

Victorian Budget 2022/23

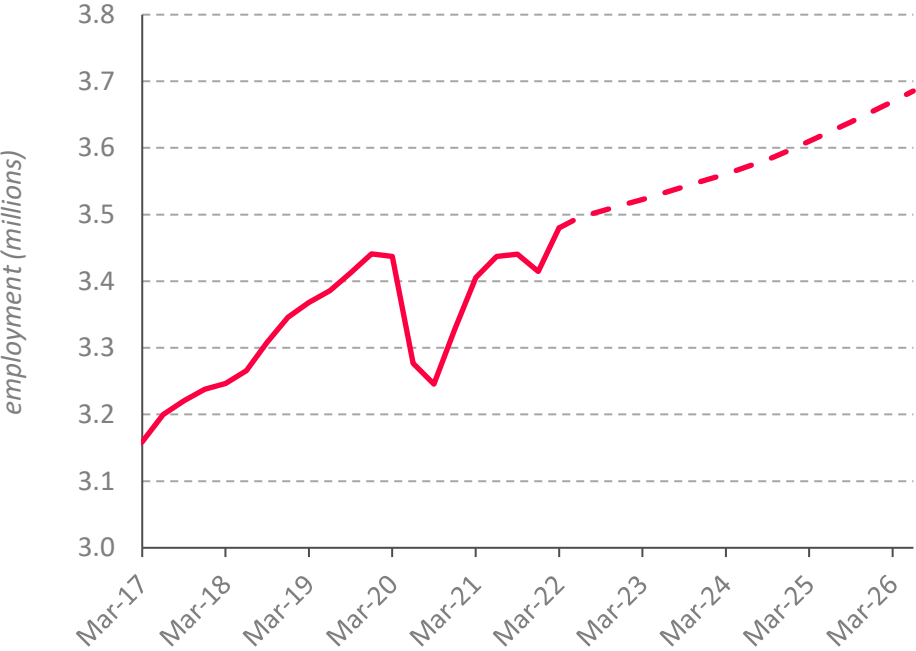
Putting Patients First

Tim Pallas MP
Treasurer of Victoria
13 May 2022

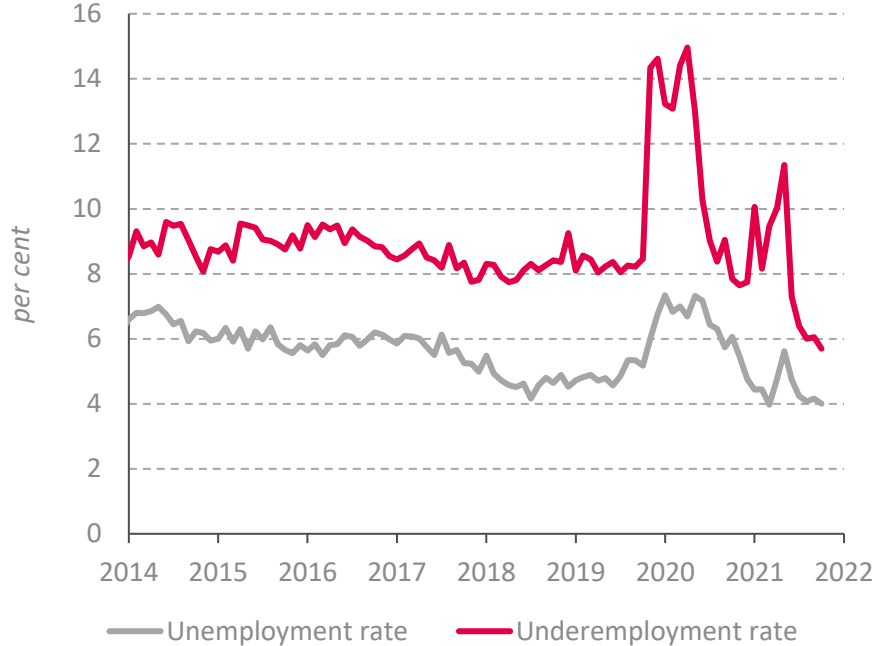


Victorian employment is rapidly rebounding, and unemployment is at a record low

VICTORIAN RECENT AND FORECAST EMPLOYMENT



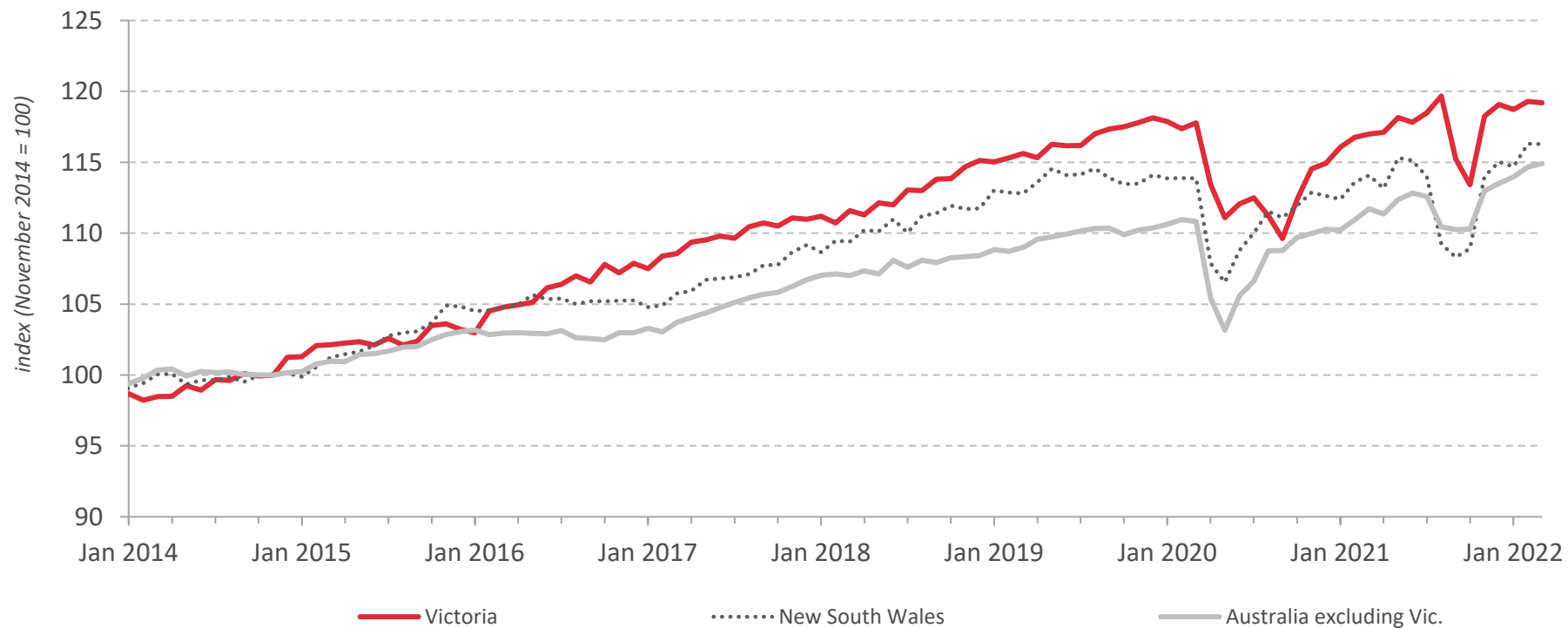
UNEMPLOYMENT AND UNDEREMPLOYMENT RATE



Source: Australian Bureau of Statistics
Note: Financial year actuals and forecasts are year-average levels

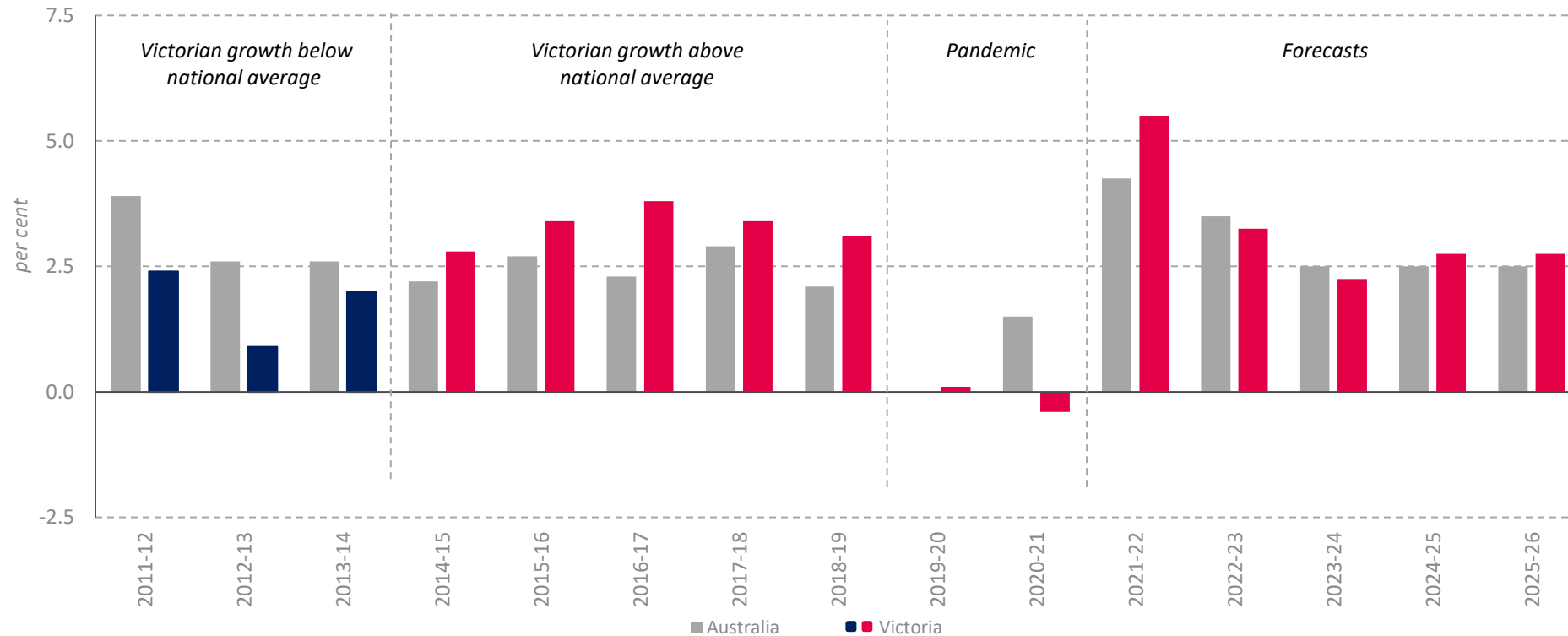
Victorian jobs growth is leading the nation

VICTORIAN EMPLOYMENT



The outlook for the Victorian economy is strong

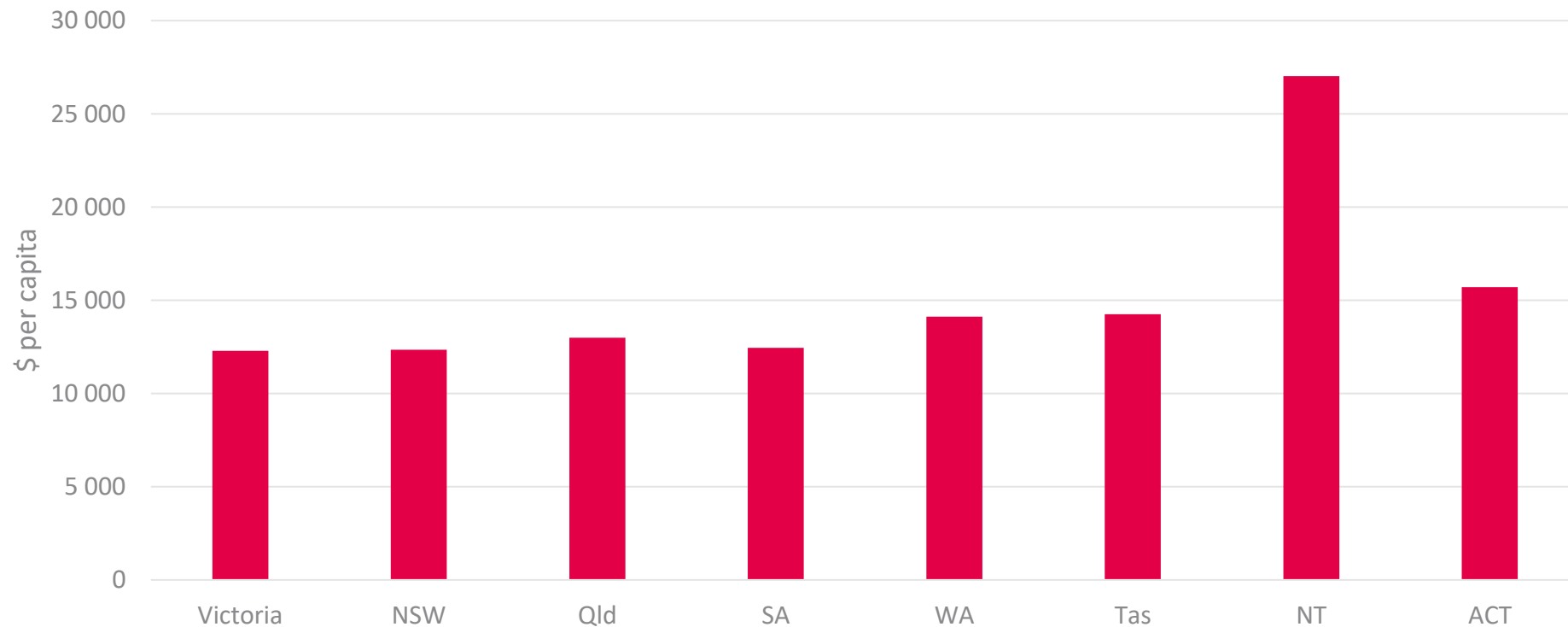
REAL ECONOMIC GROWTH, ACTUAL AND FORECAST, VICTORIA AND AUSTRALIA



Source: Australian Bureau of Statistics; Department of Treasury and Finance; Commonwealth Treasury
Note: Forecasts are rounded to the nearest 0.25 percentage points.

Victoria currently has the lowest revenue per capita of all States and Territories

STATES' REVENUE PER CAPITA, 2021-22



Delivering on our fiscal strategy

FOUR-STEP FISCAL STRATEGY

- **Step 1:** Creating jobs, reducing unemployment and restoring economic growth
- **Step 2:** Returning to an operating cash surplus
- **Step 3:** Returning to operating surpluses
- **Step 4:** Stabilising debt levels

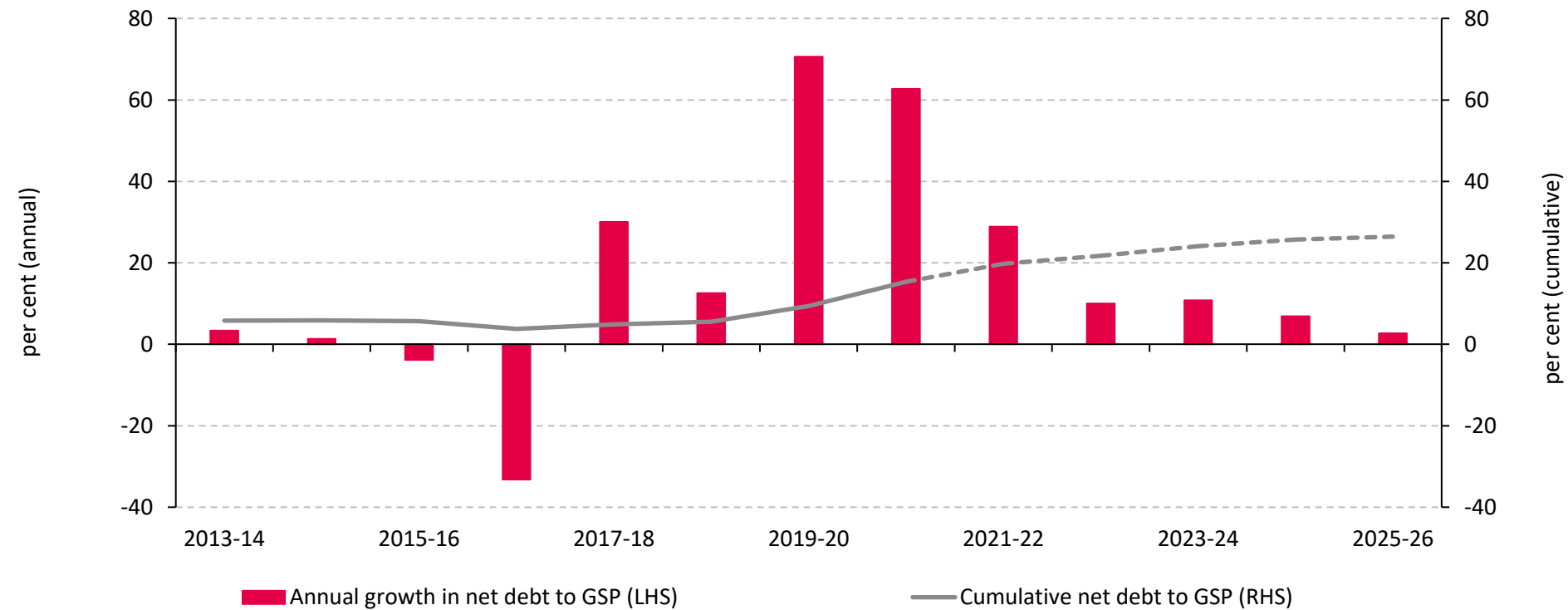


ON TRACK

	Unit of measure	2020-21 actual	2021-22 revised	2022-23 budget	2023-24 estimate	2024-25 estimate	2025-26 estimate
Net result from transactions	\$ billion	(14.6)	(17.6)	(7.9)	(3.3)	(1.1)	0.7
Net cash flows from operating activities	\$ billion	(13.0)	(11.8)	1.3	0.8	3.6	5.5
Government infrastructure investment	\$ billion	15.0	18.9	21.4	23.0	21.7	19.2
Net debt	\$ billion	72.7	101.9	118.5	137.4	154.8	167.5
Net debt to GSP	per cent	15.3	19.8	21.7	24.1	25.8	26.5

We are on track to stabilise net debt over the medium term

ANNUAL NET DEBT TO GSP RATIO



Source: Department of Treasury and Finance

The Victorian Future Fund

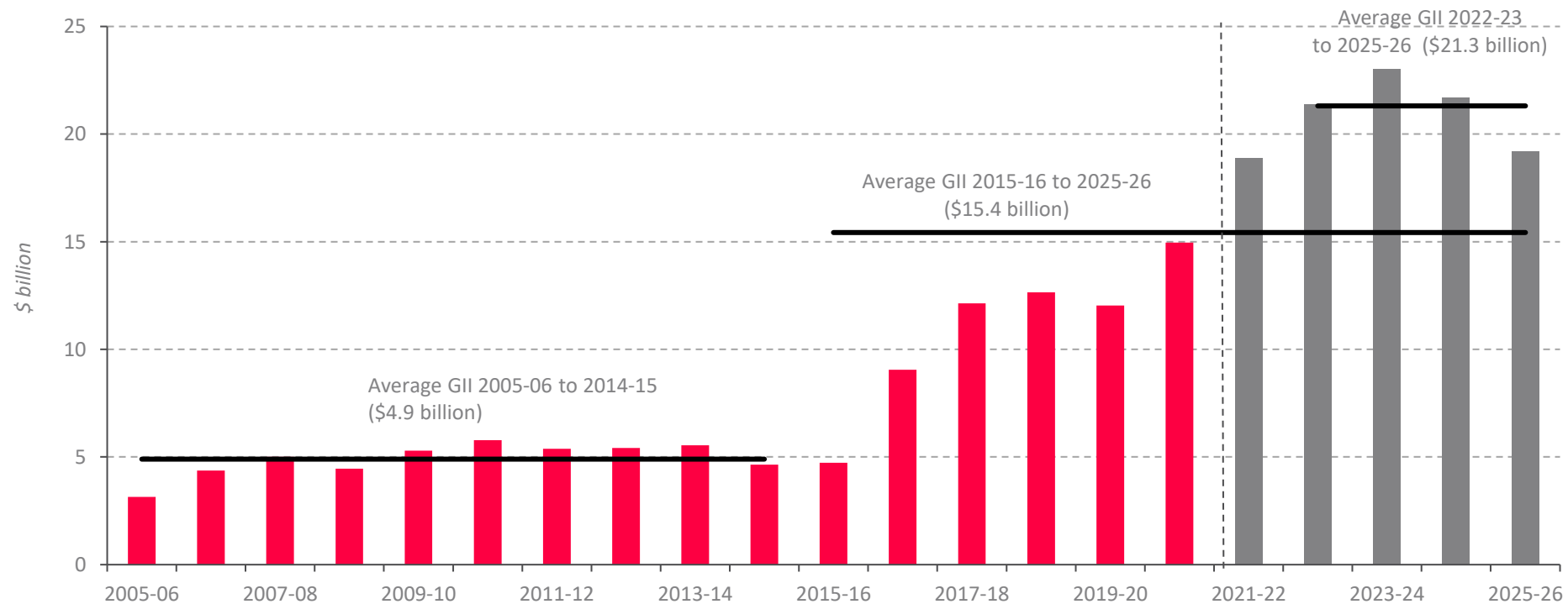
MANAGING THE FISCAL IMPACT OF THE PANDEMIC AND REDUCING THE DEBT BURDEN ON FUTURE GENERATIONS

- The Fund will use proceeds from the VicRoads Modernisation Joint Venture, and grow over time
- Investment returns will be quarantined to the Fund so that its balance will grow over time and help pay down debt
- Projected balance of around \$10 billion in the medium term
- Over time, this will improve the state's fiscal position and support the debt stabilisation strategy



Victoria's Big Build is creating jobs and transforming the state

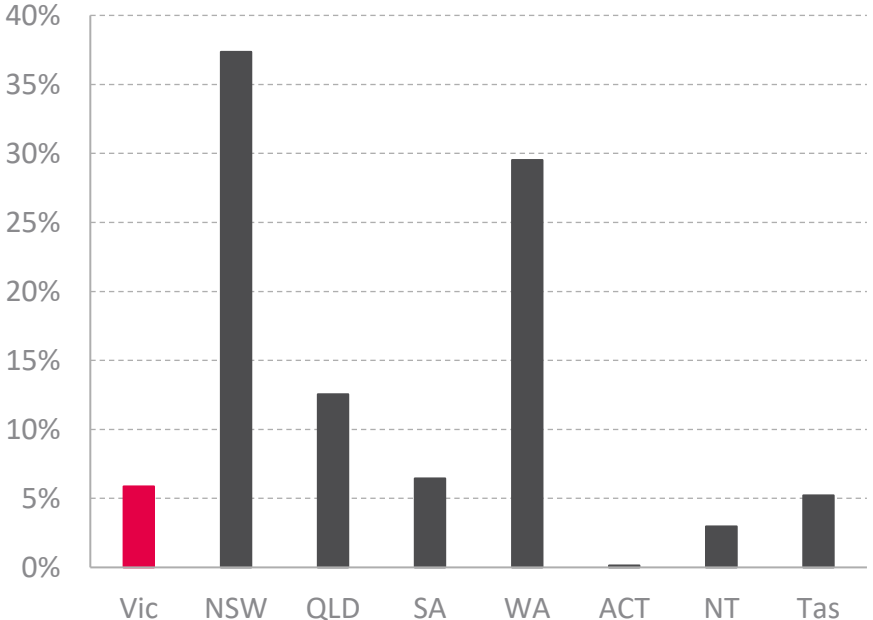
OUR UNPRECEDENTED CAPITAL INVESTMENT PROGRAM WILL BENEFIT ALL VICTORIANS FOR YEARS TO COME



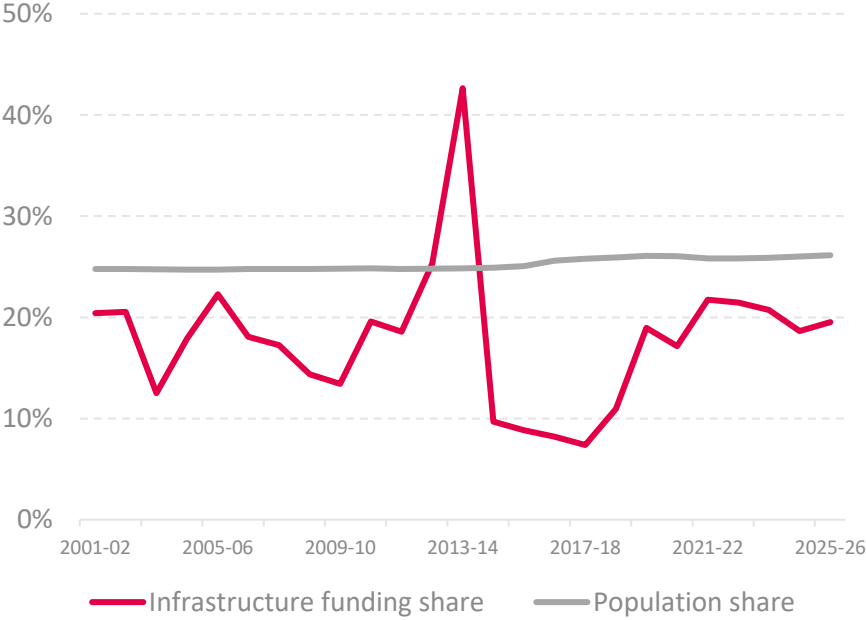
Source: Department of Treasury and Finance

Victoria is not getting its fair share of infrastructure funding from the Commonwealth

NEW COMMONWEALTH INFRASTRUCTURE INVESTMENT ANNOUNCED IN THE 22-23 COMMONWEALTH BUDGET



VICTORIA'S INFRASTRUCTURE FUNDING SHARE COMPARED TO POPULATION SHARE, 2001-02 TO 2025-26



Source: Commonwealth 2022-23 Budget

Note: Victoria was allocated increased infrastructure funding through the 'Building Australia' Fund, as well as additional funding for other projects, driving the peak in 2013-14.

Pandemic Repair Plan

\$12 BILLION TO DELIVER MORE STAFF, BETTER HOSPITALS AND FIRST CLASS CARE

- **\$2.9 billion** in health infrastructure including:
 - » **\$900+ million** in a new tertiary hospital for Melbourne's west
 - » **\$500+ million** to deliver the Barwon Women's and Children's Hospital
- **\$2.4 billion** for more hospital staff and to support new wards as they open
- **\$1.5 billion** to increase surgical activity beyond pre pandemic levels
- **\$698 million** continue the Better at Home program, so more people can be treated at home
- **\$258 million** to vaccinate more Victorians including 5 to 11-year-olds
- Funding to train and hire up to **7,000** healthcare workers across the sector, including **5,000** nurses



Building a mental health system that works

\$1.3 BILLION FOR THE NEXT STEPS TO IMPLEMENT ALL RECOMMENDATIONS OF THE ROYAL COMMISSION INTO VICTORIA'S MENTAL HEALTH SYSTEM

Progress has been made on more than 90 per cent of recommendations

- **\$372 million** for our mental health workforce – supporting clinical training for the existing workforce and additional jobs where they're needed most
- **\$218 million** to operationalise 82 new beds and expand inpatient services for Victorians with eating disorders
- **\$196 million** to replace and expand the existing mental health facility at Goulburn Valley Health in Shepparton, and plan for two more in regional Victoria
- **\$54 million** to deliver treatment, care and support for people with co-occurring mental illness and substance use or addiction
- **\$21 million** for suicide prevention initiatives



A world-class education system

BUILDING A STRONG FOUNDATION FOR EVERY VICTORIAN CHILD

- **\$1.8 billion** to deliver new schools and upgrades to existing schools
- **\$779 million** to recruit around 1 900 teachers – giving them more time to prepare and focus on each student and their needs
- **\$277 million** to transform VCE and VCAL to help students graduate into a great job and rewarding future
- **\$131 million** to continue kindergarten services, including support for rural and small services
- **\$131 million** to deliver extra literacy and numeracy support for students that need it most

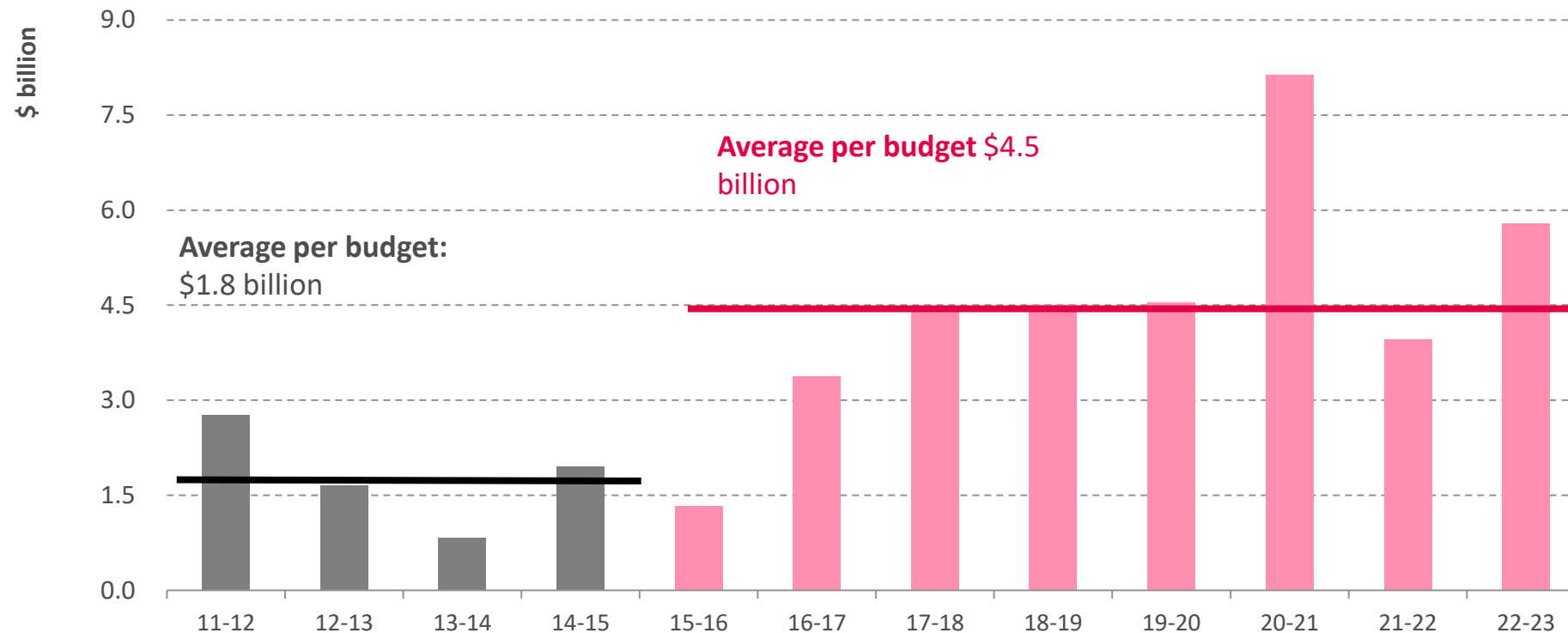
Getting Victorians home sooner and safer

ROAD AND RAIL PROJECTS THAT WILL GET VICTORIANS WHERE THEY'RE GOING – AND GET MORE VICTORIANS BACK INTO WORK.

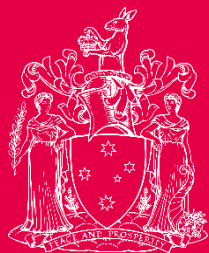
- **\$780 million** total funding for road maintenance works right across the State
- **\$383 million** to switch on the Big Build, prepare for Metro Tunnel operations and provide train timetable service upgrades across the state.
- **\$250 million** for 12 new VLocity trains for the regional network
- **\$248 million** to deliver a package of V/Line improvement projects and maintenance works on freight rail corridors across the state.
- **\$223 million** for pavement works across the metropolitan and regional road network.
- **\$213 million** for the first stage of Mickleham Road upgrade.
- **\$158 million** for accessibility and safety upgrades to the public transport network.
- **\$126 million** for a range of road upgrades in metropolitan Melbourne.
- **\$109 million** to improve suburban and regional bus services and bus stops.
- **\$101 million** investment into a blitz of regional road upgrades.

The Andrews Labor Government has announced \$36 billion of funding for Regional Victoria

TOTAL NEW REGIONAL OUTPUT AND ASSET FUNDING ANNOUNCED IN EACH BUDGET SINCE 2011-12



Financial years denote the total value of regional related initiatives announced in each budget and budget update



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3 May 2022

