

# Victorian Budget Overview

Taking action for our suburbs and our regions



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Victorian Budget Overview

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## Treasurer's message



Victoria is experiencing a population boom and a baby boom, with an extra one million people expected to call the state home over the next 10 to 15 years. The growing number of births and people moving to Victoria is good news, reflecting the liveability and prosperity of our state. But it is also placing our services, infrastructure and resources under much greater pressure. In this budget, the Government takes action to meet the challenges associated with an increasing population, including managing the demand for services in transport, education and health, securing future water supplies, and generating new opportunities in our growing suburbs and regions.

The Victorian economy continues to display resilience and is expected to grow by 3.25 per cent in 2007-08 and 3 per cent in 2008-09. However, there are significant risks and challenges ahead, including an increasingly volatile global outlook. To secure Victoria's financial position and prosperity in these uncertain times, the Government will continue to pursue its economic reform agenda and invest in initiatives aimed at driving productivity, increasing workforce participation, sustaining solid employment growth and improving business competitiveness.

Over the past eight years, the Government has met our commitment to deliver an operating surplus of at least \$100 million. In this budget, recognising the potential difficulties ahead, we meet our new target of maintaining a budget surplus of at least 1 per cent of revenue to ensure that Victoria can build and maintain the essential infrastructure we will need in the coming years. This new target reinforces the Government's longstanding record of prudent financial management, reflected in the confirmation of Victoria's triple-A credit rating earlier in 2008.

The 2008-09 Budget takes action to deliver the infrastructure, projects and services needed to secure Victoria's future. This budget tackles pressing issues in areas such as health, education, transport, community safety and climate change, as well as meeting the challenges posed by our rapidly growing population. This budget also delivers new investment in regional Victoria and Melbourne's high growth suburbs, and a major package of support for families.

This budget reflects priorities identified for this term of government by Premier John Brumby and is also framed in the expectation of a more cooperative relationship with the new Commonwealth Government, recognising national collaboration is needed to drive change in many critical areas.

This budget continues the Government's commitment to making Victoria the most competitive business location in Australia, delivering a further cut in land tax, a further reduction in payroll tax and the fifth consecutive reduction in WorkCover premiums – bringing total tax cuts announced by the Government to more than \$5.5 billion.

We provide a major new package of support for Victorian families, including an increase in maternal and child health services, an expansion of maternity wards, a boost for early childhood development services and more help for first homebuyers.

We also continue to deliver the *A Fairer Victoria* action plan, tackling entrenched disadvantage and supporting the most vulnerable members of our community.

Education is one of the most critical elements in Victoria's future success, and this budget provides \$592 million for the second stage of a 10-year plan to modernise all government schools. We also fund new schools in Melbourne's growing outer suburbs, continue major school regeneration projects across Victoria, and deliver targeted support to lower-performing schools.

The Government continues to invest in Victoria's health system, including a new day hospital in Sunbury, major hospital redevelopments in Sunshine and Warrnambool, a new Cancer Action plan and the biggest investment in ambulance services in the state's history.

As Victoria's population grows, the demand on our transport services is increasing dramatically. To meet this demand, this budget provides a record \$1.7 billion to continue major upgrades to the Melbourne rail network, improve the regional rail freight network, reduce road congestion and upgrade roads across the state.

This budget makes substantial new investment in community safety to provide more resources to our police, giving them the equipment they need to do their jobs safely and effectively.

Victoria continues to lead Australia in responding to climate change and this budget focuses investment on positioning Victoria as a leader in renewable energy, clean coal technologies and carbon capture and storage.

Provincial Victoria continues to receive high priority from the Government. This budget provides major new investment in regional transport, health services, schools and communities, as well as \$205 million for a new *Future Farming* strategy.

The Government understands that strong, decisive action must be taken to secure Victoria's future in the face of some difficult and unprecedented challenges. This budget reflects our determination to deliver a bold, forward-looking investment program that delivers the services and infrastructure that Victorians need today – while making sure that we have the funds, the capability and the skills to build for the future.

A handwritten signature in black ink, reading "John Lenders". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

John Lenders MP  
Treasurer

# Our achievements

This budget continues to deliver the Government's 2006 election commitments, while building on a strong record of investment and achievement of its first two terms in office. This budget invests in areas of importance to Victorians, such as education, health, transport and the environment, within a framework of prudent financial management and in line with the Brumby Government's long term economic plan to secure a successful, prosperous future for the state.

Since 1999, the Government's achievements have provided a strong foundation to enable Victoria to meet future challenges, including:

- Significantly increased investment has been made in education, including new, refurbished and regenerated schools across the state. More than 4 400 additional teachers and 3 700 additional support staff have been provided.
- An additional \$3.9 billion has been allocated to build or refurbish hospitals and aged care facilities, improving the quality of health care in Victoria and providing more Victorians with more options to meet their health care needs.

- An increase of \$3.3 billion in output funding has been provided for hospitals, including 1 800 more doctors and 8 000 more nurses. This has led to a 10 per cent reduction in elective surgery waiting lists throughout Victoria. Additional funding for health has also improved the number and quality of aged care and community health facilities across Victoria.
- Ambulance services have been significantly boosted with 73 new or refurbished ambulance stations and over 700 paramedics since 1999.
- An investment in building or refurbishing over 150 police stations and an additional 1 400 sworn police officers throughout Victoria, increasing police presence and public safety and significantly reducing Victoria's crime rate.
- Over \$2.6 billion has been allocated towards water projects, improving the capture of, and access to, water across the state. The Government has also negotiated with the Commonwealth Government for a further \$1 billion funding for water saving projects in northern Victoria.
- Major new investment has been made in Victoria's transport connections. The Government has spent over

\$5.8 billion on building and improving roads across the state, as well as the soon-to-be-completed EastLink and reopened regional rail services. The Government has also undertaken the biggest upgrade of regional passenger rail services in decades, redeveloped Southern Cross station, and added 1 031 weekly metropolitan train services and 340 weekly regional train services throughout Victoria.

- Around \$3 billion has been allocated to date through *A Fairer Victoria* to increase support for disadvantaged Victorians, families and communities.
- A significant increase in funding is delivering greater access to affordable housing, including 2 000 new homes for low income Victorians and support for first home buyers.
- More than \$20 billion has been invested in infrastructure projects across Victoria since 1999.

While continuing to invest in critical services and infrastructure in Victoria, the Government has prudently and responsibly managed the state's finances, putting Victoria in the best possible shape to meet any economic challenges that may lie ahead. In particular, the Government has:

- Continually reduced taxes, saving Victorian taxpayers more than \$4.5 billion since 1999, rising to over \$5.5 billion when tax cuts announced in this budget are included.
- Maintained a healthy operating surplus each year since 1999, investing the proceeds back into Victoria's infrastructure.
- Kept debt levels at historically low and fiscally prudent levels, ensuring Victoria maintains its internationally recognised triple-A credit rating.



# 2008-09 Budget highlights

## Sound financial management

The Government has steered the Victorian economy effectively and responsibly since being elected in 1999. The Government has maintained strong budget surpluses over this time, which have been invested back into schools, hospitals, transport and other much needed capital investments. At the same time Victoria's triple-A credit rating has been maintained.

In 2008-09 the Government will meet its new target of maintaining a budget surplus of at least 1 per cent of revenue. This budget delivers:

- an operating surplus of \$828 million for 2008-09, and surpluses averaging \$907 million over the following three years;
- net infrastructure investment of \$3.9 billion in 2008-09, averaging \$4.3 billion over the four years to 2011-12; and
- low and sustainable levels of debt, with net financial liabilities declining from 11.9 per cent of GSP in June 1999 to 7.9 per cent in June 2008. Net financial liabilities will increase slightly over the forward estimates period to fund the Government's commitment to investing in infrastructure, but will remain at prudent levels.

## Driving jobs growth and competitive, innovative businesses

This budget continues to create the best possible economic climate in Victoria for the creation of wealth and jobs, and improvements to living standards through the reduction of taxes and regulatory costs, improved government efficiencies, and investments in Victorian business. Highlights include:

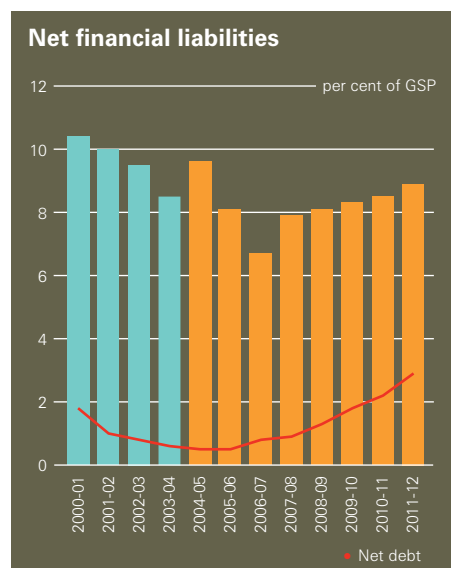
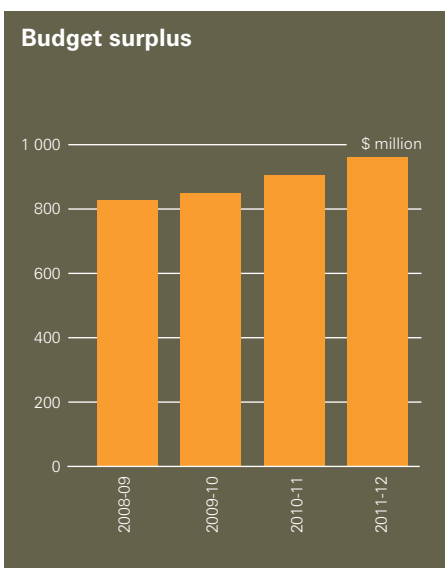
- \$490 million over four years in further substantial land tax reform, including reducing the top headline rate to 2.25 per cent – down from 5 per cent in 1999;
- \$170 million over four years for an additional reduction in the payroll tax rate, to 4.95 per cent – the lowest level since the mid-1970s;
- reducing WorkCover premiums by 5 per cent, saving employers \$88 million in 2008-09 – the fifth consecutive reduction in premiums;
- \$332 million over four years for an adjustment in stamp duty on land transfer thresholds of around 10 per cent, benefiting both business and families; and

- \$240 million towards better freight connections through the channel deepening of Port Phillip Bay, and improvements to rail freight infrastructure.

## Providing major new support for Victorian families

The Government continues its commitment to supporting Victorian families by providing:

- further relief to first homebuyers, enabling them to receive both the *First Home Bonus* and the principal place of residence stamp duty concession, and providing an additional \$3 000 *First Home Bonus* to first homebuyers purchasing new homes in regional Victoria;
- \$55 million over four years to significantly enhance maternal and child health services;
- \$31 million total estimated investment (TEI) to expand maternity services, enabling services to cater for an additional 2 800 extra births every year; and
- \$39 million over four years to boost support for vulnerable families and children.



# 2008-09 Budget highlights

## Investing in first class education for all Victorians

This budget delivers improved early childhood services, alongside the next stage of the Government's school rebuilding program. Highlights include:

- \$79 million over five years in early childhood education and care to ensure children get the best possible start in life;
- \$592 million for the modernisation, regeneration and replacement of schools across Victoria;
- \$79 million to improve educational outcomes in schools across Victoria, including the targeting of underperforming schools; and
- \$72 million to provide additional assistance to students with the greatest need, including the expansion of the Student Support Services program.

## Delivering high quality health services

This budget invests further funding into hospitals and health care services to ensure that more Victorians stay healthy and the best possible treatment and care is available for all Victorians:

- \$703 million to boost the capacity for hospitals to provide elective services, and to expand essential services such as renal dialysis, radiotherapy and chemotherapy;
- \$56 million to tackle preventable chronic diseases;
- \$175 million for the fight against cancer, including initiatives to better translate research into treatment and clinical care, and support for the Olivia Newton John Cancer Centre to deliver specialist cancer treatments;
- \$208 million to refurbish and build better hospitals across Victoria;
- \$186 million to improve ambulance services across Victoria;
- \$29 million for the purchase of new medical equipment, and investment in critical infrastructure; and

- \$69 million towards creating high quality aged care facilities, including stage 2 of the Kingston Centre redevelopment.

## Meeting the growing demand for transport

The Government is committed to providing efficient and safe transport connections in our cities, and has accelerated funding from the *Meeting Our Transport Challenges* reserve to meet the growing demand for transport. This budget provides:

- \$345 million to tackle the high demand for metropolitan rail services by introducing early bird fares, and upgrading rail infrastructure across the network to provide increased capacity and reliability; and
- \$698 million to reduce congestion and improve traffic flows across the metropolitan road network by investing in additional road capacity, and providing feasible alternatives to car travel.

## Securing a prosperous future for Provincial Victoria

Flourishing rural and regional communities are critical to ensuring the prosperity of all Victoria. This budget provides further funding for Provincial Victoria, including:

- \$205 million over four years to secure the future of Victorian farming;
- \$80 million to help provincial communities recover from bushfires and improve prevention and response capabilities for the future;
- \$515 million to improve rural and regional transport connections;
- \$57 million for initiatives designed to ensure regional and rural communities are attractive places for people to live, work and do business; and
- \$137 million in additional funding for hospitals and health care facilities in Provincial Victoria, including \$70 million TEI for the second stage of the Warrnambool Hospital redevelopment.

## Improving community safety and access to justice

Investing in community safety and justice remains a priority for the Government. This budget provides further funding to improve the effectiveness of our police, the efficiency of our court system and the integrity of our correctional services, including:

- \$53 million to improve capabilities and facilities for Victoria Police, including upgraded police stations and the replacement of critical assets and equipment;
- \$190 million to improve the service delivery and efficiency in our courts, including additional supreme court judges, upgraded digital video and audio evidentiary equipment, and expanded alternative dispute resolution;
- \$612 million to improve corrections facilities, including a new 350 bed prison at Ararat, and initiatives to reduce the risk of reoffending; and
- \$25 million to better protect victims of family violence.

## Reducing disadvantage and building a fairer Victoria

The Government remains committed to supporting those Victorians in most need of care and assistance. This budget provides substantial further funding to tackle disadvantage and create a fairer Victoria:

- \$111 million to further improve mental health services including additional prevention and recovery beds across Victoria, and a new statewide 24/7 mental health information and referral service;
- \$232 million to improve outcomes for people with disabilities by expanding packages that enable more people to be supported in their homes and improving programs that assist transition to work;



## 2008-09 Budget highlights

- \$48 million to improve access to affordable housing for all Victorians by improving access to housing services, and facilitating strategies across Victoria to increase the supply of affordable housing;
- \$9.4 million for financial counsellors to assist families facing financial hardship;
- \$36 million to support Indigenous children and youth;
- \$14 million to implement initiatives from the *Victorian Government's Action Plan: Strengthening Community Organisations*, including the establishment of 12 local community foundations in disadvantaged areas and a new Office for the Community Sector; and
- \$18 million for increased support for refugees.

### Tackling climate change and securing water supplies

This budget provides further funding to address the challenges of climate change and its effects, and to invest in the sustainability of Victoria's natural resources:

- \$265 million over four years to secure water for Victoria, including \$117 million for the first stage of the Wonthaggi desalination project;
- \$110 million over six years for large scale demonstration of carbon capture and storage (CCS) technologies through the Energy Technology Innovation Strategy (ETIS);
- \$72 million over six years (through ETIS) to support large scale, pre-commercialisation demonstration of sustainable energy technologies;
- \$54 million over five years for initiatives to assist households reduce their greenhouse emissions; and
- \$15 million over five years to investigate the impacts of climate change, and to identify strategies to help Victoria adapt to climate change.

### Building thriving, liveable communities

This budget provides additional funding to continue to build strong and vibrant communities across Victoria, including:

- \$89 million for initiatives to continue the *Melbourne 2030* vision to maintain Melbourne's liveability in the years ahead, including funding for the Broadmeadows, Geelong and Dandenong Transit Cities;
- \$78 million for continued excellence in sport and sporting facilities, including the upgrade of Olympic Park and the upgrade to the MCG;
- \$18 million to improve facilities for local communities, including the Northbank Promenade redevelopment in the Melbourne CBD; and
- \$39 million for arts and literature across Victoria, including increased investment in facilities and programs at the Arts Centre, and the establishment of a Centre for Books, Writing and Ideas at the State Library of Victoria.



## The Victorian economy

The Victorian economy continues to perform solidly despite greater global and domestic challenges.

The Government's work over the past eight and a half years has ensured Victoria's economy is in a resilient position to face the risks ahead. Although Victoria currently faces a much more challenging environment than it has for a number of years, the outlook for the state's economy remains sound.

This solid outlook has not been achieved by accident; it is the result of the Government's responsible financial management and planning for the future. The Government has also recognised the importance to the Victorian economy – as a non-resource based economy – of investing in drivers of growth such as productivity, innovation, education and skills.

Victorian economic growth is expected to be solid, at 3.25 per cent in 2007-08 and 3 per cent in 2008-09. This growth will be underpinned by solid growth in consumer spending, business investment and housing construction, continued strong population growth and solid growth in employment.

Victoria's population grew strongly in 2006-07, rising by 1.5 per cent – by far the highest growth of the non-resource states. This was largely driven by strong net overseas migration. Victorian employment growth has continued to be strong. The participation rate is near record highs, and the unemployment rate is around the lowest recorded in over 30 years. Business investment has remained strong in recent years – growing at an average annual rate of 8.9 per cent over the past four years – adding to the productive capacity of the state's economy. Building approvals reached a new record in 2007, and Victorian building approvals were again the highest in Australia.

However, there are risks to Victoria's economic outlook. The Australian economy has been growing at a fast pace in recent times, driven by strong domestic demand and the resources boom. The strength of domestic demand has placed pressure on the country's productive capacity, leading to higher inflation. The Reserve Bank of Australia has increased official interest rates significantly since mid-2007 in an effort to slow demand and moderate inflation. These higher interest rates have started to dent consumer and business confidence significantly.

Forecasts of global growth have been revised downwards, particularly for the United States as well as other major developed economies. Global financial markets are fragile, affecting household wealth and leading to less available and more costly credit, both internationally and in Australia. However Australia, including Victoria, will continue to be supported by strong – if slightly slower – growth in emerging economies such as China and India.

To address the medium-term challenges facing Victoria, the Government continues to drive its economic reform agenda to raise productivity and workforce participation.

### Victorian economic projections %

	2006-07 Actual	2007-08 Forecast	2008-09 Forecast	2009-10 Forecast	2010-11 Forecast	2011-12 Forecast
Real gross state product	2.7	3.25	3.00	3.00	3.00	3.00
Employment	2.7	2.75	1.50	1.50	1.50	1.50
Unemployment rate	4.8	4.50	4.75	4.75	4.75	4.75
Consumer price index	2.7	3.25	3.00	2.75	2.50	2.50
Wage price index	3.6	3.75	3.75	3.75	3.50	3.50
Population	1.5	1.50	1.50	1.50	1.40	1.40

### Gross state product growth



# Budget at a glance

## Revenue

General government sector revenue and grants received are expected to increase by 2.8 per cent to \$37.8 billion in 2008-09 relative to the revised estimate for 2007-08. Total taxation revenue is projected to increase by 3 per cent from 2007-08 to 2008-09 and well below nominal GSP growth of 5.1 per cent.

This budget continues to create a more efficient and competitive tax system. Land tax reform worth around \$490 million over four years will benefit all land taxpayers by:

- cutting the top land tax rate from 2.5 per cent to 2.25 per cent; and
- making an adjustment to land tax thresholds of around 10 per cent.

These changes mean that Victorian companies face the lowest levels of land tax in Australia for virtually all landholdings valued between \$400 000 and \$5.7 million.

This budget also:

- further reduces the scheduled cut in the payroll tax rate from 5.05 per cent to 5 per cent, by a further 0.05 percentage points to 4.95 per cent, effective from 1 July 2008; and
- provides stamp duty relief to businesses through an adjustment of the stamp duty thresholds of around 10 per cent.

Taxation measures to assist families and homebuyers include:

- providing stamp duty relief to homebuyers through an adjustment to the stamp duty thresholds of around 10 per cent. The combined worth of this adjustment for homebuyers and businesses is \$332 million over four years;

- enabling first homebuyers to receive both the *First Home Bonus* and the principal place of residence stamp duty concession, worth \$63 million in 2008-09;
- increasing the pensioner and concession cardholder stamp duty concession so that a full concession is provided to eligible purchases valued up to \$330 000. A partial concession is provided to eligible purchases valued over \$330 000 up to \$440 000, worth around \$26 million over four years;
- introducing a land tax exemption for residential accommodation for young people with disabilities; and
- introducing a stamp duty exemption for homes transferred into special disability trusts.

These stamp duty initiatives apply to contracts entered into, on or after 6 May 2008.

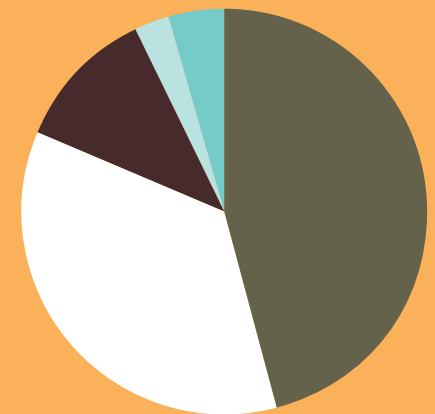
## Expenses and service delivery

Total expenses from transactions are expected to increase by 3.3 per cent to \$37.0 billion in 2008-09 relative to the revised estimate for 2007-08. This represents an increase of \$1.2 billion in 2008-09 and primarily reflects:

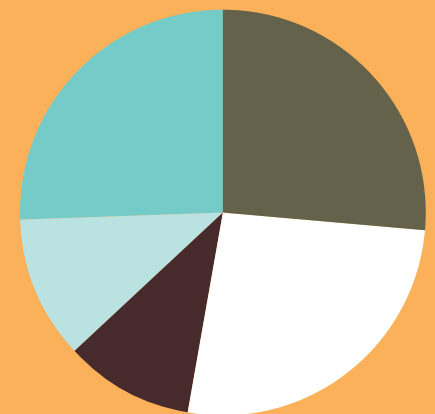
- new policy announcements made in this budget;
- general wages growth in line with government wages policy; and
- the impact of inflation on non-wage costs, such as the purchase of supplies and services.

Expenses from transactions are projected to increase by an average of 3.9 per cent a year over the four years to 2011-12. This is broadly in line with the projected population and price increases over the same period.

Revenue 2008-09



Expenses 2008-09



## Taking action: Delivering record investment in infrastructure

Modern, efficient infrastructure is vitally important in successfully meeting the future challenges facing Victoria and in supporting our growing population. Since coming to office the Government has undertaken the biggest infrastructure investment program in Victoria's history, committing around \$20 billion to improve the state's schools, hospitals and aged care facilities, transport connections, science and research facilities, and water supply.

The Government has delivered record levels of investment in Provincial Victoria, including major upgrades to regional passenger rail services and a range of projects funded through the Regional Infrastructure Development Fund. The Government has also undertaken exciting landmark projects, such as the Melbourne Convention Centre, the new Melbourne Recital Centre, the Southern Cross station redevelopment and the Australian Synchrotron.

Prudent fiscal management by the Government has delivered strong budget surpluses, enabling the delivery of social and economic infrastructure for Victoria, while maintaining debt at low levels and maintaining a triple-A credit rating.

Net infrastructure investment will rise to an average of \$4.3 billion for each of the following four years from 2008-09. This will increase the general government capital stock by 31.7 per cent, significantly higher than the projected increase in population of 6.0 per cent over the same period.

This budget announces asset projects with a TEI of \$4.3 billion. This includes:

- \$491 million TEI in hospitals, health care facilities and medical equipment, including \$137 million for major projects such as the Warrnambool Hospital redevelopment, and the expansion of Sunshine Hospital;
- \$592 million for the second tranche of the Government's \$1.9 billion Victorian schools plan for new, refurbished and modernised schools and other projects;
- \$663 million TEI in new and upgraded roads in Melbourne's growing outer suburbs and in regional areas;
- \$490 million TEI in rail infrastructure, to improve the capacity and reliability of the metropolitan train network, regional passenger rail services, and improve the rail freight network;

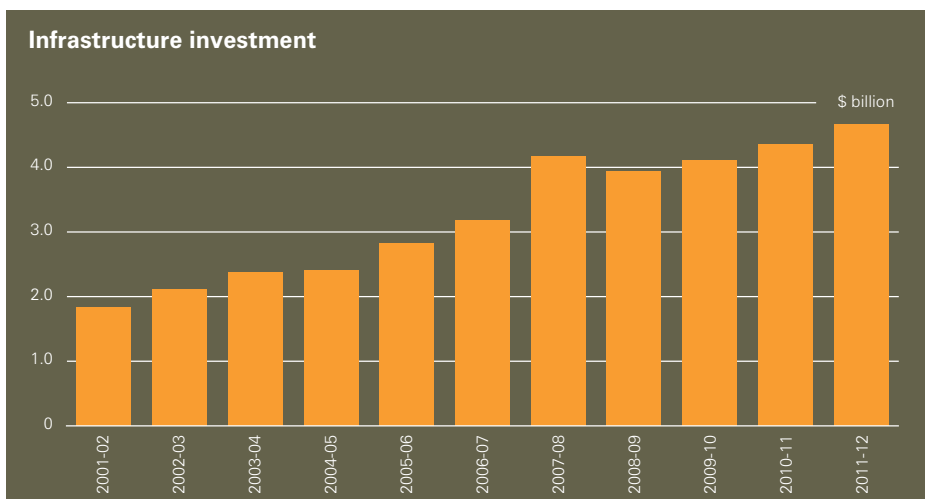
- \$150 million TEI towards works associated with the channel deepening project to boost productivity in and around the Port of Melbourne; and
- \$476 million TEI to improve the facilities available to Victoria's police and the justice system, including upgrades to police stations and the construction of a new 350 bed prison at Ararat.

In addition to direct government investment in infrastructure, this budget provides funding for essential major projects, including:

- \$117 million for the first stage of the Wonthaggi desalination project;
- \$110 million for large scale pre-commercial demonstration of carbon capture and storage technologies; and
- \$72 million for large scale pre-commercial demonstration of sustainable energy technologies.

From this budget, the Government will meet a new target of maintaining a budget surplus of at least 1 per cent of revenue. This will generate the consistent, substantial surpluses needed to build and maintain vital infrastructure to support Victoria's growing population and meet future challenges.

Victoria will also work with the new Commonwealth Government to raise overall Commonwealth-State investment in infrastructure to tackle national issues and challenges.





## Taking action:

# Providing major new support to Victorian families

The success of the Government's efforts to make Victoria the best place in Australia to raise a family is reflected in the growing number of people moving to the state. The Government understands the great importance – to individuals, families and the broader community – of supporting families and making sure they have the assistance and services they need to give children and young people the best possible start in life.

This budget continues the Government's commitment to Victorian families by delivering a major new package of initiatives.

### Healthier mothers and babies

Young Victorian families will benefit from substantially higher support for maternity and child health services delivered by this budget, providing:

- \$30 million over four years to ensure that all babies and young children up to the age of five receive check-ups and health support at key stages of their lives;
- \$13 million over four years to jointly fund maternal and child health programs with local councils through maternal and child health centres;
- \$12 million to provide services to babies and families who need extra support, especially first time mothers who may need additional help in the early stages of their child's life; and
- \$8.3 million for antenatal care initiatives, including programs aimed at modifying risk behaviours during pregnancy, such as smoking, poor nutrition and drug use.

### More maternity services

This budget invests \$31 million TEI to expand maternity services in growing areas, boosting capacity to cater for an additional 2 800 extra births every year. This investment includes:

- \$14 million TEI for eight new obstetric beds and four additional special care nursery cots at the Werribee Mercy Hospital, giving capacity for an extra 800 births each year;

- \$5.0 million TEI to expand maternity services at Frankston Hospital, supporting an additional 300 births a year;
- \$4.8 million TEI for a new Pregnancy Assessment Unit at the Monash Medical Centre in Clayton;
- \$4.2 million TEI to expand the Special Care Nursery at Casey Hospital from six to 20 cots, enabling the hospital to care for vulnerable and ill babies from the local community and support an additional 1 000 births each year; and
- \$2.5 million TEI to expand maternity services at the Northern Hospital, supporting an additional 500 births each year and enabling more women in Melbourne's outer north to deliver their babies closer to home.

### Helping families to buy a home

Since 1999, the Government has introduced a number of targeted initiatives benefiting homebuyers including the abolition of mortgage duty, a reduction in stamp duty for homebuyers purchasing properties valued between \$115 000 and \$500 000 and introducing and extending the cash-based *First Home Bonus* until 30 June 2009. This budget provides further relief by:

- reducing stamp duty to homebuyers per annum through an adjustment to stamp duty thresholds of around 10 per cent;
- enabling first homebuyers to receive both the *First Home Bonus* and the principal place of residence stamp duty concession. This initiative, worth \$63 million in 2008-09, means that first homebuyers will receive around a 15 per cent cut in duty. For example, a first homebuyer purchasing a median-priced first home (\$317 000) will receive a saving of \$2 460. This is in addition to up to \$12 000 from the *First Home Owners Grant* and the *First Home Bonus*; and
- providing an additional \$3 000 *Regional First Home Bonus* to eligible first homebuyers purchasing newly constructed homes in regional Victoria. This is provided in addition to the *First Home Owners Grant* and the *First*

*Home Bonus*, giving first homebuyers in regional areas up to \$15 000 towards their new home.

The Government has also increased the pensioner stamp duty concession thresholds on four occasions. This budget continues Victoria's leadership in offering these concessions for homebuyers by:

- increasing the pensioner and concession cardholder stamp duty concession so that a full concession is provided for eligible property purchases valued up to \$330 000 and a partial concession is provided to eligible purchases valued over \$330 000 up to \$440 000, worth around \$26 million over four years.

The stamp duty initiatives and *Regional First Home Bonus* apply to contracts entered into on or after 6 May 2008. The Government also continues to substantially increase the supply of affordable housing for families.

### Boost for early childhood services

This budget allocates an additional \$79 million to improve and expand early childhood services in Victoria. Details of these initiatives are set out in Investing in a first class education for all Victorians.

### Support for vulnerable children and families

This budget provides a further \$39 million over four years to significantly boost support for vulnerable families and children, including:

- \$5.2 million over two years for a pilot program to provide intensive therapeutic care to significantly abused and traumatised children;
- \$14 million over four years to provide greater support for people who are caring for the children of relatives; and
- \$20 million over four years to help caregivers meet the expenses of children in their care, such as health care and education expenses.



## Taking action:

# Driving jobs growth and competitive, innovative businesses

A productive economy that fosters innovation, wealth and job creation is crucial in improving the standard of living and wellbeing for all Victorians. To remain competitive in an increasingly open and integrated world economy, Victoria requires a low cost business environment that encourages innovation and participation, and can draw upon a healthy, educated and skilled workforce.

With some indicators signalling tougher economic times ahead, the Government is positioning the Victorian economy to withstand any pressures that may arise and be ready to capitalise on new opportunities by:

- maintaining competitive tax levels and ensuring that the government operates as efficiently as possible;
- reducing the cost of regulation;
- assisting local industries to become innovative, adaptive and internationally competitive;
- investing in the health, education and skills of Victorians; and
- investing in key transport and logistics infrastructure.

This budget provides further significant funding to increase the competitiveness and robustness of the Victorian economy.

### Continuing to lead on tax and regulatory reform

The Victorian Government continues to make it easier and cheaper to do business in Victoria, including previously announced tax cuts worth over \$4.5 billion. The Government also has a strong agenda to reduce the regulatory burden on business. This includes a commitment to reduce the costs of regulation by 25 per cent within five years, payroll tax harmonisation initiatives with NSW and playing a leading role in the Council of Australian Governments (COAG) national regulatory reform agenda.

This budget provides a further boost to Victorian business competitiveness through additional land tax and stamp duty relief.

This budget also provides for a further reduction in the scheduled cut in the payroll tax rate from 5.05 per cent to 5 per cent, by a further 0.05 percentage points to 4.95 per cent, effective from 1 July 2008. This additional reduction will take the rate to its lowest level since 1974-75 and will benefit business by a further \$170 million over the next four years.

This reduction means that businesses with payrolls of between around \$4 million and \$13.5 million will attract the lowest payroll tax in Australia.

This budget also:

- introduces a corporate reconstruction stamp duty exemption to provide relief to listed property trusts in circumstances that are consistent with the Commonwealth Government's arrangements concerning Capital Gains Tax rollover relief. This will allow Australian listed property trusts to become more competitive in offshore markets; and
- reduces WorkCover premiums by a further 5 per cent, the fifth consecutive reduction, saving employers \$88 million in 2008-09.

The taxation reform measures announced in this budget will provide net tax relief to Victorian taxpayers of over \$1 billion over four years.

### Investing in Victorian industries

The Government considers it essential for Victoria to participate and be a leader in the knowledge and technological economy, and provides ongoing support for industries at the forefront of new technologies.

Later in 2008, the Government will refresh its innovation policy and investments, building on the success of the 2002 innovation statement and two 'generations' of the Science, Technology and Innovation initiative since 1999. Since coming to office, the Government has invested over \$2 billion in innovation-related initiatives, funding that has been vital

to the establishment of the Australian Synchrotron, the Bio21 precinct, the Australian Stem Cell Centre and the Victorian Agribiosciences Centre.

The Government will also release a Victorian Industry and Manufacturing strategy later in 2008, which will deliver higher levels of support for the state's manufacturing and service industries to assist them in re-positioning as high value, knowledge-intensive and export-focused industries.

In addition to these statements, this budget provides:

- \$11 million over three years to further support the development of creative industries in Victoria;
- \$14 million over two years to increase Melbourne's credentials as an attractive, competitive destination for major international business events;
- \$5.5 million over four years for the *Energise Enterprise Small Business Festival*; and
- \$6.1 million over three years to ensure that Victorian business has a strong presence at the World Expo 2010 in Shanghai.

### Boosting skills

The Government recognises that a skilled workforce will be critical to Victoria's future success in an increasingly competitive and innovative business environment, and to ensuring that Victoria attracts and generates higher paid, higher quality jobs.

Later in 2008, the Government will refresh its 2006 skills statement to provide further investment in improving the skills of Victorians. Alongside this statement, this budget provides:

- \$25 million to extend for 12 months the highly successful *Apprenticeship/Traineeship Completion Bonus* program, which has seen Victoria achieve the highest number of apprenticeship completions of any Australian state;



- \$2.1 million for a new Green Plumbing Training Centre in Brunswick to provide innovative, world-leading plumbing training that focuses on sustainability, waste reduction, and water and energy conservation;
- \$42 million TEI for capital works, upgrades and new facilities in TAFE institutes across Victoria; and
- \$7.5 million over two years for the *New Workforce Partnerships* program, which matches disadvantaged jobseekers with employers who are having difficulty recruiting staff.

### Improving freight connections

Successful and competitive businesses rely upon the ability to transport goods around Victoria, Australia and the world as quickly and cost-effectively as possible. To support Victorian business, the Government is committed to maintaining world-class freight connections.

A major part of the Government's freight strategy is to increase the efficiency of trade through our ports. In February, the channel deepening project commenced which will allow the Port of Melbourne to host the larger container ships. This budget provides \$150 million TEI towards works associated with this critical project.

This budget also provides further funding to improve freight connections in Victoria, including:

- \$21 million over three years to provide a temporary rebate for container freight carried on rail services from regional Victoria, and a rail access rebate for domestic and export grain;
- \$56 million for the operation, maintenance and upgrade of lines on the regional rail freight network; and
- \$12 million TEI to enhance the provision of a standard gauge rail line into the Port of Geelong.



# A Budget for all Victorians

## Grampians

- New facilities at Trentham Campus of Hepburn Health Service
- Redevelopment of Ballarat Hospital mental health services
- New National Centre for Farmer Health in Hamilton
- Ambulance station upgrade at Ballarat
- New 'peak period' ambulance unit at Bacchus Marsh
- New 350-bed prison at existing Ararat prison site
- Hamilton-Grampians pipeline
- Fast tracking Wimmera-Mallee pipeline

## Regional statewide

- Upgrades to ambulance services and stations
- Major equipment upgrade for the CFA and SES
- Regional First Home Bonus
- Regional Solar Hot Water Rebate scheme
- Future Farming strategy
- Drought response package
- Renewal and maintenance of country freight and passenger rail networks
- Natural resources investment program

## Barwon South West

- Redevelopment of Warrnambool Hospital
- Replacement school: Anglesea Primary School
- New medical helicopter based at Warrnambool
- Ambulance station upgrades at Anglesea and Timboon, and additional paramedics at Anglesea, Colac and Timboon
- Revitalisation and regeneration projects in central Geelong
- Duplication of Princes Highway from Waurn Ponds to Winchelsea
- New specialist sexual assault prosecution unit in Geelong
- Geelong-Melbourne water pipeline
- New Cobboboonee National Park

### Loddon-Mallee

- Redevelopment of Bendigo Hospital Emergency Department
- Relocation of Stella Anderson nursing home
- Ambulance station upgrades at Avoca, and additional paramedics at Woodend, Kyneton, Gisborne and Kilmore
- New dental clinic at Mildura
- New freeway connection between West Melton and Bacchus Marsh
- Bendigo education plan (stage 2)

### Hume

- Replacement school: Wodonga South Primary School
- New dental clinic at Wodonga
- Planning for Alexandra District Hospital redevelopment
- Additional paramedics at Alexandra
- Food Bowl Modernisation project
- Goulburn Ovens TAFE – New Primary Industries Centre
- Yarra Glen truck bypass

### Gippsland

- Replacement school: Bass Coast SDS
- New community health centre in Morwell
- Ambulance station upgrades at Neerim South, and additional paramedics at Mirboo North
- New bus services in South Gippsland
- Clean Coal Victoria
- Stage 1 of the Wonthaggi desalination project
- Expansion of parks and reserve system
- Gippsland Flood Recovery package

### Outer suburbs

- New selective entry schools in Berwick and Wyndham Vale (stage 1)
- New schools: Craigieburn North P-12, Wyndham Vale P-9, Caroline Springs College – Springside campus (all stage 1); Wallan Secondary College (stage 2)
- New day hospital in Sunbury
- Expanded maternity services at Werribee Mercy Hospital, Casey Hospital and the Northern Hospital
- New 'peak period' ambulance units at Berwick, South Morang, Pakenham and Yarra Junction
- Ambulance station upgrades at Hastings, Pakenham and Sunbury, and additional paramedics at Beaconsfield, Greensborough, Sunbury and Laverton
- New dental facilities at Melton
- More peak hour train services on the Werribee and Craigieburn lines
- 1 700 new parking spaces at 10 suburban train stations
- Upgrades to South Gippsland Highway

### Melbourne

- Modernisation of 17 schools
- New John Monash Science School at Monash University
- New 'peak period' ambulance units at Abbotsford, Coburg, Ivanhoe, Hallam, Patterson Lakes, Prahran, Frankston and Yarraville
- Hospital redevelopments – Sunshine Hospital (stage 2), Dandenong Hospital Emergency Department, Veterans Psychiatry Unit at Heidelberg Repatriation Hospital
- Planning for Royal Eye and Ear Hospital redevelopment
- Early bird Metcard initiative
- Monash-CityLink-Westgate corridor upgrade
- New walking and cycling trail along the Yarra River Northbank
- Funding boost for Museum Victoria, the Arts Centre and ACMI
- MCG concourse redevelopment
- Regeneration projects for Broadmeadows and Dandenong Transit Cities
- Green Plumbing Centre in Brunswick
- Centre for Books, Writing and Ideas at the State Library
- Research Centre for Climate Change Adaptation at Monash University
- Additional bus services for Doncaster corridor
- New State Athletics Centre

# Taking action: Investing in a first class education for all Victorians

The Government continues to invest in education as its first priority, recognising that Victoria's economic and social progress is increasingly linked to knowledge, innovation and skills.

The Government has undertaken major reforms and delivered record levels of investment to deliver on its commitment to make children's learning, development and health a key priority. The Government recognises that a child's experience in the early years has a profound impact on their development and educational outcomes.

The recent establishment of the Department of Education and Early Childhood Development provides an opportunity to improve the wellbeing and development of all Victorian children by integrating early childhood services and schools. Public consultation is underway to inform the development of the *Blueprint for Early Childhood Development and School Reform* to be released later this year.

## Enhancing early childhood education and care

This budget invests:

- \$29 million over four years including for an additional 1 000 early childhood intervention services to support children with a disability or developmental delay from birth to school entry;
- \$17 million over four years to administer changes to the *Children's Services Act 1996*, which will regulate family day care and outside school hours care;
- \$11 million over five years to support the rollout of a Victorian early learning and development framework for children, and transition planning between kindergarten and schools; and
- \$5.2 million over four years for 3-year-old early learning programs of up to five hours per week for up to 2 000 children known to child protection.

## Continuing to rebuild Government schools across the state

The Victorian schools plan commits to rebuilding or modernising every Victorian government school over a 10 year period. Over the first four years, \$1.9 billion will be provided to enable the Government to act quickly and tackle the most pressing issues.

This budget delivers funding for a further 128 schools, which brings to more than half the number of all schools scheduled to be modernised by 2010.

This budget provides \$592 million to build, modernise and upgrade schools across Victoria, including:

- \$124 million TEI for the modernisation of 22 schools;
- \$101 million TEI for regeneration projects in Altona, Bendigo, Broadmeadows, Colac, Dandenong and Sunshine East to provide new education options and improved school facilities;
- \$19 million TEI for three replacement schools – Anglesea Primary School, Bass Coast Special Development School, and Wodonga South Primary School;
- \$30 million TEI to purchase land for new schools in growth corridors;
- \$18 million TEI for the replacement of nine rural schools with permanent modern facilities;
- \$29 million TEI for new schools at Caroline Springs College – Springside Campus (stage 2), Craigieburn North P-12 (stage 2), Wallan Secondary College (stage 3), and Wyndham Vale P-9/specialist (stage 2);
- \$35 million TEI as part of the *Better Schools Today* program to fund renovation works at up to 70 small-to-medium schools;
- \$20 million TEI to construct the John Monash Science School;
- \$26 million TEI to build more new, energy efficient relocatable classrooms;

- \$19 million TEI for two new select entry coeducational schools in the growth areas of Berwick and Wyndham Vale; and
- \$171 million TEI to build 11 new schools through *Partnerships Victoria* in high growth areas.

## Improving school and student outcomes

This budget provides more targeted support to help schools further improve their performance and student outcomes, including:

- \$71 million over four years to help lower-performing schools, including:
  - incentives for the best teachers to work in schools where they are needed most;
  - new School Improvement Leaders to work with schools to improve their performance;
  - executive contracts for high achieving principals; and
  - partnering of high-performing schools with lower-performing schools.
- \$22 million over four years to continue the successful Literacy Improvement Teams initiative;
- \$7.6 million over four years to employ up to 75 outstanding graduates in government schools in hard-to-staff subject areas;
- \$33 million over four years to expand the Student Support Services program, which provides support for at risk students;
- \$2.8 million to support student access to specialist science centres and school/business partnerships;
- \$7.3 million to improve Year 12 completion rates through vocational education and training; and
- \$7 million in 2007-08 for government schools to purchase up to 7 000 new or replacement computers.



## Taking action: Delivering high quality health services

The Government is committed to providing high quality and accessible health and community services to all Victorians. The Government has invested over \$3.2 billion and \$4.7 billion TEI in health and community services since coming to office in 1999, and has expanded capacity in our hospital sector to treat an additional 300 000 patients per year than were treated in 1999.

This budget continues the Government's record in health, delivering one of the biggest capital investments in hospitals and health services.

### Maintaining health system performance

The Government continues to work hard to meet the challenges of increased demand from ageing of the population and population growth through the provision of more and improved hospital services and new and upgraded hospital facilities.

This budget commits an additional \$703 million over five years for hospital services. This investment will fund growth in essential services such as renal dialysis, radiotherapy and chemotherapy, expand services at day hospitals and provide additional outpatient appointments. Key initiatives include:

- \$248 million over four years to expand emergency admissions capacity;
- \$77 million over five years to expand elective surgery capacity across Victoria, enabling an additional 16 000 patients to be treated over five years;
- \$22 million over four years to expand services at day hospitals;
- \$12 million over four years to meet demand for palliative care services; and
- \$34 million over four years to increase outpatient services to provide an additional 33 500 outpatient appointments.

### Tackling chronic disease and cancer

For the first time in our history, more Australians are dying from non-communicable diseases than communicable diseases. The Government is committed to putting preventative health care at the forefront of the health agenda and is investing \$20 million over four years to expand the *Early Intervention in Chronic Disease* program and improve research into chronic disease.

The Government is also taking action to reduce the harm caused by excessive consumption of alcohol and alcohol-related violence. This budget provides \$37 million over four years to support the Government's alcohol action plan, including an awareness campaign to encourage responsible drinking.

In addition, the Government has approved WorkCover investing \$218 million over five years for the WorkHealth initiative to conduct preventative health screenings for Victoria's 2.6 million workers, targeting the connection between chronic disease and workplace injury.

The Government is tackling cancer as a key priority. This budget commits \$175 million over four years to enhance cancer services including:

- \$150 million over four years to the Government's new Cancer Action plan, which aims to increase survival rates for victims by a further 10 per cent by 2015; and
- \$25 million TEI towards the Olivia Newton John Cancer Centre to deliver specialist cancer treatments at the Austin Hospital.

### Building better hospitals

The Government continues to invest heavily to build and refurbish hospitals and health care facilities across Victoria. This budget includes:

- \$35 million TEI for emergency department upgrades at Dandenong Hospital and Bendigo Health emergency department;

- \$74 million TEI for stage 2 of the Sunshine Hospital redevelopment including a new teaching, training and research facility and the construction of four radiotherapy bunkers;
- \$14 million TEI for the new Sunbury day hospital;
- \$70 million TEI for the second stage of the Warrnambool Hospital redevelopment;
- \$8.5 million TEI to upgrade theatres, and electrical and mechanical services at Box Hill Hospital; and
- \$21 million TEI for a new community health service building in Morwell as part of the Latrobe Community Health Service.

### Ambulance services

This budget delivers the largest single investment in ambulance services in Victoria's history, including:

- \$160 million over four years for an Ambulance Service strategy to supply additional paramedic crews and peak period units, new MICA single responder units, expanded coverage for the 24 hour neonatal and paediatric retrieval service, and a new air ambulance service for south-west Victoria;
- \$15 million to upgrade metropolitan ambulance stations, including four new 'peak period' units and the purchase of additional vehicles; and
- \$10 million to upgrade and expand rural ambulance stations and services.

### Upgrading medical equipment and critical infrastructure

This budget provides:

- \$104 million for the *HealthSmart* program to develop a statewide ICT network to be used by all public services across Victoria; and
- \$5.0 million to replace essential medical equipment.

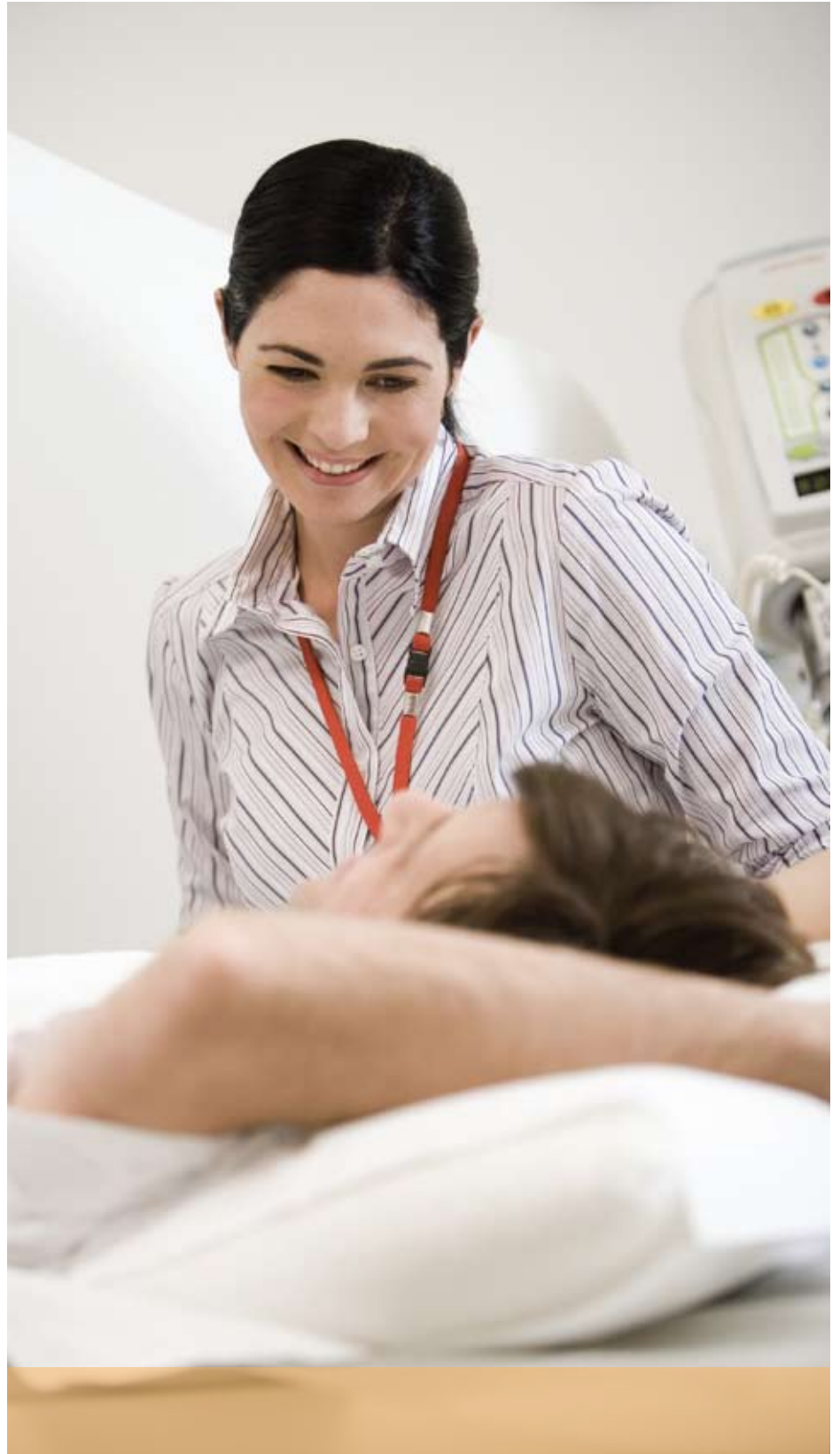
The Government continues to improve public dental services across the state and this budget provides \$4.9 million TEI for 12 new dental chairs in Melton, \$8.1 million TEI for new dental clinics in Mildura and Wodonga, and six new dental chairs in Morwell as part of the Latrobe Community Health Service redevelopment.

This budget also provides \$24 million TEI for the *Hospital Energy Supply* project to ensure continuity of health care services to six of Victoria's major public hospitals in the event of major disruptions to the state's energy supplies.

#### **Improving aged care facilities**

Since coming to office, the Government has upgraded, rebuilt and redeveloped aged care facilities across Victoria. This budget provides \$69 million towards creating high quality aged care facilities, including:

- \$45 million TEI for stage 2 of the Kingston Centre redevelopment including a 64 bed sub-acute ward;
- \$14 million TEI for the Bendigo Residential Aged Care facility to relocate the Stella Anderson nursing home to a new 60 bed facility;
- \$8.0 million TEI for the Hepburn Health Service: Trentham Campus redevelopment, including 15 high care residential aged care beds and refurbishment of the existing low care facility; and
- \$2.5 million TEI for stage 3 of the Aged Care Land Bank to supply not-for-profit aged care providers with access to surplus government land to encourage the development of additional high care residential aged care beds in the inner suburbs.



## Taking action:

# Meeting the growing demand for transport

Moving people and freight to their destinations quickly, efficiently and cost-effectively improves the liveability of our towns and cities, reduces business costs and increases economic competitiveness.

As Victoria's population grows rapidly, so does the demand for transport. There are now many more cars on our roads, more people travelling to work each day, more people using trains and buses, and more trucks and vans moving freight around the state. This unprecedented demand is placing Victoria's transport network under considerable pressure.

The Government has accelerated its transport planning and investment, taking action to deliver short, medium and long-term projects to ensure Victoria's road and rail systems can meet this unprecedented growth.

This budget delivers record \$1.7 billion investment in transport and brings forward funding from the *Meeting Our Transport Challenges* reserve for major improvements to transport services and infrastructure in Victoria.

The Government also continues to plan for the future. In 2007, the Government commissioned an independent report from Sir Rod Eddington into improving Melbourne's east-west transport connections. The East West Link Needs Assessment report was completed in March 2008 and the Government will respond to the report by the end of the year, following a period of community consultation.

### Tackling high demand for train services

Patronage on Melbourne's train network has increased by more than 20 per cent over the past two years. This metropolitan network is carrying an historically high number of passengers, a trend that is likely to continue as Melbourne's population growth outstrips previous forecasts.

Alongside extensive timetable changes announced by the Government in April – changes that will add more than 200 new weekly train services – this budget takes further action to add capacity and improve reliability across this network, including:

- \$151 million TEI to construct a passing loop around Westall train station, and upgrade Westall train station and stabling facilities, allowing more morning peak hour services to operate along the Dandenong corridor;
- \$92 million TEI to upgrade the track and station at Laverton, enabling additional services travelling from Laverton to the CBD via Altona, and improved travel times and reliability for V/Line and Werribee services;
- \$27 million TEI to provide approximately 1 700 additional parking facilities at 10 *Park 'n' Ride* train stations;
- \$4.4 million TEI to upgrade train stations at Prahran, Windsor, and Noble Park;
- \$10 million TEI for design works to bring forward the extension of the Epping line to South Morang;

- \$30 million TEI for the Craigieburn track upgrade to allow more morning peak services and improve the reliability of V/Line services to Seymour and Albury; and
- \$12 million over two years to provide free train travel to metropolitan train commuters who finish their travel before 7am.

### Reducing congestion and improving the metropolitan road network

To address the increasing number of cars on our roads, the Government is investing in the road network, and ensuring there are feasible transport alternatives. This budget provides new funding to improve the flow of traffic on metropolitan roads, including:

- \$363 million TEI for the Monash-CityLink-Westgate improvement project, which includes an advanced, high-tech freeway management system to improve the capacity of this vital east-west corridor;
- \$47 million for measures to ease congestion within 10 kilometres of the city;
- \$38 million to improve travel times for tram and bus commuters by increasing traffic priority for these services; and
- \$28 million over four years to extend the Government's walking and cycling program, encouraging a greater number of commuters to leave their cars at home.

This budget also provides \$85 million TEI to improve outer metropolitan roads.







# Taking action: Securing a prosperous future for Provincial Victoria

Since coming to office, the Government has demonstrated its understanding of the importance of thriving regional communities and industries to Victoria's economic success. The Government has made investment in Provincial Victoria a top priority, aiming to drive jobs, business and investment growth, attract more people to regional areas, and provide the modern infrastructure our regions need to move ahead.

The Government has established the highly successful Regional Infrastructure Development Fund, and in November 2006 released the *Moving Forward* statement – a \$502 million plan to make Provincial Victoria the best place to live, work, invest and raise a family. The Government has also substantially increased investment in regional schools, health services and transport.

While Provincial Victoria has grown strongly in recent years, the Government recognises that future challenges – such as climate change and water security – will have a large impact on the success, survival and prosperity of regional communities and industries.

This budget builds on the Government's strong record of support for Provincial Victoria and makes major new investments in regional industries, services and infrastructure.

## **Securing the future of Victorian farming**

Farming in Victoria is entering a new era and is faced with unprecedented pressures, as well as new possibilities, that will drive significant change over coming decades. To secure the future of farming in Victoria, this budget allocates \$205 million over four years, including:

- \$77 million over four years to improve the development and delivery of services to farmers, and refocus research, development and training to boost productivity through new technologies and changes in farming practices;

- \$20 million over four years to improve the management of invasive weeds and pests;
- \$11 million over four years to develop new farming systems technologies and practices so Victorian farmers are prepared for future climate and emissions challenges;
- \$20 million over four years to drive the increased competitiveness of Victoria's farming industries through innovation and practice change;
- \$11 million over four years to help farm businesses to capture new domestic and international market opportunities; and
- \$12 million over four years to support farming communities as they continue to adjust to change, and to improve the health and wellbeing of farming families, including a new National Centre for Farmer Health in Hamilton.

## **Improving bushfire response and recovery capabilities**

Bushfires are a constant and real threat to rural and regional communities, and the Government is committed to improving bushfire prevention and providing assistance to recover from fires. In March 2007 the Government provided a \$138 million package to help communities to recover from the effects of bushfire. This budget provides:

- \$13 million TEI for more than 10 400 new radios for the Country Fire Authority (CFA);
- \$4.6 million to better equip the CFA to fight fires by investing in additional aerial pumper trucks, technical rescue vehicles and other critical assets;
- \$2.6 million TEI to better equip VicSES with additional 4WD vehicles, road accident rescue kits rescue vehicles and other critical assets; and
- \$60 million TEI to repair bridges and stream crossings to provide safer access to remote areas for fire protection, water catchment management and timber harvesting activities.

## **Better regional roads**

The Government is investing to improve the safety and quality of Victoria's regional road network. This budget provides an additional \$224 million TEI for rural and regional roads, including:

- \$110 million TEI to duplicate the Princes Highway between Waurin Ponds and Winchelsea;
- \$40 million TEI to duplicate the Western Highway from Melton to Bacchus Marsh; and
- \$9 million TEI for the Yarra Glen truck bypass.

## **Regional public transport services**

The Government's substantial investment has resulted in more services and significantly greater patronage. This budget provides:

- \$112 million over four years and \$142 million TEI to maintain and improve track infrastructure to ensure travel times and reliability are preserved on regional passenger train services; and
- \$15 million to significantly expand coach services for the South Gippsland region.

## **Investing in regional communities, jobs and business opportunities**

This budget provides funding to ensure regional and rural communities are attractive places for people to live, work and do business, including:

- \$25 million over four years for the Geelong Transit City project;
- \$6 million over two years to help the Geelong region to adjust to the contracting car manufacturing industry by increasing business opportunities and jobs in other sectors;
- \$13 million over four years to plan for sustainable communities in regional Victoria, including providing access for regional councils to strategic planning information and advice;
- \$13 million over four years to support the tourism industry and local events in regional areas; and
- \$900 000 for a program to foster collaboration and develop innovation in regional businesses.

## Taking action: Improving community safety and access to justice

Over the past eight and a half years, the Government has invested heavily in community safety to ensure Victoria remains one of the safest places to live, work and raise a family. This investment has included 1 400 additional police, more than 150 new and upgraded police stations, and more than \$240 million to fight organised crime and terrorism. Since 1999, funding for Victoria's police has increased by more than 50 per cent, and the state's crime rate has reduced by 23.5 per cent.

This budget builds on this strong progress and delivers further substantial investment to increase community safety and protection, and improve access to justice.

### Supporting Victoria Police and preventing crime

Funding provided in this budget will support front line policing, assist Victoria Police to meet its crime reduction target of 12 per cent by 2013 and keep Victoria at the forefront of the fight against organised crime and terrorism. Initiatives include:

- \$10 million for further police station upgrades;
- \$18 million over four years for the ongoing employment of 29 forensic officers in the Victoria Police Forensic Services Department and \$1.7 million TEI to provide new equipment;
- \$4.8 million TEI for new specialist equipment for Victoria Police; and
- \$19 million over five years to continue Victoria Police marine patrols at the ports of Melbourne, Geelong, Portland, Hastings and Welshpool.

These initiatives are part of a record \$1.7 billion Victoria Police budget in 2008-09, underscoring the Government's ongoing strong support for policing and crime reduction.

### Reducing delays and improving services in the courts

This budget provides:

- \$38 million to reduce trial delays in the Supreme Court by appointing three new judges and providing additional resources to the court and supporting organisations, including the Office of Public Prosecutions;
- \$6.5 million for two magistrates and support staff to reduce delays in the Children's Court;
- \$16 million to improve security at Magistrates' Courts across the state and \$23 million TEI for six new courtrooms at the old County Court building;
- \$18 million for alternative dispute resolution initiatives, including expanding dispute resolution services in regional areas; and
- \$19 million TEI to replace analogue audio and video recording technology with digital equipment at Victoria Police, the Office of Public Prosecutions and the Courts Technology Group.

This budget also provides \$24 million over four years and \$38 million TEI to improve Victoria's forensic pathology services and mortuary facilities, including five new forensic pathologists, upgraded mortuary facilities at the Victorian Institute of Forensic Medicine, a new Victorian Coronial Council and extended forensic services that will reduce delays in providing information to the Coroner and grieving families.

### Improving community protection and offender rehabilitation

In this budget, the Government is investing \$591 million to ensure the state's corrections and offender rehabilitation systems have the capacity to meet increased demand and protect the Victorian community. Initiatives include:

- constructing a new 350 bed unit at the existing Ararat Prison site, improving facilities at existing prisons and provide an extra 244 prison beds; and
- better protecting the community by improving the management of high-risk sex offenders.

This budget also provides:

- \$12 million to improve offender rehabilitation, including the continuation of the *Better Pathways: Women's Offending Strategy* that helps female offenders meet the conditions of bail or community correctional orders; and
- \$6.6 million over four years and \$1.3 million TEI for a new specialist sexual assault prosecution unit in Geelong.

### Taking further action against family violence

In 2005, the Government provided \$35 million to step up its campaign against family violence. This funding has enabled police, health and support services to work more collaboratively to reduce the impact and repetition of family violence.

This budget provides \$25 million over four years to take further action against family violence, including expanded crisis response and case management for women and children, new Indigenous initiatives and an expansion in men's behaviour change programs.

This includes \$1.5 million for a community education program to support the introduction later in 2008 of the new *Family Violence Act*, which will provide further protection for the victims of family violence.



Taking action:  
Reducing disadvantage and building a  
fairer Victoria



From 2005 to date, the Government has invested more than \$3 billion to date to support disadvantaged Victorians, families and communities through its action plan *A Fairer Victoria*. While initiatives taken through *A Fairer Victoria* have improved the lives and wellbeing of a great many Victorians, the Government recognises some people and places continue to experience disadvantage, hardship and barriers to opportunity. This budget provides major new funding to tackle disadvantage through the next stage of *A Fairer Victoria*.

### Delivering a major boost for mental health services

The Government has delivered a major increase in funding for mental health services in recent years, boosting early intervention and prevention services, increasing support for young people with a mental illness, and expanding and improving hospital-based services. This budget includes:

- \$29 million over four years and \$10 million TEI to build and staff new prevention and recovery care services;
- \$24 million TEI for the redevelopment and expansion of mental health facilities at Ballarat Health Service, Dandenong Hospital and Heidelberg Repatriation Hospital;
- \$17 million over four years for services to integrate child and youth mental health services and provide earlier support to children, young people and their families;
- \$10 million over four years for a new statewide 24/7 mental health information and referral service, and a further \$5.5 million over four years for specialist triage services to support the 24 hour service; and
- \$8.7 million over four years for a new program for people with a mental illness who are homeless.

### Supporting people with a disability and their families

*A Fairer Victoria* has contributed to a new approach to providing support for people with disabilities, building the capabilities of individuals to improve their independence. This budget invests:

- \$71 million over four years to expand individual support packages to enable more people to be supported in their homes and in the community;

- \$50 million to replace outdated shared accommodation with new homes through the Disability Housing Trust;
- \$10 million over four years to provide greater support for people with disabilities moving into employment; and
- \$4.2 million over four years to further improve services for people with an acquired brain injury.

This budget also funds an additional 1 000 early childhood intervention services to support children with a disability.

### Better access to affordable housing

The capacity to access and sustain long-term secure housing is fundamental to people's well-being and participation in community life and provides a foundation to pursue education and employment.

In addition to the Government's accelerated land release announced in March 2008, and the \$500 million for 2 350 affordable homes announced in the 2007-08 Budget, this budget provides:

- \$29 million over four years for the *Opening Doors* initiative to improve access to homelessness and housing services;
- \$4.2 million over four years to assist vulnerable people living in social housing to sustain their tenancies; and
- \$15 million over five years to provide more land for housing and reduce planning and development approval delays.

### Improving the lives of Indigenous children and young people

Since 1999, the Government has made significant investments in programs to address Indigenous disadvantage. This budget builds on earlier investments and provides:

- \$25 million over five years to implement *Wannik: Education Strategy for Koorie Students (2008)*, a comprehensive reform program to improve education outcomes for Victorian Indigenous students;
- \$2.0 million over four years for an Indigenous Youth Employment program to assist young people leaving school to transition to jobs; and
- \$4.0 million over four years to upgrade Indigenous residential care placements to better meet the complex needs of children and young people unable to live with their families.

### Supporting refugees

To help overcome the challenges faced by newly emerging refugee communities in Victoria, this budget provides:

- \$6.5 million over four years to schools and communities to help them to meet the needs of refugee students;
- \$8.2 million over four years to improve the responsiveness and accessibility of Victoria's justice system for refugees; and
- \$3.0 million over four years to expand the successful *Refugee Health Nurse* program.

### Helping Victorians recover from financial hardship

This budget allocates \$9.4 million over four years to continue the financial counselling services program, which funds community agencies to provide free advice to families and individuals who are struggling to afford basic living costs.

### Implementing reform in the not-for-profit sector

In April 2008 the Government released the *Victorian Government's Action Plan: Strengthening Community Organisations*, which aims to strengthen the capacity and sustainability of Victoria's community sector.

This budget provides funding to implement the action plan, including:

- \$5.3 million to establish 12 local Community Foundations in disadvantaged areas;
- \$4.9 million to establish a new Office for the Community Sector to provide better support to community organisations;
- \$1.2 million to set up a portable long service leave scheme to help the sector retain skilled workers; and
- \$2.0 million to establish the Community Enterprise Catalyst to give emerging community enterprises the support they need to get started and succeed.

### Forgotten Australians

This budget also allocates \$7.1 million over four years for a service to coordinate and provide assistance to people who grew up in institutionalised care services between 1920 and 1989.



## Taking action: Tackling climate change and securing water supplies

Climate change is not just about changes in the weather; it is about making significant changes in the way we work, live and do business. The Victorian Government recognises that, while climate change raises major challenges, it will also generate new opportunities through new technologies, industries and jobs. The Government also understands our response to climate change is critical to taking Victoria forward as a liveable, productive and sustainable place.

The Victorian Government is leading the way on climate change. The Government has set an ambitious target to reduce Victoria's greenhouse emissions by 60 per cent by 2050, established the Victorian Renewable Energy Target and the Victorian Energy Efficiency Target and is working closely with the Commonwealth Government to implement a national Emissions Trading Scheme. The Government is also leading by example, with GreenPower to make up 25 per cent of power used by the public sector by 2010.

These actions are delivering strong results: Victorian householders have doubled their use of GreenPower in the past two years; Melbourne has cut its water usage by 28 per cent; water recycling levels have risen from 2 per cent to 14 per cent since 1999; and Victoria's annual greenhouse gas emissions have fallen by at least 1 664 000 tonnes a year.

In 2008, the Commonwealth Government will receive the report of the Garnaut Climate Change Review. The report's recommendations will need to be carefully considered by the Victorian and other Australian governments in framing our future responses to climate change.

This budget takes further action to build on these achievements, delivering a record \$294 million over ten years to tackle climate change. This budget also provides major new investment to further secure Victoria's water supplies and preserve our natural resources.



### Positioning Victoria as a leader in new energy technologies

This budget provides substantial new investment to develop and demonstrate energy technologies, including:

- \$110 million over six years towards a large scale, pre-commercial carbon capture and storage demonstration project under the Government's Energy Technology Innovation Strategy;
- \$5.2 million over four years for modelling of the Gippsland Basin to improve knowledge about the geology and fluid dynamics relevant to long term storage of carbon dioxide;
- \$3.6 million towards the Cooperative Research Centre for Greenhouse Gas Technologies to extend Victoria's membership of the CRC for a further seven years;
- \$72 million over six years through ETIS to help finance large scale pre-commercial demonstration of sustainable energy technologies, such as solar energy, biofuels, biomass conversion, geothermal energy and clean distributed energy; and
- \$12 million over two years to complete the establishment of a Clean Coal Authority, which will develop a strategic plan for the development of Victoria's coal resources.

### Reducing greenhouse gas emissions from households

The ability for Victoria to respond to the challenge of climate change requires action and change by both Government and the community. This budget provides:

- \$33 million over four years for rebates for residents in regional and rural areas for the installation of solar hot water units;
- \$16 million over 10 years for the *Home Wise* program, which assists households in hardship to repair or replace an essential appliance, fixture or fitting;

- \$5.0 million for a one year extension of the successful *Black Balloons* campaign to raise public awareness of climate change issues; and
- \$4.1 million over two years to audit and retrofit homes for around 2 600 low income families, which will cut greenhouse gas emissions and reduce energy bills.

### Adapting to climate change

In August 2007, the Government announced the *Future Coasts* project to study the effects of climate change on Victoria's coast. This budget provides further funding for this critical project and for new research into the impact of climate change, including:

- \$9.9 million over four years to enhance the *Future Coasts* project by incorporating high resolution bathymetric data to model the impacts of sea levels rise on coastal processes, such as erosion and sand deposition; and
- \$5.0 million over five years to establish a world-class Climate Change Adaptation Centre in Victoria, and further position Victoria to make a significant contribution to national climate change adaptation research.

This budget also provides funding for other important climate change initiatives, including:

- \$2.0 million over two years to develop a sustainable transport policy; and
- \$3.6 million to develop the Government's *White Paper on Land and Biodiversity at a Time of Climate Change*.

### Securing our water supplies

Climate change, more than a decade of drought and historically low streamflows mean Victoria must secure its water future through saving and recycling water, and creating new water. This budget continues to deliver the Government's long term plan to secure Victoria's water supplies for the next 50 years, including:

- \$117 million for the first stage of the \$3.1 billion Wonthaggi desalination project;

- \$20 million for the \$120 million Geelong-Melbourne pipeline, which will give Geelong, the Bellarine Peninsula and the Surf Coast access to increased water supplies from the desalination plant and irrigation upgrades;
- \$10 million for the Hamilton-Grampians pipeline, which will connect Hamilton to the Wimmera-Mallee water system;
- \$99 million to fast-track the Wimmera-Mallee pipeline, enabling the project to be completed in 2009-10; and
- \$18 million over four years to unbundle water rights from land as part of the Government's water reforms, giving irrigators greater flexibility to trade water.

This budget also confirms the \$600 million TEI for the *Food Bowl Modernisation* project announced in the *2007-08 Budget Update*. When completed, this project will provide around 425 billion litres of additional water each year by reducing water loss through evaporation. The Commonwealth Government is also contributing \$1 billion towards stage 2 of this project, which will modernise and upgrade irrigation infrastructure in Victoria's north east and share the resulting water savings between irrigators in the region, the environment and Melbourne.

### Preserving our natural resources

Victoria has many natural resources that support prosperity and provides much personal enjoyment. The Government is committed to ensuring future generations experience the same level of prosperity and enjoyment from these resources. This budget includes:

- \$110 million over five years for the Natural Resources Investment program, which will address issues such as water salinity, sustainable landscapes, and species and habitat loss; and
- \$11 million to enhance Victoria's parks and reserves, including creating the Cobboboonee National Park and Forest Park, expanding the parks and reserve system in East Gippsland, and linking the Errinundra National Park to the Snowy River National Park.

## Taking action: Building thriving, liveable communities

Strong, vibrant, engaged and cohesive neighbourhoods are the key to ensuring Victoria remains one of the most liveable places in the world.

The Government is committed to supporting and building thriving communities and has a strong history in future planning for communities, through policies such as *Melbourne 2030*, and providing funding for local activities such as sport and the arts.

This budget provides further funding towards building thriving, liveable communities, including new support for transit cities, parks and recreation facilities, sports facilities, and arts and literature.

### Planning for growth – *Melbourne 2030*

With Melbourne experiencing its biggest surge in population since the early 1970s, it is more important than ever to manage the city's growth responsibly. The government's *Melbourne 2030* plan aims to contain urban sprawl, provide a greater diversity of housing and development options, and create vibrant, higher density urban hubs with good public transport access. This budget provides additional funding to support *Melbourne 2030* and maintain Melbourne's liveability in the years ahead, including:

- \$52 million over four years for Transit City projects in Broadmeadows, Geelong and Dandenong to conduct traffic and transport studies, undertake urban redevelopment, explore new residential and commercial opportunities and fit out the new government services building in Dandenong; and
- \$37 million over four years for projects that will plan for growing communities, introduce new residential zones, and target investment in urban renewal projects and management of green wedges.

### Improving community facilities

This budget provides further investment to improve local community amenity and facilities, including:

- \$15 million TEI for the Northbank Promenade redevelopment project to construct a continuous pedestrian and cycling trail linking the central city area, World Trade Centre, new Convention Centre, and Docklands with a riverfront promenade; and
- \$3.0 million for the *Connected Libraries* program to improve public library services by providing wireless internet access, facilitating the movement of materials between libraries and developing a business case to assess the benefits of a single Victorian library membership card.

### Ensuring an ongoing connection to our war veterans

This budget provides \$1.8 million to ensure that the histories and stories of our war veterans are preserved and told by digitising military unit histories and establishing a virtual veterans museum, developing a series of oral histories, and establishing a program to educate the community on Australian war service.

### Supporting continued excellence in sport

Victoria has long been viewed as the sporting capital of Australia. This is reinforced by world class facilities provided for participants and spectators, and high quality programs aimed at developing and supporting athletes from grass roots level through to competing on the world stage. This budget provides:

- \$50 million TEI to upgrade Olympic Park;
- \$6.7 million over four years for the Victorian Institute of Sport to consolidate and improve elite athlete development at the Institute to improve opportunities for Victorian athletes to succeed at Olympic level;
- \$10 million to redevelop suburban Victorian Football League grounds and training facilities and to increase community use of these facilities;
- \$9.5 million to expand the Brunton Avenue section of the Melbourne Cricket Ground concourse to improve spectator access and pedestrian flows; and

- \$8.0 million over four years to continue the successful *Go For Your Life!* strategy which aims to improve physical activity and healthy eating.

### Investing in the arts and literature

The Government considers communities that embrace the arts and literature, are more vibrant, attractive and tolerant places to live and work. They are also likely to be more successful in attracting people, businesses and investment. This budget provides:

- \$4.9 million over four years for the Australian Centre for the Moving Image;
- \$16 million over four years for maintaining buildings and programs at the Arts Centre to ensure Victorians continue to be provided with world class arts and entertainment;
- \$8.0 million TEI to renew permanent exhibitions at Museum Victoria; and
- \$10 million to establish a Centre for Books, Writing and Ideas at the State Library of Victoria.



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