbelt region of \$22.3million in 2012-13

- \$9million for works on the Goldfields and Agricultural Water Supply
- \$7.3million for building and upgrading schools

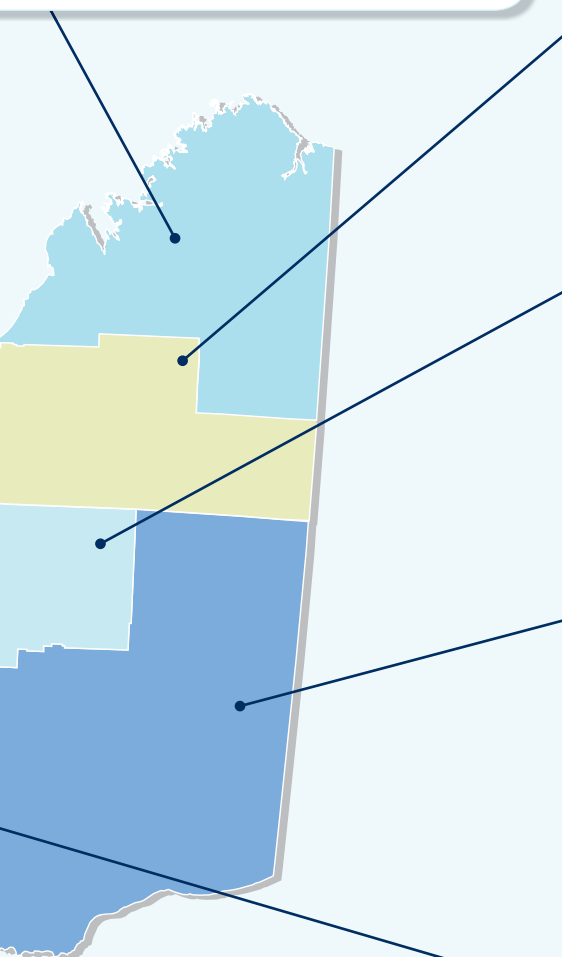
- \$3.5million to complete the Student and Staff Accommodation upgrades at agricultural colleges
- \$1.5million for electricity capacity expansion works in Northam

GREAT SOUTHERN

Total project spend in the Great Southern region of \$92.4million in 2012-13

- \$45.5million for continued construction of Albany Health Campus
- \$17million for Lower Great Southern Town Water Scheme

- \$6million for Denmark Waste Water Treatment Plant upgrade
- \$13.3million for building and upgrading schools
- \$3.8million for the realignment of Princess Royal Drive



- \$12.5million for construction of the Critical Care Unit (largely funded by Federal Government) and completion of the New Radiotherapy Facility within the South West Health Campus (Partially funded by Federal Government)
- \$10.6million for continuing work on the Wellington Dam turnoff to the Coalfields Highway
- \$10million from the *Royalties for Regions* Program for the Augusta Boat Harbour
- \$12million for continuing work on the Heavy Duty Automotive unit for South West Institute of Technology– Bunbury
- \$1.5million to begin works on the redevelopment of Harvey Hospital



Supporting our Community (cont.)

- \$344million on leasing costs for the provision of Government Regional Officers Housing, operating costs for Indigenous housing and other services
- \$176million for the purchase and development of land to produce 3,130 affordable housing lots for sale and to enable the continued delivery of social and affordable housing initiatives
- \$100million under the *RfR* Housing for Workers Program to deliver affordable housing for key workers in regional communities who are unable to access affordable housing options due to the rapid expansion of the resources sector
- \$81million for the final stage in the transfer of \$600million worth of public housing dwellings to Community Housing Organisations.

Payroll Tax Relief

The Government will make it more attractive for businesses to employ disadvantaged or vulnerable members of the community through two new and ongoing payroll tax relief measures. From 1 July 2012, the Government will provide payroll tax relief for the first two years of employment of new employees with a disability or (subject to a cap on the size of the employer) new Indigenous employees under the following terms:

- all businesses will be exempt from payroll tax on the first two years of wages paid to new employees with a disability for whom they receive a Federal Government Disability Employment Services wage subsidy, or who are eligible for any form of support from the Western Australian Disability Services Commission
- businesses with annual payrolls of up to \$15million that hire new Indigenous employees for whom they receive the Federal Government's Indigenous Wage Subsidy will be eligible for a 100 per cent rebate of payroll tax on wages paid to these employees in the first two years. The rebate will be payable in arrears.

These measures are estimated to cost \$7million over the next four years.





Child Protection

In 2012-13, spending on child protection services will total \$536million, an increase of \$18million (or 3.5 per cent) over 2011-12. The budget for child protection services in 2012-13 is a substantial \$184million (or 52.1 per cent) higher than in 2008-09.

An additional \$15million in 2012-13 and \$63million over the four years to 2015-16 has been allocated to address increasing demand for child protection services. This includes:

- \$18million over four years for children and young people in State care
- an extra \$2million in 2012-13 and \$8million over four years to provide 45 additional out of home care placements with the community sector
- \$2million over four years to expand intensive family support services, including to regional areas.

Disability Services

Spending in 2012-13 on disability services will total \$723million, an increase of \$67million or 10.2 per cent over 2011-12.

The Government has allocated a further \$41million in growth funding over four years from 2012-13 to ensure disability sector organisations can continue to deliver additional and better services for people with disability, including assisting adults to live in their own homes in the local community.





Supporting our Community (cont.)

Health

The Liberal-National Government continues to maintain its strong commitment to the State's health system. Recurrent spending of \$6.8billion has been allocated for health services in 2012-13. This is an increase of \$462million (or 7.3 per cent) over 2011-12, and is a massive \$1.9billion (or 39 per cent) higher than spending on health services in 2008-09.

In this budget, the Government has allocated:

- \$22million over 2014-15 and 2015-16 for the refurbishment and redevelopment of the Royal Perth Hospital (RPH) following the opening of Fiona Stanley Hospital. This funding will provide for the first stage of the redevelopment and refurbishment, with the entire redevelopment to be completed over a four-year period. The Government intends to allocate further necessary funds to RPH for the second stage of refurbishment work, with a total indicative

amount of \$180million estimated (subject to further detailed planning and business case development)

- \$151million over three years (\$60million in 2012-13) for Information and Communication Technology to implement priority projects focused on Fiona Stanley Hospital and Albany Health Campus
- an additional \$40million in 2013-14 for the replacement of priority clinical and diagnostic medical equipment in Western Australian hospitals. This will enable hospitals to keep up with new technological developments in the rapidly evolving health sector.

Capital spending on health infrastructure will total \$3.2billion over the next four years, with \$1.2billion allocated in 2012-13 including:

- \$281million for the Fiona Stanley Hospital and \$228million for the New Children's Hospital at the Queen Elizabeth II Medical Centre (QEII MC) site





- \$98million to commence construction of the new Midland Health Campus
- redevelopment of facilities at the QEIMC site, including \$36million to complete the Central Plant project, \$25million for the Western Australian Institute for Medical Research, \$11million for the second stage of the Cancer Centre, \$10million for the inpatient mental health unit and \$7million for the PathWest facility
- ongoing redevelopment and expansion of country hospitals and medical facilities, which include the Albany Health Campus (\$46million), Busselton Health Campus (\$42million), Southern Inland Health Initiative (\$23million), East Kimberley Development program (\$17million) and Kalgoorlie Health Campus (\$16million).

Education

In 2012-13, the Liberal-National Government will spend \$4.1billion on primary and secondary education services, an increase of \$122million (or 3.1 per cent) over 2011-12. This is up \$794million (or 24.3 per cent) on spending on education services in 2008-09.

Highlights in the 2012-13 Budget include:

- additional funding of \$341million (including \$43million from *RfR*) over four years to build new facilities at 29 secondary schools to accommodate Year 7 students, retrain up to 525 primary school teachers and purchase an additional 46 buses. Construction of new facilities will be completed by the beginning of 2015 in readiness for the first intake of Year 7 students into secondary settings
- the construction of five new primary schools at Hammond Park, North Butler, North Yanchep, Treendale and Wandina (Years K-3) at a total cost of \$78million, with all scheduled to open in 2014





Supporting our Community (cont.)

- finalising construction of the \$44million Baldivis Senior High School and the \$51million Butler Senior High School, both of which are due to open in 2013, and the \$46million Stage Two of Karratha Senior High School, which is due for completion in 2013, as well as completing the \$63million rebuild of Governor Stirling Senior High School for the start of 2013
- commencing construction of Stage One of the new \$30million Byford Senior High School, to open in 2014; Stage Two of Dalzellup College (\$30million), which is due for completion in 2014; and \$32million for Stage One and commencement of Stage Two for Willetton Senior High School
- completing the \$49million redevelopment of the Kununurra District High School, the \$30million redevelopment of the Dongara District High School and the \$15million redevelopment of the Exmouth District High School
- continued construction of improvements totalling \$26million at Harvey Agricultural College, and completion of upgrades to student and staff accommodation at four agricultural colleges totalling \$19million
- additional funding of more than \$11million over four years has also been allocated for the development and conduct of compulsory external examinations for Year 12 students.

Community Safety

Fire Management

This budget provides \$82million over four years to implement measures in response to the reports of the Perth Hills Bushfire Review and the Margaret River Bushfires Review, both of which were conducted by former Australian Federal Police Commissioner Mick Keelty. The Government has allocated \$33million to the Department of





Environment and Conservation (DEC) for fire preparedness, \$44million to the Fire and Emergency Services Authority (FESA) including \$4million for a Crisis Incident Management System, and \$5million for the Margaret River Financial Assistance Scheme. More information on the DEC and FESA measures is available in the 'Environment and Heritage' section.

Law, Order and Public Safety

To enhance community safety, this budget includes:

- \$19million over three years from 2012-13 for the establishment of a new Police Hub at Cockburn Central
- \$8million over four years for Live Works, an Indigenous-specific, community-run program that aims to successfully engage young Indigenous men who have offended, divert them from imprisonment to alternative sanctions in the community, and reduce the over representation of Indigenous people in the justice system



- \$6million over four years to monitor the 16 offenders in the community who are currently subject to the *Dangerous Sex Offenders Act 2006* through the use of Global Positioning System (GPS) tracking
- \$5million in 2012-13 to construct a new Career Rescue and Fire Service fire station in Butler
- \$2million in 2012-13 for upgrades to existing correctional facilities at Albany, Hakea and Casuarina.

Unacceptable behaviour by public housing tenants will be targeted under the Government's Disruptive Behaviour Management Policy, for which \$12million has been allocated over the next four years.

The Government has allocated more than \$13million over four years to help reduce the risk of shark attacks, including helicopter surveillance and patrols along Perth beaches, Rottnest Island and additional services in the South West, as well as establishment of a dedicated Shark Response Unit to tag sharks and assess technologies such as shark repellent devices and community alert systems.

Road Safety

In 2012-13 the Government will fund road safety programs totalling \$88million from the Road Trauma Trust Account. This includes \$22million on the Metropolitan Intersection Crashes program and \$20million on the Regional and Remote Road Improvements program.



Building the State

The Government is transforming Western Australia into a more vibrant State and delivering a lasting vision for our future by rebuilding and expanding economic and social infrastructure. In so doing, it is helping to make Western Australia the economic powerhouse of the nation and delivering benefits for all Western Australians.

Infrastructure Investment

The Liberal-National Government's investment in infrastructure totals \$26.4billion over the next four years, including \$7.6billion in 2012-13.

Energy Infrastructure

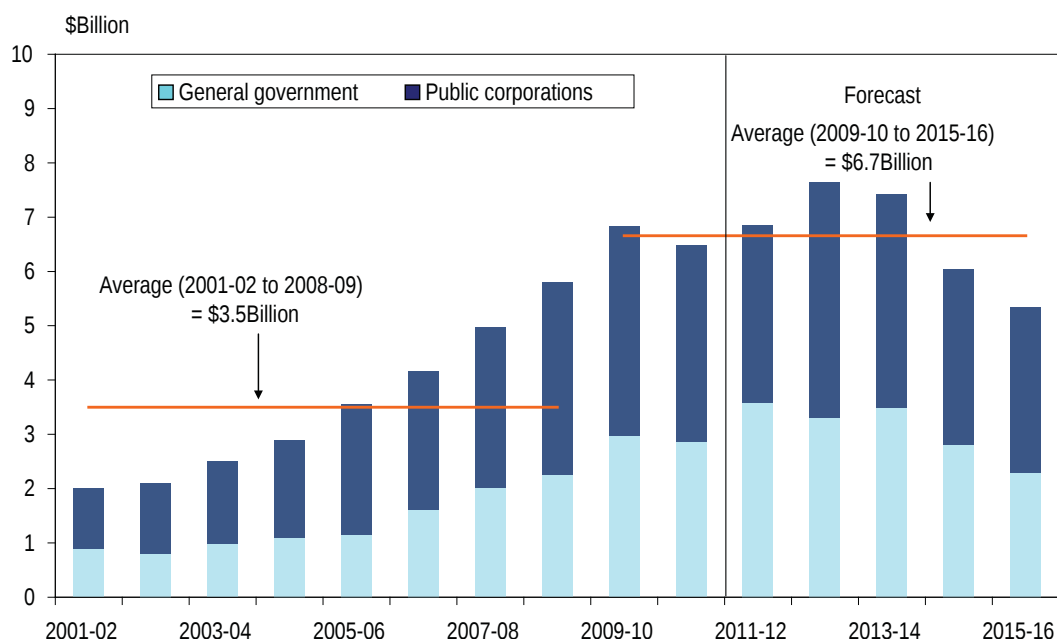
Investment in energy infrastructure will total \$4.6billion over the four years to 2015-16, including \$1.4billion in 2012-13. Key initiatives and expenditure in 2012-13 include:

- total network expenditure of \$1billion by Western Power, which includes the following major projects and programs:

- \$315million on capacity expansion to meet the demands of the economy
- \$295million to upgrade the network to maintain and improve the level of network safety, including \$187million on wood pole maintenance and replacement
- \$176million on the Mid West Energy Project that will enable the continued development of the Mid West region
- \$159million on network service (e.g. metering, regulatory compliance works and reliability-driven asset replacement)

- investment of \$258million by Horizon Power in regional power generation and network assets
- investment of \$81million by Verve Energy in power generation assets, including \$12million on high efficiency gas turbines at the Kwinana Power station.

ASSET INVESTMENT PROGRAM





Water Infrastructure

The Liberal-National Government will spend \$1.1billion in 2012-13, and \$3.6billion over the four years to 2015-16, on major water and wastewater infrastructure developments essential to support Western Australia's growth. This includes:

- \$270million over the four years from 2012-13 to construct the East Rockingham Wastewater Treatment Plant
- \$260million in 2012-13 for the expansion of the Southern Seawater Desalination Plant near Binningup, to be commissioned in time for the 2012-13 summer
- \$80million over the four years to 2015-16 to progress the State's infill sewerage program, with \$25million allocated in 2012-13
- \$8million in 2012-13, as part of a \$24million program over four years, to upgrade or replace dozens of bores in the South Coastal Bore fields,

as well as establish six new bores. This will help secure Albany's mid-term water supply and allow greater flexibility to meet the seasonal demands of the town's growing population.

Water management in Western Australia will be improved as a result of the Government allocating \$14million over the next four years to enable the Department of Water to replace ageing and uncoordinated computer systems with a modern integrated water management system.

Perth Waterfront

Construction has commenced on civil engineering works for the Perth Waterfront project, and \$167million will be spent in 2012-13 to continue development of the inlet and public domain. The project will reconnect the city with the Swan River to provide an integrated and dynamic waterfront environment to be enjoyed by Western Australian residents and visitors alike.





Building the State (cont.)

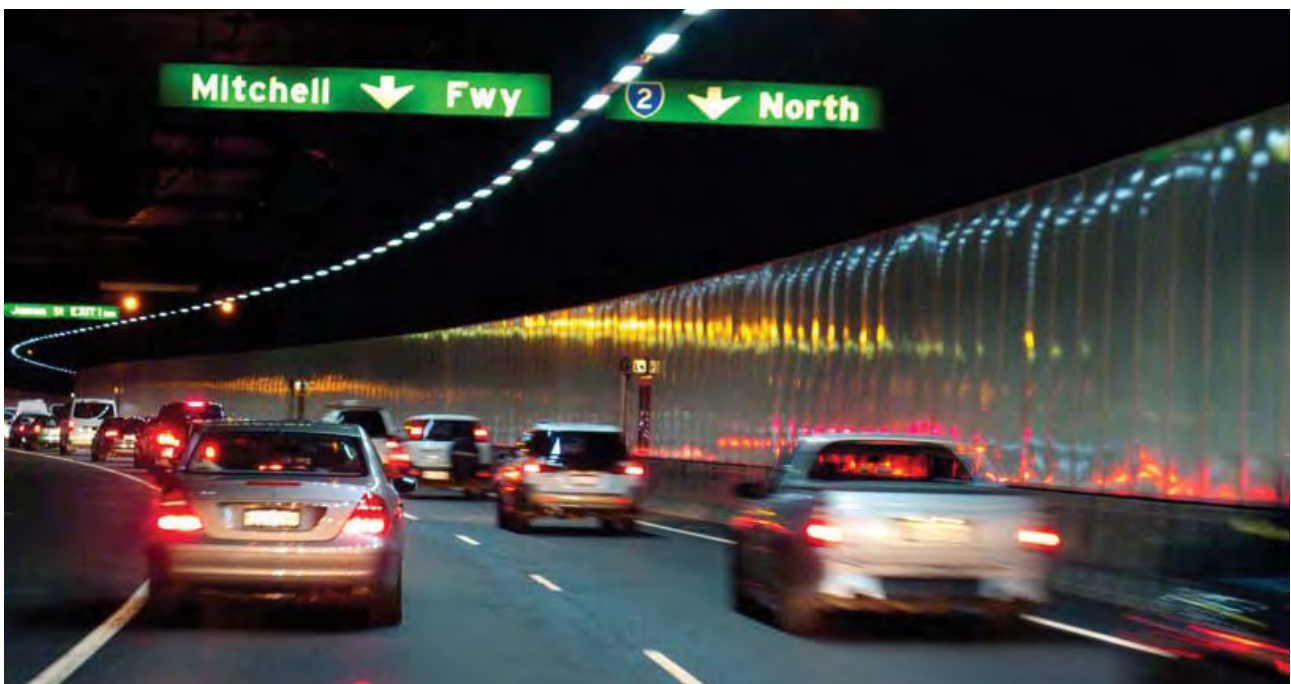
Transport and Roads

The Government is investing heavily in increased road and public transport capacity.

Congestion

To address growing traffic congestion around the metropolitan area, the Government will:

- expand the capacity of the Graham Farmer Freeway tunnel and the Mitchell Freeway, at a total cost of \$57million, including \$35million in 2012-13
- spend \$29million in 2012-13 to complete construction of an additional northbound lane on the Mitchell Freeway between Hepburn Avenue and Hodges Drive
- spend \$5million in 2012-13 and 2013-14 to purchase seven buses for the new Green CAT service from Leederville to the CBD, and a further \$8million in 2015-16 to commence a program to replace the old CAT buses, as part of a four-year \$48million initiative that also includes the development of active traffic management, where traffic signal timings are modified to maximise traffic flow, particularly during peak periods.





Roads

Other significant road projects in the metropolitan area include:

- the ongoing widening of Great Eastern Highway from Kooyong Road to the Tonkin Highway to a dual carriageway with three lanes in each direction. The State and Federal Governments are funding this project jointly, with \$83million allocated in 2012-13. Works are scheduled for completion in the last quarter of 2013
- State and Federal funding of \$92million in 2012-13 for the \$1billion Gateway WA project, which will complement the planned consolidation of the Perth Airport, manage road congestion in the area, and enhance and protect the performance of the road freight network in the Kewdale and Forrestfield areas.

Funding in 2012-13 for major road projects to support economic development in regional Western Australia includes:

- \$141million for construction of the Great Northern Highway realignment at Port Hedland, which is due for completion in 2014
- \$94million for the Esperance Port Access Corridor project
- \$67million on Stage One of the Bunbury Outer Ring Road from Boyanup Picton Road to South Western Highway and Stage Two of the Bunbury Port Access Road between South Western Highway and the Bunbury Outer Ring Road. Completion is scheduled for the first half of 2014.





Building the State (cont.)

Public Transport

Only 20 per cent of the operating costs of the Public Transport Authority are currently funded from fare revenue, with the State Government subsidising the majority of the remaining cost. Over the next four years, the Government will provide an operating subsidy of \$2.9billion to the Public Transport Authority, including \$662million in 2012-13.

Key capital spending on public transport in 2012-13 includes:

- \$183million on significant civil, infrastructure and building works for the component of the \$609million Perth City Link project focused on sinking the Perth to Fremantle railway line west of Perth Station
- \$93million on extending the Joondalup railway line to Butler, including completion of earthworks and road bridges, construction of railway infrastructure and starting construction of the Butler Station
- \$35million to replace 60 buses and acquire 20 additional buses to ensure the Transperth fleet remains modern, accessible and safe. Bus service kilometres in 2012-13 are expected to total 59.9million km, an increase of 7.9million km or 15 per cent since 2008-09
- \$11million as part of a \$27million project to upgrade the power capacity of the urban rail passenger network and provide additional stowage lines at the Public Transport Authority's Claisebrook Depot.

The Government has also allocated \$5million from 2012-13 to 2013-14 for detailed project planning on an inner city light rail system to help develop its vision for Perth's public transport over the next 20 years.





Bicycle Transport

As part of its commitment to the Western Australian Bicycle Network Plan, the Government has allocated \$20million over the two years from 2012-13 to improve the principal shared path network within a 15 kilometre radius of the CBD.

Environment and Heritage

Fire Management

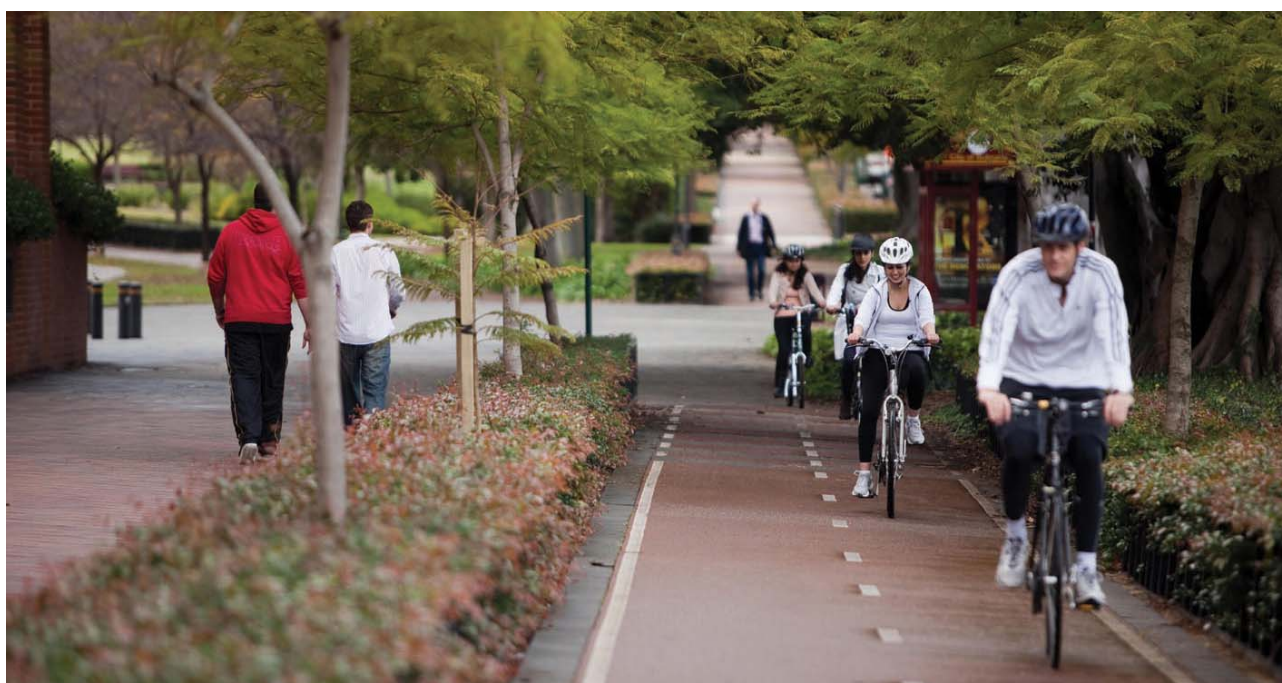
In response to the findings of a review of the Department of Environment and Conservation's capacity to manage large fires, and the recommendations of two reviews into recent major fires by the former Australian Federal Police Commissioner Mick Keelty, an extra \$33million in recurrent and capital funding has been allocated over the next four years to improve the Department's fire preparedness.

The additional funding will improve the Department's capacity to undertake prescribed burning, significantly upgrade infrastructure such as bridges that are vital to gaining access to bushfires, and purchase enhanced weather forecasting services.

A further \$44million over four years has been allocated to the Fire and Emergency Services Authority to establish an Office of Bushfire Risk Management, improve response measures in the South West Cape region, increase the State's commitment to train and support volunteers, and adequately resource the State Emergency Management Committee to assist in its formal assessment of the State's overall preparedness for large scale emergencies.

Kimberley Science and Conservation Strategy

Funding of \$15million has been allocated in 2012-13 to continue implementation of the \$63million Kimberley Science and Conservation Strategy announced in last year's budget.





Building the State (cont.)

Other Environmental Measures

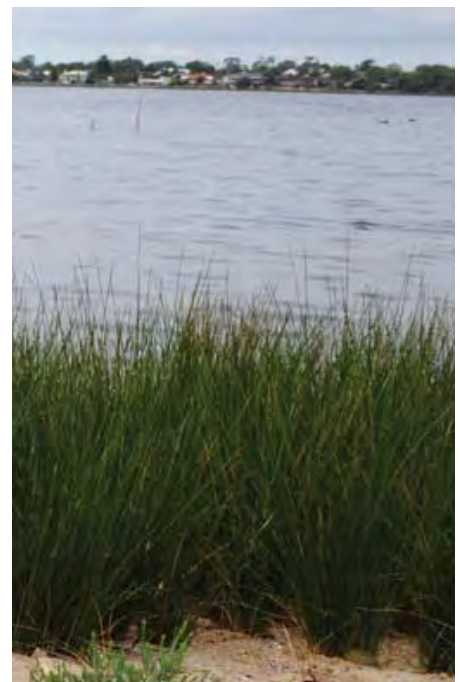
Other significant funding commitments in relation to the environment during 2012-13 include:

- nearly \$2million to complete development and implementation of the Biodiversity and Cultural Conservation Strategy for the Great Western Woodlands
- \$1million to upgrade the breeding facilities at Perth Zoo for the Western Swamp Tortoise, Australia's most endangered reptile
- \$1million to continue development of nutrient intervention systems under the Swan Canning Water Quality Improvement Plan
- \$1million to upgrade two existing oxygenation plants on the Canning River, and a further \$1million in 2013-14 to build a new oxygenation plant on the Swan Canning River park to improve the health of Perth's major rivers.

Heritage

The Government has increased the Heritage Council's Heritage Grants and Incentives Program by 25 per cent, with additional funding of just over \$1million allocated over the next four years. This is the first increase in this program since its inception in 1996-97, and will assist private owners with the conservation of State heritage-listed places so they can be used and enjoyed by present and future generations.

An amount of \$5million will be spent by the National Trust of Australia (W.A.) in 2012-13 on the conservation and interpretation of the heritage-listed building at 57 Murray Street, Perth.





Small Business, Employment and Training

Payroll Tax Relief

Recognising that the economic environment outside of the resources sector continues to be challenging for the business sector, the Government is reducing the tax burden for small businesses through a one-off rebate of payroll tax liabilities for 2012-13. Small employers with annual payrolls of up to \$1.5million will receive a full rebate of their 2012-13 payroll tax liability, which is worth up to \$41,250 per business. The rebate will phase out gradually between payrolls of \$1.5million and \$3million.

Around 6,700 employers, or just under half of all taxpaying employers, are expected to benefit from the rebate, which will be paid in arrears in the first half of 2013-14. The total cost of the rebate is estimated to be \$128million.

Training

To help address the State's future labour needs, the Government has allocated an additional \$99million over the two years from 2012-13, including \$38million to make up for a reduction in Federal Government funding, for the delivery of training services in Western Australia.

Significant progress is also being made to expand training access and opportunities throughout Western Australia under an asset investment program totalling \$179million over the four years from 2012-13. Major projects include:

- \$75million from 2012-13 to 2014-15 for 11 projects under the Skills Training Initiative funded from the *RfR* program
- continuation of works on the \$29million Challenger Institute of Technology – Rockingham campus redevelopment
- continuation of works on the \$16million South West Institute of Technology – Bunbury campus Heavy Duty Automotive project.





Building the State (cont.)

Tourism

Over the past five years, the Perth Convention Bureau has secured about 550 business events for Perth, which have injected more than \$380million into the State's economy. To ensure Perth can continue to attract business events, the Government has allocated more than \$10million to the Bureau over the next four years. The resulting business events are expected to generate more than \$500million for the State's economy over that period.

To support more than 380 accredited Western Australian tourism businesses, the Government has allocated more than \$4million over the next four years to fund the Western Australian Visitor Centre. This will ensure that the Centre can continue to provide visitors to the State with valuable information about what they can experience or where they can stay during their time in Western Australia, and also maintain a booking service for accredited tourism businesses in the State.





Royalties for Regions

The *Royalties for Regions (RfR)* Fund will receive \$1.2billion in 2012-13, being 25 per cent of forecast royalty revenue of \$4.9billion. The 2012-13 expenditure program is estimated at \$1.1billion. Complete details of all project expenditures are listed in Chapter 7 of Budget Paper No. 3. Significant project expenditures are as follows.

Regional Community Programs and Scheme

Regional community programs will benefit from expenditure of \$136million in 2012-13. Some major programs under this area include the following:

- the Country Age Pension Fuel Card will continue in 2012-13 with an allocation of \$25million. Fuel Cards are issued to country pensioners to assist them with travel costs and improve their quality of life
- a \$49million allocation in 2012-13 to the Regional Workers Incentive, to increase district allowances for public sector workers in regional Western Australia as part of the process to attract and retain workers who provide essential government services
- the provision of \$13million in 2012-13 and \$24million in 2013-14 to continue the highly successful Exploration Incentive Scheme
- *RfR* funding of \$12million has been allocated in 2012-13 for Community Resource Centres across regional Western Australia
- in 2012-13, \$10million of *RfR* funding has been allocated to facilitate and raise the profile of regional events across Western Australia
- more than \$10million has been allocated in 2012-13 to continue to support the expansion of two key Responsible Parenting Programs

(Parent Support, for older children and youths, and Best Beginnings, for babies and toddlers) into the Gascoyne, Goldfields-Esperance, Great Southern, Mid West, Pilbara, South West and Wheatbelt regions. These programs target the most at risk families, focusing on prevention and early intervention in order to reduce the number of children and young people entering child protection systems

- regional health priorities will benefit with expenditure of \$96million from 2012-13 to 2015-16. In 2012-13, the following major programs are to receive funding:
 - Patients Assisted Travel Scheme (\$9million)
 - Royal Flying Doctor Service (\$6million)
 - St Johns Ambulance Service (\$8million)
 - Rural Generalist Practice Pathways (\$2million)
 - Regional Men's Health (\$1million).

Indigenous Initiatives

An estimated \$150million will be applied to these initiatives from 2012-13 to 2015-16, with \$49million allocated in 2012-13 on initiatives that include:

- Regional Youth Justice Strategy – Kimberley and Pilbara Expansion (\$9million)
- Clontarf Colleges (\$2million)
- Northwest Drug and Alcohol Support Program (\$5million)
- Indigenous Visitor Hostels (\$10million)
- Jigalong Essential Services Pilot (\$6million)
- Remote Indigenous Health Clinics (\$6million)



Royalties for Regions (cont.)

- Improving Water Quality in Remote Indigenous Communities (\$5million)
- Indigenous Justice Programs for Regional and Remote Communities – enhanced driver training and education, and services for victims of crime (\$1million).

An additional \$120million over the next four years will also be spent to continue the provision of power, water and wastewater maintenance services to 91 remote communities under the Remote Area Essential Services Program.

Regional Headworks and Infrastructure Projects

Regional headworks and infrastructure projects will benefit from expenditure of \$755million in 2012-13. Major projects include:

Pilbara Cities Initiative

An estimated \$602million will be spent on projects in the Pilbara region from 2012-13 to 2015-16, with \$136million allocated in 2012-13. This is expected to transform communities across the Pilbara region and underpin private sector investment to develop Karratha and Port Hedland into major cities of 50,000 residents or more, and Newman to 15,000 residents. The program continues to invest in land release, affordable housing and economic partnerships with traditional owner groups.

Kimberley Revitalisation

An estimated \$239million will be spent on projects to revitalise the Kimberley from 2012-13 to 2015-16. The Ord East Kimberley Expansion Project was a State Government election commitment that has been funded jointly by the State and Federal Governments. RfR funding of \$131million has been allocated in 2012-13 for Kimberley Revitalisation projects.

Gascoyne Revitalisation

Spending on the Gascoyne Revitalisation Project from 2012-13 to 2015-16 is estimated to total \$98million. In 2012-13, \$39million has been allocated for major projects such as the Carnarvon Hospital (\$15million) and the Gascoyne Development Plan (\$16million), which includes the Exmouth CBD and Foreshore Revitalisation, the Gascoyne Town Centre and Tourism Facilities, Carnarvon Fascine Redevelopment planning, the Carnarvon Library and Art Centre, and the Carnarvon Police and Justice Complex.

Mid West Revitalisation

The Mid West Investment Plan is expected to deliver \$210million of major infrastructure projects and initiatives in the Mid West region from 2012-13 to 2015-16. In 2012-13, \$31million has been allocated for projects under the following categories with a view to underpinning the region's economic and social base: Infrastructure and Services, Community Development and Town Centre Revitalisation, Tourism, Industry, Housing and Land Development, Utilities, Health, Education, Energy, Maritime and Environment.

Southern Inland Health Initiative

An estimated \$547million will be spent on the Southern Inland Health Initiative (SIHI) from 2012-13 to 2015-16. \$49million has been allocated in 2012-13 for six programs, four of which focus on investment in district medical workforces (\$19million) that include incentive plans to attract more doctors, district hospitals (\$14million), telehealth (\$6million) and regional aged and dementia care (\$200,000). The remaining two programs are the Primary Health Centres Demonstration Program (\$3million) and the Small Hospital and Nursing Post Refurbishment Program (\$7million).



Regional Skills and Training

RfR spending from 2012-13 to 2015-16 on skills development and training facilities in regional Western Australia is expected to total \$106million. \$32million has been allocated in 2012-13 for the Skills Training Initiative (\$17million) and the Regional Work Camp Enhancement Program (\$15million).

Regional Health (Hospital) Infrastructure

An estimated \$74million will be spent on major hospital refurbishment from 2012-13 to 2015-16. In 2012-13, \$52million has been allocated for the Albany Hospital (\$20million), Busselton Health Campus (\$26million) and Esperance Hospital (\$6million).

Water and Natural Resource Management Initiatives

RfR spending from 2012-13 to 2015-16 to address natural resource management issues and water resource use and planning is expected to total \$53million. In 2012-13, \$17million has been allocated for projects that will have a strategic focus to deliver greater access to information on water availability supply options, as well as managing demand for water supplies for future economic development. A key initiative is the development of the capacity and reliability of the Gascoyne Food Bowl at Carnarvon, including a flood mitigation response.

Regional Mobile Communications Project

RfR spending on this project from 2012-13 to 2013-14 is expected to total \$32million, with \$18million allocated for 2012-13. This project will expand terrestrial mobile voice and high speed

wireless data broadband coverage to improve continuous highway and town-to-town coverage in many of the State's regional, rural and remote communities.

Community Safety Network

An estimated \$53million from 2012-13 to 2015-16 will be expended on a trunked and conventional digital regional radio communications network, with interoperability for the Western Australia Police, Department of Corrective Services and the Fire and Emergency Services Authority. RfR funding of \$23million has been allocated in 2012-13 for this project.

Housing for Workers Initiative

RfR spending on this initiative is expected to total \$256million from 2012-13 to 2015-16, with \$100million allocated in 2012-13 to deliver increased affordable housing opportunities for key workers in Western Australia.

Regional Schools

RfR spending on regional schools across Western Australia is expected to total \$140million over the period from 2012-13 to 2015-16. In 2012-13, \$55million has been allocated for the upgrading and development of regional high schools and primary schools. This includes \$2million, as part of a new three-year initiative costing \$43million, to undertake Year 7 related asset investment activities in seven regional secondary schools. These works are needed to accommodate the transfer of Year 7 students from primary to secondary schools, which will commence in the 2015 school year.



Royalties for Regions (cont.)

Regional Residential College Upgrades

RfR spending from 2012-13 to 2013-14 on this project is expected to total \$32million, with \$22million allocated in 2012-13. These funds will be used to upgrade and expand the facilities at residential colleges to provide quality accommodation, care and services for students from rural and remote areas of the State who board away from home to attend school.

Country Local Government Fund

An estimated \$375million has been allocated from 2012-13 to 2015-16 for the Country Local Government Fund, with \$90million allocated in 2012-13 towards the cost of implementing forward capital works plans, development of strategic projects and capacity building.

Regional Centres Development Plan (SuperTowns)

In 2011-12, *RfR* recurrent funding of \$86million was provided to support the nine SuperTowns' participation in a specialist growth planning process and to implement priority projects that will help stimulate and sustain growth in their communities.

Future funding for the planning, administration and implementation of priority projects will be available to the SuperTowns from core *RfR* schemes such as the Country Local Government Fund and through the Regional Development Council, subject to normal approval processes and alignment with strategic planning frameworks across all levels of government.

SuperTowns will be well-placed to access these programs in the future, due to their prospectivity, capability and well-established growth plans.



2012-13

Budget

Overview