



2011–12

PUBLIC ACCOUNTS
AND ESTIMATES COMMITTEE
2011–12 BUDGET ESTIMATES HEARING

The Hon Ted Baillieu MLA
Premier of Victoria

13 May 2011

DEPARTMENT OF
PREMIER AND CABINET





Delivering in challenging times

The 2011-12 Budget has been framed in the context of:

- Inherited up to \$2 billion cost pressures across several infrastructure projects
- GST revenues reduced by \$4.1 billion over five years due to a cut in Victoria's share of GST and a slowing national economy
- Significant delays in Commonwealth infrastructure funding of \$550 million
- Additional expenditure required on repair and rebuilding as a result of recent floods across Victoria



A new fiscal approach is required

The Government has inherited structural problems:

- Over the past decade, spending growth has outstripped revenue growth
- The operating surplus has relied on temporary Commonwealth stimulus payments
- Public debt has risen substantially
- There is a need to increase infrastructure spending

This Government is taking important steps to improve Victoria's financial situation and pave the way for additional strategies to make Victoria's public finances more sustainable.



Budget highlights

The 2011-12 Budget delivers the Government's election commitments while maintaining a responsible financial position:

- Minimum \$100 million surplus each year over the forward estimates
- Stabilising net debt at 5.9 per cent of GSP between 2012-13 and 2014-15
- \$2.2 billion in efficiency and cost savings from departments over five years, exceeding the Government's election commitment
- Restraining expenditure growth to 3.2 per cent on average across the forward estimates, compared with 8 per cent a year over the past decade
- No new taxes, and a cut to stamp duty for first home buyers, pensioners and farmers



Key Budget themes

- Responsible financial and economic management
- Making the community safer
- Improving and rebuilding our transport infrastructure
- Improving our health system
- Supporting regional and country Victoria
- Delivering new education opportunities
- Helping households manage the cost of living
- Restoring confidence in government



A balanced and responsible budget

Fiscal aggregates

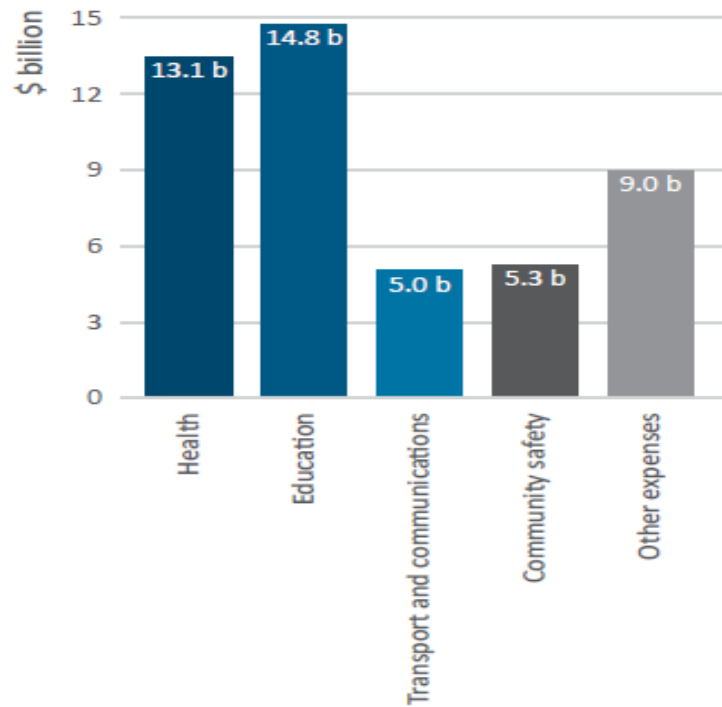
		2011-12	2012-13	2013-14	2014-15
	<i>Unit of measure</i>	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
General Government Net result from transactions	\$ million	140.4	149.7	160.6	181.0
General Government Net debt to GSP	per cent	5.0	5.9	5.9	5.9
Non-financial Public Sector Net debt plus superannuation to revenue*	per cent	106.9	112.1	111.4	110.6

* Standard & Poor's have stated that a ratio of 130 per cent is a potential trigger point for a downgrade of Victoria's Triple-A credit rating.

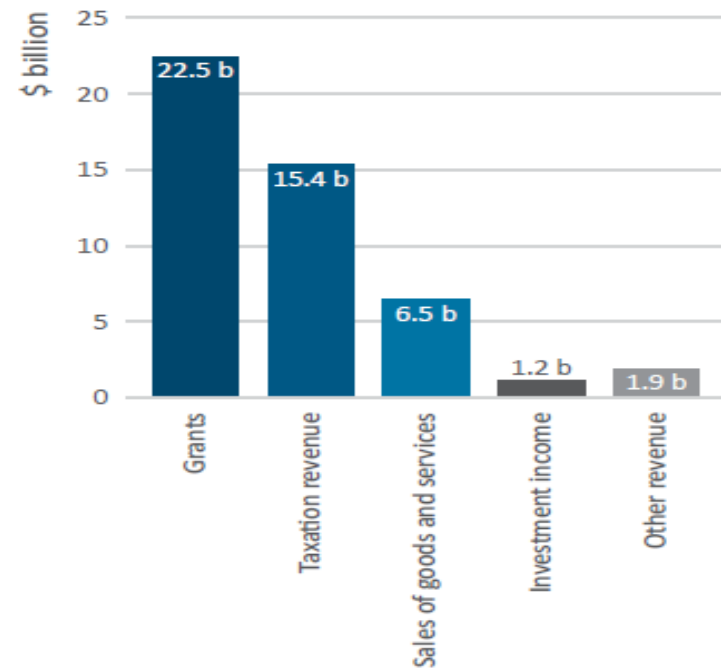


Breakdown of revenue and expenses

Expenses 2011-12

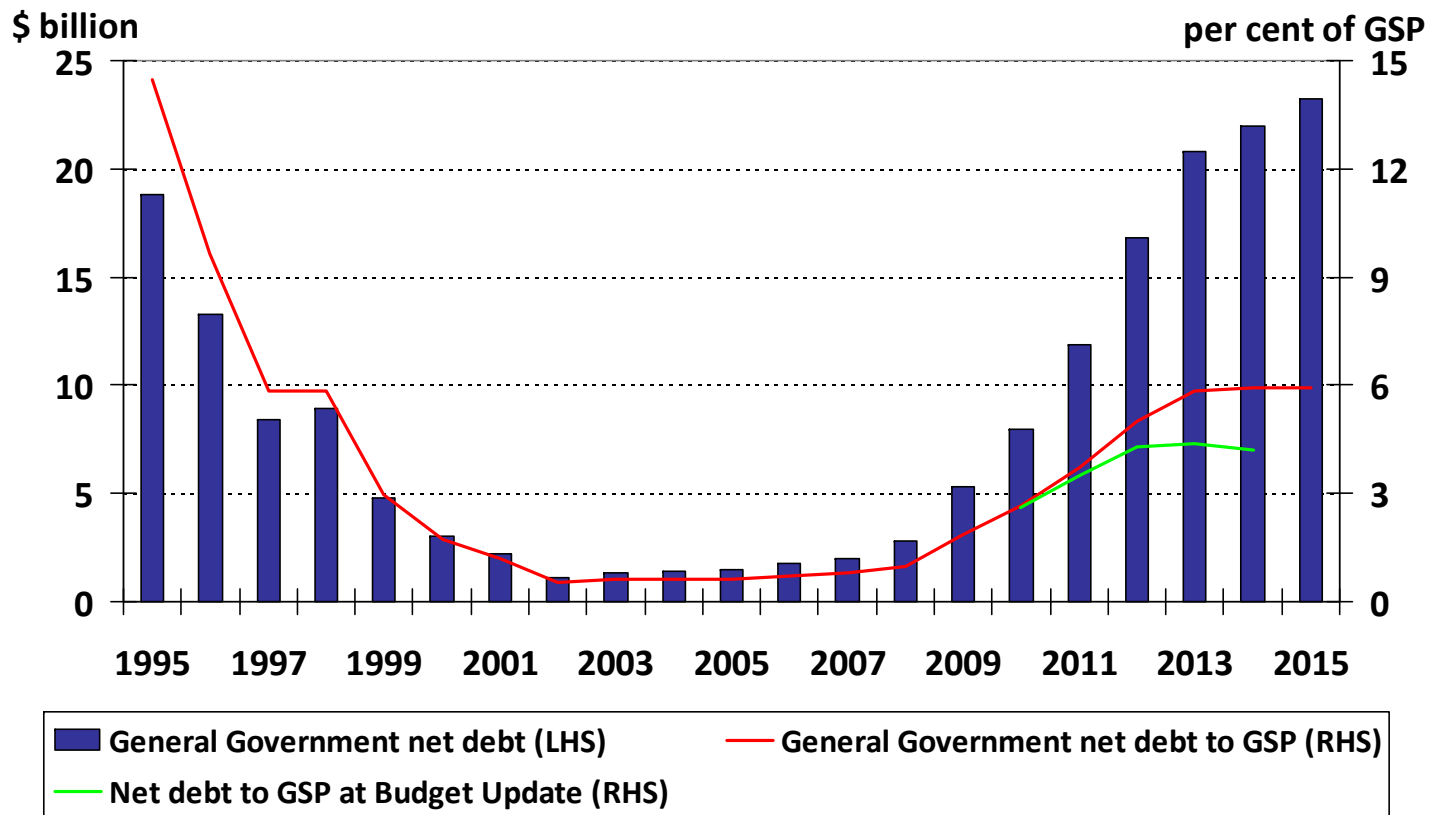


Revenue 2011-12





Sustainable fiscal strategy – stabilise net debt





A growing economy, creating new jobs for Victorians

All units in per cent

	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>
	<i>Actual</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Real GSP	2.0	2.50	3.00	2.75	2.75	2.75
Employment	2.8	3.50	1.75	1.75	1.75	1.75
Unemployment rate	5.5	5.25	5.00	5.00	4.75	4.75
Consumer price index	2.1	3.00	2.75	2.50	2.50	2.50
Wage price index*	2.8	3.75	3.75	3.50	3.50	3.50
Population	1.8	1.70	1.50	1.50	1.50	1.50

*Covers private and public sector wage rates. Incorporates nominal wage increases for labour of unchanged quality, plus some productivity improvements which cannot be fully measured.



Making the community safer

Strengthening police and emergency personnel, including:

- \$602 million to fund an extra 1 600 frontline police and 100 transit safety police
- \$212 million over four years to deploy 940 Protective Services Officers to patrol metropolitan and regional railway stations

Appropriate sentences and an expanded corrections system, including:

- \$66 million over four years for an extra 108 beds in the male prison system, which delivers the first phase of the Government's election commitment for an extra 500 beds
- \$12 million over four years to improve monitoring of convicted offenders
- \$18.4 million investment in youth justice services and facilities

Community crime prevention, including:

- \$25 million over four years to establish the Public Infrastructure Safety Fund and the Community Safety Fund
- \$9.5 million over four years to support graffiti prevention initiatives
- \$800 000 over four years for the *Step Back, Think* program to address alcohol-related violence among young people



Improving and rebuilding our transport infrastructure

Ensuring the future of the Regional Rail Link in Melbourne's west

A new Public Transport Development Authority to plan, coordinate and manage the public transport system

Investing in public transport, including:

- \$222 million for seven new trains, and business case development for further train purchases
- \$100 million over four years for the *Rail Network Fund* for ongoing maintenance and renewal

Planning for the next wave of rail investment, including the:

- Lara to Avalon rail link
- Doncaster and Rowville rail feasibility studies
- Rail link to Melbourne airport

Fixing level crossings, including:

- \$64 million over four years to improve level crossings across the state

Better roads, including:

- \$160 million over four years for the maintenance and restoration of country roads and bridges
- \$50 million each for the Western Highway Duplication project and the Koo Wee Rup bypass

New Taxi Industry Inquiry to reform the taxi industry



Supporting healthier Victorians

Improving hospitals, including:

- Delivery of the first stage of the Government's commitment for 800 new hospital beds
- \$56 million to establish the *Rural Capital Support Fund* to enable rural and regional health services to maintain and expand high quality services
- \$55 million to upgrade vital medical equipment and hospital infrastructure across Victoria's health services
- \$90 million over four years for the waiting list and emergency department reform package to increase the accountability, transparency and performance of Victorian hospitals
- \$8.5 million for land acquisition and initial planning for a new \$250 million Monash Children's Hospital to improve access to children's services in the south east

Ambulances:

- \$151 million for 340 new ambulance officers
- \$16 million to upgrade and build rural ambulance stations in Victoria

Supporting people with mental illness, including:

- \$10 million over four years for the new *Mental Illness Research Fund*
- \$27 million over four years to expand specialist clinical community mental health services
- \$51.6 million to expand community based mental health care and support

Over \$500 million has been provided over four years for additional health infrastructure and capital projects



Helping families in need

The Government's *2011 Victorian Families Statement* signals our new approach to engaging with families, including vulnerable and low income households. To better support families in need, the budget is:

Protecting our most vulnerable children

- \$98 million to increase the frontline child protection workforce, provide more out of home care placements, a more independent children's commissioner, intensive ante and post-natal support and more help for carers

Supporting young Victorians

- \$17.9 million to boost youth participation including through youth parliament, youth community radio (SYN FM), the Rock Eisteddfod, and scouts and girl guides
- \$27 million to improve our response to young people interacting with youth justice system, through better diversion, rehabilitation and workforce support
- \$5 million for new housing initiatives, including five Work and Learning Centres on public housing estates; and early planning for three Foyer models for young people who are homeless or at risk of homelessness

Improving access and quality of services to people with a disability and their carers

- \$93 million for more supported accommodation, innovative respite care, and aids and equipment



Supporting regional and country Victoria

Establishment of a new \$1 billion *Regional Growth Fund*:

- The fund will be used to create jobs, invest in services, infrastructure, skills and industries
- The first allocation will be \$500 million over four years
- Initiatives include \$100 million each to the Energy for the Regions program, the Local Government Infrastructure program and the Putting Locals First fund

\$20 million over four years in the *Regional Aviation Fund*, to upgrade regional aviation infrastructure

\$6.8 million over four years for the Regional Victoria Living Expo to promote lifestyle, employment, education and business opportunities in regional and country Victoria

\$242 million for restoration of assets destroyed in the recent floods, and \$10 million for the Business Flood Recovery Fund in 2011-12 and 2012-13

\$160 million over four years for maintenance and restoration of rural roads and bridges



Delivering new education opportunities

Improving learning outcomes, including:

- \$24 million over five years for 100 maths and science specialists in Government primary schools
- \$5 million for 400 teaching scholarships for science graduates
- \$101 million for Early Childhood Education and maternal and child health initiatives
- \$240 million over five years to help lift Catholic and Independent school funding levels, starting in the 2011 school year

Increasing student safety and wellbeing, including:

- \$124 million over four years to continue the Primary Welfare Officer Program, and add a further 150 Primary Welfare Officers
- \$2 million over four years for teachers to train in more effective student behaviour management practices

Building new schools and upgrading existing facilities, including:

- \$208 million to renovate existing Government schools, build new ones and acquire more land
- \$100 million to establish a *School Maintenance Fund*
- \$156 million for the Students with Disabilities Program

Boosting skills, including:

- \$103 million to reintroduce concession fee places for persons aged between 15 and 24 undertaking diploma and advanced diploma courses
- \$35 million for TAFE upgrades



Helping households manage the cost of living – a \$1.2 billion package

The Government appreciates the rising cost of living pressures on Victorian families and is committed to help lessen the impact:

- \$382 million in concessions so that more than 815 000 Victorian concession card holders will have a reduction in their electricity bills
- \$63 million to increase the cap for water and sewerage concessions for eligible Victorians
- \$242 million over four years to reduce ambulance membership fees by 50 per cent

Addressing housing affordability, including:

- The progressive reduction of Land Transfer Duty by 50 per cent for first homebuyers purchasing principal places of residence valued up to \$600 000
- Extension of the First Home Owner Grant and First Home Owner Bonus
- Increasing the pensioner and concession card holder stamp duty concession threshold
- Exemption from stamp duty for first farm property purchases for young farmers valued up to \$300 000



Restoring confidence in government

The Government is determined to improve transparency and accountability. To achieve this, it is funding a number of public sector integrity initiatives, including:

- Establishing an Independent Broad-based Anti-Corruption Commission (IBAC)
 - › The IBAC will have jurisdiction over all members of the Government, judiciary, Parliament, the public service and local government
 - › Its function will be to investigate allegations of corruption

- Establishing an Independent Office of Freedom of Information (FOI) Commissioner
 - › The Office will act as an independent body overseeing FOI governance and streamlining the FOI process to improve community access and contribution to the democratic process

- Establishing an independent government advertising review panel



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