

## 2001-02 Victorian Budget Overview



Delivering today, building for tomorrow





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2001-02 Budget Paper set includes:  
Budget Paper No. 1 - Treasurer's Speech  
Budget Paper No. 2 - Budget Statement  
Budget Paper No. 3 - Budget Estimates  
Budget Overview

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## Contents



Treasurer's Message	3
2001-02 Budget: Overview	4
A Growing Economy	8
Building Victoria's Infrastructure	9
Better Business Taxes: Lower, Fewer, Simpler	10
Innovation – Research and Creativity	12
Innovation – Education and Training	13
A Better Environment	14
A Budget for all Victorians	15
Budget at a Glance	16
Community Building	17
A Healthy Victoria	19
A Safer Community	21
Improved Transport Infrastructure and Services	23
Modernising Government	24



## Treasurer's Message

The 2001-02 Budget delivers today and builds for tomorrow through a program of financially responsible and socially progressive initiatives to deliver improved services and promote growth across the whole State.



Over the past year, employment growth in Victoria has been the strongest in the nation, with 68 500 jobs created in the year to March 2001. This was well over half of all new jobs created in Australia during this period. Of the new jobs in Victoria, more than one in three were created in rural and regional Victoria.

At the same time, the quality and access to much needed services have been improved through significant investments in health, education and community safety. Victorian government decision making is also being conducted with greater transparency and accountability.

The 2001-02 Budget builds on these achievements and, within the context of slowing national and international economies, it specifically targets jobs growth by investing heavily in new infrastructure, reducing business taxes and encouraging creative and innovative economic activity. This budget also focuses on strengthening the Victorian community through a series of multi-year strategies and specific initiatives aimed at enhancing service delivery in the key areas of health, education and community safety.

In formulating the current budget, the Government has recognised that despite Victoria's relatively strong economic performance, it cannot be quarantined from the impact of uncertain national and international economic conditions.

The 2001-02 Budget delivers a strong and secure financial base that provides a buffer against reasonable economic risks. Maintaining a strong financial position is critical to the delivery of Victoria's long-term economic, social and environmental wellbeing.

A handwritten signature in black ink, appearing to read 'John Brumby'. The signature is stylized and cursive, with a long horizontal stroke at the end.

John Brumby  
Treasurer

## 2001-02 Budget: Overview

The Bracks Labor Government's policy program is built on four key pillars:

- responsible financial management
- growing the whole State
- delivering improved services
- restoring democracy

### Budget highlights

Responsible financial management	Substantial budget operating surpluses over the next four years
	Debt forecast to halve between June 1999 and June 2005
Growing the whole State	Record \$2.13 billion investment in new infrastructure projects
	Enhanced learning environments for schools, TAFE institutes and research institutions
	Environmental initiatives to tackle salinity, protect the marine environment and restoring flows to the Snowy River
	\$774 million of business tax cuts over the next four years
Delivering improved	Austin and Repatriation Medical Centre services redevelopment and Mercy Hospital for Women relocation
	Additional health funding of \$582 million over four years for the Hospital Demand Strategy
	\$287 million to enhance schools and TAFE institutes, making them better learning environments
	Upgrading and replacement of police stations, funding for prison diversion and rehabilitation programs and additional public prison beds to reduce overcrowding
	Community building – ten pilot projects
Restoring democracy	Additional County Court judges, extra funding for Victoria Legal Aid and Community Legal Centres
	Enhancing leadership in e-government through redevelopment of vic.gov.au website
	Budget reviewed by Auditor-General

## The budget delivers a substantial operating surplus of \$509 million in 2001-02.

### Responsible financial management

The 2001-02 Budget delivers on the Government's commitment to provide responsible financial management. Only by providing a strong financial base is it possible to create jobs growth across the whole of the State and deliver improved services. Demonstrating the Government's commitment to responsible financial management, the 2001-02 Budget delivers:

- a substantial budget operating surplus of \$509 million in 2001-02, and an average surplus of around \$500 million over the following three years;
- a reduction in general government net financial liabilities, excluding the Growing Victoria infrastructure reserve, from \$16.3 billion or 10.8 per cent of GSP at June 1999 to \$15.2 billion or 7.2 per cent of GSP by June 2005; and
- over the same period net debt, excluding Growing Victoria, is expected to fall by half from \$4.9 billion in June 1999 to \$2.5 billion in June 2005.

### Growing the whole State

The Government is committed to building a new Victoria for the 21st century where all Victorians will have the opportunity to contribute and share in Victoria's growth and economic prosperity.

The 2001-02 Budget targets jobs growth across the whole State by investing heavily in new infrastructure, reducing business taxes and encouraging creative and innovative economic activity.

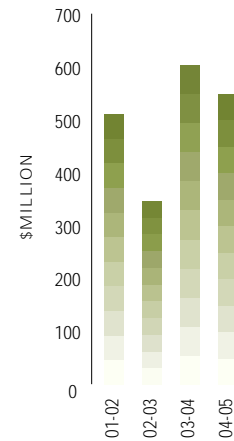
### Infrastructure

New infrastructure projects with a total estimated investment of \$2.13 billion have been approved since the 2000-01 Budget. These new infrastructure projects, together with previously announced projects, will result in net purchases of fixed assets rising from \$1 341 million in 2000-01 to \$1 950 million in 2004-05, an increase of 45 per cent.

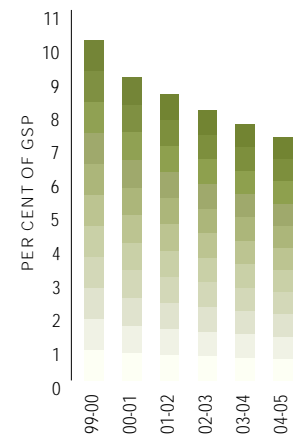
This includes \$780 million for transport, \$514 million for health and \$336 million for community safety.

This large investment in infrastructure is entirely financed from budget surpluses and a planned allocation of the Growing Victoria infrastructure reserve. It requires no additional borrowings.

As a result of the higher than expected 2000-01 surplus, an additional \$175 million is being allocated to the original \$1 billion Growing Victoria infrastructure reserve.



**Substantial budget surpluses**  
General government operating surplus



**Liabilities falling**  
General government net financial liabilities

# Building a creative and innovative economy is essential to Victoria's long-term economic growth.

## *Innovation*

The 2001-02 Budget commits the Government to encourage innovation in Victoria through initiatives that promote learning and skills development. These initiatives include:

- enhancing Victoria's learning environment through a \$287 million investment in education and training infrastructure, with a particular focus on science and information technology;
- encouraging Victoria's research and knowledge creation through a \$72 million investment in research institutions, particularly in the areas of agriculture, viticulture, gene technology and space science;
- fostering talented individuals and research activity by providing:
  - \$10 million in seed funding to establish a joint government/industry endowment, the Victorian Endowment for Science, Knowledge and Innovation (VESKI), to provide scholarships and assist young Victorian researchers;
  - \$32 million over four years to promote film and television production activity; and
- government leadership in information and communication technology (ICT) uptake and adoption through an e-government strategy and modernisation of government services.

## *Environmental sustainability*

The Government is investing \$193 million over four years in new initiatives to improve Victoria's environmental sustainability and biodiversity by tackling salinity, protecting Victoria's marine environment and restoring flows to the Snowy River.

## *Business tax cuts*

The Government's tax reform package, announced on 26 April 2001, *Better Business Taxes: Lower, Fewer, Simpler*, reduces the burden of payroll tax, cuts the number of state business taxes, and reduces paperwork and red tape. There are lower, fewer and simpler taxes, with no new taxes and fewer taxpayers as a result.

## **Delivering improved services**

In 2000-01 the Government delivered improved services and boosted expenditure in key areas of health, education and community safety. Resources were targeted towards a balance of rebuilding and modernising services, improving outcomes, expanding support services, structuring effective pathways and providing adequate resources to promote safer communities.

In the 2001-02 Budget, the Government is building on last year's investment by adopting medium to long-term strategies to improve quality, access and equity in services, particularly in health, education, community safety and transport.





## The Bracks Labor Government has implemented substantial reforms to return Victoria to open, transparent and accountable government.

In this budget, the Government is providing:

- an \$108 million ongoing commitment to increasing hospitals' capacity to cope with rising demand, in particular for emergency services plus support for alternative care options;
- \$25 million towards enhancing a wide range of community support services available to people and their carers;
- \$34 million to make Victorian communities safer through a visible police presence and to upgrade and replace local and regional police stations;
- \$246 million over four years towards transport initiatives to provide more accessible, affordable and efficient transport services; and
- \$7 million over three years towards community building.

### Restoring democracy

The Government believes that democracy is strengthened when the community can be confident that decision making is open and accountable, and that the processes of government operate to ensure best value in the provision of government services.

The Government is committed to improving the administration of government on behalf of the community it serves. To this end, the Government has invested heavily to enhance service delivery and improve the ICT interface between government and the community including:

- \$4 million for the redevelopment of the vic.gov.au site to maintain Victoria as a world-leader in e-government;
- \$30 million for an electronic version of the land titles register to enable electronic land title searches and registration; and
- \$3 million to install high quality collaboration and video conferencing infrastructure, including internet facilities, at some 30 regional centres across Victoria.

The 2001-02 Budget demonstrates the Government's commitment to accountability and transparency. The budget is consistent with the framework for responsible financial management the Government established last year which set new standards of financial reporting and transparency.

- Victoria's budget has been examined by the Auditor-General who has stated that nothing has come to his attention that would cause him to believe that the estimated financial statements are not consistent with the Government's key financial measure.



# A Growing Economy

The Victorian economy generally outperformed the rest of Australia over the past year and Victoria continues to attract people from interstate.

Labour market conditions were much stronger in Victoria than in the rest of Australia over the past year. Some 68 500 new jobs were created in Victoria, which was well over half of all new jobs created in Australia during this period. Of the new jobs in Victoria, more than one in three were created in rural and regional Victoria.

The global economic slowdown and the disruption caused by the Commonwealth's GST have reduced consumer and business confidence

and caused national economic growth to weaken. Reflecting this, Victorian growth is expected to moderate to 2.5% in 2000-01 and 2.75% in 2001-02, before strengthening to 3.75% in the following year.

Victorian employment growth is expected to be the strongest in the nation in 2000-01, at 3.25%.

Employment growth will ease to 0.5% in 2001-02, before recovering to 1.5% thereafter.

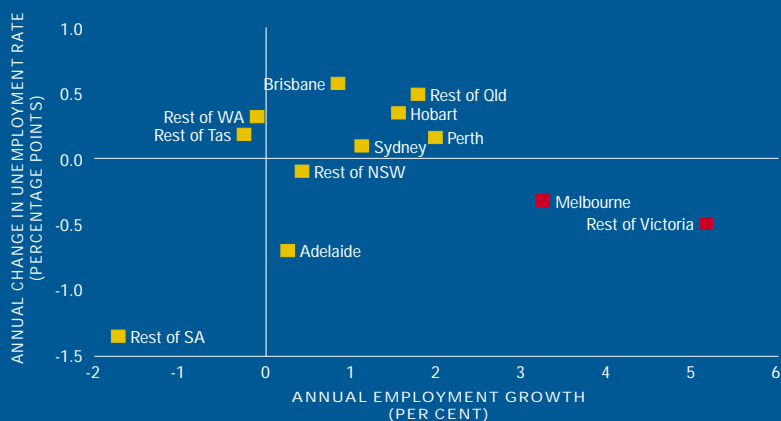
The unemployment rate is forecast to average 6.50% in 2001-02, before resuming its steady decline.

Inflation should fall back to low levels next year after a GST-affected 6.00% rise in the Melbourne CPI in 2000-01. Melbourne CPI inflation is forecast to be 2.0% in 2001-02 and 2.25% during the rest of the outlook period.

Wages growth is forecast to remain restrained at 3.5% throughout the outlook period.

**Victorian economic projections (%)**

	2000-01	2001-02	2002-03	2003-04	2004-05
Economic growth	2.50	2.75	3.75	3.50	3.50
Employment growth	3.25	0.50	1.50	1.50	1.50
Unemployment rate	6.00	6.50	6.25	6.00	6.00
Inflation	6.00	2.00	2.25	2.25	2.25
Wages growth	3.50	3.50	3.50	3.50	3.50



**Regional labour market performance by State**

# Building Victoria's Infrastructure

The Government recognises that building effective infrastructure is essential to delivering improved services and promoting growth across the whole State.

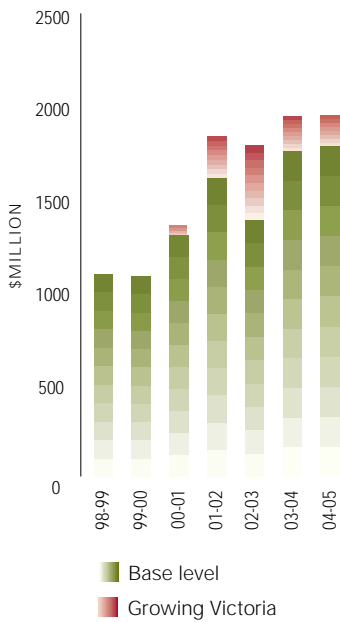
In line with this objective, the 2000-01 Budget established the \$1 billion infrastructure reserve, Growing Victoria. The 2001-02 Budget adds an additional \$175 million to the Growing Victoria infrastructure reserve.

The Growing Victoria infrastructure reserve has enabled the Government to boost spending on new infrastructure without any additional borrowings.

New infrastructure projects with a total estimated cost of \$2.13 billion have been approved since the 2000-01 Budget. These infrastructure projects will contribute to spending on the net purchase of fixed assets of \$1 341 million in 2000-01, rising to \$1 950 million in 2004-05.

The Government's infrastructure investment will be of considerable economic, social and environmental benefit for the whole of Victoria. It will ensure that future generations of Victorians enjoy high levels of improved services, stronger economic growth and increased job opportunities.

New infrastructure projects with a total estimated cost of \$2.13 billion have been approved since the 2000-01 Budget.



**Boosting Victoria's infrastructure**  
*General government sector net asset investment*



# Better Business Taxes: Lower, Fewer, Simpler

As a result of the *Better Business Taxes* package Victoria's tax competitiveness has improved.

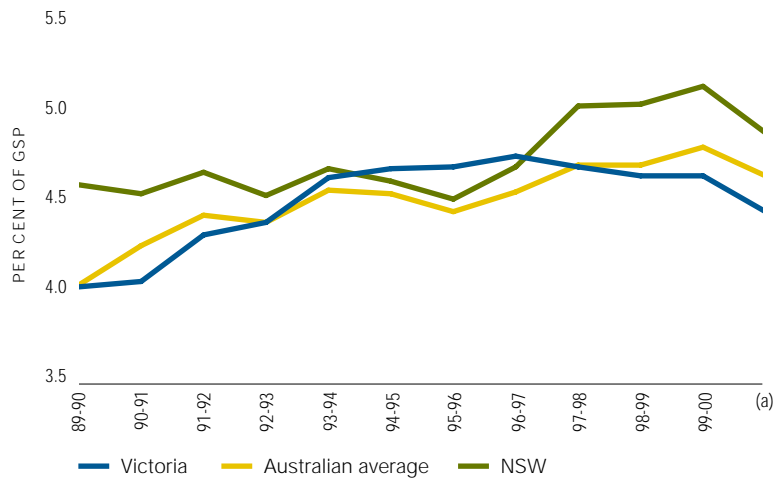
The competitiveness of Victoria's tax regime plays an important role in underpinning economic growth and investment. The level of competitiveness has an impact on business investment, employment and production decisions. It may also affect decisions to invest in Victoria as opposed to other States, or in Australia as opposed to other countries.

As a result of the *Better Business Taxes* package Victoria's tax competitiveness has improved.

Victoria's taxation revenue as a proportion GSP is lower than that of NSW and the Australian average.

An independent economic study by Monash University shows significant benefits for Victoria in terms of economic growth, employment and consumption.

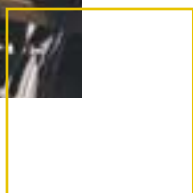
- Monash University has estimated the long-run gain in employment in Victoria is about 10 000 jobs, and an increase in state economic growth over the same period of around one third of 1 per cent.



### Competitive business taxes

Note: Historical data reflects only those taxes that remain after 1 July 2001.

(a) 1999-2000 data adjusted for all known tax cuts, including those in this budget.



## Better Business Taxes: Lower, Fewer, Simpler

\$774 million of tax cuts will be provided over the next four years.

The Government's tax reform package, *Better Business Taxes: Lower, Fewer, Simpler*, is based on broad community consultation and adherence to the belief that Victorian businesses throughout the State, whether large or small, should receive a fair deal from tax reform.

The package reduces the burden of payroll tax, cuts the number of state business taxes and reduces paperwork and red tape. Taxes are lower, fewer and simpler with no new taxes and fewer taxpayers as a result.

- True to the Government's commitment made last year, previously announced business tax cuts of \$100 million per year from 2001-02, rising to \$200 million per year from 2003-04, were incorporated into the tax package. In addition, further tax cuts rising in value to \$151 million by 2004-05 have been provided.

- In total, \$774 million of tax cuts will be provided over the next four years.

Key tax reform measures include:

- a reduction in the marginal rate of payroll tax from 5.75 per cent to 5.45 per cent from 1 July 2001 and to 5.35 per cent from 1 July 2003, an increase in the payroll tax threshold from \$515 000 to \$550 000 from 1 July 2003, and the removal of three payroll tax concessions;
- an increase in the land tax threshold from \$85 000 to \$125 000, removing approximately 46 000 small businesses, investors and self-funded retirees from the land tax net in 2001-02;
- abolition of three business stamp duties – stamp duty on non-residential leases (from 26 April 2001), stamp duty on unquoted marketable securities (from 1 July 2003) and stamp duty on mortgages (from 1 July 2004); and

- a range of simplification initiatives to reduce paperwork and compliance costs for businesses across the State.

These measures reshape the state business tax regime to make it more efficient, effective and equitable. The package will reduce business costs, raise business confidence and provide a boost to jobs growth across the whole State.

### Government's tax reform measures

	(\$million) 2001-02	2002-03	2003-04	2004-05
<b>Payroll tax</b>				
Rate reduction	-127.3	-147.9	-204.0	-219.8
Increase in threshold to \$550 000			-35.0	-38.0
Removal of concessions	73.4	85.0	89.0	94.0
<b>Land tax</b>				
Increase in threshold to \$125 000	-5.0	-5.0	-5.0	-5.0
<b>Stamp duties</b>				
Abolition of non-residential leases duty	-41.1	-43.6	-46.2	-49.0
Abolition of duty on unquoted marketable securities			-10.5	-11.3
Abolition of mortgage duty				-122.0
<b>Budget impact of tax reform measures</b>	<b>-100.0</b>	<b>-111.5</b>	<b>-211.7</b>	<b>-351.1</b>

## Innovation – Research and Creativity

Creativity, innovation, flexibility and skills have become the hallmarks of the globally-oriented Victorian economy.

Over the past 18 months, the Government has put in place an integrated program of initiatives designed to sustain existing jobs and encourage jobs growth in the future by enhancing Victoria's position as the innovation centre of the Australian economy.

The 2001-02 Budget builds on these initiatives, and in particular recognises innovation and creativity are crucial to meeting industry's workforce needs – now and into the future. To promote Victoria's research, innovation and technical capabilities in high-skilled growth areas, the Government is providing:

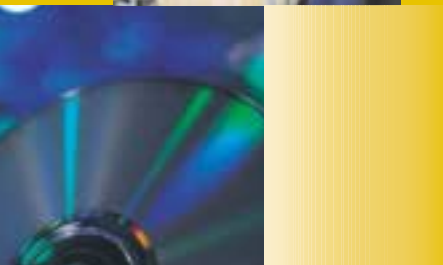
- \$50 million over three years to modernise the Department of Natural Resources and Environment's regional research and development institutes;
- \$7.4 million to the Australian College of Wine to provide world-class training in viticulture. The college will be based on the existing infrastructure and programs of the Northern Institute of TAFE and will be located in three campuses at Eden Park, Yarra Glen and Ararat;
- \$4 million to provide a Science and Technology Centre at Bacchus Marsh Secondary College;
- \$4.2 million over three years for a new world-class centre for biotechnology to be established at University High School; and
- \$6.4 million over three years to establish a new Space Science Education Centre at Strathmore Secondary College. The centre will include laboratories, a computer centre (including a satellite link to La Trobe University), a space habitat, museum area and a planetarium and telescope facility.

To encourage innovation and creativity in the Victorian economy, the Government is:

- establishing the **Victorian Endowment for Science, Knowledge and Innovation (VESKI)**, a joint government/industry endowment to facilitate science, knowledge and innovation in Victoria. The Government will provide \$10 million in seed funding to VESKI and will seek matching contributions from the private sector. It will use the interest earnings on the endowment to provide scholarships, supplement wages for young researchers and bring experts back from overseas; and
- providing a further \$11 million for initiatives that focus on increasing the number of ICT graduates, including an additional 370 placements for ICT apprentices and trainees and the provision of ICT scholarships in Victorian Universities, specifically for selected Masters and PhD students, and supplementation of research funding for Victorian-based scientists.

The film and television industry is a vibrant and diverse industry which represents one of the exciting industry development areas for Victoria and which is at the forefront of a creative and innovative economy. In this budget the Government is providing:

- an additional \$12 million over two years to increase the current cash flow facility provided to assist producers from \$3 million to \$15 million;
- an additional \$4 million a year to Film Victoria to increase the funding for production investment; and
- \$1 million a year to expand the activities of the Melbourne Film Office.



## Innovation – Education and Training

Giving young people the opportunity to succeed in education is central to every modern society. More than ever before, education underpins the success of nations. Better education and training for all Victorians is one of the Government's highest service delivery priorities.

Education and training are also integral to Victoria's economic and social development. A highly skilled, flexible and creative workforce is essential to enhance Victoria's position as a centre of innovation, both in traditional industries such as manufacturing and finance and in newer ones such as ICT and biotechnology.

The Government is committing \$287 million from 2001-02 for enhancing schools and TAFE infrastructure facilities and equipment across Victoria, making them better learning environments. In addition, the Government is committing \$131 million from 2001-02 for the construction, upgrade and replacement of schools and TAFE institutes.

To increase the capacity of schools and TAFEs to deliver leading edge education and training, to increase the accessibility of modern learning facilities and to ensure equity of access to ICT and education and training, the Government is providing:

- \$38 million (of a \$90 million program set aside for education, training and research) for the modernisation of science laboratories, libraries and other learning facilities in schools across Victoria;
- \$45 million to provide TAFE institutes across Victoria with high technology learning tools and facilities;
- \$40 million over two years for the modernisation of school facilities to incorporate ICT;
- \$19 million over three years to enhance the uptake of e-learning facilities and opportunities in TAFEs. This will be used to upgrade obsolete and deficient ICT infrastructure and cabling to achieve sufficient bandwidth and fault tolerance;
- \$23 million to bridge the digital divide and attain the 1:5 computer to student ratio or better in all schools, to provide computers for distance education students and improved internet access; and
- \$54 million to continue the replacement cycle for notebook computers for teachers and principals.

In addition, to provide enhanced opportunities for education, training and skilling, the Government will allocate:

- \$10.5 million for the Gippsland education precinct;
- \$5 million for the Ballarat Vocational Education and Training Centre; and
- \$0.6 million for planning of an educational precinct for the Maryborough community.

The Government is committing \$287 million to enhance Victoria's education and training facilities and boost investment in ICT.



## A Better Environment

This budget is investing \$193 million over four years to improve Victoria's environmental sustainability.

The Victorian Government has an overarching role, as custodian and manager of the State's natural resources and environment, to ensure that economic growth and social development are environmentally sustainable.

The 2001-02 Budget sees a major investment in Victoria's environment by tackling salinity, protecting Victoria's marine environment and restoring the Snowy River.

- Victoria has long been a leader in salinity management. The Government will contribute \$157 million over seven years to prevent, stabilise and reverse increasing salinity of waterways. This is subject to the Commonwealth matching state funding under the National Action Plan for Salinity and Water Quality.
- Funding of \$39 million over four years will provide Victoria with a system of representative marine national parks and sanctuaries, and supporting resources to enhance the integrity of these marine environments.

- Agreement has been reached with NSW and the Commonwealth to achieve total Snowy River flows equivalent to 21 per cent average annual natural flows within ten years, with a long-term objective of 28 per cent of average annual natural flows. \$15 million is included in this budget to fund Victoria's contribution in 2001-02, with the total contribution over ten years to be \$150 million. In addition, the Government has committed \$5 million in 2001-02 for environmental monitoring and riverine works.
- Other initiatives focusing on environmental sustainability include \$7 million to renew and upgrade national parks and boat access facilities in Port Phillip Bay and \$1.7 million to reduce salt loads in the Murray River system and for the rehabilitation of salt-affected land.





# A Budget for all Victorians



New service delivery initiatives announced in the 2001-02 Budget will provide improved services for all Victorians. Major new asset investments will also commence in all regions of the State, as illustrated.

## Statewide

- Standardisation of regional freight lines
- Information and communications technology to link health services and hospitals
- Upgrades to hospital and other community service infrastructure and equipment
- Ambulance facilities and vehicles development
- Modernisation of facilities in schools and TAFE institutes
- Replacement/refurbishment of police stations
- Risk mitigation in coastal areas
- Road safety initiatives

## Melbourne

- Eastern Freeway extension
- New schools – Berwick South, Narre Warren South, Mornington East, Burwood, Copperfield and Roxburgh Park
- Access centres – space science technology, gene technology
- Austin and Repatriation Medical Centre redevelopment and Mercy Hospital for Women relocation
- Northern Hospital redevelopment
- Frankston Hospital redevelopment
- Outer east (Maroondah Hospital, Angliss Health Service) hospital service expansion and redevelopment
- Wyndham Community Health Service
- Box Hill public transport upgrade
- Sydenham public transport upgrade
- Australian Centre for the Moving Image – technology infrastructure

## Barwon/Western District

- Fast rail link to Geelong
- Grace McKellar Centre redevelopment – Geelong
- New Lara Secondary College
- Fire damage repairs at Corio Community College
- Replacement of Bellarine Peninsula police station
- Agriculture Victoria Hamilton – modernised facilities

## Central Highlands/Wimmera

- Fast rail link to Ballarat
- Agriculture Victoria Horsham – modernise facilities
- Stawell Hospital, Ararat Hospital – redevelopment
- Bacchus March Science and Technology Centre
- Restoration of rail passenger services to Ararat
- Ballarat Vocational Education and Training Centre

## Loddon/Mallee

- Fast rail link to Bendigo
- Kyneton Hospital redevelopment
- Science innovation and education precincts – Sunraysia Horticulture Centre, Mildura, and Centre for Land Protection Research, Bendigo
- Pyramid Creek salt interception and harvesting scheme
- Restoration of rail passenger services to Mildura
- Replacement of Maryborough and Gisborne police stations
- Mildura Secondary College – modernise ICT facilities

## Goulburn/Ovens-Murray

- Wodonga rail freight and urban redevelopment
- Science innovation and education precincts – Rutherglen, Tatura and Kyabram
- Replacement police station at Kilmore
- Modernisation of Wodonga TAFE
- Redevelopment of Bonegilla Migrant Settlement Centre

## Gippsland

- Restoration of rail passenger services to Bairnsdale and South Gippsland
- Bass Highway upgrade from Bay Road to The Gurdies
- Fast rail link to the Latrobe Valley
- Replacement school at Lucknow
- Education precinct in Gippsland
- Agriculture Victoria Ellinbank – modernised facilities
- Replacement/upgrade of Lang Lang and Boolarra police stations

# Budget at a Glance

## Where the money comes from

Total revenue of \$23.5 billion is projected for 2001-02, essentially unchanged from 2000-01. This reflects a number of factors, including:

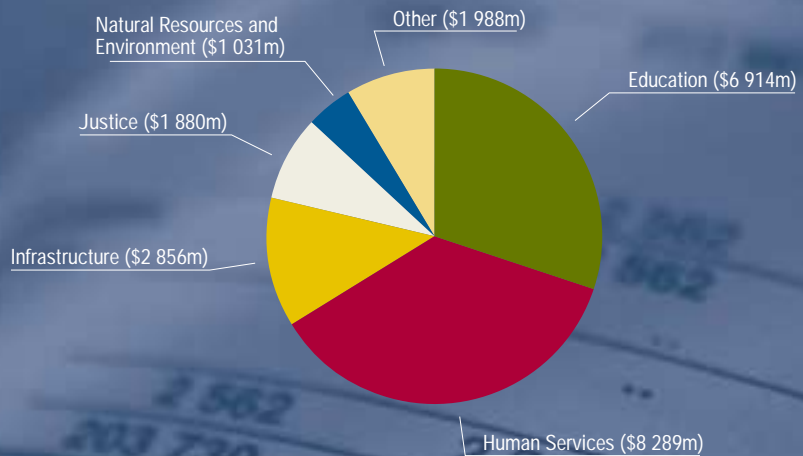
- business tax cuts provided by the *Better Business Taxes* package with a total cost of \$100 million in 2001-02; and
- moderate economic growth, weaker property markets, and a decline in investment revenue.

## Where the money goes

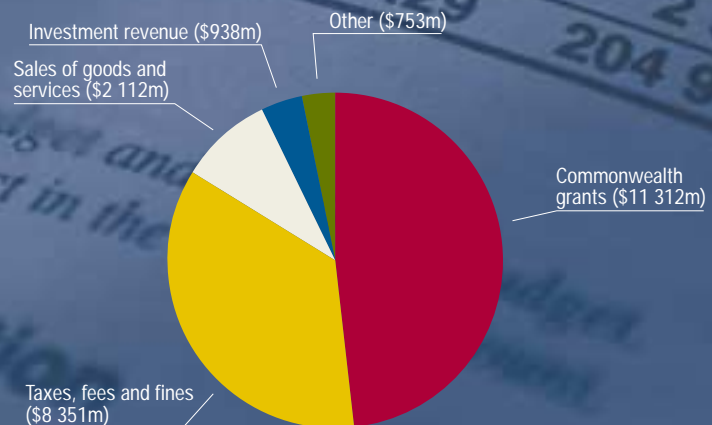
Total expenses are expected to rise by 3.1 per cent to \$23.0 billion in 2001-02, due largely to:

- the new output initiatives announced in this budget and the 2000-01 Budget Update;
- an increase in depreciation expenses, in part reflecting the substantial boost to infrastructure provided since the 2000-01 Budget;
- the cost of services funded by increased specific purpose payments and revenue from sales of goods and services; and
- wage and price inflation.

## Expenses 2001-02



## Revenue 2001-02



## Community Building

The Victorian Government is committed to seeking new ways of addressing the complex issues facing contemporary society.

The Victorian Government is committed to promoting sustainable economic and social development across the whole of Victoria, especially in those areas facing difficult issues such as high unemployment, lack of educational opportunity and social isolation.

Community building is a strategy to tackle issues of locational disadvantage. It is based on the view that communities which actively engage in community building are better able to harness the energy of their people, leverage resources from government, business and philanthropic sectors, overcome service fragmentation, and shape the mix and content of government services.

Community building is already central to a number of government programs including:

- the Community Support Fund (CSF), which was reviewed last year to provide a stronger community building and strategic focus;
- Local Learning and Employment Networks;
- the Safer Communities program;
- School Focussed Youth Services;
- the Community Capacity Building program; and
- the Social Capability Strategy.

In 2001-02 the Government will build on these initiatives by developing a whole-of-government community building strategy that will provide new opportunities for partnerships with communities, local government, business and philanthropic trusts. This approach will help guide government activities in both core service delivery areas of health, education, transport and community safety, and specific community building projects designed to target areas of geographic or socioeconomic disadvantage.

To give additional shape and substance to the Government's commitment to community building, the CSF will now be used to fund up to ten pilot projects in regional and rural areas of Victoria and metropolitan Melbourne experiencing particular social and economic disadvantage.

- Up to \$7 million over three years will be allocated from the Community Support Fund for these pilot projects.





## A Healthy Victoria

\$582 million has been allocated to a four-year Hospital Demand Strategy.

Quality health care and community services are important for all Victorians.

The 2001-02 Budget builds upon the work of the last 18 months and continues to enhance the system by targeting new strategies to keep Victorians healthy. The rebuilding of Victoria's human services system will be boosted by \$849 million over four years in new initiatives and \$514 million in infrastructure investment in the 2001-02 Budget

Demand for health and community services provided by the Department of Human Services continues to grow strongly. Responding to this growing demand is an ongoing challenge for the Government. To address the continuing demand, the 2001-02 Budget puts in place a new \$582 million Hospital Demand Strategy. This strategy has several elements over the next four years:

- increasing capacity to respond to demand growth, in particular for emergency services, and to perform patient care processes in hospitals, including admission and discharge procedures, with additional funding of \$384 million over four years;
- substitution of more appropriate care options for people in acute beds, such as sub-acute and home-based alternatives, with additional funding of \$48 million over four years;

- major investment in preventing hospital admission, with additional funding of \$150 million over a four-year period for preventive programs which improve management of chronic conditions and reduce re-admissions; and
- collaboration with senior hospital management, clinicians and nurses in responding to service pressures.

The strategy is expected to increase admitted patients from emergency departments by 14 000 per year and a further 11 800 elective surgery admissions.

These initiatives are in addition to \$431 million over four years provided since last year's budget, primarily to address the important issue of nurse recruitment and retention in public hospitals.

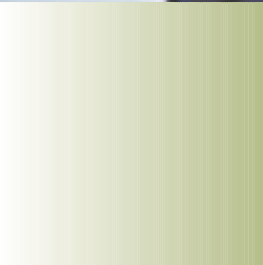
The 2001-02 Budget also includes a range of other health, aged care and community service initiatives:

- improved health services through a range of initiatives which aim to provide additional ambulance services and maintain/enhance ambulance facilities and vehicles, more support and treatment for people with a mental illness, additional funding for public dental services and to address other public health issues such as breast screening for Victorian women;
- \$7 million in ongoing new initiatives to improve service provision for older Victorians; and
- \$25 million targeted towards enhancing a wide range of community support services available to people and their carers.

Major investments in health infrastructure have been approved for 2001-02:

- \$325 million for the Austin and Repatriation Medical Centre redevelopment and Mercy Hospital for Women relocation (including \$15 million for training and research from non-government sources);
- \$120 million has been allocated to high priority works required for upgrading deteriorating infrastructure in public hospitals;
- \$35 million for the maintenance, upgrading and redevelopment of residential aged care and rural health facilities; and
- \$30 million for the Information and Communication Technology for Health Care initiative linking metropolitan health services, regional and rural hospitals and primary care partnerships throughout Victoria.





## A Safer Community

The Government is committed to increasing the safety of Victorian communities.

The Government is committed to increasing the safety of Victorian communities and families by building supportive, connected and creative communities.

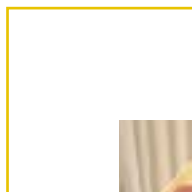
This budget builds on the Government's existing initiatives to increase the safety of the Victorian community. Victoria remains a relatively low-crime State.

- In 1999, for the second year in a row, Victoria had the lowest proportion of all States of victims of recorded crime against both property and persons.

Building on this:

- Victoria Police remains on schedule to provide an additional 800 operational police by the end of June 2003;
- \$34 million has been allocated to upgrade and replace existing police stations at Bellarine, Croydon, Diamond Creek, Endeavour Hills, Gisborne, Kilmore and Maryborough, and \$30 million to upgrade and replace rural Victorian police and court facilities;

- Crime Protection Victoria will receive additional funding of \$3 million per year for two years;
- additional County Court judges will be appointed to improve the timeliness of disposal of cases heard in the County Court. Victorian Civil and Administrative Tribunal sessional member hours will also be increased;
- there is additional funding of \$1 million per year towards enhanced Legal Aid and Community Legal Centre services;
- the budget includes a \$15 million commitment in 2001-02 to prison diversion and offender rehabilitation initiatives; and
- in order to manage expected long-term growth in the adult prison system, the Government will also expand overall permanent capacity by a further 716 beds at a total investment of \$166 million.







## Improved Transport Infrastructure and Services

The State's transport infrastructure provides direct support to business, government and communities by providing access to jobs, services, resources and markets through the movement of passengers and freight.

The Government's Linking Victoria program is aimed at revitalising the State's roads, rail and ports, improving transport from regions to the centre of Melbourne, linking Victoria to overseas markets, and generating investment opportunities and partnerships with the private sector. The 2001-02 Budget incorporates a number of major Linking Victoria transport infrastructure initiatives, and other initiatives to enhance transport services:

- \$113 million for road transport infrastructure projects including the Eastern Freeway extension, the Bass Highway upgrade, Murray River bridges upgrade and Scoresby transport corridor planning;
- \$96 million for the standardisation of regional rail freight lines that have critical links to ports and the interstate rail network. This will reduce freight costs and increase efficiency;
- \$550 million from the Growing Victoria infrastructure reserve, which includes \$80 million allocated in last year's budget, towards fast rail links servicing key regional corridors from Melbourne to Ballarat, Bendigo, Geelong and the Latrobe Valley;

- \$30 million for Wodonga rail freight and urban redevelopment;
- \$33 million for the capital works associated with the restoration of country rail passenger services to the regional centres of Mildura, Ararat, Bairnsdale and South Gippsland (Leongatha). Freight services to Leongatha will also recommence;
- \$203 million over four years for additional bus feeder services at Laverton/Altona Meadows, Rowville/Glen Waverley/Ringwood, Werribee, Berwick, Craigieburn/Roxburgh Park/Coolaroo/Broadmeadows, Hampton Park and St Albans/Delahey/Sydenham as well as further funding primarily to support the bus replacement program; and
- \$20 million for a package of works to complement the Sydenham rail electrification project and the tram line extension from Mont Albert to Box Hill.

The Government's Linking Victoria program is aimed at revitalising the State's roads, rail and ports.

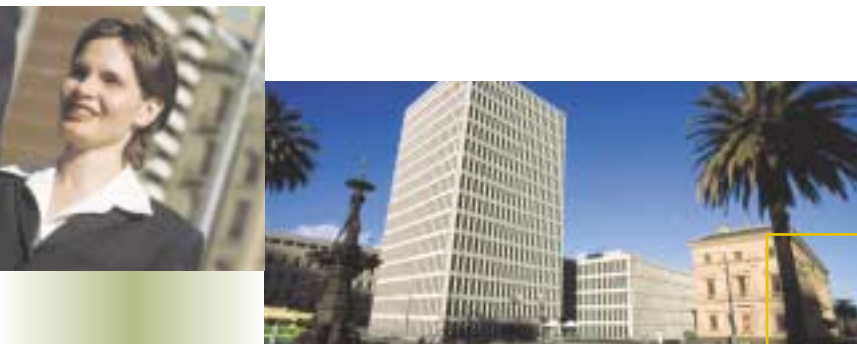


## Modernising Government

The Government is providing significant leadership in its ICT uptake and modernisation of service delivery.

The Government is committed to improving the way in which it provides services to the Victorian community. The Government is providing significant leadership in its ICT uptake and modernisation of services. In the 2001-02 Budget, the Government has invested heavily to enhance service delivery by providing:

- \$4 million for the redevelopment of the vic.gov.au website to deliver an improved online entry point to Victoria for citizens, business and government, and maintain Victoria as a world-leader in e-government;
- \$30 million to produce an electronic version of the land titles register, and develop and implement an information technology platform to enable electronic land title searches and registration of dealings on land titles;
- \$12 million to establish an information technology support centre and centralised library for the Department of Natural Resources and Environment;
- \$15 million to introduce new information systems to improve the comprehensive management of the contractual commitments under the public transport franchise arrangements;
- \$3 million over three years for installation of high quality collaboration and video conferencing infrastructure, including internet facilities, at 30 regional centres across Victoria. By improving the broadband carriage services and the speed and reliability of internet services in the regions, this project will provide greater access to services aimed at increasing the knowledge and skills of the rural community; and
- \$4 million to redevelop core business systems supporting the development and management of Cabinet papers and the drafting and publication of legislation, and \$1.5 million to replace the Department of Treasury and Finance's forward estimates system with a web-enabled integrated budget management system.





**2001-02 Victorian Budget Overview**

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