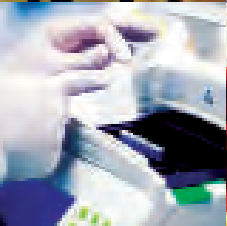
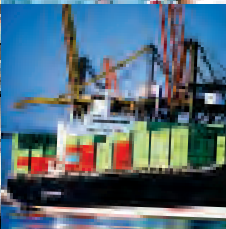
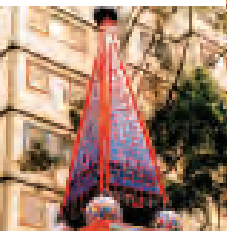




2005-06 Victorian Budget Overview

Delivering Opportunity and Prosperity



Making Victoria the best place to raise a family

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2005-06 Budget Paper set includes:
Budget Paper No. 1 – Treasurer's Speech
Budget Paper No. 2 – Strategy and Outlook
Budget Paper No. 3 – Service Delivery
Budget Paper No. 4 – Statement of Finances
(Incorporating Quarterly Financial Report No. 3)
Budget Overview

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Treasurer's Message

The Government continues to provide the right environment to drive a strong, growing and competitive Victorian economy. The 2005-06 Budget maintains the Government's national leadership in infrastructure investment and taxation reform, while delivering a breakthrough social policy package to reduce disadvantage and create a fairer, more prosperous Victoria.

Victoria's economy has grown strongly over the past five years, proving remarkably resilient against a backdrop of global uncertainty and change. The Victorian economy is forecast to grow by 3 per cent in 2005-06, maintaining the State's strong and consistent record of growth. Unemployment has fallen strongly and, as recovery from the drought continues, provincial Victoria will play an increasingly important role in ongoing strong domestic growth.

The Government is making a major contribution to the strength and resilience of the Victorian economy through prudent economic management, record investment in high quality infrastructure, a commitment to innovation and ongoing leadership in competition policy, regulatory and taxation reform.

The 2005-06 Budget continues to provide the right environment for economic, employment and productivity growth, placing Victoria in a strong position to meet the challenges ahead.

For the sixth consecutive year, the Government will deliver a surplus in excess of \$100 million. Net debt remains low, we have preserved the State's AAA credit rating, and we are using the strength of Victoria's balance sheet to fund vital major projects that will deliver substantial long-term benefits to Victorians.

In the past five years, the Government has invested over \$10 billion in infrastructure projects. Over the next four years, a further \$10 billion will be invested in projects that will create vital new social infrastructure, help to avoid bottlenecks in production and exports,

deliver major improvements to the State's transport system and boost Victoria's international reputation as a forward-looking and dynamic place to live, work, visit and invest.

Victoria continues to lead the nation in taxation reform. The Government has announced tax cuts of major benefit to business, worth around \$3 billion. The 2005-06 Budget provides further land tax relief worth \$823 million over five years.

WorkCover premiums will also be cut by a further 10 per cent, lowering business costs and driving new investment and jobs growth.

The budget delivers *A Fairer Victoria*, a major new social policy package that aims to improve opportunities for the most disadvantaged people and places in Victoria. *A Fairer Victoria* includes substantial new support for families and children, Indigenous Victorians, older people, people with disabilities and people with a mental illness.

The budget continues the Government's investment in rebuilding Victoria's health system, with significant new funding for the upgrade of hospitals, emergency care services and aged care facilities and new actions to boost the capacity of Victoria's hospitals to treat more patients.

Substantial new resources continue to be invested in education with a strong focus on driving excellence in learning and teaching and supporting disadvantaged students and schools. Sixteen new and replacement schools will be built or completed and all government schools will be connected to a high speed broadband network.

Provincial Victoria also does exceptionally well, with major new investments in health and aged care facilities, country roads, police station, broadband and education.

The Government is committed to maintaining Victoria's status as Australia's safest State and the budget includes new initiatives to tackle organised and major crime.

The budget delivers a major package of transport and planning initiatives, including city and country road upgrades, safety improvements at key road and railway sites and new suburban bus services. For the first time, all revenue raised from speeding fines will be channelled directly into improving Victoria's roads.

The Government continues to take action to protect and manage Victoria's environment. The budget provides additional funding for Victoria's national parks and major new investment to develop energy efficient technologies.

The 2005-06 Budget continues to build a dynamic, diverse and competitive Victorian economy that is capable of weathering the challenges that lie ahead. The Government's actions and policies continue to ensure a strong and positive economic outlook for Victoria, while boosting opportunity and prosperity across the State and making Victoria the best place in Australia to raise a family.

JOHN BRUMBY MP
Treasurer



Achievements to Date

Over the past five years, the Government has worked towards building a healthy and vibrant economy that provides strong foundations for growth. This hard work and planning has paid off, with major progress being made in achieving key social and environmental objectives.

A Fairer Victoria includes investment, actions and reforms that aim to further improve services and reduce entrenched disadvantage within Victorian communities.

Major social and environmental achievements over the last five years include:

- a 54 per cent boost in funding for health services and an additional \$2 billion to build, modernise and upgrade hospitals, health services and aged care facilities. An additional 5 766 nurses have been brought back into the public health system;
- 25 new schools have been built and almost 5 300 extra teachers and staff have been employed in Victorian schools since June 1999. Class sizes have also been reduced;
- 1 400 additional police and 100 new police facilities have been funded across the State, alongside significantly increased support for Victoria's emergency services;
- more than \$2 billion has been invested to reverse years of decline in provincial Victoria and boost business, jobs and population growth in regional areas;

- through the new Victorian Water Trust, \$320 million in seed funding has been committed for projects that will improve water efficiency, conservation and recycling and restore river health;
- the world's first system of marine national parks and sanctuaries has been established along the Victorian coast; and
- \$305 million has been spent on major road safety initiatives that saw Victoria achieve its lowest ever road toll in 2003.

A forward-looking economic agenda has built Victoria's reputation as an internationally competitive, innovative and globally-connected state. Continued prudent infrastructure investment and taxation reform will help to ensure future prosperity for all Victorians. Achievements include:

- announcing tax cuts worth \$3 billion, reducing business costs and making Victoria a more attractive place to invest;
- investing a record \$10 billion in infrastructure projects; and
- maintaining a AAA credit rating and for the sixth year running a projected surplus of more than \$100 million.

The 2005-06 Budget builds on these achievements and demonstrates continued management of the State's finances in a prudent manner to promote economic growth, build Victoria's capacity for future growth and make continued progress against social and environmental objectives.

2005-06 Budget Highlights

SOUND FINANCIAL MANAGEMENT

The Government is committed to delivering prudent financial management and providing a sound foundation for strong and sustained economic growth across Victoria. The Government's continued responsible financial management complements Victoria's strong economic performance, enabling investment in services and infrastructure and delivering significant benefits for all Victorians.

The Government is committed to maintaining its \$100 million budget surplus target, ensuring that businesses and families in Victoria have a stable financial environment in which to invest and plan for the future. This stable environment has contributed to Victoria's remarkable resilience against external shocks and record of strong economic growth. The 2005-06 Budget delivers:

- an operating surplus of \$365 million for 2005-06, and surpluses averaging \$394 million for the following three years;
- a record high level of net infrastructure investment of \$3 billion in 2005-06, with investment expected to average \$2.6 billion a year over the four years to 2008-09; and
- low sustainable levels of net financial liabilities and low levels of net debt.

The Government's prudent financial management continues to be recognised by the international rating agencies, Standard & Poor's and Moody's Investors Service, which have again affirmed Victoria's AAA credit rating in 2004.

The 2005-06 Budget is the first Victorian Budget prepared under the Australian equivalents to International Financial Reporting Standards (A-IFRS) and one of the first financial reports in the nation published under the new standards.

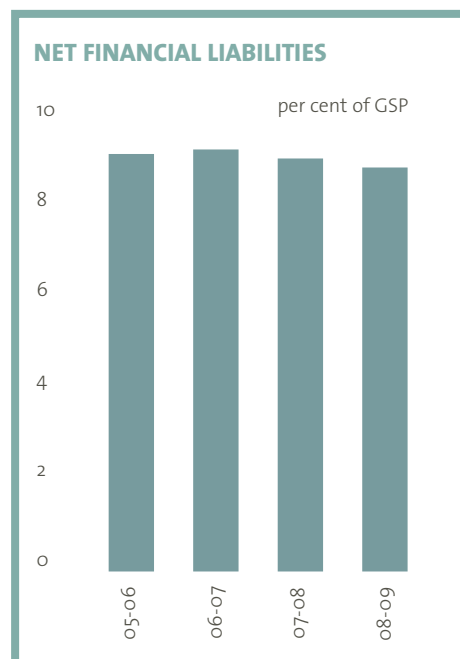
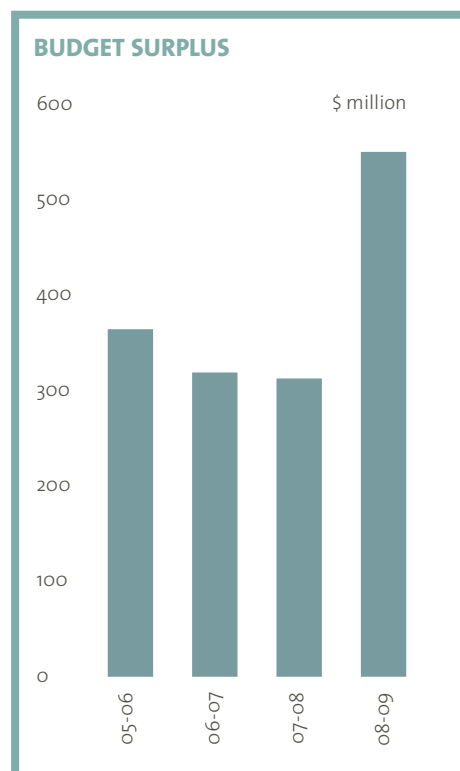
Financial reports for periods commencing on 1 January 2005 must be based on A-IFRS and the 2005-06 *Financial Report for the State of Victoria*, to be published in late 2006, will comply with the new standards. To enable comparisons between the Financial Report and Budget estimates, the Government has prepared the 2005-06 Budget in accordance with A-IFRS.

By making sure reports about Victoria's finances comply with the A-IFRS, the Government is meeting its commitment to deliver transparency and accountability in financial reporting.

A FAIRER VICTORIA

The 2005-06 Budget delivers substantial new funding to support *A Fairer Victoria*, released in April 2005. Key initiatives include:

- \$102 million over four years to give children a better start in life, including improvements to child and family support services, an increase in the kindergarten fee subsidy for low income families, greater support for families with a child with a disability and a new Office for Children;
- a stronger and more effective response to family violence (\$35 million over four years);
- additional support to help Indigenous Victorians and communities break the cycle of disadvantage (\$23 million over four years and \$4.5 million total estimated investment [TEI]);
- greater support for people with disabilities (\$70 million over four years and \$40 million TEI) and people with a mental illness (\$125 million over four years and \$56 million TEI);



A-IFRS basis



2005-06 Budget Highlights

- new initiatives to help reduce re-offending, improve access to justice and establish a new Neighbourhood Justice Centre (\$65 million over four years and \$17 million TEI);
- \$50 million over five years to help older Victorians live independently and remain active and engaged in their communities; and
- \$79 million over five years to increase the supply of affordable housing across Victoria and expand the successful *Neighbourhood Renewal* program into new communities.

CONTINUED LEADERSHIP ON TAXATION REFORM

The 2005-06 Budget continues the Government's national leadership on taxation reform and reducing costs for business. The Government will provide substantial land tax relief to taxpayers at a cost of \$823 million over five years, which includes:

- reducing the middle land tax rates that apply to property holdings valued between \$750 000 and \$2.7 million;
- bringing forward by one year the reduction in the top marginal rate announced in the 2004-05 Budget;
- increasing the tax-free threshold by \$25 000 to \$200 000;
- providing a general land tax rebate in 2004-05;
- capping the increase in land tax liabilities in 2005-06; and
- providing a full land tax exemption for aged care facilities, supported residential services and rooming houses backdated to 1 January 2004.

The 2005-06 Budget also implements the abolition of bank accounts debits tax from 1 July 2005 and rental business duty from 1 January 2007.

BUILDING VICTORIA'S INFRASTRUCTURE

The Government is delivering the largest major projects program in Victoria's history, with record investment in infrastructure of more than \$10 billion. The 2005-06 Budget continues the Government's investment in vital infrastructure, with \$2 billion TEI for infrastructure projects including:

- \$473 million TEI for health and community services related infrastructure;
- \$323 million TEI for education related infrastructure;
- \$660 million TEI for transport related infrastructure; and
- \$300 million TEI for the relocation and redevelopment of the Melbourne Wholesale Markets, \$9.2 million TEI to upgrade Victoria's 13 local ports, and an additional \$10 million for the Regional Infrastructure Development Fund.

DELIVERING HIGH QUALITY HEALTH AND COMMUNITY SERVICES

The Government is committing an additional \$1 billion over five years in output funding (including initiatives under *A Fairer Victoria*) and \$473 million TEI in assets (including initiatives under *A Fairer Victoria*) to continue to meet its commitment to rebuild Victoria's health and community services. Key initiatives include:

- a \$578 million package over five years to treat an additional 40 000 hospital patients and 61 000 people presenting at emergency departments, and reduce elective surgery waiting lists;

- \$202 million TEI for new and upgraded hospitals and community health centres, including \$38 million TEI to implement the first stage of the Royal Children's Hospital redevelopment;
- \$61 million TEI to improve and upgrade aged care facilities across Victoria; and
- \$22 million over four years and \$13 million TEI to improve ambulance services.

INVESTING IN EDUCATION

Education remains the Government's highest priority. High quality education and training for lifelong learning is a central theme that has been reflected in the Government's investment decisions since coming to office. The Government is committing a further \$553 million until 2008-09 in output funding and \$323 million TEI in assets to build on achievements to date and ensure Victoria's education and training system is world-class. Key initiatives include:

- building or completing 16 new and replacement schools across the State and modernising and upgrading schools and TAFE facilities (\$255 million TEI);
- additional funding to enable schools to better support disadvantaged students (\$142 million over four years);
- providing new specialist learning facilities in secondary schools, including facilities for science and technology, the arts, languages, sport, design and music (\$31 million TEI);
- additional assistance to needy non-government schools (\$115 million over four years); and
- a new broadband network for all government schools (\$82 million over four years and \$7 million TEI).



INCREASING COMMUNITY SAFETY AND IMPROVING ACCESS TO JUSTICE

The Government has invested significant resources into building safe and confident communities in Victoria and is providing a further \$290 million over five years and \$158 million TEI in the 2005-06 Budget. Key initiatives include:

- constructing or completing 54 metropolitan and country police stations, and introducing 12 new mobile police stations (\$78 million TEI);
- resources to support Victoria Police's Organised Crime Strategy and assist the recently-established Special Investigations Monitor and Chief Examiner (\$28 million over four years and \$3.1 million TEI);
- \$13 million over four years and \$35 million TEI to modernise administrative processes in Victoria's courts;
- funding for the Office of Public Prosecutions (\$35 million over five years);
- a funding boost for the Office of the Ombudsman (\$52 million over five years); and
- \$12 million over two years and \$3.5 million TEI for increased marine security.

GROWING AND LINKING THE STATE

The 2005-06 Budget commits \$176 million over five years and \$660 million TEI to continue the Government's investment in modern, efficient transport infrastructure and services across the State. Key initiatives include:

- further upgrading of major roads in Melbourne and provincial Victoria (\$16 million over three years and \$385 million TEI) and further safety improvements on rural and metropolitan roads (\$77 million over two years and \$33 million TEI);
- improving Melbourne's metropolitan public transport network (\$67 million over four years and \$81 million TEI);
- planning for re-introducing passenger rail services between Melbourne and Mildura, and along the South Gippsland line (\$12 million TEI);
- almost doubling the number of safety upgrades at rail crossings (\$16 million); and
- delivering key projects as part of the Melbourne 2030 strategy (\$37 million over four years).

BUILDING A MORE COMPETITIVE AND INNOVATIVE ECONOMY

The Government is providing \$135 million over four years and \$52 million TEI to drive the growth of thriving, innovative industries, build a highly-skilled workforce and attract higher levels of investment to Victoria. Key initiatives include:

- \$39 million over four years and \$58 million TEI to support the arts and major events, bringing investment, tourism and jobs to the Victorian economy;
- \$104 million over five years for the Energy Technology Innovation Strategy to advance the development of energy efficient technologies;
- \$5.8 million for detailed planning and design work to establish a new National Biosecurity Centre at La Trobe University;
- \$8.4 million over four years to protect Victoria's clean, green agricultural credentials; and

- \$12.5 million over four years for pre-apprenticeship programs to address identified regional skills shortages.

PROTECTING THE ENVIRONMENT AND PROMOTING SUSTAINABLE RESOURCE USE

The Government is committing \$323 million over four years and \$147 million TEI to protect Victoria's environment and promote the sustainable use of the State's natural resources. Key initiatives include:

- \$32 million over four years and \$66 million TEI to renew and upgrade assets in Victoria's national parks;
- additional funding for the Murray-Darling Basin Commission (\$2.8 million); and
- \$9 million TEI to protect our coastal environment and restore Victoria's bayside beaches.

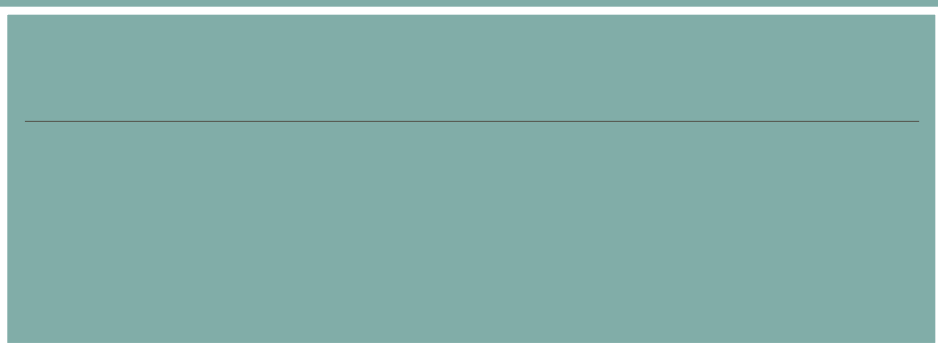
The Victorian Economy

Victoria's strong economy has displayed remarkable resilience to national and global pressures, and is building a robust, long-term capability to meet emerging challenges and create new opportunities for the State.

Since coming to office, the Bracks Government has acted to secure a strong and prosperous future for Victoria. The Government recognises that significant challenges lie ahead and has focused on developing a diverse, innovative and competitive economy that is well insulated against these challenges.

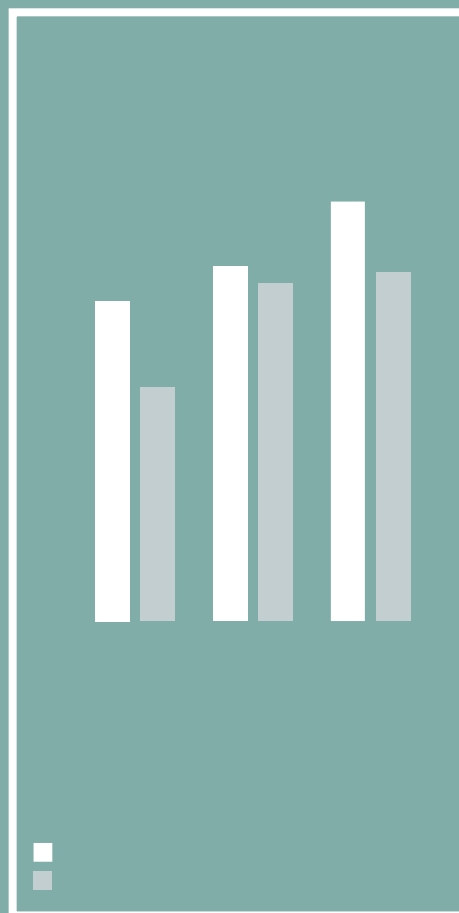
Victoria's competitiveness has improved. Productivity growth has been rapid, and population growth has risen strongly to now exceed the national average. Strong employment growth in 2004 was accompanied by a surge in labour market participation, which is now at historically high levels. Continued employment growth has made significant inroads into unemployment in Melbourne and regional areas.

There are some signs that the Australian economy is now entering a weaker phase as capacity constraints begin to affect growth. In addition, consumer spending has slowed and the property market appears to have cooled. Despite these concerns, Victoria's economic fundamentals remain solid. Employment and income growth are strong, and high levels of business and infrastructure investment are driving growth in capacity and productivity. The substantial pipeline of new construction work in place across the State suggests that Victoria's capital base will continue to grow.



There are some challenges ahead for Victorian businesses. The rise in global commodity prices, which has benefited the other major states, has put upward pressure on business costs and the exchange rate, affecting Victoria's trade-exposed sectors such as agriculture and manufacturing.

The Victorian economy grew by 3.7 per cent in 2003-04, and is expected to grow by 2.75 per cent in 2004-05 and 3.0 per cent in 2005-06. Strong economic fundamentals will see growth recover to 3.5 per cent in later years. The momentum in the labour market is likely to see employment grow by 3.0 per cent in 2004-05. Over time, the unemployment rate is expected to continue to decline.



Budget at a Glance

REVENUE AND TAX REFORM

Revenue from transactions is expected to increase by 4.3 per cent relative to the revised estimate for 2004-05, to \$30.6 billion in 2005-06. Taxation revenue is projected to decrease by 0.5 per cent in 2005-06 relative to the revised estimate for 2004-05.

The decrease in tax revenue reflects several factors, including:

- an expected continuing moderation in property market activity, through a softening of house prices and reduction in the volume of sales;
- the package of land tax changes announced in the 2005-06 Budget;
- the full-year effect of the abolition of mortgage duty from 1 July 2004; and
- the abolition of debits tax from 1 July 2005.

The Government is providing substantial land tax relief worth \$823 million over five years. The major focus is to adjust rates and thresholds to provide targeted relief to those taxpayers who have experienced large increases in their land tax liabilities in recent years as a result of rising property values, particularly in premium locations.

The relief includes providing land tax rebates on 2005 land tax equal to half the savings taxpayers would have gained that year if the middle rate cuts and bracket adjustment delivered in this Budget applied. The Government will also cap increases in land tax liabilities in 2005-06 so no taxpayer will experience an increase in their land tax liability of greater than 50 per cent for the 2006 land tax year.

Tax exemptions will be granted for all aged care facilities, supported residential services and rooming houses and will be backdated to 1 January 2004.

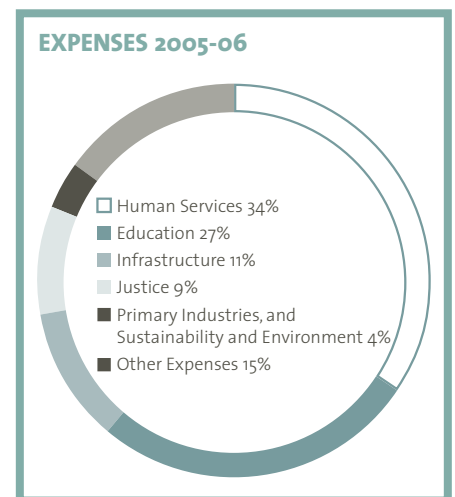
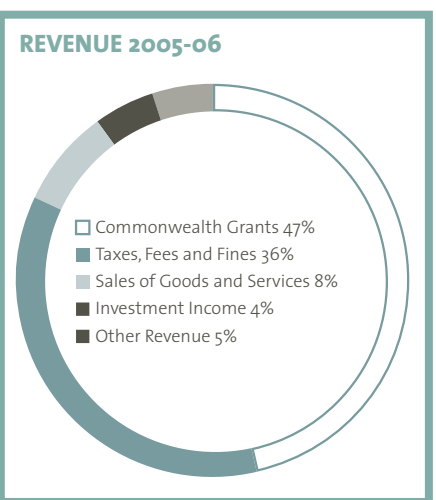
As part of the 1999 *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, the Government will remove rental business duty from 1 January 2007. This is in addition to the abolition of debits tax from 1 July 2005, which was announced in the 2004-05 Budget. Both of these measures will ensure the Government meets all of its commitments under the Intergovernmental Agreement.

EXPENSES AND SERVICE DELIVERY

Total expenses from transactions are expected to increase by 5.2 per cent to \$30.3 billion in 2005-06 relative to the revised estimate for 2004-05. This primarily reflects:

- new policy funding of \$585 million, which contributes to the budgeted increases in employee benefits of \$576 million and supplies and services of \$358 million;
- annual wage growth provided in the forward estimates consistent with government wages policy; and
- associated expense impacts resulting from an increase in sales of goods and services income of \$84 million in 2005-06.

Expenses from transactions are projected to increase by an average of 2.9 per cent a year over the forward estimates period. This is broadly in line with expected price inflation and Victorian population growth.





Building Victoria's Infrastructure

The Bracks Government is delivering the largest major projects program in the State's history, building the infrastructure Victoria needs for better services, higher living standards and a strong economy.



Since coming to office, the Government has committed more than \$10 billion to infrastructure projects across Victoria, averaging more than \$2 billion per year. Net infrastructure spending is expected to average \$2.6 billion a year over the four years to 2008-09.

This record level of expenditure will exceed estimated depreciation by around \$1.3 billion a year, and over the next four years, general government real capital stock will grow by 12.2 per cent, around three times the growth in population.

The Government's existing major projects program includes:

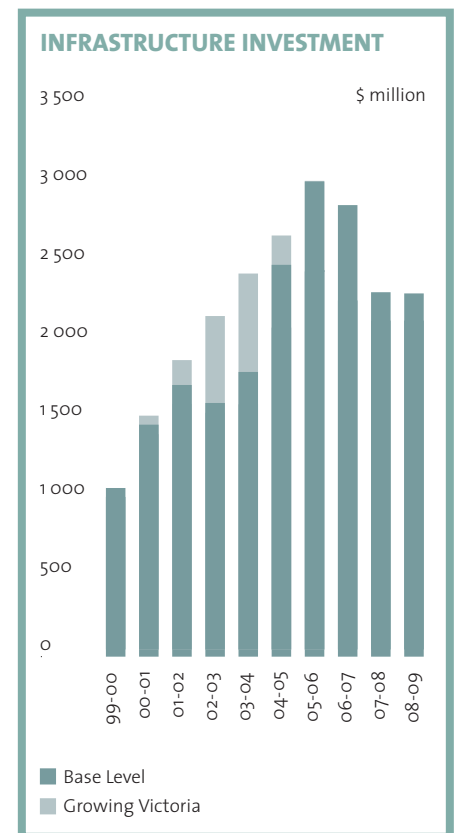
- exciting landmark projects that will raise Victoria's international profile, such as the new Melbourne Convention Centre, the Melbourne Showgrounds and the Spencer Street Station redevelopment;
- projects of statewide importance that will drive economic growth, create jobs, boost innovation and stimulate private sector investment, including the EastLink Project, the Australian Synchrotron and the proposed Channel Deepening Project;
- major health, education and community infrastructure that will improve vital public and community services, such as the Austin Health redevelopment, Mercy Hospital for Women relocation, the new Casey Community Hospital, the Royal Women's Hospital redevelopment and the construction of 25 new schools across the State;

- new and revitalised arts and sporting facilities that will consolidate Victoria's reputation as a leading cultural and sporting centre, including the Docklands Film and Television Studios, the Melbourne Cricket Ground redevelopment, the new Melbourne Recital Centre and Melbourne Theatre Company Theatre, and redevelopments of the State Library and National Gallery;
- record investment in regional infrastructure that will boost economic development in regional communities and attract people, jobs and investment to provincial Victoria, including projects funded through the Regional Infrastructure Development Fund, the Rural Roads Improvement Program and major new developments such as the Bendigo Visual Arts Centre and the Mildura Marina; and
- significant environmental projects that will better protect Victoria's natural environment and make more efficient use of our natural resources, including the Victorian Water Trust, the proposed Wimmera-Mallee Pipeline Project and new and upgraded wastewater and sewerage infrastructure in more than 50 regional communities.

The 2005-06 Budget commits \$2 billion TEI to continue the Government's program of investment in infrastructure, including:

- \$473 million TEI for building new hospitals and clinics, redeveloping and upgrading existing hospitals, community services and aged care facilities, building new ambulance stations and purchasing and upgrading medical equipment;
- \$323 million TEI for education infrastructure including building new schools, replacing or modernising schools and providing new and upgraded specialist and IT facilities in schools;

- \$77 million TEI for building new police stations and upgrading existing stations and mobile facilities;
- \$660 million TEI for continuing to upgrade Victoria's road network, rail services and public transport system;
- \$50 million over five years for increasing the supply of affordable housing across Victoria; and
- \$66 million TEI for upgrading assets in Victoria's national parks.





LODDON MALLEE

- Calder Highway duplication - Faraday to Ravenswood
- Police stations at Gunbower, Kyabram, Nathalia, Stanhope, Raywood, Goornong, Macedon, Hopetoun, Mildura, Woomelang, Boort, Culgoa, Lake Boga, Manangatang, Quambatook and Serpentine
- Modernisation of Kyabram Secondary College, Flora Hill Secondary College, Castlemaine Primary School and Chaffey Secondary College
- Replacement of Nichols Point Primary school
- Relocation of Bendigo Special Developmental School
- Redevelopment of Mount Alexander Hospital residential aged care service at Castlemaine

GRAMPIANS

- Police station upgrades at Goroke, Lake Bolac, Merino, Natimuk, Nhill, Peshurst, Dartmoor, Elmhurst and Linton
- Modernisation of Maryborough Education Precinct (phase 2)
- Redevelopment of East Grampians Health Service nursing home at Ararat
- Redevelopment of Beaufort and Skipton Health Service acute, residential aged care and community health at Skipton
- Ballarat freight yard relocation
- Modernisation of Murtoa P-12 school (stage 2) and Darley Primary School (stage 2) and replacement of Woody Yaloak Primary School Ross Creek Campus

BARWON SOUTH WEST

- Upgrade of Barwon Health emergency department at Geelong
- Redevelopment of Portland District Health aged care facility
- Upgrading buildings for trade training at Gordon Institute of TAFE in Geelong
- Police stations at Apollo Bay, Timboon, Torquay, Koroit and Peshurst
- New ambulance station at Ocean Grove/Barwon Heads
- Modernisation of Belmont High School, Newcomb Secondary College, Colac Primary School, Grovedale Primary School and stage 2 replacement of Barwon Valley School
- A new Airey's Inlet campus of Lorne College

HUME

- Police stations at Bethanga, Murchison and Wallan
- Redevelopment of Northeast Health nursing home at Wangaratta
- Redevelopment of Goulburn Valley Health Service at Shepparton
- Modernisation of Wodonga Primary School and the Flying Fruit Fly Circus at Benambra
- New school at Wallan Secondary College (stage 2)

GIPPSLAND

- Police stations at Bruthen, Buchan, Cann River, Stratford, Leongatha, Mirboo North, Toora and Rawson
- Rural road upgrades to Princes Highway East (Cann River to Genoa) and Bass Highway (Grantville to King Road)
- Upgrading community and mental health facilities for the West Gippsland Healthcare Group at Warragul
- Redevelopment of the regional hospital accident and emergency department at Bairnsdale
- Modernisation of South Gippsland Secondary College and Drouin Secondary College
- New Traralgon Secondary College (stage 2)

A Budget for all Victorians

MELBOURNE

- Major upgrades to the Royal Children's Hospital, Monash Medical Centre and Northern Hospital
- South Road extension - South Road to Old Dandenong Road
- Development of Knox Health Care Facility at Wantirna
- TAFE capital works – Kangan Batman Campus and Noble Park Adult Multicultural Education Services
- *SmartBus* between Frankston and Ringwood
- Modernisation of over 30 schools
- Expansion of ambulance services

STATEWIDE

- High-tech fibre optic broadband for all schools
- Extension of *First Home Bonus* to assist Victorians in purchasing their first home
- Replacement and upgrade of medical equipment
- Replacement of ambulance service vehicles
- Additional specialist resources to continue the battle against organised crime
- Funding boost to the State Emergency Service for protective clothing and equipment
- A program of road safety initiatives throughout metropolitan and rural Victoria
- New 24-hour *Health Assist* helpline
- Reducing elective surgery waiting lists
- Extension of the *Neighbourhood Renewal* program
- Replacement and refurbishment of residential facilities for people with disabilities, and children and young people



A Fairer Victoria - Creating opportunity and addressing disadvantage

The Government's social policy statement, A Fairer Victoria, will create new opportunities for disadvantaged people and places, help to build a fairer and more prosperous Victoria and make our State the best place in Australia to raise a family.

The Government recognises that disadvantaged Victorians need better access to services and greater support to ensure that they can engage in and contribute to Victoria's economic, social and community life. In April, the Government released a major social policy statement, *A Fairer Victoria*, which sets out 85 actions the Government will take to reduce disadvantage across Victoria.

Through *A Fairer Victoria*, the Government is investing \$788 million (output and asset funding) up to 2008-09 to tackle disadvantage, give all Victorians the best possible chance to achieve their potential and build a fairer and more prosperous Victoria.

A Fairer Victoria focuses on measures that will enable the State Government to have a maximum impact on the causes and consequences of disadvantage, giving priority to targeting areas of greatest need and assisting people during critical transition points in life. The statement also includes significant reforms to the way in which the Government delivers services and works with community groups and local government.

A Fairer Victoria also reflects the Government's commitment to making Victoria the best place in Australia to raise a family – a place where families and communities are supported to give all children the best possible start in life.

For a complete list of initiatives including those funded outside the 2005-06 Budget, refer to *A Fairer Victoria*.

ACCESS TO UNIVERSAL SERVICES

The Government has made significant progress in restoring essential public services and will continue to rebuild education, health and community services. *A Fairer Victoria* includes substantial new investment to improve

access to universal services at critical times in life, including:

- \$102 million over four years to give children the best start in life, including expanding early childhood intervention services, funding kindergarten services in child care centres, increasing kindergarten subsidies and boosting support for Indigenous families and families with a child with a disability;
- \$30 million over four years and \$15 million TEI to turn around the lives of young people at risk, including new youth mentoring programs, more support for schools to reduce truancy and better pathways and opportunities for young people disengaged from education and training;
- \$35 million over four years to strengthen Victoria's response to family violence, including improved referral and counselling services, a faster response to incidents of family violence and new crisis accommodation options to enable women and children to remain in the family home; and
- \$50 million over five years to help older Victorians stay active and independent, including additional support for independent living, improved access to services and new lifelong learning options.

REDUCING BARRIERS TO OPPORTUNITY

Despite substantial improvements in community services over the past five years, the Government recognises that some Victorians continue to face significant barriers to building a better future for themselves and their families. Reducing these barriers will give individuals and families access to greater opportunities, helping them to overcome disadvantage and improve their life chances.

Key initiatives include:

- \$4.7 million over four years to increase support for Victoria's recently-arrived refugees and humanitarian entrants;
- \$6 million over four years to help families meet living costs, including a funding boost to the Victorian State Schools Relief Committee to assist students with the costs of school shoes and uniforms, more help for health care cardholders to reduce their energy costs and providing up to 500 000 hours of free or affordable internet access through community organisations;
- \$65 million over four years and \$17 million TEI to improve access to court services, legal advice and corrections services (details are set out on page 19); and
- \$50 million over five years to expand the supply of public housing in areas where housing affordability is low.

Housing affordability will be further boosted by the 2005-06 Budget's provision of \$207 million over three years to extend the Victorian Government's *First Home Bonus* until June 2007. The Bonus will remain at \$5 000 until 31 December 2005, reducing to \$3 000 until 30 June 2007.

SUPPORT FOR DISADVANTAGED GROUPS

A Fairer Victoria includes measures that aim to reduce disadvantage by promoting greater flexibility and responsiveness to individual circumstances, expanding prevention, early intervention and self-help approaches, and enabling departments to work together on multiple and complex problems.

Key initiatives include:

- \$23 million over four years and \$4.5 million TEI to help break the cycle of disadvantage in Indigenous communities by taking new action to tackle disproportionate levels of chronic illness, providing additional support to the Stolen Generations Organisation, establishing a new Aboriginal Land and Economic Development Program and providing funding for the Lake Tyers Community Renewal Program;
- \$70 million over five years and \$40 million TEI to deliver more flexible support and services for people with disabilities and their families, provide more respite care places, boost funding for the Office of the Public Advocate and refurbish 20 shared supported accommodation facilities and build 27 replacement facilities across Victoria; and
- \$125 million over four years and \$56 million TEI for a mental health package to respond to a growing demand for mental health services (details are set out on page 17).

SUPPORT FOR DISADVANTAGED PLACES

In some Victorian communities, disadvantage has become more concentrated. People living in these areas experience greater levels of unemployment, economic hardship, poor health and educational outcomes, family violence and crime. *A Fairer Victoria* builds on the Government's successful approaches to addressing localised disadvantage, with key initiatives including:

- \$30 million over four years to extend and expand the highly successful *Neighbourhood Renewal* program, which involves a collaborative approach between government, businesses, service

providers and local communities to build stronger communities and respond to local disadvantage; and

- \$12 million over four years to increase the level of services provided by Victoria's Neighbourhood Houses and Learning Centres, establish new Neighbourhood Houses and Learning Centres in growing communities and refurbish a number of existing Neighbourhood Houses and Learning Centres.

MAKING IT EASIER TO WORK WITH GOVERNMENT

The Government is developing new ways of working directly with communities, by streamlining service delivery across different levels and functions of government, encouraging greater involvement of the business sector and giving communities a greater say in determining their futures. Key initiatives include:

- \$6.3 million over three years to implement new ways of working together with community groups and the business sector to promote local solutions to local problems;
- \$3.1 million over three years to help build expertise in local government to ensure high quality planning decisions at the local level; and
- driving greater cooperation across government departments and improving consultation with local councils and local communities. For the first time, the regional boundaries of all Victorian Government departments will be aligned, making government easier to deal with and better integrating service planning and delivery.





Delivering high quality health and community services

The Government continues to provide high levels of investment to rebuild Victoria's health system, making sure Victoria's public hospitals and health services are capable of meeting growing demand with high quality and accessible services and state-of-the-art equipment and technology.

The Government continues to make strong progress in rebuilding Victoria's health system. In 2004-05, Victorian public hospitals will admit over 200 000 more patients than in 1999-2000, and more people will be treated in emergency departments, specialist and community mental health outpatient clinics. More nursing home places are available for older Victorians, and there is a wider range of support services available for people with disabilities.

However, rapidly growing demand continues to present challenges for Victoria's hospital and health services. The Government remains committed to sustaining high levels of investment in the public health system to ensure all Victorians have access to high quality health services, and to prevent illness and reduce avoidable hospital admissions.

The 2005-06 Budget provides a further \$1 billion over five years and \$473 million TEI (including initiatives under *A Fairer Victoria*) to continue to improve Victoria's health system and deliver high quality health and community services.

HOSPITAL FUTURES

The Government will sustain its investment in the public hospital system to maintain performance improvements, target people with chronic and complex illness and introduce more early intervention and prevention approaches. The Government is committing an additional \$578 million over five years to establish the *Hospital Futures* initiative. Key measures include:

- \$400 million over four years to increase hospital capacity, including services such as dialysis, chemotherapy, emergency and mental health services;
- \$30 million over two years to increase elective surgery capacity and reduce the number of patients on waiting lists;
- \$67 million over four years for hospital diversion and substitution programs;
- \$46 million over four years to expand the successful hospital admission risk program to reduce hospitalisations for chronic and complex conditions; and
- \$20 million over four years for community health programs designed to reduce avoidable hospitalisation by early identification and treatment of 'at risk' individuals.

These initiatives will enable Victoria's public hospitals to treat an additional 40 000 patients each year.

INVESTING IN HEALTH CARE FACILITIES AND SERVICES ACROSS THE STATE

To ensure Victoria's health system continues to meet the needs of the Victorian community, the 2005-06 Budget maintains the Government's capital investment program, including:

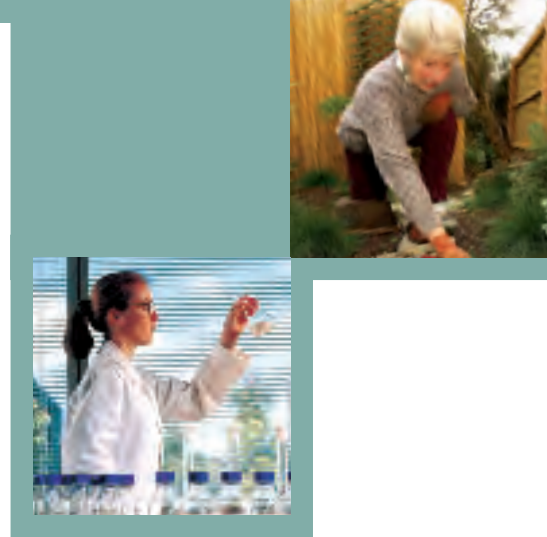
- \$38 million TEI to implement the first stage of the redevelopment of the Royal Children's Hospital and to commence planning for the new hospital;

- \$42 million TEI for the completion of three super clinics at Craigieburn, Melton and Lilydale;
- \$30 million TEI for the development of the Knox Health Care Facility at Wantirna, including the construction of a 30-bed geriatric rehabilitation facility, a 30-bed palliative care facility and a community rehabilitation centre;
- \$25 million TEI for two new 32-bed inpatient units at the Northern Hospital and an expansion of clinical and support areas; and
- \$87 million TEI to upgrade hospital infrastructure including a refurbishment program for hospital kitchens, upgrade and replacement of medical equipment and infrastructure renewal projects across the State.

IMPROVING AGED CARE SERVICES

The Government continues to invest in improving aged care facilities across Victoria. Key initiatives include:

- \$5 million TEI to redevelop the Beaufort and Skipton Health Service to establish an integrated health service;
- \$7.5 million TEI to construct a new purpose built facility at East Grampians Health Service, Ararat campus, for high care residential aged care;
- \$20 million TEI for the new Mornington Centre Promoting Health Independence;



- \$9.9 million TEI to complete the upgrade of the residential aged care component of the Mount Alexander Hospital in Castlemaine;
- \$11 million TEI to redevelop the Wangaratta Nursing Home; and
- \$7.5 million TEI to redevelop the Portland Hospital residential aged care facility and primary health services.

FUNDING BOOST FOR EMERGENCY CARE SERVICES

The Government is ensuring that Victoria's emergency care services meet growing demand, with a major package of initiatives, including:

- \$59 million over four years to improve access to and services in emergency departments and operate new emergency departments at the Casey, Angliss and Werribee Mercy Hospitals;
- \$26 million TEI to upgrade the Barwon Health Geelong Hospital emergency and medical imaging departments;
- \$22 million TEI to redevelop and upgrade emergency departments at Monash Medical Centre, Bairnsdale Regional Health Service and Goulburn Valley Health Service;
- \$22 million over four years and \$13 million TEI to expand ambulance services, including:
 - two additional 24-hour Metropolitan Ambulance Services branches at Vermont South/Burwood East and Mordialloc/Parkdale;
 - a new Rural Ambulance Victoria 24-hour branch at Ocean Grove; and
 - two new peak period units in Sunbury and Melton.
- \$3.7 million TEI to replace 36 ambulance vehicles; and

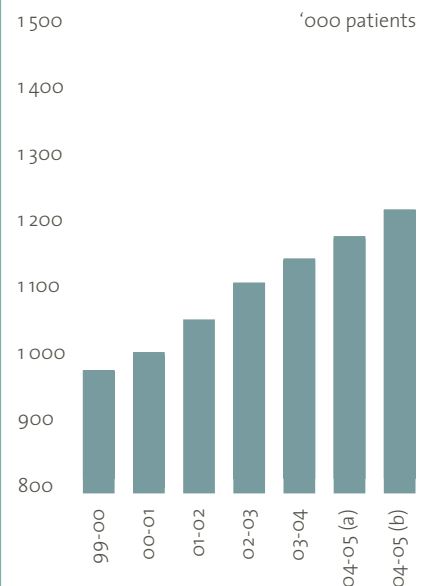
- \$6.8 million TEI to complete the upgrade of Rural Ambulance Victoria's radio communications infrastructure.

NEW SUPPORT FOR MENTAL HEALTH SERVICES

The Government's social policy statement, *A Fairer Victoria*, adopts a new approach to mental health services that focuses on prevention, early intervention and high quality community-based services. The 2005-06 Budget provides \$125 million over four years and \$56 million TEI to support this new approach. Key initiatives include:

- \$53 million over four years to provide more early intervention and prevention services, expand community-based services and boost services for people most in need of support;
- \$66 million over four years to open new beds and places in inpatient and community-based residential facilities;
- \$5.6 million over four years to support Victoria's dedicated and skilled mental health workforce by creating additional graduate nurse positions and providing more training and skills development; and
- \$56 million TEI for a major redevelopment of mental health facilities, including a 25-bed unit at the new Austin Hospital site, 20 new and 30 upgraded mental health beds at Maroondah Hospital, a new four-bed Psychiatric Intensive Care Unit at the Alfred Hospital, ten additional beds at the Central East Community Care Unit and rebuilding and co-locating the West Gippsland Community Health and Community Mental Health facilities in Warragul.

PATIENTS TREATED IN VICTORIAN PUBLIC HOSPITALS



(a) expected 2004-05 result, (b) target for 2005-06



Investing in education

The Bracks Government sees investment in education as its highest priority and continues to create new opportunities for all young Victorians to receive a world-class education and develop the skills they need for the future.

In November 2003, the Government launched the *Blueprint for Government Schools*, which outlines strategies to ensure all Victorian schools pursue excellence in teaching and achieving better student outcomes.

The Government has demonstrated its commitment to high quality education and training by:

- upgrading, replacing and building new schools and TAFE facilities, including constructing 36 new and replacement schools throughout the State;
- recruiting more than 5 300 full time teaching and other staff in schools;
- reducing average prep to year 2 class sizes; and
- providing an alternative qualification to the traditional year 12 certificate.

The Government's investment is delivering strong results. Literacy and numeracy levels have improved in Victorian schools and more young Victorians successfully complete year 12 or its equivalent. The proportion of Victorians participating in post-compulsory education and training has also increased significantly.

The budget provides further substantial investment to continue to drive excellence in education, provide extra support for disadvantaged students, build new schools and specialist facilities, and connect all government schools to broadband.

DRIVING EXCELLENCE AND INNOVATION

The *Blueprint for Government Schools* reinforces the Government's clear commitment to promoting excellence and innovation for students and teachers. The 2005-06 Budget provides for further investment and initiatives including:

- \$31 million TEI to provide new specialist facilities in secondary schools, including facilities for science and technology, arts, languages, sport, design and music;
- \$14 million over two years to improve teaching and learning by continuing the Schools for Innovation and Excellence program; and
- \$3 million over two years to improve Victoria's design skills through investment in lab.3000, a centre of excellence in digital design.

OPPORTUNITY FOR ALL

The Government is committed to providing opportunities for all Victorians to achieve their best during their educational life and beyond. The 2005-06 Budget pays particular attention to addressing the needs of disadvantaged students and schools. Initiatives include:

- \$173 million over four years for additional resources to schools to keep class sizes small and manage anticipated increases in enrolment levels over the medium term;
- \$112 million over four years to increase the amount of equity funding targeted to schools and students most in need;
- \$115 million for additional assistance to disadvantaged non-government schools; and
- \$29 million over four years to manage increased demand for support for students with disabilities.

These initiatives are in addition to new measures contained in *A Fairer Victoria* to help young people at risk of disengaging, or who have already disengaged from, education and training.

BETTER LEARNING AND TEACHING ENVIRONMENTS

The Government is delivering superior learning environments for all Victorian students. The Government recognises that improved educational outcomes for students will be achieved through investment in higher quality assets. The 2005-06 Budget commits further investment to build, replace and modernise schools across Victoria, including:

- \$94 million TEI to build or complete seven new schools and nine replacement schools;
- \$145 million TEI for school modernisation projects;
- \$28 million TEI for equipment and infrastructure improvements in the TAFE sector;
- \$82 million over four years and \$7.3 million TEI to connect all government schools with the SmartONE broadband network using the Government's Telecommunications Purchasing and Management Strategy; and
- \$7 million TEI to replace around 7 000 computers in government schools.



Increasing community safety and improving access to justice

New investment in police and emergency services and in building friendly and safe communities has made Victoria the safest state in Australia.

Since coming to office, the Government has funded 1 400 additional police, 100 new police facilities, provided \$360 million for new communications technology for Victoria's emergency service and provided \$127 million to enable Victoria to respond to any potential terrorist threats.

This significant investment has ensured that Victoria is the safest State in Australia, with a crime rate 23 per cent below the national average. Rates of violent crime have fallen significantly since 2000-01, including a 27 per cent reduction in robbery. The re-offending rate has been reduced and Victorians' sense of personal safety has improved.

The 2005-06 Budget will further improve community safety, with additional investment in police and emergency services and the Victorian court system.

BUILDING AND UPGRADING POLICE STATIONS ACROSS VICTORIA

The Government continues to build new police stations and upgrade existing facilities across the State. Key Budget initiatives include:

- \$69 million TEI for the construction or completion of:
 - new and replacement police stations in Carlton/North Melbourne, Footscray, Mildura, Olinda, Pakenham, Springvale, Torquay, and Wallan; and
 - 45 new and replacement police stations in rural towns across Victoria.
- \$2.5 million TEI for two large and ten small-chassis mobile full command police stations to service local and rural community needs and blitz crime hot spots; and
- \$6.5 million TEI for construction of a new police facility in North Wyndham to service the Wyndham/Werribee region.

TACKLING ORGANISED AND MAJOR CRIME

The Government is proud of the sustained reduction in crime across Victoria over the past five years and is committed to seeing this positive trend continue. The 2005-06 Budget includes initiatives to support a strong, diverse and multi-dimensional approach to major crime reduction, including:

- \$46 million over five years and \$16 million TEI to resource the fight against organised and major crime; and
- \$11 million over four years and \$1.5 million TEI to support the recently established Special Investigations Monitor and the Chief Examiner.

ADDITIONAL RESOURCES FOR POLICE AND EMERGENCY SERVICES

The budget provides additional support for Victoria's police and emergency services, including:

- \$12 million over two years and \$3.5 million TEI for increased marine security;
- \$5.8 million over four years for extended supervision of child sex offenders deemed to have a high risk of re-offending;
- additional funding of \$3.9 million over five years and \$2 million TEI has been provided to improve the VicSES, including additional personal protective equipment and replacement of rescue equipment and vehicles; and
- \$6.4 million over four years for Crime Prevention Victoria for statewide initiatives to prevent and reduce crime in the community.

INCREASING THE EFFECTIVENESS OF VICTORIA'S COURTS

The Government is committed to ensuring that Victoria has modern, efficient courts and a strong court support system. Key budget initiatives include:

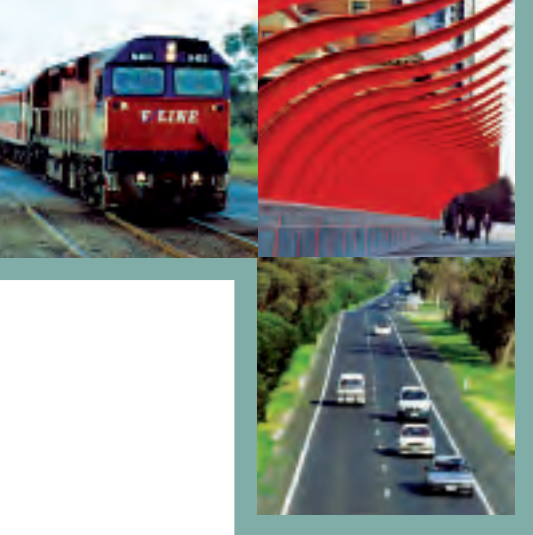
- \$13 million over four years and \$32 million TEI for the Integrated Courts Management System to modernise the courts' administrative processes; and
- \$2.5 million TEI to implement the first stage of the Melbourne Legal Precinct Master Plan.

IMPROVING ACCESS TO JUSTICE

The Government recognises that improving vulnerable Victorians' access to court services, legal advice and correctional services can help reduce disadvantage and prevent re-offending. The budget funds a number of initiatives contained in the *A Fairer Victoria* statement, including:

- a new Neighbourhood Justice Centre in inner Melbourne that will deal with the causes of crime in the community, as well as offenders (\$15 million over four years and \$9 million TEI);
- new community legal centres in three Melbourne suburbs and central Victoria (\$3.6 million over four years);
- a new program to help defendants with multiple and complex problems break the cycle of re-offending and the continuation of the Drug Court at Dandenong (\$23 million over four years and \$1 million TEI); and
- new initiatives to reduce women's re-offending, including additional housing for women on bail and a pilot employment program for women prisoners and offenders (\$18 million over four years and \$7.2 million TEI).

Funding has also been provided for the Office of the Ombudsman (\$52 million over five years).



Growing and linking the State

Major transport projects are linking Melbourne and provincial Victoria with each other, Australia and the world and creating the modern transport networks essential for attracting investment and building a competitive economy.

Investing in modern, efficient transport infrastructure delivers significant economic, social and environmental benefits for all Victorians.

Investing in new roads and upgrading existing roads relieves congestion, improves road safety, creates faster links to ports and airports and makes it easier to travel across Melbourne and between Melbourne and regional areas.

An efficient and accessible rail transport system is critical for regional development and for moving passengers and freight between Melbourne and regional Victoria. The establishment of fast rail services to major centres in regional Victoria, the Spencer Street Station redevelopment and the re-opening of country rail passenger lines are all strengthening rail links across Victoria.

The 2005-06 Budget provides a further \$660 million TEI and \$176 million over five years to deliver the transport networks Victoria needs to meet increasing demand and drive economic growth, while improving safety and encouraging public transport use.

BUILDING A WORLD-CLASS TRANSPORT SYSTEM IN MELBOURNE

Melbourne's strong population growth is placing increasing demands on the city's transport infrastructure. The Government is committed to developing the transport infrastructure necessary to maintain Melbourne's liveability. The Government has restored stability in the city's public transport system, completed 42 kilometres of the Metropolitan Ring Road, boosted funding for upgrading arterial roads in Melbourne's growth corridors and outer suburbs and finalised contracts to construct EastLink, one of Australia's biggest ever urban road projects.

The Government has developed the *Metropolitan Transport Plan*, which sets out strategies to meet key transport challenges generated by Melbourne's growth and development over the next five years. Key budget initiatives include:

- \$16 million over four years and \$134 million TEI to significantly upgrade the Tullamarine-Calder Freeway Interchange, improving safety and reducing travel times and congestion;
- \$97 million TEI to increase capacity and safety on outer metropolitan arterial roads, including widening Ferntree Gully Road and extending South Road;
- \$19 million TEI and \$9.5 million over two years to develop and commence SmartBus services from Frankston to Ringwood;
- \$39 million over four years to provide new bus services and improve bus frequencies in metropolitan Melbourne, particularly in outer suburbs that are experiencing rapid population growth;

- \$8 million over four years to permanently establish TrainLink bus services between Epping Railway Station and South Morang, and Cranbourne Railway Station and Cranbourne East;

- \$4 million TEI towards the redevelopment of North Melbourne Station; and
- \$25 million TEI to examine public transport options for the Dandenong growth corridor.

The 2005-06 Budget also introduces a new long-stay carpark levy in inner Melbourne to reduce traffic congestion, encourage greater use of public transport and maintain Melbourne's status as one of the cleanest and most liveable cities in the world. All revenue raised by the levy will go directly to transport initiatives across Melbourne.

BUILDING WORLD-CLASS TRANSPORT LINKS ACROSS PROVINCIAL VICTORIA

The Government continues to focus on improving transport infrastructure and services in provincial Victoria. Key initiatives in the 2005-06 Budget include:

- a further \$58 million TEI for the final stage in the upgrade of the Calder Highway to provide a four-lane divided road between Faraday and Ravenswood (delivered in partnership with the Commonwealth Government);
- planning for the re-opening of passenger rail services between Melbourne and Mildura, and on the South Gippsland line (\$12 million TEI); and
- \$24 million TEI for the duplication of the Bass Highway from Grantville to King Road and the inclusion of three overtaking lanes on the Princes Highway East between Cann River and Genoa.

IMPROVING TRANSPORT SAFETY

The 2005-06 Budget provides additional investment to ensure the ongoing safety of all transport users, including:

- \$33 million TEI and \$77 million over two years through the Transport Accident Commission's *arrive alive!* program to fund improvements on rural and metropolitan roads to reduce the incidence of serious injuries and deaths;
- the installation of a Country Train Safety System at 250 locations throughout Victoria and on all V/Line passenger trains; and
- \$16 million TEI for a public transport safety and security package including almost doubling the number of vehicle level crossings and pedestrian rail crossings receiving safety upgrades.

MOTORISTS PACKAGE

Victoria's motorists already pay aggregate motor vehicle costs (registration fees, compulsory third party premiums and licence renewal fees) that are among the lowest in Australia. The 2005-06 Budget provides a further range of measures for motorists, including:

- from 1 July 2005, all revenue raised from traffic cameras and on-the-spot speeding fines will be channelled into maintaining and improving Victoria's roads through the Better Roads Victoria Trust Account;
- from 1 January 2006, eligible concession card holders will have the option of a six-month registration period for their vehicle registration and compulsory third party insurance; and
- to reward motorists displaying safe driving behaviour, from 1 January 2006, drivers who have not received any demerit points in the previous three years will receive a 25 per cent discount when they renew their driver's licence.

IMPLEMENTING MELBOURNE 2030

Melbourne 2030 is a 30-year plan designed to manage growth and change across metropolitan Melbourne. Under the plan, the Transit Cities program will promote urban development and renewal around transport hubs, aiming to create vibrant new communities and reduce urban sprawl.

The 2005-06 Budget provides funding for the following initiatives:

- \$3 million TEI to commence the development of Ballarat as a transit city by relocating the rail freight yard from Ballarat Station to promote the greater use of rail for freight transport to Melbourne; and
- \$37 million over four years for planning projects and feasibility studies in other priority transit cities.

The budget also includes \$12 million for the *Creating Better Places* program, which aims to improve public places through State and local government partnerships.





Building a more competitive and innovative economy

The Government continues to build an innovative, internationally competitive and globally connected economy that is attractive to investors.



The Government is committed to building a diverse, competitive and innovative economy that can generate new employment and investment opportunities across the State.

CUTTING THE COST OF DOING BUSINESS

The Government continues to drive down business costs, making Victoria a great place to do business and an attractive location for investors. Key Budget initiatives include:

- \$823 million over five years for further substantial land tax relief for Victorian taxpayers who have experienced large increases in their land tax liabilities as a result of rising property prices;
- \$149 million over four years to abolish the rental business duty from 1 January 2007; and
- a further 10 per cent reduction in average WorkCover premiums in 2005-06, saving Victorian business \$170 million a year. This reduction follows the 10 per cent reduction for 2004-05 announced in last year's Budget. The cumulative effect of these reductions will save Victorian employers \$350 million per year.

The budget also implements the abolition of the bank accounts debits tax, which was announced in the 2004-05 Budget at a cost of around \$280 million per annum.

BUILDING VICTORIA'S INFRASTRUCTURE

The 2005-06 Budget includes further initiatives to deliver vital economic infrastructure, including:

- \$300 million TEI for the relocation and redevelopment of the Melbourne Wholesale Markets into a modern, efficient and innovative facility;
- \$2 million over four years and \$9.2 million TEI for upgrading Victoria's 13 local ports to ensure they continue to play a vital role in Victoria's commercial fishing and tourism industries;
- \$6 million TEI to prepare a masterplan for redeveloping the Olympic Park stadium to accommodate a variety of sports, giving Victoria an even stronger footing for securing major sporting events; and
- an additional \$10 million for the Regional Infrastructure Development Fund to help facilitate investment and employment in provincial Victoria.

STIMULATING INNOVATION, INVESTMENT AND GROWTH

The stimulation and attraction of investment is crucial to the ongoing economic development of Victoria. Key 2005-06 Budget initiatives will continue to drive innovation and creativity and attract higher levels of investment, including:

- \$104 million over five years for the Energy Technology Innovation Strategy, which will fund the research and development of new energy efficient technologies and demonstrate new technologies that can be adopted by industry as part of a fully commercialised clean brown coal power plant;

- an additional \$7.6 million over two years to enable Victoria to attract and retain major international events;
- \$5.8 million for detailed planning and design work to establish a National Biosecurity Centre to make Victoria an international leader in biosecurity, bioterrorism protection and animal and plant disease management;
- \$8.4 million over four years to improve Victoria's clean, green agricultural credentials by better managing the risk of exotic plant pests and diseases; and
- \$12 million over four years to create 700 new places in pre-apprenticeship programs in areas of skills shortage.

The Government's \$89 million commitment to SmartONE broadband in schools will trigger significant network upgrades, creating new opportunities (particularly in provincial Victoria) in broadband and fibre optics for businesses and communities.

INVESTING IN A CREATIVE STATE

The Government recognises the vital role played by the arts sector in boosting Victoria's reputation as a creative, innovative state. The 2005-06 Budget reinforces the Government's commitment to the arts by providing:

- \$27 million TEI towards the new Melbourne Recital Centre and new Melbourne Theatre Company Theatre;
- \$8.2 million over four years for planning, interim management and operational activities of the new Melbourne Recital Centre, enabling the Centre to open in 2008; and
- \$7.6 million over four years for a new opera venture to showcase new Australian works and international productions.



Protecting the environment and promoting sustainable resource use

The Government is committed to protecting and managing Victoria's natural environment and resources for the benefit and enjoyment of current and future generations.

Since being elected to office, the Bracks Government has devoted significant resources to Victoria's alpine, coastal, desert, grassland, marine, rainforest and wetland environments.

The Government is committed to enhancing the vitality of Victoria's parks estate. Already, the Bracks Government has created more national parks than any other government in Victoria's history.

The Government recognises that protecting the environment and the long-term health and prosperity of the Victorian community depends on the community's ability to use Victoria's natural resources – water, coal, timber and gas – efficiently and sustainably.

Major government actions include:

- providing \$227 million to fund initiatives that will promote the sustainable management of water through the *Securing Our Water Future* White Paper;
- committing \$243 million as Victoria's contribution to restoring flows to the Snowy River; and
- providing \$80 million for the *Our Forests, Our Future* package to ensure the long-term future of our forests and regional communities.

The 2005-06 Budget provides a further \$323 million over four years and \$147 million TEI to protect Victoria's environment, upgrade assets in our national and state parks, plan for the future and promote sustainable resource use.

PROTECTING VICTORIA'S UNIQUE ENVIRONMENT

The Government is committed to enhancing the vitality of Victoria's national and state parks. The 2005-06 Budget provides:

- \$13 million over four years to establish the Otway Ranges national and forest parks;
- \$19 million over four years to extend the Government's weed and pest control program across Victoria's parks estate;
- \$49 million TEI to renew, restore and upgrade assets within Victoria's parks estate to enhance visitor services and to mitigate the environmental impacts of visitors;
- \$10 million for a Public Parks Acquisition Program to reserve land for future parks;
- \$0.5 million over four years and \$6.6 million TEI to reinstate and subsidise the former Seal Rocks Sea Life Centre in the Phillip Island Nature Park and to subsidise the operation of the fully recommissioned Visitors Centre to complement the world famous Penguin Parade; and
- \$9 million TEI and an ongoing \$1.5 million per year to protect Victoria's coastal environment and progressively renourish the State's bay beaches.

USING VICTORIA'S NATURAL RESOURCES RESPONSIBLY AND SUSTAINABLY

The sustainable development of Victoria's natural resources is crucial for supporting a growing economy over the next decade and beyond. The 2005-06 Budget supports the following key initiatives:

- \$227 million over four years in contributions from water authorities to fund water related projects, including:
 - contribution to COAG Living Murray;
 - smart urban water initiative and recycling;
 - protecting and repairing our water resources;
 - boosting water smart farms and sustainable irrigation practices; and
 - water security for cities, farms and the environment.
- \$2.8 million over four years for the introduction of a BushBroker scheme to help protect native vegetation;
- \$20 million over four years to maintain the road network within Victoria's state forests, ensuring the provision of essential access for provincial communities, the timber industry and for fire prevention and suppression; and
- \$2.8 million to enhance the Murray-Darling Basin Commission's ability to coordinate the equitable, efficient and sustainable use of the water, land and other environmental resources of the Murray-Darling Basin.

2005-06 Victorian Budget Overview
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