Mr Speaker
I move that this Bill be read a second time.

INTRODUCTION
This is the first budget of the Bracks Labor Government.
It’s also the first budget speech in any Australian Parliament to be broadcast ‘live’ on the internet.
But more importantly, this is the first time that all Victorians, wherever they live in the State, have been able to directly participate in the proceedings of their own Parliament.
I’m proud to welcome all of you who are watching this historic broadcast.

ELECTION COMMITMENTS DELIVERED IN FULL
Mr Speaker, at the last election my team promised to deliver on four key pillars:
• responsible financial management;
• promoting growth across the whole State;
• delivering improved services; and
• restoring democracy.
These four key pillars formed the basis of the 115 service delivery initiatives that were promised at the last election, and described in Labor’s Financial Statement.
I am proud to say that this budget – our first budget – delivers on those commitments.

It delivers on each and every one of our commitments in education, health and community safety.

It delivers on Labor’s commitment to the people of regional Victoria.

There are no ‘core’ and ‘non-core’ promises here.

There’s no wriggling and twisting around to get out of our election promises.

In the election campaign, we said we would only promise what we could deliver. In this budget, we have delivered what we promised.

Prior to the election, we undertook a rigorous and disciplined process of policy development and consultation.

We went to the electorate with clear and responsible commitments.

We put before Victorians a full plan for our term in office.

We chose a new style of political campaigning, because we wanted to be a new style of Government. One that Victorians could trust.

This budget honours that trust.

What’s more, the 2000-01 Budget documents put the State’s finances before Victorians in an unambiguous and open manner.

For the first time in Victoria, the Budget Papers include a scorecard, measuring the Government’s promises against what we have delivered.

For the first time, the Budget Papers set out estimates of revenues forgone through exemptions and concessions included in tax legislation.

Victorians can now see very clearly what those exemptions and concessions cost.

And for the first time since the move to accrual accounting, the Budget Papers detail the cost of each individual output.

Victorians can now understand how and where their money is being spent.

The 2000-01 Budget lifts the veil of secrecy surrounding recent budgets and marks the start of a new era in open and honest budget documentation.
RESPONSIBLE FINANCIAL MANAGEMENT

As promised, this budget delivers a financially responsible and socially progressive blueprint for Victoria.

It provides a sound and stable financial basis to enable the whole State to grow.

Central to our election platform was the commitment to maintain a substantial operating surplus. The first Bracks Labor Government budget delivers on this promise.

We have fully funded our election commitments at a cost of $426 million in 2000-01.

After allowing for that – and for unexpected and unavoidable expenditure on key services – a budget operating surplus of $592 million is forecast for 2000-01.

Looking further ahead – surpluses averaging more than $450 million are projected over the remainder of the forward estimates period.

An operating surplus of this level will ensure that the Government’s target of an ongoing surplus of at least $100 million is resilient to moderate economic downturns.

Responsible financial management also involves keeping state liabilities at prudent levels.

Victoria’s triple-A rating was affirmed by Standard and Poors on 20 December 1999, and awarded by Moodys Investors Services on 8 February 2000.

Both ratings agencies cited Victoria’s exceptionally low debt levels, strong fiscal position, and the Government’s commitment to financial responsibility as the key reasons for awarding Victoria their highest credit rating.

The Government is committed to retaining these financial settings.

The 2000-01 Budget further reduces state liabilities.

Budget sector net financial liabilities are expected to fall from 10.9 per cent of GSP as at June 1999 to 7.7 per cent by June 2004.

In particular, the Government is putting $250 million of the 1999-2000 surplus towards fully funding the Emergency Services Superannuation Scheme.

The Government is adopting a new funding framework for superannuation, with the aim of achieving 100 per cent funding of the Victorian Government’s superannuation liabilities by 2035, 15 years ahead of previous estimates.
Finally, state government net debt is expected to decline from $6.2 billion to $4.7 billion over the forecast period.

The critical elements of financial responsibility are in place.

So too are the economic fundamentals.

GROWING THE WHOLE STATE

Robust Victorian economic growth is expected to continue, although at a more sustainable pace — 4¼ per cent this year and 3½ per cent in 2000-01.

On the back of this growth, the Victorian unemployment rate is forecast to keep improving, making the Government's 5 per cent target achievable.

Private investment remains robust. Latest Australian Bureau of Statistics expectations data indicate a rise in Victorian capital expenditure of around 20 per cent in 2000-01.

This Government wants to ensure that all Victorians share in the benefits of the State’s economic prosperity. Unfortunately over the last seven years, large areas of Victoria have missed out.

Since the start of 1994, employment in metropolitan Melbourne has grown almost 17 per cent, compared with 8 per cent in the rest of the State.

Despite the fact that Victoria is now gaining population from other States for the first time in 25 years, many regions in the State have experienced very low rates of growth, and even losses of population, in recent years.

We have a clear plan for growth across Victoria. It is a vision that was endorsed at the recent Growing Victoria Together Summit.

This is a pro-business budget. It focuses on a plan to improve Victoria’s competitiveness, attract new investment and generate jobs.

The key components of that plan are investment in world class economic infrastructure, a fair and competitive taxation system and a skilled workforce - underpinned by a sound state financial performance.

Our plan also targets key drivers of growth.

Since coming to office the Government has introduced a set of coordinated and complementary strategies to enable Victoria to take advantage of opportunities from evolving economic, industrial and technological trends.
These include:

*Linking Victoria* – an integrated transport infrastructure program to revitalise the State’s rail, roads and ports;

*Skilling Victoria* – a program that recognises the importance of education and training to the long-term growth prospects and individual aspirations of Victorians; and

*Connecting Victoria* – a strategy for growing the State’s information and communications technology industry and for sharing the benefits of these technologies across the entire Victorian community.

This budget includes two major initiatives to facilitate the implementation of this plan.

The first provides for business tax cuts totalling at least $400 million over the next four years.

From July 2001 business taxes will be cut by $100 million, increasing to $200 million per year by July 2003.

This cut will keep Victoria’s taxes broadly in line with the national average and below New South Wales.

Details of the business tax cuts will be determined following a review of Victoria’s tax system – the first since 1983 – which will report by the end of 2000.

The terms of reference for this review will be released in the coming weeks.

The second initiative is the establishment of a new $1 billion infrastructure reserve, *Growing Victoria*.

This represents a 20 per cent boost to infrastructure investment, over and above the level of investment planned for the next four years.

Capital expenditure of $190 million has already been allocated from *Growing Victoria* for school modernisation and rail projects.

Future investments of considerable economic and social benefit to the State will focus primarily on the capital components of *Linking Victoria, Skilling Victoria* and *Connecting Victoria*.

Some other key infrastructure projects include:

- $240 million for accident black spots, half of which will be spent in regional Victoria;
- $70 million towards extending suburban train and tram lines and introducing flier trains to Dandenong, Ringwood and Frankston.
$90 million towards regional and metropolitan arterial roads and the Dingley by-pass Stage 1;
upgrades to the Frankston and Kyneton hospitals (at a cost of $23 million); and
$37 million for the development, upgrading or replacement of a number of police stations and facilities.

In 2000-01, total spending on infrastructure projects will amount to $1.2 billion, rising to $1.9 billion by 2003-04.

This is a major boost to Victoria’s economic and social infrastructure and a substantial and long overdue commitment to the economic development of this State.

Other key initiatives that will be implemented in this budget to further enhance the competitiveness of Victorian business include:
- a Strategic Audit of Victorian Industry;
- the new Manufacturing Industry Consultative Council to advise on strategic directions for this long-neglected sector; and
- a new Victorian Economic and Social Advisory Council, which will advise on the economic and social development of the State.

By Growing Victoria together, the Government is also delivering on its commitment to rebuild rural and regional communities.

This budget is about a fair share for rural and regional Victoria.

It reverses years of neglect and it provides the proof that this is a Government ready and willing to give regional areas the support they need to unlock their potential and build for the future.

In addition to the investments that will be undertaken from the Growing Victoria reserve, this Government has also introduced specific initiatives, such as:
- A $170 million Regional Infrastructure Development Fund to enhance economic infrastructure in rural and regional areas.
- A $35 million Living Regions, Living Suburbs Support Fund to assist local social and economic projects.
- A boost of $15 million over four years to strengthen regional development organisations and better promote regional investment.
- And more than $22 million over four years for various State-wide tourism initiatives.
Regional Victoria will also benefit from the Government’s strong commitment to information technology, delivered through the Connecting Victoria strategy.

We recognise the potential of new technologies to deliver both economic and social benefits to Victoria – to generate new industries, to revitalise existing ones and to create new jobs.

This budget acknowledges that potential through several major initiatives:

- $9 million to boost public internet access, with a focus on regional areas and on those communities without convenient internet access.
- a $3.5 million expansion of Skills.net — a community based program targeted at technologically disadvantaged Victorians; and
- the establishment of an Electronic Export Assistance Centre to help Victorian businesses in trade readiness, promotion and financing.

We promised to be a forward looking and innovative government when it comes to information and communications technology.

We promised to develop strategies for sharing the benefits of these technologies across the entire Victorian community.

We promised to begin the work of positioning Victoria as the knowledge capital of the knowledge nation.

This budget – along with the Connecting Victoria strategy – delivers on those commitments.

DEVELOPING IMPROVED SERVICES

The Bracks Government is determined that all Victorians have access to the services, resources and opportunities necessary to fulfil their potential.

Over the past seven years, Victorians have seen substantial erosion in their health, education and community services.

The quality of basic infrastructure has declined and many services are unable to keep pace with growing demand.

Funding cuts have undermined our capacity to deliver the standards of services that Victorians expect. They have also had a damaging effect on the wider community.

The Growing Victoria Together Summit supported this Government’s view that a successful, productive and growing economy is built on an inclusive society.
One in which people feel they have a say and a stake.

This budget begins the critical task of building a more inclusive society by delivering improved services to the people of Victoria.

After allowing for new expenditure responsibilities taken on from the Commonwealth as a result of their new tax system, this budget delivers a 5.2 per cent increase in expenditure.

This increase in spending will deliver improved services in several key areas.

**Education and training**

Victoria needs a strong education and training system. Such a system underpins the development of a skilled work force capable of adjusting to economic change and opens pathways to emerging job opportunities.

The Government is committed to ensuring that all Victorians have the knowledge and skills they need to participate as responsible, informed and productive citizens in our society.

Investments in education and training are not only necessary to improve the competitiveness of the Victorian economy, but are critical to creating a culture of lifelong learning and restoring a sense of community.

To achieve these objectives the budget provides for a range of initiatives including:

- $165 million over four years to employ an additional 350 teachers in primary schools as part of our goal of reducing class sizes from Prep to Grade 2 to an average of 21 students;
- $121 million for the modernisation of school and TAFE facilities;
- $65 million over four years to expand the pathways open to our young people in the post compulsory years of education;
- $72 million to assist private and public employers to train and employ a further 16,000 new apprentices and trainees over the next four years; and
- $43 million over four years to employ student welfare coordinators in every secondary college.

**Health and community services**

Nothing is more important than the health and well-being of the Victorian community.
The Government faces a major challenge in responding to community demands for a real improvement in hospital service levels and quality, while at the same time addressing the financial viability pressures hospitals face as a result of past funding reductions.

This budget marks the end of a long period of decline in Victoria’s public hospital system.

In this budget we begin the task of building a world class hospital system with a $176 million public hospital strategy that includes:

- opening 360 beds and easing the pressure on hospital emergency departments during the winter period;
- treating an additional 20,000 patients;
- creating a sound financial basis for hospitals by boosting the price paid for case mix funded services, sub acute beds and rural hospitals;
- funding an extra 70,000 outpatient and other services; and
- addressing the falling quality of public hospitals by attracting and retaining nurses, improving cleaning and infection control and expanding hospital-to-home support services.

The Government has also initiated a major new capital works program to rebuild Victoria’s health infrastructure. As well as the Frankston and Kyneton hospital upgrades, projects include the redevelopment of the Royal Women’s Hospital, nursing home upgrades and community care centres in Sunshine and Preston.

The Government is currently reviewing options for a major redevelopment of the Austin and Repatriation Medical Centre, with $5 million allocated to the redevelopment from the budget of the Department of Human Services.

This Government will also ensure that patients discharged from hospital receive the community care they need to make an effective recovery through a new Hospital to Home program and an additional $45 million over four years for community health programs.

We have also committed $39 million over four years to provide better services for older Victorians, including home and community care, rehabilitation and geriatric assessment beds and health promotion initiatives.

As part of its overall anti-drug strategy the Government has committed an additional $75 million over four years to prevent illicit drug use, save lives and improve treatment and rehabilitation services.
This Government will ensure that families receive the support they need to nurture the next generation of Victorians.

We are restoring and expanding support services for families, with an additional $35 million in 2000-01 for early childhood services, community services, juvenile justice programs and child protection.

Under this Government people with a disability, their families and carers will receive the support and assistance to which they are entitled.

In 2000-01, an additional $28 million will be spent to reduce the backlog of disability services, improve support to carers and expand community based accommodation support options.

The budget also provides an additional $90 million over three years to expand the level of public and community housing by 800 units.

**Safer communities**

It is fundamental to the Government’s vision for the state that Victorians are safe and feel secure in their homes, streets and communities.

The budget delivers on Labor’s commitment to build safer communities by:

- allocating $64 million over four years to place an additional 800 operational police on the streets;
- providing an additional $37 million over three years to develop, upgrade and replace police stations and facilities;
- establishing the Office of the Emergency Services Commissioner to facilitate greater coordination all Victoria’s fire and emergency services; and
- enhancing public transport safety and accessibility, including an extra 100 railway staff and an additional 100 tram conductors across tram networks.

These measures mark the first steps towards meeting Labor’s aim of making our homes, streets and public transport safer.

**RESTORING DEMOCRACY & ACCOUNTABILITY**

The Bracks Government has pledged to return Victoria to open, transparent and accountable government.
Already we have moved swiftly to strengthen the power of independent watchdogs, and increase community participation in the decision-making process:

We have restored the independence of the Auditor-General.

We have guaranteed the independence and powers of the Director of Public Prosecutions and the Ombudsman.

We have given local governments greater autonomy, allowing a stronger community voice in local issues.

We are restoring compensation for victims of crime.

We are restoring common law rights for seriously injured workers.

The Government has also introduced financial responsibility legislation, setting new standards in government accountability and transparency.

The Auditor-General has been given new powers to review the budget financial statements.

Under this legislation, the Auditor-General reviews the budget and reports to Parliament on budget day whether the estimated financial statements:

- are consistent with the stated accounting policies;
- are consistent with the Government’s key financial targets;
- are properly prepared on the basis of the assumptions that underlie them; and
- that the methodologies used to determine those assumptions are reasonable.

The Auditor-General has reviewed the financial statements under these new powers.

He has reported that nothing has come to his attention during the review that would cause him not to believe that the financial statements are properly prepared and consistent with the budget assumptions and targets.

This independent review is a major achievement in promoting open and transparent government in Victoria.

It is a world's first.

And it assures Victorians that the Government’s budget decisions are consistent, reasonable and properly prepared.
APPROPRIATION BILL

The Appropriation (2000-01) Bill provides authority to enable government departments to meet their agreed service delivery responsibilities in 2000-01.

The Bill supports a financial management system that recognises the full cost of service delivery in Victoria and is thus based on an accrual framework, which includes cash and non-cash assets.

Schedule One of the Bill contains estimates for 2000-01 and provides a comparison with the 1999-2000 figures.

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

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

CONCLUSION

Right across the board, in each and every portfolio, this budget marks a new beginning for Victoria and a new era of open and accountable government.

This budget provides a sound financial platform for delivering key services and raising the living standards of all Victorians.

It includes $426 million to implement our election commitments in full. Commitments that focus on improving education, health and community safety.

It locks into place the economic environment that will enable business to prosper: lower taxes, lower debt, a substantial surplus and a boost to economic infrastructure.

It provides for business tax cuts totalling $400 million over the next four years, meeting our commitment to benchmark these taxes to the average of other States.

It puts in place an additional $1 billion Growing Victoria infrastructure investment reserve, boosting infrastructure spending by 20 per cent over the next four years.

All these initiatives are fully funded, leaving a budget surplus this year of $592 million.

Finally, the Auditor-General has independently examined the budget – a process that sets new standards in financial transparency and accountability.

Mr Speaker, this budget passes every test we set ourselves.
We promised to deliver a substantial operating surplus – and we have.

We promised to deliver on our election commitments and to improve services in education, health and community safety – and we have.

We made a commitment to develop an economic framework to grow the whole of the State – and that is what we have done.

We promised to open the books for independent review by the Auditor-General – and we have done just that.

In each and every one of those areas, this budget delivers on Labor’s commitments.

Mr Speaker, I am proud to commend the Bill – Labor’s first budget – to the House.