



Victorian Budget 2021/22

Creating Jobs, Caring for Victorians

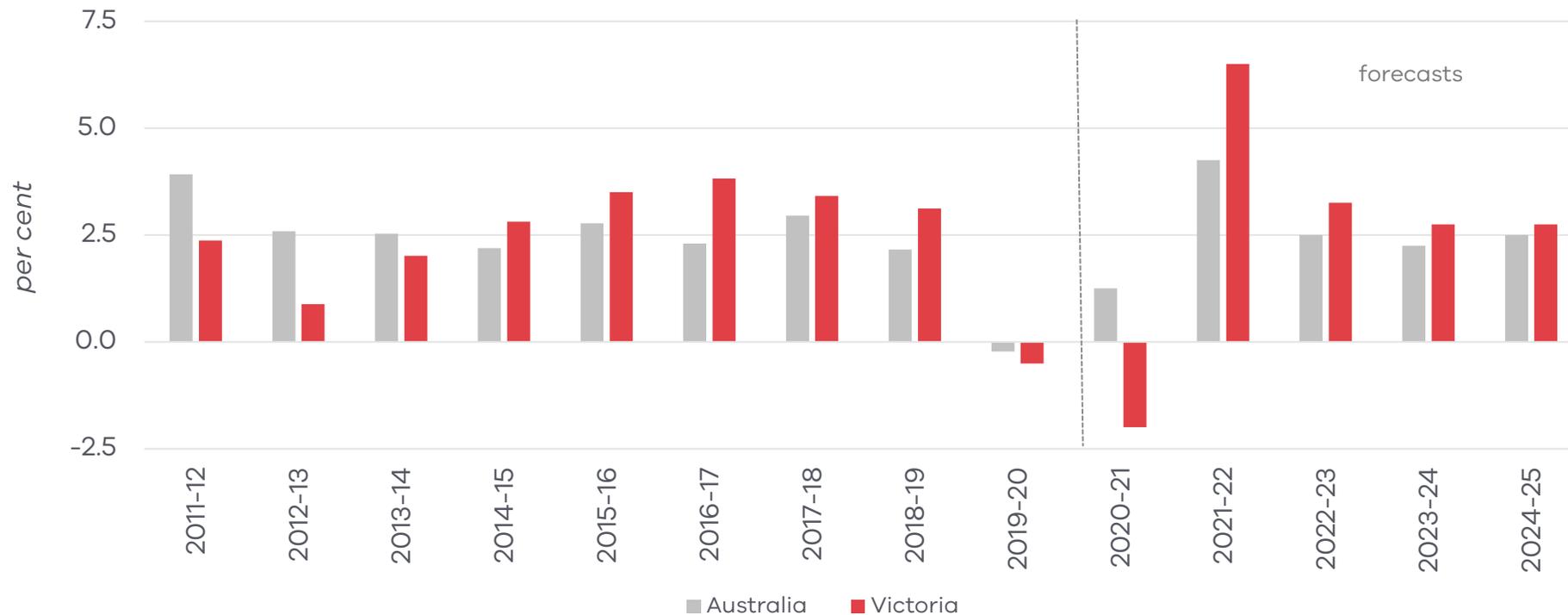


Tim Pallas MP
Treasurer of Victoria
27 May 2021



Strong foundations for growth

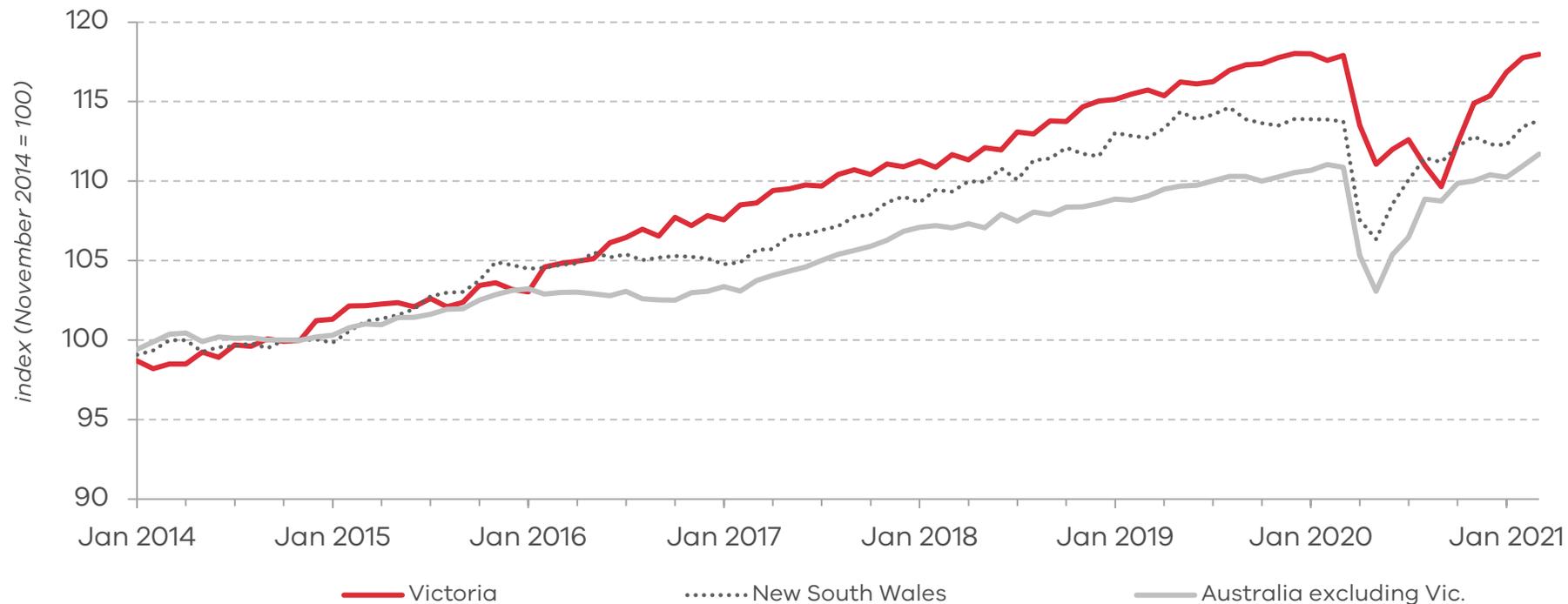
REAL ECONOMIC GROWTH, ACTUAL AND FORECAST, VICTORIA AND AUSTRALIA



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

Victorian employment is rapidly rebounding

VICTORIAN EMPLOYMENT



Source: Australian Bureau of Statistics

Note: Financial year actuals and forecasts are year-average levels.

Fiscal strategy and progress

The Government's plan for the medium term involves four steps:

- » **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

GENERAL GOVERNMENT FISCAL AGGREGATES

| | <i>Unit of measure</i> | <i>2019-20 actual</i> | <i>2020-21 revised</i> | <i>2021-22 Budget</i> | <i>2022-23 estimate</i> | <i>2023-24 estimate</i> | <i>2024-25 estimate</i> |
|--|------------------------|-----------------------|------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| Net result from transactions | \$ billion | (6.5) | (17.4) | (11.6) | (3.8) | (2.1) | (2.1) |
| Net cash flows from operating activities | \$ billion | (2.9) | (17.4) | (2.0) | 1.1 | 2.4 | 3.0 |
| Government infrastructure investment | \$ billion | 12.0 | 14.5 | 24.2 | 21.7 | 22.7 | 21.6 |
| Net debt | \$ billion | 44.3 | 77.5 | 102.1 | 120.0 | 138.3 | 156.3 |
| Net debt to GSP | per cent | 9.5 | 16.7 | 20.3 | 22.7 | 24.9 | 26.8 |

Source: Department of Treasury and Finance

New revenue initiatives

KEY TAX RELIEF INITIATIVES INCLUDE:

Bring forward increases in the payroll tax-free threshold to \$700 000

Bring forward the regional employer payroll tax rate reduction to 1.2125 per cent

Temporary land transfer duty concessions on new homes

KEY REVENUE INITIATIVES INCLUDE:

Mental Health and Wellbeing Levy

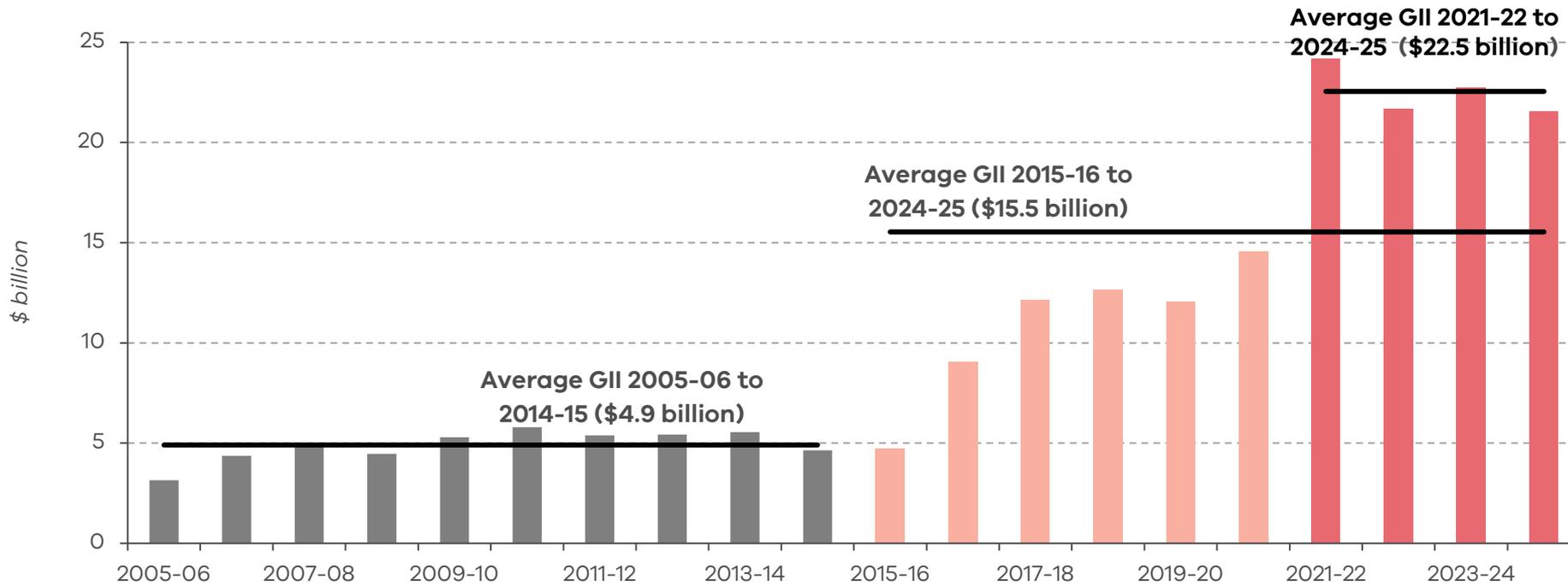
Premium duty rate on land transfer duty for high-value properties

Increase land tax rates for high-value landholdings

New windfall gains tax

Victoria's Big Build

DELIVERING A CAPITAL INVESTMENT PROGRAM OF THIS SCALE IS UNPRECEDENTED AND WILL BENEFIT ALL VICTORIANS DURING THE ECONOMIC RECOVERY PERIOD AND FOR YEARS TO COME.



Source: Department of Treasury and Finance

Economic impacts of mental health

THE COST

The cost of poor mental health is high on individuals, the community and the economy.

20%

Victorians suffering from mental illness and a further 25% at risk

45%

People experience mental illness during their lifetime

\$14.2bn

Economic cost, estimated for Victoria in 2018-19

718

Suicide deaths in Victoria – more than three times the road toll

THE BENEFIT OF REBUILDING

Enhancing the mental health system can save lives, improve outcomes for the community and benefit the economy.

\$1.1bn

Enhancing the mental health system to achieve a 15 per cent reduction in the 'level of need' will deliver \$1.1 billion a year in additional economic activity in Victoria.

THIS INCLUDES:

\$182.2m

In higher productivity

\$880.4m

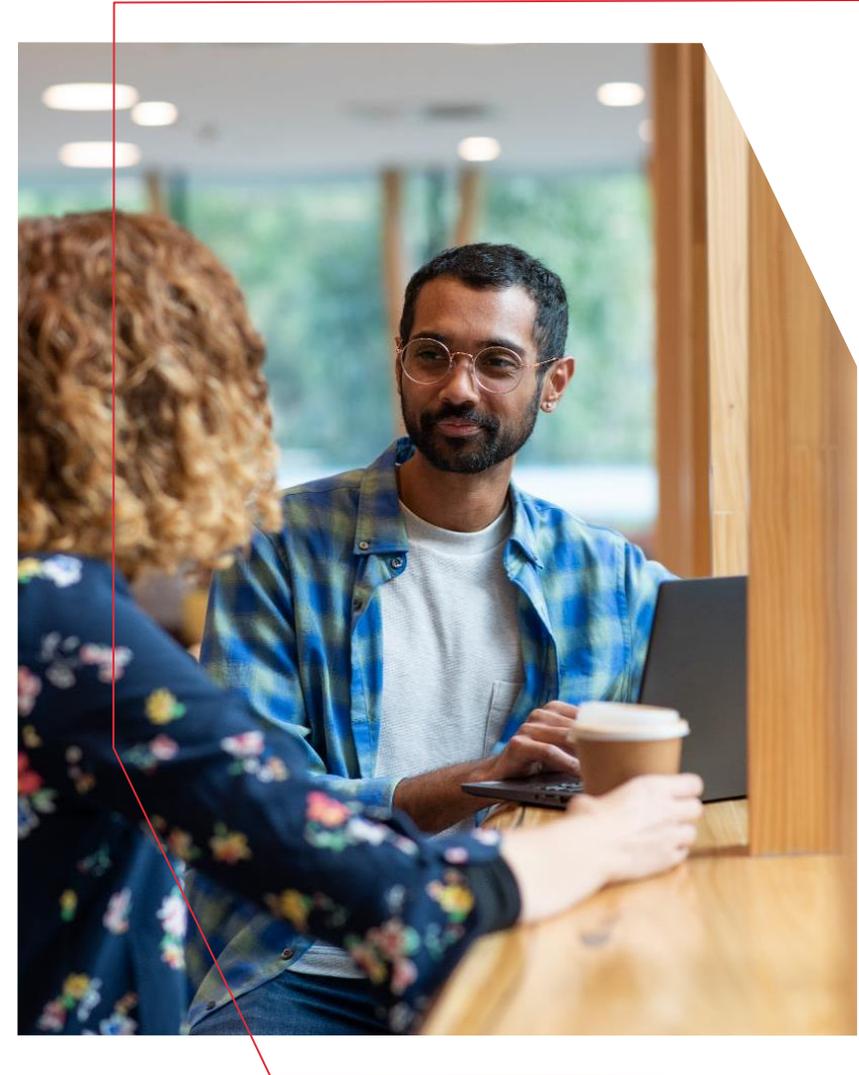
in greater workforce participation among individuals providing unpaid care or not in the labour force

Building our mental health system

WE'RE DELIVERING A RECORD \$3.8 BILLION INVESTMENT TO TRANSFORM THE WAY MENTAL HEALTH AND WELLBEING SUPPORT IS OFFERED IN OUR STATE.

Key investments delivered in this Budget include:

- » **\$954 million** to deliver community-based care
- » **\$370 million** to improve access to mental health beds and better acute care
- » **\$264 million** for new local services – providing early care where people live
- » **\$196 million** to support a dedicated system for infants, children and families
- » **\$173 million** for suicide prevention and response
- » **\$116 million** to support the mental health and wellbeing of Aboriginal Victorians



Jobs

THIS YEAR'S BUDGET PUTS GOOD, SECURE, MEANINGFUL JOBS AT THE HEART OF OUR RECOVERY

Key investments delivered in this Budget include:

Revitalising our CBD

- » **\$107 million** to help drive economic activity and revitalise Melbourne's CBD

Creating jobs in creative industries

- » **\$288 million** to further strengthen our reputation as our nation's creative capital

Supporting our tourism sector

- » **\$160 million** dedicated investment in our State's tourism sector

The skills our state needs

- » **\$209 million** to further support our TAFE and training sector
- » **\$86 million** to establish the brand-new Victorian Skills Authority

Playing to our strengths

- » **\$179 million** to deliver the first stage of the transformation of the former General Motors Holden site at Fishermans Bend into a global innovation hub

Continuing our economic recovery

- » **\$51 million** to support our international education sector

Education

THIS YEAR'S BUDGET INVESTS A TOTAL OF \$3.5 BILLION IN EDUCATION, HELPING TO MAKE SURE EVERY VICTORIAN CHILD GETS A GREAT START IN LIFE.

Key investments delivered in this Budget include:

- » **\$1.6 billion** to deliver new schools and upgrades to existing schools
- » **\$277 million** to deliver a comprehensive range of reforms to put student health, mental health and wellbeing at the centre of school communities
- » **\$185 million** to support our teaching workforce including the new Victorian Academy of Teaching and Leadership
- » **\$167 million** to continue the roll-out of three-year-old kinder, which for the first time will be available in every local government area in the State.



Health

THIS BUDGET DELIVERS A FURTHER \$7.1 BILLION TO CONTINUE TO IMPROVE OUR HOSPITALS AND HEALTHCARE SYSTEM.

Key investments delivered in this Budget include:

- » **\$3.7 billion** for hospitals including more emergency department staff, extra highly specialised therapies, and support for new wards as they open
- » **\$1.3 billion** to continue our public health response to COVID-19
- » **\$1.2 billion** to build and upgrade the health infrastructure Victoria needs
- » **\$759 million** to alleviate pressure on our emergency departments
- » **\$91 million** boost to community-based health services
- » **\$70 million** to establish public IVF services
- » **\$65 million** to build a new 50-bed aged care facility at Rutherglen, as well as to plan and design redevelopment of facilities at Cohuna and Camperdown
- » **\$50 million** to support establishing Victoria's capability to manufacture mRNA vaccine



Road and rail

THIS BUDGET INVESTS IN THE ROAD AND RAIL PROJECTS THAT WILL GET VICTORIANS WHERE THEY'RE GOING – AND GET MORE VICTORIANS BACK INTO WORK.

Key investments delivered in this Budget include:

- » **\$986 million** to build 25 brand-new, modern X'Trapolis 2.0 trains
- » **\$386 million** for our new Road Safety Strategy to develop and deliver new safety technology and improvements
- » **\$368 million** to deliver infrastructure for our Next Generation Trams
- » **\$265 million** for our roads, improving intersections and travel times, and planning for the future of our road network
- » **\$242 million** in the next step towards 'turn up and go' services in our city's south
- » **\$94 million** to enable higher-capacity trains on the Melton and Wyndham Vale corridors
- » **\$74 million** to improve and reform our regional and suburban bus network
- » **\$21 million** to improve the safety and access of our walking and cycling network





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