## APPROPRIATION (RECURRENT 2017–18) BILL 2017

*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)** [2.01 pm]: I move —

That the bill be now read a second time.

[The Treasurer read the following speech.]

**INTRODUCTION**

This is the first Labor Budget in just over nine years. It is a Budget that addresses the fiscal legacy that we have inherited.

Labor sees the annual State Budget as the pivotal Government lever that supports our society to function well, to thrive and prosper and help those in need.

This Budget strikes the balance of delivering on our election commitments, of creating jobs and getting the State's finances back on track.

I am pleased to announce that this Budget will put us on the road to deliver a forecast surplus by 2020–21.

Mr Speaker, the path to surplus is not an easy one.

Tough decisions have been made and not all will be popular. But we have worked overtime to ensure that the burden of fiscal repair is shared as fairly as possible across the community.

It is a Budget for Western Australians to be owned by Western Australians.

There is not a single solution to the structural imbalance in the State's finances. There is not a quick solution.

The only sustainable and sure solution is returning the finances to a surplus position and staying there.

This Budget lays the foundation for returning our State to a position of strength.

Mr Speaker, the 2007–08 Annual Report on State Finances outlined a general government operating surplus of $2.6 billion and total public sector net debt of just $3.6 billion. The net debt to revenue ratio for the total non-financial public sector was 19 percent.

Fast forward nine years and the estimated financial results for 2016–17 show a general government operating deficit of $3 billion and total public sector net debt standing at $32.5 billion. The net debt to revenue ratio is now a staggering 83 percent.

They are extraordinary numbers, but we need to understand what they mean so we can all understand the necessity of addressing them. Mr Speaker, at the end of 2007–08, we would have had to pay 19 cents of every dollar the State received in taxes, royalties, GST, utility and other charges to repay all of our net debt that year. Fast forward to today and that figure is now a whopping 83 cents of every dollar the State collects—a 437 percent increase.

To put it another way, there was $1,673 in total public sector net debt for every person in the State at 30 June 2008. At 30 June 2017, that had grown to $12,592 per person.

Whilst this Budget is about the future direction of the McGowan Labor Government, it is of course bound and influenced by the period of the former Government. The fiscal circumstances we have inherited will be, unfortunately, a not insignificant part of the narrative of many future Budgets.

This Budget, Mr Speaker, seeks to ensure that future Western Australian Governments are better able to respond to the economic circumstances that they find. This is an important responsibility of Governments, to govern for the present but with an eye firmly fixed on the future.

Mr Speaker, in 2017–18, the McGowan Government's first full year in office, we will see underlying expense growth of just 2.4 percent.

To put that number in context, the first full year of the former Government saw expense growth of 10.9 percent.

Since Labor was last in office, the Western Australian economy has experienced strong growth, expanding by an average of 4.7 percent per annum or a total of around 45 percent.

This rapid growth was driven by an unprecedented expansion in business investment to a record peak of $78.6 billion in 2012–13. To put this in context, Mr Speaker, investment in our State at this time was greater than the combined level of investment in Victoria, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory.

The expansion in iron ore and LNG projects that underpinned this growth also created significant demand for labour, which saw employment and wages grow at near record rates. There was also a large increase in our population, with an average of around 1,080 people migrating to the State each week in 2012–13.

Tight labour and housing market conditions flowed through to strong growth in taxation revenue, in particular payroll tax, while solid growth in commodity prices saw royalty revenues expand.

Unfortunately, Mr Speaker, during this time of extraordinary revenue growth, the former Government set the State's finances up like a house of cards, vulnerable to economic or fiscal shocks. Expense growth of 33.2 percent over that first term of the former Government created the structural imbalance we are now forced to address.

I accept that since 2014 the former Government did it tough, and faced changes to the State's revenue that, whilst predictable, the extent and speed were not.

Mr Speaker, the large projects that drove the boom eventually passed peak construction and so the investment dollars being injected into the State's economy started to fall. As the demand for labour fell, so did employment, wages and population growth. This coincided with dramatic falls in iron ore prices in 2014.

This meant that while Government expenditure continued to grow, revenue growth fell away rapidly. On top of this, the lagged nature of the GST distribution process meant that our GST grants were falling at the same time as tax and royalty collections declined.

Over the period of strong revenue growth, in particular during the first term of the former Government, there was a distinct lack of discipline or foresight that would have allowed the Government of the time, or future Governments, to maintain a strong and sustainable financial position to react to the inevitable changes in economic circumstances.

The previous Government should have planned for the fall in GST revenue, which they knew was coming and which was predicted in their own Budgets.

One of the great flaws of the GST system is that it is slow to respond and in the first term of Government the former Liberal–National Government chose to spend every dollar of booming State revenues and every dollar of GST grants, and incredibly increase net debt by 500 percent.

Their failure to manage spending led Western Australia to have a credit rating at the bottom end for Australian jurisdictions, being the equal lowest for Moody's and the second lowest for Standard & Poor's.

***GST Distribution***

It is fair to say the financial mismanagement of our predecessors, which lies at the heart of this State's Budget difficulties, has been compounded by an idiosyncratic and unfair distribution of GST. We lose an incredible 88 percent of our iron ore royalties to other States.

The bottom line with the GST is that it does not, and has not for a long time, adequately recognised Western Australia's spending requirements, and it has unfairly discriminated against our royalty revenues.

The State spent around $8 billion in developing the North West Shelf project. Yet these costs have never been recognised in the calculation of GST grants despite most of the associated revenue from this project being effectively redistributed to the other States.

Tasmania's remote areas are assumed to be as costly to service as the remote areas of Western Australia. This is a most ridiculous and offensive assumption.

The GST is distributed between the States and Territories based on data that is up to four years out of date, which compounds our already high revenue volatility. It also means that the GST grant we currently receive is based on data that suggests we have a higher capacity to raise revenue than is actually the case. Our 2017–18 GST grant still partly reflects peak iron ore royalties in 2013–14. Western Australia is in its fifth year of domestic recession and yet our GST grant is still at a near record low, at just 34.4 percent of our population share. This represents an effective loss of $4.4 billion in GST revenue to other States and Territories in 2017–18 alone.

On top of this, the recent revision to Western Australia's estimated population by the Australian Bureau of Statistics following the 2016 Census has resulted in a further reduction to our GST grants totalling $2 billion over the forward estimates period, or $1.4 billion relative to the Pre-election Financial Projections Statement (or PFPS). Unfortunately, our representations to the ABS and the Commonwealth Government have been fruitless to this point.

Mr Speaker, I welcome the Commonwealth's 'top-up' assistance of $226 million earlier this year, but it is ad-hoc and frankly a drop in the ocean. I also welcome the Commonwealth's initiative to commission a Productivity Commission Inquiry into the GST distribution system. But this does not represent a firm Commonwealth commitment to reform, nor address the immediate need for action.

While it is disappointing and bewildering that the Commonwealth is so reluctant to take responsibility for fixing the mess that it is responsible for, the issue will not go away. There are limits to what we can do to compensate for our manifestly inadequate GST share, and without GST reform we will ultimately need to seriously consider other revenue options.

However, we will continue our dialogue with the Commonwealth. We are also fully engaged with the Productivity Commission Inquiry and the Commonwealth Grants Commission's review of its methods. Believe me, Mr Speaker, we are using every available forum to press our case for reform. We will not rest.

***Economic Outlook***

Meanwhile, after the protracted slowdown in economic growth over the past five years, it brings me enormous pleasure to say that the Western Australian economy is now beginning to show signs of recovery.

The State's economy, as measured by Gross State Product, is forecast to grow by 3 percent in 2017–18, following estimated growth of just 0.25 percent last financial year. Finally, after five straight years of negative growth, 2018–19 marks a growing domestic economy.

The rebound in economic growth reflects continued strong growth in net exports, and a reduced drag from business investment. We anticipate that over 90 percent of the total forecast fall in investment from its 2012–13 peak will be over by the end of 2017–18.

Recent signs of recovery in the labour market, including a rise in full-time employment and advertised job vacancies, are very encouraging. Employment is forecast to grow by 1.5 percent or around 20,000 people in 2017–18, which will be supported by growth across a range of service-related industries, including tourism, as well as agriculture and the gold and lithium industries.

The State's emerging lithium industry is being driven by very robust growth in demand for rechargeable batteries for electric cars and renewables. Over the next two years, lithium mining production is expected to double and manufacturing of lithium chemicals is expected to commence. Western Australia is well placed to respond to increased demand in key markets such as China.

The Western Australian economy is forecast to continue growing at around 3 percent per annum over the remainder of the forward estimates period, with an expected return to growth in business investment from 2019–20 underpinning a recovery in employment, population and wages growth to more normal rates.

***Fiscal Outlook***

Sadly, these positive signs do not immediately impact on State revenue. Indeed, Mr Speaker, since the PFPS, the general government revenue estimates have been revised down by a massive $5 billion over the period 2016–17 to 2019–20. The revenue revisions are across-the-board and reflect:

- downward revisions to royalty income (down $1.8 billion), due to lower iron ore prices and a higher $US/$A exchange rate;
- lower GST grants (down $1.7 billion), due to the impact of the 2016 Census on the State's population and a lower than forecast GST relativity for 2017–18;
- weaker taxation revenue (down $777 million), due to lower collections of land tax, payroll tax and insurance duty; and
- lower tied grants from the Commonwealth (down $572 million), due to changes in funding arrangements in the Commonwealth's 2017–18 Budget for schools, hospitals and other service delivery areas.

The Government has worked hard to mitigate these impacts through a $3.5 billion package of Budget repair measures, which I will outline shortly. We have also worked hard to ensure that the majority of election commitments included in this Budget are funded through offsetting savings and reprioritisation of existing funding. As a result, we have limited the net debt impact of our election commitments to $603 million over the next four years.

Nevertheless, the size of the revenue revisions means the forecast general government operating deficit in 2017–18 is $2.3 billion. In addition, total public sector net debt is now expected to reach $43.8 billion by 30 June 2020 and then begin reducing to $43.6 billion by the end of the forward estimates period.

While this is a $2.5 billion increase in the level of net debt relative to the PFPS projections, this Budget has not only accommodated $5 billion in revenue write-downs since the PFPS as well as the Government's election commitments, but also a range of unfunded cost pressures left to us by the previous Government across a broad range of areas of public policy.

The impact of the ABS's revised population estimates on our GST grants alone represents $2 billion or 80 percent of the forecast increase in net debt relative to the PFPS.

The 2017–18 Budget includes an estimated general government operating deficit of $3 billion for the 2016–17 financial year, consistent with the PFPS estimate. It is important to note, however, that this remains an estimate, with the final audited results for 2016–17 to be released later this month in the Annual Report on State Finances. Data processed by the Department of Treasury after the 7 August cut-off date for this Budget indicate that the general government operating deficit for 2016–17 will likely be in the order of $2.5 billion—although, as indicated, final audited results will not be available until later this month.

**THE PATH BACK TO SURPLUS**

Mr Speaker, as promised at the election, the McGowan Labor Government is committed to repairing the unprecedented damage done to the State's finances by the previous Government.

A key first step was to put in place a range of effective financial targets to guide the Government's decision-making and to monitor progress in addressing this significant challenge. Our new targets include a focus on reducing the general government operating deficit each year, and I am pleased to announce that we expect to meet this target each and every year of the forward estimates. As a result, the forward estimates indicate a return to a surplus of $1.3 billion in 2020–21.

We are also focusing on reducing the proportion of total public sector net debt held by the non-income producing general government sector. This has been a challenging target with the revenue write-downs since the PFPS, but I am pleased to say that we also expect to meet this target by the end of the forward estimates period.

***Constrained Expense Growth***

I made the point earlier about the former Government's inability to restrain expense growth. The McGowan Labor Government knows the only credible way back to surplus, to start to reduce net debt, is to control expenditure growth.

I am proud to stand here today and hand down an inaugural Budget with an expected average annual expense growth of just 1.9 percent. Obviously, the challenge will be in the delivery.

The McGowan Labor Government has delivered $3.7 billion of election commitments, at a cost to net debt of just $603 million.

***Debt Repayment Account***

Another key part of our financial management plan is the establishment of a Debt Repayment Account.

If the Government receives any unanticipated or windfall revenue it will be placed into this Account to ensure the money is used for the repayment of outstanding Consolidated Account borrowings. Already, as part of this Budget, $169 million from a large one-off stamp duty assessment and a further $169 million in surplus RiskCover funds will be appropriated to this Account for the repayment of debt.

***Budget Repair***

Mr Speaker, as noted earlier, this Budget includes a $3.5 billion package of Budget repair measures. These measures respond to the revenue challenges I have outlined and commence the task of returning the State's finances to a sustainable footing. Importantly, we have designed our Budget repair package to be as fair as possible, and to reflect the need for the whole community to contribute to this important task.

Importantly, this Government has limited the impact of the Budget repair measures on ordinary Western Australians, with households being asked to contribute less than 9 percent of the total Budget repair measures. We have, as a Government, controlled what we can control, namely, expense growth. As a result, the public sector has borne $2.2 billion of the savings, around 63 percent, and the corporate sector will be asked to contribute $922 million, or around 26 percent of the Budget repair measures. Some key elements of our Budget repair package have already been announced and implemented, including:

- the changes to household tariffs, fees and charges that took effect from 1 July 2017;
- our revised public sector wages policy and associated freeze on remuneration determined by the Salaries and Allowances Tribunal; and
- our Machinery of Government changes which took effect from 1 July 2017 and reduced the number of Departments of State from 41 to 25.

New Budget repair measures announced in this Budget include:

- a Voluntary Targeted Separation Scheme for 3,000 full-time equivalent public sector employees, with priority given to agencies subject to the recent Machinery of Government changes. Importantly, 20 percent of the savings from this scheme will be retained by participating agencies to invest in workforce renewal, with a focus on digital transformation, frontline services, and the recruitment of entry-level employees;
- more efficient utilisation and leasing arrangements for Government office accommodation and changes to State Fleet policy and procurement settings are anticipated to deliver net debt savings of $127 million over the forward estimates period;
- a range of efficiency measures for Government Trading Enterprises will reduce net debt by $473 million over the next four years;
- a temporary Budget repair levy will be placed on major corporates through a new, progressive payroll tax scale to be implemented from 1 July 2018. This levy will be in place for a finite period of five years, under which employers with Australia-wide payrolls between $100 million and $1.5 billion will be taxed at a marginal rate of 6 percent, while those with a payroll exceeding $1.5 billion will be taxed at a marginal rate of 6.5 percent. This Budget repair levy is estimated to raise $435 million over the forward estimates period, and will only affect the largest 8 percent of all employers liable for payroll tax in the State. Mr Speaker, I note that it is estimated that the largest iron ore miners will make the largest contribution—almost one fifth of the total additional revenue generated. We will limit its application to five years so that future Governments do not rely on this revenue source permanently;
- a tiered royalty rate for gold will be introduced from 1 January 2018, whereby the current 2.5 percent rate will apply when the gold price is $A1,200 per ounce or less, and an increased rate of 3.75 percent will apply (on the full royalty value) when the price is above $A1,200 per ounce. Based on the current gold price this equates to around an additional $20 in royalty per ounce. From 1 July 2018, we will also remove the current exemption for the first 2,500 ounces of gold metal production for miners that produce more than 2,500 ounces of gold metal in a financial year. These changes, which are broadly consistent with the previous Government's Mineral Royalty Rate Analysis, will increase royalty revenue to the State by around $392 million across the forward estimates period;
- from 1 January 2019, we will introduce a new 4 percent foreign owner duty surcharge on purchases of residential property by foreign individuals and entities, which is expected to raise $49 million over the forward estimates. The Government did not consider other increases to property tax as part of its Budget repair measures, recognising the impact of the three consecutive land tax increases in the 2013–14, 2014–15 and 2015–16 Budgets under the previous Government; and
- we will also be reforming wagering taxes from a target date of 1 January 2019. Traditionally, wagering products have been taxed in the jurisdiction from where they are supplied, but with the increasing availability of online and mobile wagering, this has led to online bookmakers and betting exchanges locating themselves in lower taxing jurisdictions such as the Northern Territory. Following agreement by Treasurers at the March Council on Federal Financial Relations meeting to consider a common national approach, the Department of Treasury will begin consultation with the industry on implementing a point of consumption tax. This measure is expected to raise a net $52 million over the forward estimates period.

I have also made a number of public comments that I was monitoring the South Australian Government's decision to introduce a State-based major bank levy. The Western Australian Government gave up

State-based bank taxes in return for the introduction of the GST in 2000. Had these now abolished taxes still been in existence they would have raised the State Government around $300 million in 2017–18. A bank levy, similar to that announced by South Australia would, if implemented in Western Australia, improve our net operating balance by around $250 million in 2017–18. The failure of the GST to provide the expected returns to Western Australian taxpayers means this Government must continue to consider alternative revenue measures to make up for this GST shortfall. We will continue consideration of a State-based major bank levy in the absence of genuine GST reform or our Parliament not passing other revenue measures.

As I mentioned earlier Mr Speaker, our full package of Budget repair measures delivers net debt savings totalling $3.5 billion over the next four years, and has been designed to ensure that the whole community contributes as fairly and evenly as possible to the critical task of repairing the State's finances.

**BETTER SERVICE DELIVERY**

Mr Speaker, it is also our goal to improve service delivery. Upon coming to office, we immediately recognised the need for reform of the public sector. Reform in the way services are delivered. Reform as to how spending decisions are made.

While our Service Priority Review is a prime component of this reform, we have other reform processes in place. These include:

- the Commission of Inquiry into Government Programs and Projects, designed to identify lessons learned and develop measures to ensure greater rigour and transparency around future procurement processes;
- the Sustainable Health Review, to look at ways to deliver a patient-first, innovative and sustainable health system for all Western Australians; and
- development of a Justice Pipeline Model to improve integrated decision-making by simulating and forecasting activity across the entire justice system, from Western Australia Police to the Office of the Director of Public Prosecutions and the Legal Aid Commission to the Department of Justice—a great example of the innovative and collaborative approach to service delivery by the McGowan Labor Government.

**ROYALTIES FOR REGIONS**

I would now like to spend some time on the Royalties for Regions program, as it has been the subject of much pre-Budget commentary.

WA Labor has always been committed to Royalties for Regions and the McGowan Labor Government will not amend the Royalties for Regions legislation. Each year 25 percent of the State's royalties will be paid into the Royalties for Regions Fund, subject to the $1 billion ceiling not being exceeded, and each year the McGowan Labor Government will fund regional projects from the Royalties for Regions Fund.

Accordingly, this Budget includes $4 billion of projects and programs funded by Royalties for Regions across the forward estimates period.

Importantly, this Budget also does not shy away from putting the Royalties for Regions program, and the State, on a sustainable financial footing.

As all in this place should now know, Western Australia loses the majority of its royalty revenue to other States through a reduction in its GST grants. In fact, the loss can exceed 100 percent in individual years due to the time lags in the GST distribution process, which means the Government has to borrow to fund the Royalties for Regions program.

The Government has undertaken a comprehensive review of all Royalties for Regions initiatives, prioritising delivery of job-generating regional election commitments and the delivery of community infrastructure and services throughout regional WA. This review has resulted in $861 million of regional programs, which were previously centrally funded, now being supported through Royalties for Regions.

Programs including the Patient Assisted Travel Scheme to support patients who need to travel for treatment, and funding to subsidise the higher costs of delivering water, drainage and sewerage services to people in regional Western Australia so they pay the same price as people living in metropolitan areas. Royalties for Regions funding will also be provided to support essential services to remote communities following the withdrawal of Commonwealth Government funding.

More than $1 billion will be invested in new projects in regional WA targeting job creation, regional health, mental health, education, roads, tourism and economic development. This has been balanced against the need to retain critical existing regional projects.

Investment in tourism, including destination marketing and events, will help to grow the number of people visiting regional WA from interstate and overseas. New and upgraded road, rail and port infrastructure will be built. This will help drive the economy and make travelling on country roads safer.

Included in our initiatives is:

- $50 million to seal the next stage of the Karratha to Tom Price Road, which will encourage more visitors to the area and create more local jobs for the future; and
- $30 million to upgrade the South Coast Highway between Albany and Jerramungup.

Extra support will be provided in classrooms across the State. Education Assistants and Aboriginal and Islander Education Officers will be employed throughout our regional schools. Additional dedicated teachers will be employed in regional schools to support more students to complete years 11 and 12 in major regional centres.

As previously stated, the total Royalties for Regions investment of more than $4 billion in this Budget is focused on ensuring Royalties for Regions is spent responsibly and sustainably to maximise the benefits for regional WA and to drive economic growth across our State.

**DELIVERING OUR ELECTION COMMITMENTS**

Now, Mr Speaker, while we have commenced these significant reforms and developed our Budget repair strategy, the Government has also begun implementing its election commitments.

Reprioritisation of expenditure has meant that the Government's election commitments, despite costing $3.7 billion, will actually only increase net debt by $603 million. As we have previously announced, the Government is reallocating over $1.2 billion of Commonwealth and State funding from the former Perth Freight Link project to fund a range of METRONET commitments. We are investing $674 million of Royalties for Regions funding in delivering on our election commitments to regional WA.

These are the first steps in the delivery of the McGowan Labor Government's election commitments.

***Future Jobs and Skills: Grow and diversify the economy, create jobs and support skills development***

Mr Speaker, the McGowan Labor Government has been elected to create jobs and diversify our economy. Our plans are vast and bold, with an eye firmly fixed on the future.

To boost local jobs we are spending $39 million on the Local Projects Local Jobs grants program, which includes $10 million in regional areas. We will also enact legislation to promote increased local jobs and local business participation in government procurement activities and major resource projects.

To develop economic opportunities and create new jobs in Collie, we have created a $20 million Collie Futures Fund. This investment is a sign of our commitment to build a sustainable future for a town that has been a major contributor to our State's economy as it undergoes a period of significant transition.

In Albany, the Government will invest $19.5 million to establish a Wave Energy Research Centre.

Mr Speaker, this Budget will deliver around 30 new jobs for Aboriginal people in regional Western Australia. This will occur through the Aboriginal Ranger Program. This is part of a five-year $20 million investment that will employ Aboriginal people through direct employment and fee for service contracts, carrying out such work as biodiversity monitoring and research, management of tourism and cultural sites, weeds and feral animals, prescribed burning, bushfire suppression, and construction of recreational facilities. I am particularly proud to be able to fund this commitment.

Improving diversification of the State's economy is also high on our agenda.

Tourism is a key economic driver in Western Australia and plays a vital role in creating local jobs. We are investing a total of $425 million over five years towards Destination Marketing and Event Tourism to focus on bringing more visitors to the State.

To support new and emerging businesses in the high tech sector we have allocated $16.7 million to establish a New Industries Fund, including $4.5 million to drive innovation in the regions.

In line with our election commitment, we have established Defence West as a specialised unit in Government and have appointed a WA Defence Advocate to help actively campaign for a greater share of Australia's defence contracts, thereby creating more jobs for Western Australians.

I am pleased to highlight that we are following through on our election commitment to introduce and support science programs and coding in primary schools to help prepare our kids for the jobs of the future. We will invest $17 million to convert targeted primary school classrooms into science labs and $2 million to upskill teachers so they can integrate coding into their teaching.

This Government also intends to give students more certainty and encouragement to undertake training. This is why we are implementing a freeze on Vocational Education and Training fees, commencing in 2018. This decision will allow more Western Australians to get the skills they need to get a job and help grow our State's economy.

***Strong Communities: Safer communities and support for families***

Mr Speaker, the Government is working hard to enhance community safety, tackle the meth scourge and protect the vulnerable.

We are investing a further $48.2 million to implement a State wide, coordinated and targeted Methamphetamine Action Plan. This includes additional funding for methamphetamine treatment facilities, and the establishment of a new residential alcohol and drug treatment service in the South West.

We are also providing $83.5 million to WA Police to recruit 100 police officers and 20 specialist staff to establish a Meth Border Force. If we can disrupt the supply, then hopefully we can reduce the devastating impacts of methamphetamine in our community.

Mr Speaker, the Government is also providing $6.8 million over four years for staffing and building improvements necessary to provide 24/7 operations at Armadale, Ellenbrook and Cockburn police stations, as well as extending opening hours at Forrestfield, Belmont and Canning Vale police stations. A new police station will also be built in Capel.

As part of our Stopping Family and Domestic Violence package, the Government has allocated $12.4 million over four years to hold violent perpetrators accountable, keep victims safe, and prevent violence against women and children.

This Budget also includes a range of election commitments to deliver a sustainable health system that puts patients first.

The establishment of Urgent Care clinics will be supported through a community awareness campaign. This will allow patients who have non-life-threatening illnesses or injuries to receive appropriate treatment without the need to present to an emergency department.

We will deliver the *Let's Prevent Program*—a pilot initiative to educate and encourage participants to make the necessary changes to avoid chronic conditions.

We are committed to putting patients first by being accountable through feedback and ongoing conversations to ensure patients have a say in the way we care for them.

The Government has also committed to a 10-bed community mental health step up/step down service in Kalgoorlie, which is expected to open in late 2020 and will help support people in their community by providing care close to home.

Mr Speaker, our significant investment over the next four years in educating our children includes:

- $58.9 million to put an additional 300 education assistants and 50 Aboriginal and Islander Education Officers back into public school classrooms;
- $31.7 million for an additional 72 full time equivalent teachers to mentor, teach and share their knowledge in order to improve teacher quality; and
- $13.2 million to appoint an additional 30 full time equivalent teachers who will be trained to lead the delivery of mental health programs in schools.

We are also making a significant investment in school infrastructure, totalling $1.4 billion across the forward estimates. This includes $67.8 million for Stage 1 of the new Inner City College on Kitchener Park in Subiaco, which is scheduled to open in 2020.

***Better Places: A quality environment with liveable and affordable communities***

Mr Speaker, in shaping this Budget, one of our primary goals has been to ensure Western Australia has liveable and affordable communities, strong and vibrant regions, and exciting cultural and sporting events. We are also committed to protecting and enhancing our environment.

As part of our decision to cancel the flawed Perth Freight Link project, the sensitive Beeliar wetlands and valued bushland in the Roe 8 corridor are being rehabilitated, with support from the local community.

The community also wants reduced traffic congestion and accessible and quality public transport. On 7 May 2017, we announced jointly with the Commonwealth a substantial $2.3 billion road and rail infrastructure package for the State.

The 'Boosting Jobs, Busting Congestion' package will help ease congestion, improve road safety and improve general connectivity across Perth and Western Australia. The significant agreement will provide a major boost to our economy, with 6,000 jobs expected to be created as a result of the 17 new projects, not including METRONET.

Our flagship METRONET vision will transform Perth's public transport network. We will spend $1.3 billion over the period 2017–18 to 2020–21 for METRONET Stage 1 projects. This includes $1.2 billion reallocated from the cancelled Perth Freight Link project and $104.8 million from value capture and land sales.

We have allocated funding in this Budget for the construction of the Thornlie Cockburn Link and the Yanchep Rail Extension, the removal of the Denny Avenue level crossing and the procurement of an additional 102 railcars. This Budget also provides planning funding for rail lines to Ellenbrook and Byford, new and existing station upgrades, improved signalling and further level crossing removals.

The $2.3 billion package also includes significant new road projects, which will not only help reduce congestion but will also stimulate local jobs. This Budget also includes a number of significant road projects in regional WA, some of which were highlighted earlier.

To enhance cultural and sporting activities across the State, I am pleased to announce that construction of Perth Stadium, which had a peak workforce of over 1,300, is on schedule. And the Swan River Pedestrian Bridge, which is now being manufactured locally, is on track to open in early 2018.

**CONCLUSION**

In conclusion, Mr Speaker, the 2017–18 Budget:

- focuses on getting Western Australia back on track by boosting local jobs and delivering our election commitments;
- outlines our Budget repair plan to return the general government sector to surplus within the forward estimates and limit growth in net debt; and
- starts the process of reforming the public sector and the delivery of services to the community.

Mr Speaker, there has been significant commentary over recent years about the state of Western Australia's finances and the reasons we find ourselves in such a poor position relative to just eight years ago. I accept that constrained revenue growth and low GST grants over the second term of the former Government played their part—but that is not the whole explanation, not even close. Those sitting opposite need to take responsibility for the state of the finances and help us respond to the structural imbalance they created during their first term in office.

The remedies needed to restore the State's balance sheet to health will require a concerted effort by the entire community, including this Parliament, to ensure we do not pass our current financial burden on to future generations of Western Australians. In that context, I appeal to members on the other side to support the effort to fix our books. I urge members of the Opposition and the crossbench not to be Budget wreckers, but acknowledge the impact of their time in Government and assume a shared responsibility in resolving the challenges which confront us.

This is a Budget that will help Western Australia return to a path of sustainable finances and a growing economy.

It is a Budget that puts us on the road to recovery.

Mr Speaker, I commend this Budget to the House.

[Applause.]

**Mr B.S. WYATT**: Mr Speaker —

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 2017–18) Bill 2017 is for recurrent services, which comprise the delivery of services and administered grants, subsidies and other transfer payments.

Appropriation (Capital 2017–18) Bill 2017 is for capital purposes, providing for asset purchases and payment of liabilities of agencies.

**The SPEAKER**: You have to table the bills.

**Mr B.S. WYATT**: I continue —

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 582 to 585.]

**The SPEAKER**: We need someone to adjourn the debate on the bill.

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