

2017-18 State Budget

Treasurer Ben Wyatt handed down the McGowan government's first budget on 7 September.

Master Builders Director Michael McLean was one of about 70 industry, union and media representatives who attended the "Budget lock-up." This embargoed briefing by the Treasurer enabled us to analyze the entire content of the State Budget. The most relevant sections are summarized for the benefit of MBA members.

Economic Outlook

Treasury expects that WA's economic growth bottomed in 2016-17 at 0.25% with 3% growth forecast in 2017-18, under-pinned by a strong rise in net exports.

The state's domestic economy, however, is expected to contract for a 5th consecutive year as a result of business investment falling.

Perth median house prices are expected to decline for the third consecutive year.

Employment is expected to increase by 20,000.

Population growth will be subdued, lifting from 0.7% in 2016-17 to 1.8% in 2020-21 (compared to a 3.1% peak in 2012-13). 10.57% of Australia's population reside in WA.

Government operating deficits are expected for the next three years.

WA is forecast to return a surplus (1.26b) in 2020-21. A \$2.34b deficit is forecast this year.

Net debt is forecast to improve \$3.5b over the next four years; \$1.7b savings coming from the public sector.

No asset sales reported.

First Home Owner Grant (FHOG)

The \$10,000 FHOG has been retained which is great news for many residential builders and 6,000 or so new home buyers.

Taxes

There are no changes to land tax or stamp duty.

Payroll tax will increase from 1 July 2018 for a five year period:

- from 5.5% to 6% for payrolls over \$100m and up to \$1.5b (up to \$7.5m extra pa)
- from 5.5% to 6.5% for payrolls over \$1.5b (at least \$15m extra pa)

The 4% foreign owner duty surcharge on residential properties will only apply from 1 January 2019.

Capital Works Program

Metronet (\$1.3b over four years)

- One of the first key projects to be delivered as part of Metronet Stage 1 will be the Forrestfield-Airport Link which will include new stations at Forrestfield, Airport Central and Belmont. Bayswater train station will be upgraded as part of this project.
- Three new rail stations are planned at Yanchep, Eglinton and Alkimos following the extension of the northern suburbs rail line to Yanchep.
- The Thornlie rail line is being extended to Cockburn, with two new stations at Nicholson Road and Ranford Road.
- \$22.1m has been budgeted to plan for the Morley-Ellenbrook rail line and extension of the Armadale line to Byford.
- A new station on the Mandurah line is planned at Karnup while the Midland station will be relocated to the town centre.
- \$7.8m is budgeted for a new bus depot in Mount Claremont.

Primary Schools

- \$146.8m over the next four years to build 10 new primary schools in Baldivis, Banksia Grove, Bletchley Park, Brabham, Burns Beach, Byford, Caversham South, Harrisdale/Piara Waters, Huntingdale and Yanchep.
- Construction will commence on 4 new primary schools in Aveley North, Meadow Springs North, Forrestdale South West and Southern River at a cost of \$83.2m.
- \$3.5m additions to Mount Hawthorn Primary School.
- \$1m covered assembly area at Caversham Primary School.
- \$1.5m library at North Morley Primary School.
- \$600,000 upgrades to South Ballajura and Tapping Primary Schools.
- \$12m allocated over four years to upgrade facilities for the "Investing in Science Program" in Primary Schools.
- \$1.5m for early childhood facilities at Glen Huon Primary School.

Secondary Schools

- Planning for a school at Butler North (\$52.4m).
- Planning for the new Inner City College on Kitchener Park in Subiaco (\$67.8m).
- Planning for an \$18.8m upgrade to Carine Senior High School.
- Planning for a \$50m redevelopment of Balcatta Senior High School.
- \$2m for upgrades to Canning Vale College.
- Planning for an \$8.4m upgrade to Southern River College.
- Planning for a \$20m upgrade to student accommodation at Broome Senior High School.
- \$5m to plan for an upgrade to Bunbury Senior High School.
- Planning for \$30m in additions to Margaret River Senior High School.
- Planning for \$6.4m additions to City Beach Residential College.
- \$5.6m for a variety of minor upgrades (eg toilets, libraries and assembly areas).

Miscellaneous Capital Works

- \$8m for Capel Police Station.
- \$9.6m for an Alcohol and Other Drugs (AOD) rehabilitation prison at the Wandoo Facility.
- \$25.6m for the Custodial Infrastructure Program that will increase prison capacity.
- \$10.4m for maintenance and infrastructure upgrades across all justice facilities.
- \$2.1m to upgrade the Acacia Prison Wastewater Treatment Plant.
- \$121.4m for earthworks, pilings and reinforcement of heritage buildings' foundations associated with the new museum project.
- \$143.2m is being invested in the Economic and Employment Lands program which includes Western Trade Coast, Meridian Park, Crossroad Industrial Estate and Anketell (Karratha).
- \$413.5m is being invested in projects which enable people to buy new homes in master-planned estates; \$34.7m is being used for the Ocean Reef Marina development.
- \$356.2m is being invested by LandCorp in regional projects from Port Hedland to Albany.

Housing

- 16,516 persons on the Department of Communities housing waitlist and 1,590 households on a priority waitlist as at 30 June 2017.
- Funding for the National Partnership on Remote Housing concludes on 30 June 2018.
- The proposed National Housing Finance and Investment Corporation aims to increase private sector investment into social and affordable housing.
- A new National Housing and Homelessness Agreement to be renegotiated with the federal government.

Training

- The State Training Board and Industry Training Councils are being revamped to ensure a greater link with industry.
- An increase in on-site audits and a focus on outcomes for Registered Training Organizations.
- The development of a "Priority Start Policy" for all stated-funded construction projects to create more jobs for apprentices and trainees.
- Ensuring regional TAFE deliver training that aligns with future job growth.
- TAFE Industry Skill Centres are to be established to provide a single point of contact for industry and job seekers.
- VET course fees will be frozen from 2018 for four years.
- \$17.9m Esperance Campus replacement at South Regional TAFE.

Proposed Reforms

- Urgent reform of WA's housing indemnity insurance scheme has been identified to protect home-buyers. The Agreement between the WA government (which underwrites \$100% of the HII risk) and QBE expires in October 2018.
- A comprehensive review and modernization of the Local Government Act.
- A new Heritage of WA Act that will adopt national standards for assessing heritage places of state significance, promote sustainable development and adaptive re-use and provide enhanced transparency and certainty of decision-making for custodians of heritage places.
- An amended Planning and Development Act and new Region Planning Scheme Regulations.
- Reform of the GST distribution remains a priority. WA will only retain 34.4% of its GST revenue in 2017-18; paying \$4.48b to other states.
- An expanded program of red tape reduction, including improvements of the regulatory impact assessment program and a more responsive engagement with industry.
- The Strategic Projects Branch now operates under the Department of Finance, as does Building Management & Works (BMW).
- More government contracts will be awarded to Aboriginal businesses and will increase local industry participation.
- Following 11 work-related fatalities in WA in 2016-17, increased penalties are proposed for offences of the Occupational Safety and Health Act (from \$500k to \$1.3m).
- A new Work Health and Safety Bill is being drafted, based on "model" laws which operate in most other states.
- Occupational licences will soon be available on-line.
- A national review of the operation of the Australian Consumer Law (ACL) in 2016-17 will result in changes to consumer laws in WA.
- The government is committed to improving security of payment for builders, subbies and suppliers operating in the industry. Consultation is planned.
- A Bunbury Development Committee will be formed to work with the South West Development Commission to guide the development of the Greater Bunbury region, including the Bunbury Waterfront.
- Design WA is being established to oversee good design policies, especially around Metronet stations.
- The Planning in Bushfire Prone Areas Guidelines are being reviewed.
- Strata Title reform to support different housing options.
- Landgate's enabling legislation is up for review.

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