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This budget is about much more than the bottom line

The Brumby Government faces decisions that will determine whether Melbourne continues to be a liveable city.

PUNDITS with an eye on the future like to talk about “cycles” — as in “the political cycle” or “the business cycle” — and their prognostications often hinge on the difficulties posed by the fact that these divisions of time rarely overlap precisely. In the coming week, few people in Victoria will be more keenly aware of that fact than the Premier, John Brumby, and his Treasurer, John Lenders.

Tomorrow afternoon Mr Lenders will rise in the Legislative Assembly to deliver the Brumby Government's first budget, and in all likelihood the official line will be what it has been for each year since Labor wrested power from the Jeff Kennett-led coalition in 1999. Victorians will be told that wise fiscal management has once again allowed the Government to budget for a hefty surplus while also spending more on the basic services, such as health, education and transport, that were so starved of resources during the Kennett era of austerity. And, in the immediate context of the budget's allocations, there won't be a great deal to fault in that rhetorical pitch. This budget, however, must be assessed against economic and demographic changes that, together with the challenges of reducing carbon emissions in line with the Kyoto Protocol and Professor Ross Garnaut's recommendations to the Federal Government, will make the goals of the past nine years more difficult to achieve.

It is not that the Government will relinquish the “Fairer Victoria” spending measures that became a notable feature of Bracks government budgets. As we report this

morning, tomorrow's budget is expected to contain a \$1 billion Fairer Victoria package, including provision for 1000 new kindergarten places for disabled children, a Koori county court to complement the existing Koori magistrates courts, and community housing for young people with severe physical and intellectual disabilities, many of whom at present face spending the remainder of their lives in nursing homes intended for the frail aged.

These are welcome measures that will promote greater social inclusion for the most marginalised Victorians; clearly, and fortunately, Mr Brumby does not feel constrained by the “hard man” image that some gained of him during his tenure as treasurer in the Bracks government. But what of the big-ticket items, such as education and transport? The Government can be expected to continue to honour the Bracks pre-election commitment to the gradual rebuilding and modernisation of Victoria's schools. It is much less likely, however, that tomorrow's budget will announce outlays for extending Melbourne's rail and tram networks to the rapidly growing suburban fringe, and it is here that the broader problems besetting the Government's fiscal planning begin to be apparent.

The budget is only the first of the major strategic statements that the Government must make in coming months. Its *Melbourne 2030* metropolitan plan, devised in 2002, is being audited, and the auditor's verdict must soon be announced. And this year the Government will respond to Sir Rod Eddington's review of Melbourne's transport

problems, including his proposals for an east-west road tunnel and an underground rail connection between Footscray and Caulfield. The decisions that the Government must make in each case will have repercussions well beyond the scope of an annual budget, a four-year election cycle or an uncertain business cycle that cannot be insulated from the credit crisis emanating from the United States or the impact of climate change. Mr Brumby has a once-in-a decade opportunity to resolve the problems confronting *Melbourne 2030*, and a once-in-a-generation opportunity to develop a public transport system that gives all Melburnians, not just those who live in the privileged inner suburbs, a genuine alternative to the private car.

As the *Beyond 2030* supplement published today in *The Age* explains, the *2030* plan rests on assumptions that have already been falsified. In 2002, Melbourne's population was projected to reach 5 million by 2030. Now it is expected to reach that figure by 2020, and this accelerating rate of growth will have profound consequences for housing and transport policies, for energy and water consumption, and for the distribution of schools, hospitals and other community services.

Melbourne's population growth has been the prime driver of its recent prosperity, but how this growth is managed will determine whether that prosperity can be sustained. Mr Brumby has a big week ahead, but it is only the beginning of a year of crucial decision-making that will be his Government's legacy to Victoria.