

STATE BUDGET 2015

HEAT IS ON

Fees rise \$200 as debt hits record high

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Treasurer Mike Nahan has presided over WA's biggest debt and deficit in a State Budget that flags extensive asset sales in a desperate bid to prevent net borrowings from galloping past \$36 billion.

The Budget projects a mammoth \$2.7 billion operating deficit — outpacing expectations — and a cash deficit of more than \$5 billion.

From July 1, power and water prices will rise 4.5 per cent, the Emergency Services Levy will increase 10.6 per cent and the cost of a two-zone public transport ticket will increase 2.4 per cent.

In all, the average household will pay almost \$200 more in Government fees in charges, plus an extra \$99 per vehicle to pay for the new no-fault insurance scheme for victims of catastrophic motor vehicle accidents.

In a Budget speech received with funereal enthusiasm from the Government benches, Dr Nahan said the financial plan

had been prepared in the most challenging economic and fiscal environment that WA had faced in at least 30 years.

“Commodity prices have dropped precipitously,” Dr Nahan said.

“Our share of GST has been driven to record lows.

“Softening economic conditions have directly slowed growth in all other major sources of State tax revenue.”

In all, the Government wrote down its revenue estimates by \$10.2 billion over four years compared with last year's Budget, primarily because of an

iron ore price that Treasury believes will average just \$US47.50 a tonne in 2015-16, compared with last year's projection of \$US120 a tonne.

Despite the revenue collapse, the Government resisted taking the axe to its \$6 billion-a-year infrastructure program.

The Treasurer sought to recast this as a jobs stimulus program to shepherd the State through tough economic times brought about by

the unwinding of the mining investment boom.

As revealed in *The West Australian* yesterday, the privatisation of Fremantle port headlines an expanded program of asset sales which includes the TAB gambling operation, the Government's vehicle fleet, housing loans held by KeyStart, the Forest Products Commission's pine

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Nahan's search for cash

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plantations, Government-owned housing for public servants in the bush, power stations, street lights, office buildings and land.

The Government wants to lease Fremantle port, probably for 50 years, in a deal that would include the Kwinana Bulk Terminal and nearby Government-owned land in a package deal that could also be tied to the future construction of a new container port within 15 years.

The Government believes it can raise between \$3 billion and \$5 billion from the asset sales.

Opposition Leader Mark McGowan said the Government had resorted to a desperate fire

sale while inflicting pain on families.

"This is the cost of the Liberals blowing the boom," Mr McGowan said. "Colin Barnett has blown the Budget and now he's making WA families pay for it."

In other Budget measures announced yesterday:

- The \$3000 first-homebuyer grant for people who want to buy established homes has been axed,

saving \$109 million over four years.

- Seniors' concessions have been tightened, including caps on rebates for local government rates and water bills, a means test for cost-of-living rebates and a progressive increase in the eligibility age for a WA Senior's Card.

- A lift in the land tax of 25 per cent by introducing a new \$300 flat tax for eligible properties valued at \$300,000 to \$420,000 and rises for every land tax rate except the top rate.

Dr Nahan said the Government's Budget strategy had been to try to insulate households and business while calling for further efficiency in the public sector.

A \$1.3 billion deficit for 2014-15 is effectively reduced by \$499 million, thanks to the Commonwealth's GST compensation package announced last week.

Treasury is projecting another \$1.1 billion deficit in 2016-17 before returning to an \$874 million surplus in 2017-18 and a \$2.2 billion surplus in 2018-19 as WA's GST payments rebound to

compensate for falls in iron ore revenue.

BUDGET AGGREGATES					
	Estimated actual 2014-15	Budget 2015-16	Forward estimates		
			2016-17	2017-18	2018-19
Operating surplus/deficit	-1287	-2708	-1148	874	2209
Revenue	27,045	26,325	28,496	31,075	33,517
Revenue growth	-3.3%	-2.7%	8.2%	9.0%	7.9%
Expenses	28,332	29,033	29,644	30,201	31,308
Expense growth	4.0%	2.5%	2.1%	1.9%	3.7%
Cash position	-4140	-5090	-3139	-1147	790
Net debt	25,455	30,996	34,443	36,289	35,753

*All figures in millions of dollars. Source: WA Treasury