Date: 7 May 2007

To: Vice-Chancellor’s Executive

From: Helen Monk, Planning Officer, Policy and Planning Group

Subject: Victorian State Budget 2007 - 2008

1. Purpose

To provide a summary of the major initiatives in the Victorian State Budget 2007 – 2008 with potential to impact on RMIT. Budget papers can be found at: http://www.budget.vic.gov.au/

2. Overview

The Victorian State Budget 2007 – 2008 funds initiatives that contribute to the achievement of the Government’s ten year strategic vision Growing Victoria Together.

In summary:
- The budget proposes to put the state in a strong financial position, building sustainable long term growth and delivering the biggest infrastructure program since Henry Bolte was Premier.
- State treasury predicts an operating surplus of $324 million for 2007-2008 and surpluses averaging $424 million over the following three years.
- Victorian gross state product is expected to grow by 2.75 per cent in 2006-07 then rising to 3.25 per cent in 2007-08 and 2008-09.
- Government spending is prioritised around the following themes (a detailed briefing of the initiatives with potential relevance to RMIT is given in appendix 1):
  - Investing in Infrastructure
  - A Competitive Business Environment
  - Excellence in Education
    - The budget commits $555 million to upgrade 131 Victorian schools and $38 million for five TAFE projects as the first instalment in the Victorian Schools Plan – a 10 year commitment to modernise or rebuild all Victorian schools.
  - Affordable Housing
  - Meeting Environmental Challenges
  - A World Class Health System
  - Tackling Disadvantage
  - Community Safety and Justice
  - Investing in Rail and Road Connections
  - Provincial Victoria
  - Maintaining Victoria’s Liveability
- The government has also committed to savings of $632 million over four years through the Efficient Government agenda aimed at reducing corporate services duplication across agencies.

The major short- to medium-term risks to the Victorian economic projections are from:
- Drought conditions
- Oil price volatility
- Wage and inflationary pressures
- Exchange rate movements
- Global developments: such as a correction in the US housing market and/or Chinese Government economic policy.
3. Key issues for RMIT

- **Reduction in operating costs:** reductions in both the Workcover premium (down 10%) and payroll tax, down from the existing rate of 5.05% (effective 1 January 2007) to 5% (effective 1 July 2008) will reduce operating costs.

- **Expansion of TAFE institutes:** $38 million has been allocated to the expansion of TAFE institutes but none of this funding has been allocated to RMIT. This is despite funding being provided in areas where RMIT has significant strength and engagement:
  - Automotive: $30 million has been allocated to the Kangan Batman Automotive Centre of Excellence for its Stage 2 development at Docklands.
  - Nursing: $4.5 million has been allocated for the development of a Nursing Skills Centre of Excellence (involving a consortium including Box Hill Institute of TAFE, Deakin University, Epworth Foundation and the Eastern Health Network).

- **Investment to the North (City of Whittlesea):** The Government has also made significant investment in the Northern region of Melbourne. Again, although RMIT has a significant presence and links in the region no direct funding has been allocated to RMIT.
  - $50,000 funding has been provided to the Northern Melbourne Institute of TAFE to support the planning and design of Stage 1 of the Epping Campus redevelopment. The investment is designed to meet the educational needs of one of Victoria’s fastest growing growth corridors, Whittlesea.
  - $180 million has been allocated to a new biosciences research centre at La Trobe University’s Bundoora campus. The new centre aims to consolidate much of the research and development conducted by the Department of Primary Industries (DPI) in Melbourne and accommodate more than 400 scientists from DPI, the university sector and national and international research and science agencies.

- **TAFE places:** Although significant funding has been committed to education infrastructure (to refurbish or rebuild schools and expand TAFE institutes) there has been no further funding provided for additional TAFE places.

- **Maths and Science investment:** The Government has identified Maths and Science as a strategic priority, with initiatives designed to attract science and maths graduates to the teaching profession through study incentives and significant investment designed to boost student performance in these disciplines.
## Key initiatives with potential impact on RMIT

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<tr>
<th>Initiative</th>
<th>Funding allocation/description</th>
<th>Issues for RMIT</th>
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<tr>
<td><strong>Workcover</strong></td>
<td>WorkCover premiums have been reduced by a further 10%.</td>
<td>Reduced operating expense.</td>
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<td><strong>Payroll Tax</strong></td>
<td>From 1 July 2008, the payroll tax rate will be further reduced to five per cent (from the current rate of 5.05% which came into effect on 1 January 2007).</td>
<td>Reduced operating expense.</td>
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| **Skills - TAFE Expansions** | The 2007-08 Budget allocates more than $38 million to expand and equip Victorian TAFE Institutes as part of the Bracks’ Government *Skills for a Growing Economy*:  
- *Kangan Batman Automotive Centre of Excellence*: $30 million for its Stage 2 development at Docklands.  
- *Nursing Skills Centre of Excellence*: $4.5 million for its development. This will be done in conjunction with a consortium, including Box Hill Institute of TAFE, Deakin University, Epworth Foundation and the Eastern Health Network.  
- *Gordon Institute of TAFE*: $3 million to complete the transfer of the wool classing facility from the Deakin University campus of Waurn Ponds.  
- *National Logistics and Driver Skills Training Centre*: $500,000 for the planning and design of a new National Logistics and Driver Skills Training Centre in North East Victoria.  
- *Northern Melbourne Institute of TAFE*: $50,000 funding to support the planning and design of Stage 1 of the Epping Campus redevelopment, to meet the demand for vocational education and training in one of Victoria’s fastest growing growth corridors, Whittlesea. | Of note: no funding allocated to RMIT TAFE refurbishments / expansions in the 2007-2008 budget. |
| **Refurbishing or building technical wings in secondary colleges** | Five technical wings will be refurbished in 2007-08, with another $50 million committed over the next five years to build 30 new technical wings in secondary schools and modernise equipment in all others. The locations of the technical wings have yet to be identified. | Opportunities for the University’s VET in Schools program depending upon the distribution of developments. |
| **State recruitment for key initiatives** | $1.4 million is being invested to attract science and maths graduates to teaching (see below science and maths initiatives).  
- $35 million over four years has been allocated to employ 300 Teacher Assistants in secondary schools.  
- $25 million has been allocated over four years to employ 65 national park rangers throughout regional Victoria.  
- $94 million has been allocated over four years to recruit 350 new police, 25 specialist ‘crime fighters’ and 25 forensic investigators.  
- $38 million is being invested to create an additional 11 training posts for general practitioners, eight new rural GP obstetrics positions and an additional 15 training posts for medical specialists in rural hospitals. | Potential to offer training. Of note: RMIT has been involved in a tender to train new police. |
| **Adult education programs** | $8.2 million has been allocated over four years for adult education programs, including ‘skilling up’ retired workers. | Potential impacts on RMIT’s skills store bid. |
| **Research** | *Biosciences Research Centre*: $180 million has been allocated to a new biosciences research centre at La Trobe University’s Bundoora campus. The new centre aims to consolidate much of the research and development conducted by the Department of Primary Industries (DPI) in Melbourne and accommodate more than 400 scientists from DPI, the university sector and national and international research and science agencies. | Potential to form strategic partnership.  
Risk: staff retention – as staff may be attracted away from RMIT. |
<p>| <strong>Teaching &amp; Learning</strong> | <em>Teaching and Learning Innovation Fund</em>: $32 million has been allocated over two years to continue the work of the Leading Schools Fund (open to schools or groups of schools with a secondary component), which supports school transformation through new ways of teaching and learning, new design of school facilities, and the development of innovative curriculum. | |</p>
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| Science & Maths                                | ▪ **Scholarships for maths and science graduates:** 150 scholarships (grants of up to $9000 per graduate), at a cost of $1.4 million over six years to be provided to encourage maths and science graduates to undertake further training in education and teach in government schools.  
 ▪ **Career Change Program:** Funding of $1.8 million over six years to be provided to encourage 50 experts in their field to train as teachers. Priority will be given in this intake to those eligible to become maths or science teachers.  
 ▪ **Schools for Innovation and Excellence:** $49 million will be allocated over three years to continue the Schools for Innovation and Excellence program, to boost student performance in mathematics and science. | Linking maths/science qualifications and graduates with teaching qualifications. |
| Arts, Culture & Recreational Facilities        | ▪ **Centre for Books and Ideas:** $8 million in 2007-08 and a further $1 million over four years has been allocated to the City of Literature initiative, to develop Australia’s first Centre for Books and Ideas at the State Library.  
 ▪ **Living Libraries:** $21 million over four years to upgrade libraries throughout Victoria.  
 ▪ **Upgrading community sporting facilities:** $76 million over four years to help councils to replace or upgrade swimming pools and build community sporting facilities. | Further strengthening of existing relationships with City of Melbourne (e.g. City Baths) and City of Whittlesea as well as key community groups to pool resources and enhance facilities available to the university and general community. |
| Health                                         | ▪ **Victoria Drug Strategy:** $148 million over four years to continue the Victorian Drug Strategy, including prevention and treatment services as well as the ‘war on ice’ campaign.  
 ▪ **Mental Health:** $69 million to be invested in new mental health beds and mental health services. | Opportunities to engage in campaigns and services and boost graduate placements. |
| Community infrastructure and research initiatives | ▪ **Irrigation infrastructure investment:** $38 million to modernise the Shepparton Irrigation area; $10 million over four years to improve irrigation practices through the Water Smart Farms program.  
 ▪ **Water Management:** $20 million to improve water quality in small country towns; $10 million over four years for new stormwater projects in urban areas; $16 million over two years for water recycling projects across Melbourne, including major projects at Frankston and Altona.  
 ▪ **Improving waterways:** $12 million has been allocated over four years for recreational fishing, including improving access to waterways and protecting and enhancing these natural resources.  
 ▪ **CarbonDown initiative:** $10 million over three years for a new Carbon Down program in partnership with VECCI to help business cut carbon emissions.  
 ▪ **Clean Coal Technology:** $3.8 million over three years to establish a Clean Coal Authority in the Latrobe Valley, participate in carbon dioxide capture and storage (CCS) trials and continue research into greenhouse gas technologies.  
 ▪ **Research into Climate Change:** $7.2 million over three years to undertake leading edge research into climate change and create an Office of Climate Change.  
 ▪ **Environmental management:** $30 million over four years to protect farms and the natural environment from pests and weeds.  
 ▪ **Agriculture Adaptation and Climate Change (AACC) initiative:** $12.6 million has been provided for the DPI’s Agriculture Adaptation and Climate Change (AACC) initiative, building on the former Our Rural Landscape (ORL) initiative. The initiative is designed to ensure Victoria’s regional economy has a pathway to the future based on diverse primary industries; providing safe, healthy food; and economic growth in the face of major climate and water uncertainty. | Build on community relationships. Opportunities to engage in urban development, conservation and land management and to boost student placements. |
| Strategic industry export development – defence | ▪ **Export Opportunities - Defence:** As part of the Government’s $40 million investment to advance export opportunities, $8.1 million has been allocated to boost the state’s strategic industry development program, focusing on Victoria’s competitive strengths, such as defence. | Broaden opportunities using existing relationships with Defence. |