

Acting quickly and fairly on climate

Significant initiatives

- **Improving bus and ferry services**
\$39.6m in 2025-26 (\$39.7m/2 years) to deliver new and extended bus routes in a limited number of areas in Melbourne's western suburbs, continuation of a limited number of regional bus services, and late-night services for selected bus routes in Melbourne's west.
- **Victorian Energy Upgrades Program – Insulation upgrades**
\$4.6m in 2025-26 (\$10.2m/3 years) to ensure safety and quality of the re-introduction of insulation into the Victorian Energy Upgrades Program.
- **Solar Homes Program – Hot water rebates**
\$29.7m in 2025-26 (\$29.7m/1 year) to extend the rebate program for installation of energy efficient electric heat pumps and solar hot water systems in homes.
- **Offshore wind program**
\$10m in 2025-26 (\$13.2m/2 years) to progress Victoria's first offshore windfarm to increase Victoria's renewable energy capacity.
- **Accelerating approvals for large scale renewable energy projects**
\$3.7m in 2025-26 (\$3.7m/1 year) to ensure timely approvals for large-scale renewable energy processes to increase Victoria's renewable energy capacity.
- **Victoria's frontline public health system**
\$35.5m in 2025-26 (\$38.3m/4 years) for continued operation of Victoria's Local Public Health Units, water regulation functions to protect Victoria's drinking water, and the Epidemic Thunderstorm Asthma Program and extreme weather alert system.
- **Addressing recovery needs from the Western Victoria Bushfires**
\$27.7 million in 2025-26 (\$44.3 million/2 years) for the Department of Energy, Environment, and Climate Action and \$3.1 million (\$3.5 million/2 years) to the Department of Jobs, Skills, Industry and Regions for a range of recovery initiatives related to biodiversity, environment, industry and tourism.
- **Further supporting our emergency services and volunteers**
\$13.1 million in 2025-26 (\$53.1 million/4 years) to support emergency services and volunteers with tools and resources to respond to emergency events and help communities to recover, including equipment support for CFA and SES units in the Dandenong Ranges.

What's good

- Measures that reduce climate pollution generated in homes, and help Victoria to transition to renewables, are critical. Residential buildings account for around 24 per cent of overall electricity use and more than 10 per cent of total carbon emissions in Australia. The re-introduction of insulation to the Victorian Energy Upgrades (VEU) program means that more households will be able to improve the thermal comfort and energy efficiency of their

homes as temperatures increase. We're pleased that this will be scaffolded by a quality and safety framework funded through this Budget. Extending rebates for hot water upgrades will also help to address Victoria's contribution to climate change and reduce climate impacts. More detailed analysis is provided in cost of living.

- VCOSS has been calling for an expansion of bus services, particularly in Victoria's growth areas. This is important now and for future generations, to avoid locking people into climate-polluting and traffic-inducing car use. In this Budget, the Government has acknowledged the need for this investment in Melbourne's west and some parts of regional Victoria. The Budget also includes flagship investment in two cost-of-living initiatives – free public transport for under 18s seven days a week and free public transport for seniors on weekends – that will encourage more people to switch from private transport to public and reduce emissions and air pollution. (Refer to more detailed analysis in cost of living.
- Victoria's Local Public Health Units (LPHUs) have been providing place-based support for climate change response. Renewed funding for the LPHUs ensures system architecture is in place for this critical work to continue; however, we note that the funding allocation is significantly lower than in previous budgets. VCOSS will monitor this space. Continued funding for the Epidemic Thunderstorm Asthma Program and extreme weather alert system is welcome – these initiatives enable Victorians to prepare for the health-related impacts of climate change.
- The mental health impacts of climate change are well established, with [two-thirds of young Australians saying climate concerns are having a negative impact on their mental health](#). Climate change also has the potential to exacerbate the mental health concerns people are already facing from cost-of-living pressures and other drivers of mental ill-health. Funding to roll out another seven Mental Health and Wellbeing Locals is welcomed. However, we note that [Mental Health Victoria has raised some questions about the quantum of funding](#), as the Budget allocation for the seven new services is less than that committed to the existing 15.

What's missing

- Average temperatures in Victoria are increasing, with 2025 the world's hottest year on record so far. This has the greatest impact on those with the fewest resources. [VCOSS' 2025-26 pre-Budget submission called for strong investment in adaptation](#). We are disappointed that the initiatives we advocated for have not been funded this time. VCOSS will continue to highlight the need for the Victorian Government to reinstate the Community Climate Change Adaptation program and to provide funding to cohort-specific organisations to produce tailored resources for the people they support.
- All Victorians should be able to benefit from the transition to clean energy and a safer climate. This Budget missed an opportunity to invest in solar panels and electrification for public housing properties.
- With disasters such as bushfires, floods, drought and storms becoming more frequent and severe due to climate change, VCOSS has been advocating for investment in proactive, long-term community disaster preparedness and resilience. This Budget does not deliver the

funding that's needed to establish an ongoing disaster resilience workforce in the community sector and community resilience hubs. We will continue to call for investment in these strategic initiatives so that recovery does not need to start from scratch each time disaster strikes.

- The Western Victoria 2024-25 bushfires have been devastating for communities, many of whom are still recovering from the earlier fires in February 2024. While this Budget makes positive investment in recovery initiatives related to the environment, biodiversity, industry and tourism, it does not renew funding for several social recovery initiatives that will lapse on 30 June. Disaster recovery takes many years, and additional funding is needed so that community services can continue vital recovery programs that are still in demand. We acknowledge – and welcome – the Victorian Government's 15 May announcement of \$15.9m for farmers impacted by drought, but note that this addresses a different set of needs to the social recovery initiatives about to lapse.
- The [Government's response](#) to the *Inquiry into the 2022 Flood Event in Victoria*, released in January 2025, supported 16 of the 73 recommendations in full, 43 in principle and six in part. Two were not supported. Another six are still under review – including a recommendation (Recommendation 15) to increase the accessibility of flood risk and planning information in a way that is appropriately accessible to people with additional needs, including people with disability. This was flagged as under review and subject to budgetary processes. VCOSS continues to highlight the importance of Budget investment to support implementation of recommended measures.
- The Victorian Government has led the way nationally on gender responsive budgeting by making it a requirement under the Financial Management Act. The establishment of a climate responsive budgeting requirement would build on this existing foundation. Looking ahead to the next Budget, the Victorian Government should scope and trial a fit-for-purpose climate responsive budgeting framework for Victoria. This would ensure climate change is considered as part of key revenue and expenditure decisions.