

VICTORIA

BUDGET SPEECH

Delivered on 7 May 2002

by the Honourable John Brumby, MP

Treasurer of the State of Victoria

Honourable Speaker

I move that this Bill be read a second time.

INTRODUCTION

This budget invests in our future — in the future of our people and our State.

It invests in more jobs and stronger communities.

It delivers record investment in education and innovation — driving new opportunities for all Victorians.

And it reinforces this Government's determination to make sure that all Victorians — wherever they live and whatever they do — can step into the future with confidence as part of a strong and thriving Victoria.

The first two budgets of the Bracks Labor Government began the task of undoing years of damage in education, health and community safety. We took up the challenge of rebuilding our regions. And we committed ourselves to getting the conditions right for jobs and economic growth across Victoria.

The results are there for all Victorians to see.

Strong economic growth above the national average.

Jobs growth, consumer spending, business investment — all well above the national average.

Strong economic and employment growth in regional Victoria.

And Victoria's triple-A credit rating confirmed.

Education is back in its rightful place — as the Government's top priority. Our health system is turning around. Our vital community services are being restored and repaired.

And Victorian businesses can now invest with confidence, with lower and fewer taxes, in a competitive, innovative and connected environment.

GROWING VICTORIA TOGETHER

Last year, the Government released our framework for Victoria's future, *Growing Victoria Together*, which balances economic, social and environmental goals in growing the whole State.

This budget puts that plan to work.

This budget continues to invest in Victoria's greatest asset: our people — in their education and health, and in the communities where they live.

We continue to invest in country Victoria — generating new jobs and investment after years of decline.

We invest in our expanding suburbs and growth corridors — places where more and more Victorian families are choosing to live.

We invest in our great city of Melbourne — in the projects and developments that will transform Melbourne into a truly 'global' waterfront city.

And we deliver services and infrastructure to link our communities together — and connect all of us to the world and to a future of high quality jobs, strong economic growth and a better standard of living.

With this budget — the third budget of the Bracks Labor Government — Victoria steps with confidence into a stronger, brighter future.

Responsible and sound financial management

Responsible financial management is crucial to Victoria's future.

This budget continues to meet the Bracks Government's commitment to maintain a substantial operating surplus of at least \$100 million.

An operating surplus of \$522 million is projected for 2002-03, with expected surpluses averaging around \$600 million in the following three years.

Standard and Poor's and Moody's Investors Service have again acknowledged the Government's responsible financial management, confirming Victoria's triple-A credit rating.

The Government is committed to keeping these excellent ratings by maintaining the State's net financial liabilities at prudent levels.

General government net financial liabilities, excluding the Growing Victoria infrastructure reserve assets, are forecast to fall from 10.8 per cent of GSP at June 1999 to 7.1 per cent by June 2006.

And general government net debt falls even further, from \$4.9 billion in 1999 to \$2.3 billion by June 2006 — just 1 per cent of GSP.

Honourable Speaker, the Bracks Government has provided — and will continue to provide — responsible financial management and leadership to ensure that Victoria's financial position remains strong, sound and secure.

A growing economy – Victoria leads the way

The Victorian economy is also leading the way – proving to be robust and resilient in the face of global economic uncertainties.

This year, the Victorian economy is expected to grow by 3.75 per cent, significantly exceeding our original forecast of 2.75 per cent.

Growth in 2002-03 and beyond is forecast at 3.5 per cent — a strong performance that confirms the benefit of the Government's commitment to sound financial management.

It also reinforces the benefits of the Government's strategy to grow the whole State and invest in the drivers of growth: education, innovation and infrastructure.

Victoria's labour market continues to out-perform the national economy, with our unemployment rate at or below the national average for the past 22 months.

Since October 1999, employment in Victoria has grown by more than 110 000 people — representing more new jobs than any other State.

There's a new climate of confidence in Victoria — a confidence that, for the first time in many years, extends beyond central Melbourne and reaches out across the State.

It's a confidence reflected in private business investment and consumer spending growing faster than the national average.

And it's reflected, too, in the record numbers of Australians choosing to call Victoria home.

We are now attracting more and more people from other States.

People who see Victoria as a place of renewed opportunity, with a commitment to building strong, caring communities — in short, a great place to live, work and raise a family.

It's just one factor in Victoria's strong economic performance over the past two years.

And in this budget, we put the proceeds of that strong performance to work — reinvesting in the assets and services that are attracting people to Victoria, and benefiting all Victorians.

Investing for our future — stronger communities

As in previous budgets, the Government is directing substantial investment towards growing and linking the whole State.

To meet that goal over the long-term, we need stronger communities.

Communities where there is trust and support — communities that can work together to create new opportunities.

High quality infrastructure is the cornerstone of such communities, and a key driver of long-term, sustainable economic growth across Victoria.

The Bracks Government has already taken investment in public infrastructure to an all-time high.

And our infrastructure program is not about monuments — it's about people.

It's about world-class schools and hospitals.

It's about modern transport and internet connections.

It's about better, safer places for people to live and work.

The 2002-03 Budget boosts asset investment by a further \$3 billion for major capital works across Victoria.

It's the biggest infrastructure program in the State's history — and it's been fully funded from our budget surpluses, without adding one single dollar to debt.

This year, we focus on linking and strengthening our country and regional areas, our expanding suburbs and our growth corridors — investing in the infrastructure they need to step into the future with confidence.

Stronger suburbs

Honourable Speaker, a major focus of this budget is the expanding suburbs and growth corridors of Melbourne.

These are the places where Victorian families are increasingly choosing to live — and where much of Victoria's future population growth will be concentrated.

In this budget, the Government has committed \$704 million to a major *Linking the Suburbs* transport strategy.

We are extending the electrified suburban rail network to Craigieburn in Melbourne's northwest, and extending tram services to Vermont South.

We are upgrading major suburban roads in Narre Warren, Langwarrin, Sunbury, Laverton and Epping.

And we are providing a massive \$36 million boost for 25 suburban bus routes across Melbourne — extending routes, adding new services and introducing more low-floor, air conditioned buses.

The budget also provides \$445 million for Victoria's contribution to the Scoresby Freeway.

As many people live along the Scoresby route as live in the whole of Adelaide, and the corridor is a major source of exports for Victoria and Australia.

This \$1 billion, 34-kilometre project will provide a seamless link from the southeast to the city and to Victoria's ports, airports and major freight routes.

It will bring significant economic and employment benefits to Melbourne's eastern and southeastern suburbs, and the regions beyond those suburbs.

And it will cement Victoria's reputation as the transport capital of Australia.

To generate further opportunities in Melbourne's east and southeast, the budget also allocates funds for the development of Dandenong, Ringwood and Frankston as key retail and transport hubs – known as Transit Cities.

\$23 million is provided in 2002-03 for five new schools in the high growth suburbs of Roxburgh Park, Melton, Narre Warren, Berwick and Carrum Downs.

Significant hospital capital works are also approved for the redevelopment of the Angliss and Dandenong Hospitals.

Stronger regions

The 2002-03 Budget continues the Government's unwavering commitment to country Victoria.

When we came to office, country Victoria had been left behind, ignored and neglected by the previous government.

The Bracks Government has worked hard to turn that around — and worked closely with country and regional communities to give them the services and infrastructure they need to compete for investment and jobs.

And, once again, the results are there for all Victorians to see.

Jobs are up, unemployment is down — with the average unemployment rate last year across country Victoria the lowest in more than a decade.

Our agricultural industries are performing exceptionally well.

And building approvals are outstripping the state average, with strong residential growth in cities like Geelong, Ballarat and Bendigo.

The Government's Regional Infrastructure Development Fund has contributed to the turnaround in many of our regions.

It is a great success story, which has changed forever the relationship between country communities and the State Government.

And that Fund now sits at the heart of this Government's ongoing commitment to country and regional Victoria.

The 2002-03 Budget builds on the Government's current major infrastructure commitments in regional areas and focuses on improving transport links, supporting regional industry and investing in schools and health services.

We are investing \$102 million to create better regional transport links, including an upgrade of the Warrnambool train line, major arterial road improvements and the biggest single boost to country bus services in decades.

We are undertaking a major \$101 million upgrade of the Royal Melbourne Showgrounds, securing the future of the Show to build enduring links between the suburbs of Melbourne and the regions of country Victoria.

In a major economic and environmental initiative, the Government is allocating \$77 million towards the construction of the Wimmera-Mallee pipeline — one of the most significant water infrastructure projects ever undertaken in Victoria.

This new pipeline will give 40 communities across Victoria's west a more secure and higher quality water supply.

It will create jobs, open up new opportunities for regional industry, and protect the environment.

The budget also includes a major \$40 million package to upgrade regional public hospitals, health centres and aged care facilities — in places such as Lorne, Stawell, Beechworth, Geelong and Omeo.

We are undertaking upgrades of more than 40 schools in country and regional Victoria, including building two new schools in Lara and Bairnsdale.

We're replacing 12 police stations in small rural communities, from towns like Pyramid Hill in Victoria's northwest and Whitfield in the northeast, to Bunyip in Gippsland.

We are investing \$26 million to boost our food and fibre industries and \$5 million to upgrade rail access for regional exporters to the Port of Geelong.

And we are securing the long-term future of Victoria's water and forest resources, and the regional industries and communities that rely on them.

A thriving and innovative Victorian economy

Let me now turn to innovation.

Innovation is the 21st Century's main driver of economic growth, quality jobs and high living standards — and a modern, outward looking economy must have innovation at its heart.

Innovation not only transforms existing industries, such as manufacturing and agriculture — it creates jobs in new industries, such as design and biotechnology.

Since 1999, the Government has invested heavily in science and technology, and in education, innovation and research.

We have done so because we are determined to position Victoria as a global player in fields such as biotechnology, advanced manufacturing, design, aerospace, ICT and environmental technologies.

This budget reflects and reinforces that determination.

It commits \$100 million towards the construction of Australia's first synchrotron facility at Monash University in Clayton — giving Victoria the leading edge in scientific infrastructure.

We are doubling funding for medical research infrastructure in Victoria, with a \$35 million boost over four years.

This will ensure we keep our best scientists and researchers here in Victoria and maintain our international leadership in medical research.

The Government is also investing \$27 million over four years in biotechnology research and development, commercialisation and marketing — in line with our goal of positioning Victoria as one of the top five biotech locations in the world.

Turning good ideas into good business is critical to a successful innovation economy.

This budget builds on the Government's existing \$20 million Technology Commercialisation Program by providing \$7 million for a Centre for Innovation and Technology Commercialisation, cooperative research centres and a technology transfer program.

The Government is also providing funding to drive new, knowledge based industries in Victoria, including:

- \$9.2 million over two years to position Victoria as an international centre of design excellence;
- \$12 million over three years to establish a new Centre for Energy and Greenhouse Technologies in Gippsland; and
- \$27 million over four years for our *Agenda for New Manufacturing* – increasing the capacity of Victorian manufacturing to become more innovative and connect to global markets.

New initiatives in this budget will add to Victoria's growing reputation as a world leader in the modernisation of government — including a \$71 million strategy to streamline government telecommunications services and \$24 million for a new electronic Land Exchange.

As well as leading the way on innovation, the Government is also investing in Victoria's future as a creative State — building on our long-held reputation as Australia's arts capital.

The 2002-03 Budget delivers more than \$100 million for arts projects, including:

- the new Dame Elisabeth Murdoch Recital Hall and a new home for the Melbourne Theatre Company;
- an additional \$2 million over four years for Arts Victoria's successful Regional Arts Infrastructure Fund; and
- \$21 million to improve exhibition spaces and facilities at the Melbourne Museum and the State Library.

Alongside the Government's commitment to innovation, these projects deliver a strong program to drive Victoria's future as an innovative economy and a smart, creative and enterprising State.

Building Tomorrow's Businesses Today

The Government's commitment to innovation also includes the *Building Tomorrow's Businesses Today* package, recently announced by the Premier.

The budget gives effect to that package, allocating \$364 million to create a more competitive business environment, encourage more innovative businesses and give Victorian business and industry a stronger international focus.

The package brings forward payroll tax cuts and the abolition of stamp duty on unquoted marketable securities.

It provides further cuts to payroll and land tax — bringing total business tax relief announced since October 1999 to more than \$1 billion.

The Government will also provide \$102 million in initiatives aimed at improving the way Victoria does business, including support for innovation and international expansion.

The *Building Tomorrow's Businesses Today* package is a great step forward for Victorian business — and it will help all businesses, big or small, city or country, to become more competitive, more innovative and better connected to global markets.

Valuing and investing in lifelong education

Building a successful innovative economy is simply not possible without a world-class education system.

Education is crucial to Victoria's long-term economic success, and to building strong, caring and tolerant communities.

That is why record investment in education is the cornerstone of the 2002-03 Budget.

We are making this investment to improve access and drive excellence in Victoria's education system, from preschool to post-compulsory level.

We want all Victorians to have access to world-class, lifelong education — from young children in kindergarten, to adults wanting to upgrade their qualifications, to someone wanting to learn a new language or skill later in life.

We want to make a real difference to young people's lives and give them every chance to succeed.

We want young Victorians to have the same access to education wherever they live — whether that's a country town like Birchip, a regional centre like Benalla, or suburbs like Fitzroy or Carrum Downs.

That means driving excellence and high standards across the entire State.

It means revitalising the way young people learn, and finding new, innovative ways to deliver better educational outcomes.

When we came to office, Victoria's school system was struggling.

Thousands of teachers had been taken out of the system.

Hundreds of schools had been closed down – or allowed to run down.

There were fewer apprenticeships.

We are undoing the damage of those years.

We have reduced class sizes in the critical early years of schooling.

We have set formal targets to improve literacy and numeracy, increase year 12 completion rates and improve student participation and achievement in regional Victoria.

We have put in place a Middle Years of Schooling initiative to keep students engaged in years 5 to 9.

We have invested in computers, technology, science labs and libraries.

We have upgraded TAFEs and schools across Victoria.

And we have invested in valuing, training and supporting one of this State's greatest resources — our teachers.

This year, we go even further. This year, we take the next steps to deliver a new era of opportunity and excellence in Victorian schools.

The 2002-03 Budget invests a further \$550 million in education over four years — on top of the substantial commitment in our previous two budgets.

The Government is making a major new \$28 million investment to improve the learning, health and wellbeing of children before they go to school.

In response to the Kirby Preschool Review, we are upgrading preschool facilities, providing extra support for children with special needs and developing a better management model for kindergartens.

In primary and secondary schools, we have allocated an extra \$334 million over four years:

- to improve literacy and numeracy in the early years of schooling;
- for a new Access to Excellence program that will employ an additional 300 secondary teachers in schools with high absentee rates or low literacy and numeracy standards;
- to deliver a new middle years program focusing on innovation and excellence; and
- to roll-out, statewide, the new Victorian Certificate of Applied Learning, which offers young Victorians an alternative pathway to the VCE.

In total, more than 900 additional teachers will be employed across the State to ensure these outcomes are delivered.

The budget also focuses on improving access to education, with an injection of \$31 million over four years to improve school bus services for country students, and an additional \$3.6 million to support Koori students.

Across the State, the Government is building and upgrading more than 110 schools and four TAFEs — as part of a \$216 million major building program.

This record investment in education will improve access and drive excellence across our schools and TAFEs.

And it confirms the Government's commitment to build a public education system that is the best in this country and among the very best in the world.

Ensuring high quality and accessible health services

The Government also continues to turn around Victoria's public health system.

The 2002-03 Budget builds on the successful *Hospital Demand Management Strategy* introduced last year that has more than halved ambulance bypass and reduced waiting lists for the first time in many years.

The budget provides additional funding of \$464 million over four years, enabling Victoria's public hospitals to treat 30 000 more patients and employ 700 more nurses and health workers.

The Government is providing a \$100 million boost to upgrade medical equipment and hospital facilities.

We will expand and improve the delivery of ambulance services, and employ an additional 43 paramedics.

We will support older Victorians to live independently at home, through a \$29 million boost to Home and Community Care services.

And we will extend a range of vital health services, including dental health, women's health and breast screening services.

In this budget, the Government makes a major \$61 million commitment to improving community mental health services and opening new mental health hospital beds.

The Government will continue its program of major capital works — redeveloping the Royal Melbourne, Angliss and Dandenong Hospitals, upgrading country and regional health services, and establishing four new country ambulance stations at Kyneton, Ararat, Colac and Hopetoun.

Honourable Speaker, the Bracks Government is restoring our health services after years of chronic underfunding — and we will continue to work with our nurses, doctors and health workers to rebuild Victoria's great public health system.

Community safety

Strong communities are also safe communities, and the Bracks Government is proud of its achievement in providing additional frontline police.

Victorian police numbers are now well over the 10 000 mark and Victoria has more than 800 extra police on the frontline than we did two and a half years ago.

In addition to increasing police numbers, the Government is building 20 new police stations across Victoria, replacing a further 31 country stations and upgrading police equipment.

The 2002-03 Budget provides an additional \$26 million to build two new police stations at Footscray and Coburg, and replace 12 stations in small country towns.

This year, the budget focuses on delivering major improvements to Victoria's police and emergency services communications network.

The Government has approved funding for three major projects under the Statewide Integrated Public Safety Communications Strategy.

These projects will give all Victorian emergency services state-of-the-art communications equipment — reducing response times, improving coverage and giving staff access to computer data bases from their vehicles.

The Government will not continue the previous government's flawed experiment of privatising Victoria's emergency services communications.

This budget provides the funds to take these vital services back into public hands.

Road safety is also a priority for the Bracks Government, which has set a goal of reducing death and serious injury by road accidents by 20 per cent over five years.

The 2002-03 Budget invests record funding in upgrading roads and transport infrastructure, as well as providing \$21 million in specific road safety initiatives, including a new program focusing on motorcyclists.

As part of the *Linking the Suburbs* strategy, \$48 million will also be used to target roads and intersections with high accident rates in Melbourne's outer suburbs.

Promoting sustainable development and protecting the environment for future generations

Honourable Speaker, valuing and protecting our environment is one of the most important legacies we can leave our children and grandchildren.

We have an obligation to use our natural resources wisely and responsibly.

Victorians want leadership on protecting the environment and promoting sustainable development — and the Government is showing that leadership.

We have already committed more than \$300 million to tackle salinity, restore the Snowy River, and improve flows in the Murray River.

Our plan to create world-first marine parks has received international attention and acclaim.

In this budget, we take further action to protect our waterways, our forests and our land.

Some of Victoria's most important rivers are under great and growing stress.

This is not a problem we can ignore — and we must take action now to manage our waterways more responsibly.

This budget provides an additional \$11 million to improve the health of our most stressed rivers, and \$13 million for a Gippsland Lakes Rescue Package.

The construction of the new Wimmera-Mallee pipeline will also benefit waterways in Victoria's west, improving flows in the Glenelg and Wimmera Rivers as well as opening up new agricultural opportunities.

The 2002-03 Budget also gives effect to the Government's *Our Forests, Our Future* statement.

The budget allocates \$80 million to promote sustainable forest practices, establish new industry arrangements and provide assistance to workers and timber communities as Victoria moves to cut logging in our native forests by one third.

The Government is also moving to protect Victoria's fragile Box-Ironbark areas, with a \$21 million package to set up forests, woodlands and reserves, and provide additional support to regional communities and the users of these areas.

The budget provides an additional \$6 million for the Second Generation Landcare Action Plan — and \$3 million for a statewide fox control program, to protect both our native wildlife and our wool industry.

Honourable Speaker, this budget, and our actions to date, confirm that the Bracks Government will lead the way in protecting our most valuable natural resources.

We will take the tough decisions as we work towards a long-term sustainable future for all Victorians.

Building strong and caring communities

Honourable Speaker, many of the investments in this budget are directed towards the Government's goal of building strong and caring communities.

Across Victoria, most people and places are doing very well, with prosperity rising on the back of strong economic growth and a significant increase in asset values, especially housing.

But others are not doing so well, and the Government recognises that inequality and disadvantage unfairly undermine the hopes and opportunities of these Victorians and these communities.

This budget takes the proceeds of prosperity and growth, and reinvests some of those proceeds in assisting families and communities in need of support.

In response to increasing notifications of suspected child abuse and neglect, the Government is funding a \$65 million new approach to child protection services.

We will improve intensive services for abused children, provide additional support for vulnerable families and assist Victoria's Koori communities protect children and young people.

This package will put 60 new child protection workers on the frontline, and it is one of the most significant improvements in community service delivery in Victoria for many years.

The budget delivers an additional \$55 million over four years to improve services for people with disabilities, including the first stage of the redevelopment of Kew Residential Services.

The Government is also providing \$13 million over four years to improve the safety of railway pedestrian crossings and wheelchair access to railway stations.

As part of the Government's strong commitment to reconciliation between indigenous and non-indigenous Victorians, we are providing \$12 million over four years to support indigenous communities.

The Government is also undertaking a series of neighbourhood renewal projects to upgrade run-down public housing estates and assist local communities create job and education opportunities.

These projects run from Maidstone/Braybrook in Melbourne's west to communities in Seymour, Shepparton and Geelong.

\$8.8 million is also provided over four years to extend services for homeless people.

To improve access to housing in our suburbs and regions, the budget allocates \$13 million in 2002-03 to streamline and expand concessional arrangements to enable more Victorian families and people on low incomes to purchase a home.

The Government is also funding a \$15 million redevelopment of the inadequate and outdated Turana Juvenile Justice facility, and providing \$8 million to improve access to legal aid, victim support and dispute resolution services.

The Government also recognises that tolerance and diversity are important features of strong communities, as well as some of this State's greatest assets.

This budget expands the Victorian Multicultural Commission's Community Grants Program and provides funding to improve language and interpreting.

APPROPRIATION BILL

Honourable Speaker, the Appropriation (2002-03) Bill provides authority to enable government departments to meet their agreed service delivery responsibilities in 2002-03.

The Bill supports a financial management system that recognises the full cost of service delivery in Victoria and is thus based on an accrual framework.

Schedule One of the Bill contains estimates for 2002-03 and provides a comparison with the 2001-02 figures.

In line with established practices, the estimates included in Schedule One of the Bill are provided on a net appropriation basis.

These estimates do not include certain receipts that are credited to departments pursuant to Section 29 of the *Financial Management Act 1994*.

This budget has again been examined by the Auditor-General as required by the new standards of financial reporting and transparency established by the Government in 2000.

CONCLUSION

Honourable Speaker, Victoria in the year 2002 is a great place to live — a great place to be.

We are leading Australia in so many ways — with our strong economic and jobs growth set to continue over the years ahead.

Some of the most exciting and important projects in this State's history have already started — or are about to begin.

The redevelopment of the Austin Hospital — the largest public sector hospital project in Australia.

The new National Neuroscience Facility — kick-started by the Victorian Government and set to become a world leader in neuroscientific research.

The redevelopment of Australia's greatest sporting ground, the MCG.

New regional fast rail links to Bendigo, Ballarat, Geelong and Traralgon.

The new Holden engine plant.

The Scoresby Freeway.

The Wimmera-Mallee pipeline.

New state-of-the-art sports facilities across Victoria as we prepare for the 2006 Commonwealth Games.

Our education system is driving forward into a new era of excellence.

Literacy and numeracy standards are up. Completion rates are up. Class sizes are down. New schools are being built.

Our health system is turning around, treating more Victorians and delivering better quality care right across the State.

Our business and industry are becoming more competitive, more innovative and more connected to the world.

And new opportunities are being created in our regions and our suburbs, and in the industries of the future.

Victoria is headed in the right direction — and we have the wind in our sails.

The Government is investing well to ensure we stay on course, maintain our strong growth, and give all Victorians the chance to be part of a thriving and successful Victoria.

The 2002-03 Budget puts the proceeds of Victoria's strong economic performance over the past two years to work — renewing and rebuilding our suburbs and regions, and driving new opportunities in education and innovation.

This budget reinvests in the foundations we need for an even stronger, brighter future — for our children and for all Victorians.

Honourable Speaker, I commend the Bill to the House.