



2006-07



# VICTORIAN BUDGET

Meeting the Challenges

## Public Accounts & Estimates Committee 2006-07 Budget Estimates Hearing

*The Hon. John Brumby MP*  
*Treasurer*

Investing for Victorian Families

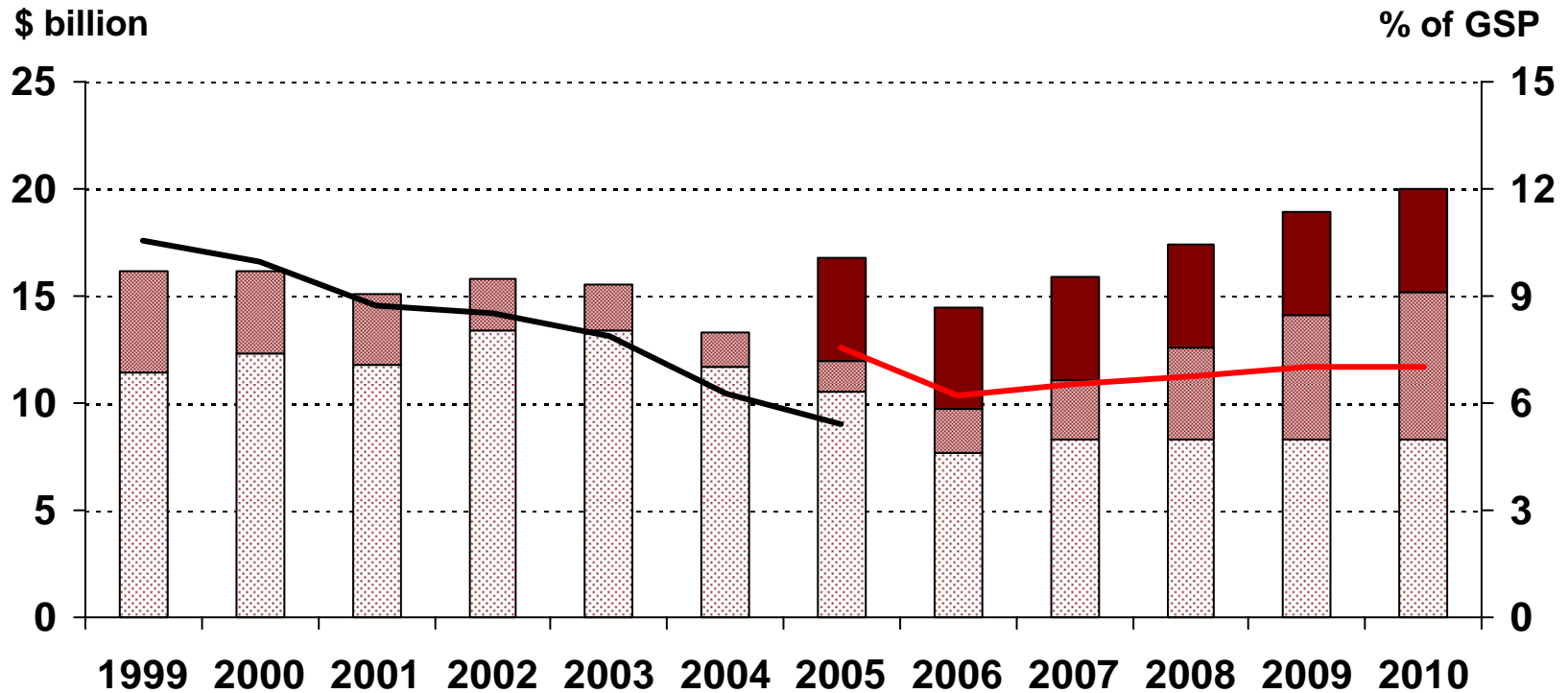
# Sound financial management



	2006-07 Budget	2007-08 estimate	2008-09 estimate	2009-10 estimate
	(\$ million)			
Total income from transactions	32 442	33 463	34 595	35 500
(% change)	3.98	3.15	3.38	2.62
Total expenses from transactions	32 125	33 158	34 263	35 188
(% change)	4.47	3.21	3.34	2.70
<b>Net result from transactions</b>	<b>317</b>	<b>305</b>	<b>331</b>	<b>312</b>

Source: Victorian Budget Papers

# Net financial liabilities at prudent levels “AAA”



- A-IFRS unfunded superannuation transitional adjustment (LHS)
- Net debt (excluding Growing Victoria) (LHS)
- Unfunded superannuation (LHS)
- Net financial liabilities to GSP (A-IFRS) (%) (RHS)
- Net financial liabilities to GSP (%) (RHS)

Source: Victorian Budget Papers

# Victorian economy going forward



	2005-06 estimate	2006-07 forecast	2007-08 forecast	2008-09 forecast	2009-10 forecast
	(per cent)				
Economic growth	2.50	3.25	3.50	3.25	3.25
Employment growth	1.50	1.25	1.50	1.25	1.25
Unemployment rate	5.50	5.50	5.25	5.25	5.25

Source: Victorian Budget Papers

# Terms of Trade

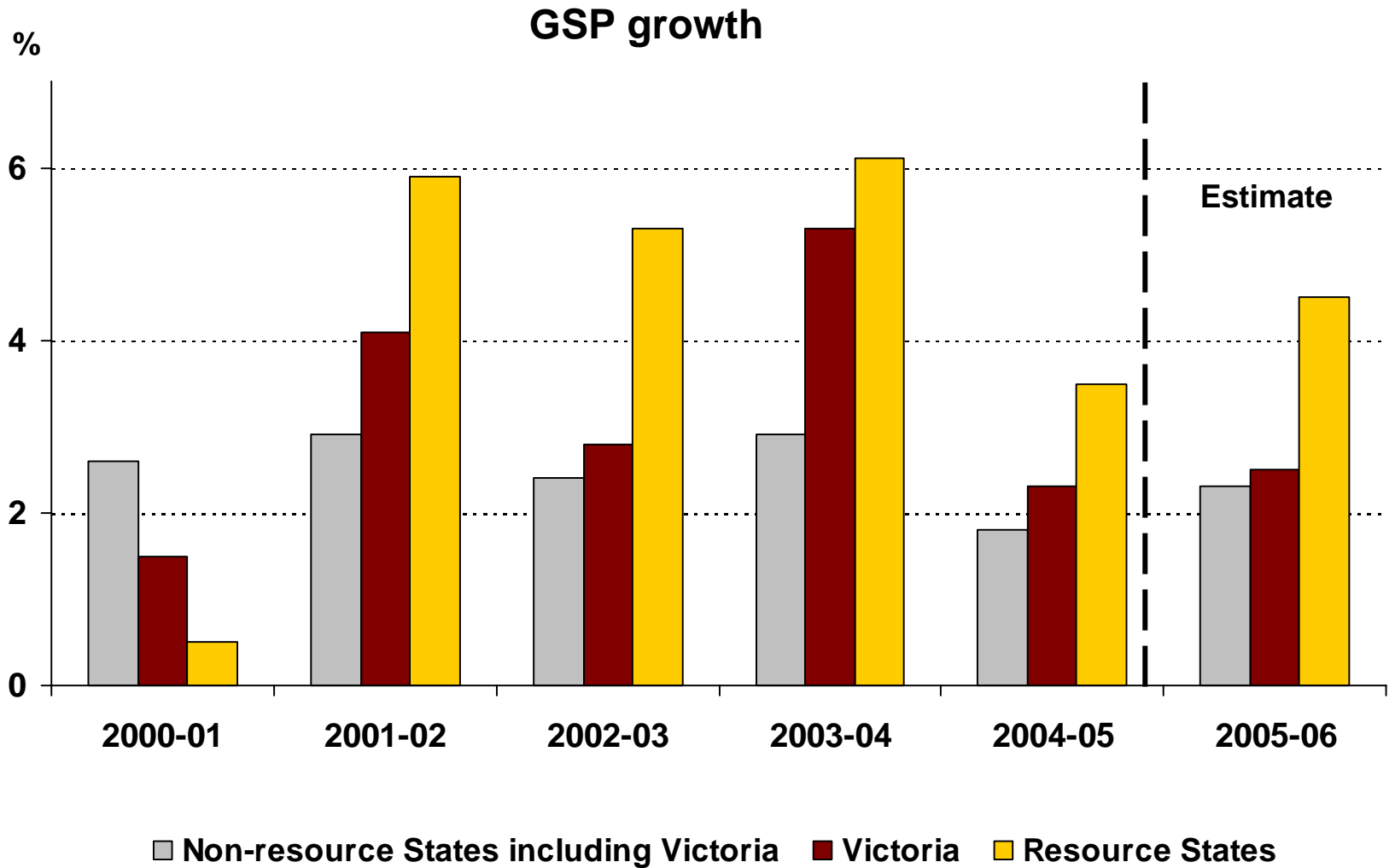


Source: Australian Bureau of Statistics

# Victorian economic growth in context



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Sources: Australian Bureau of Statistics, Budget Papers

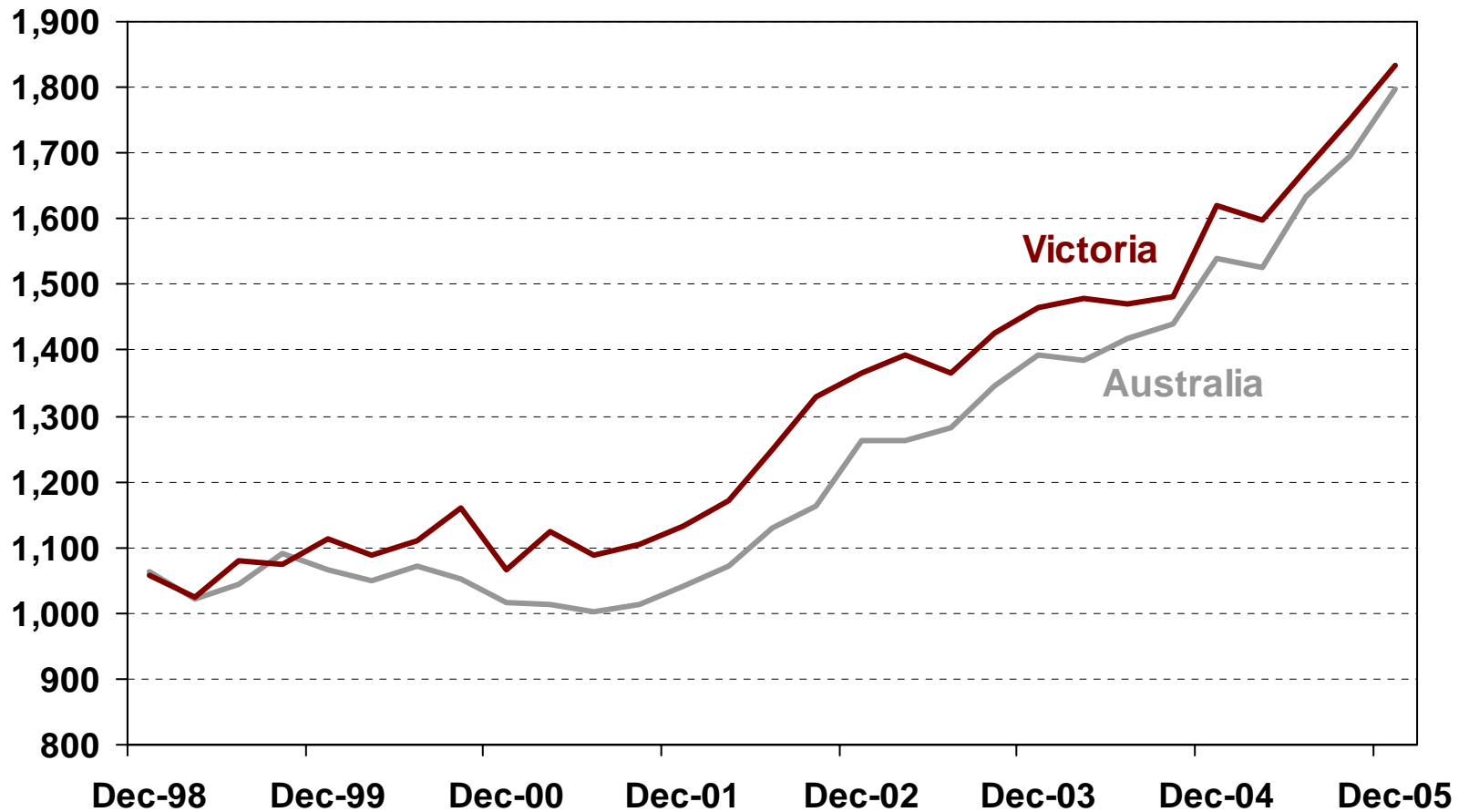
# Business investment growing



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## New private business investment per capita

\$ per capita



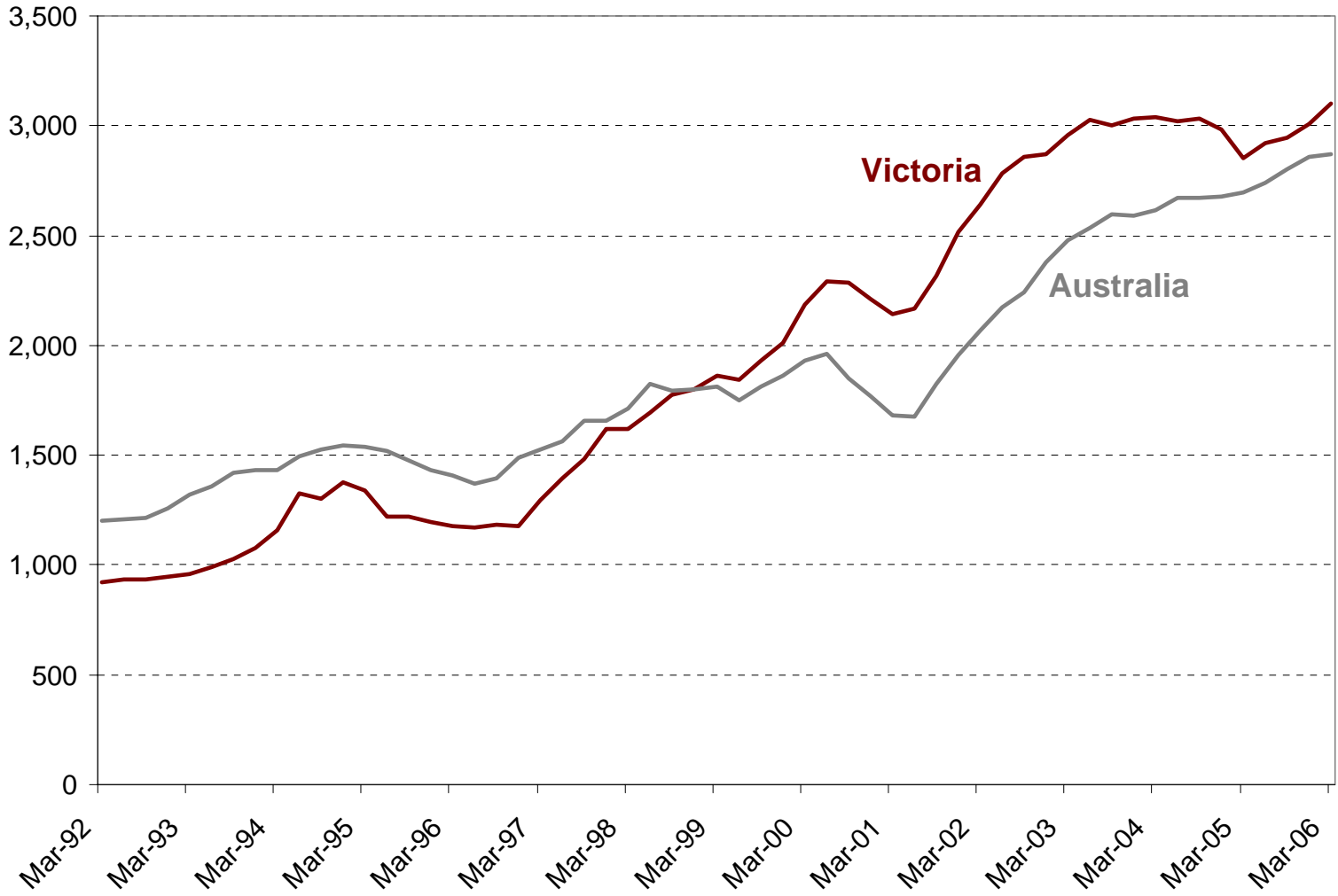
Source: Australian Bureau of Statistics

# Building approvals strong



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### Value of building approvals (\$ year ended) per capita



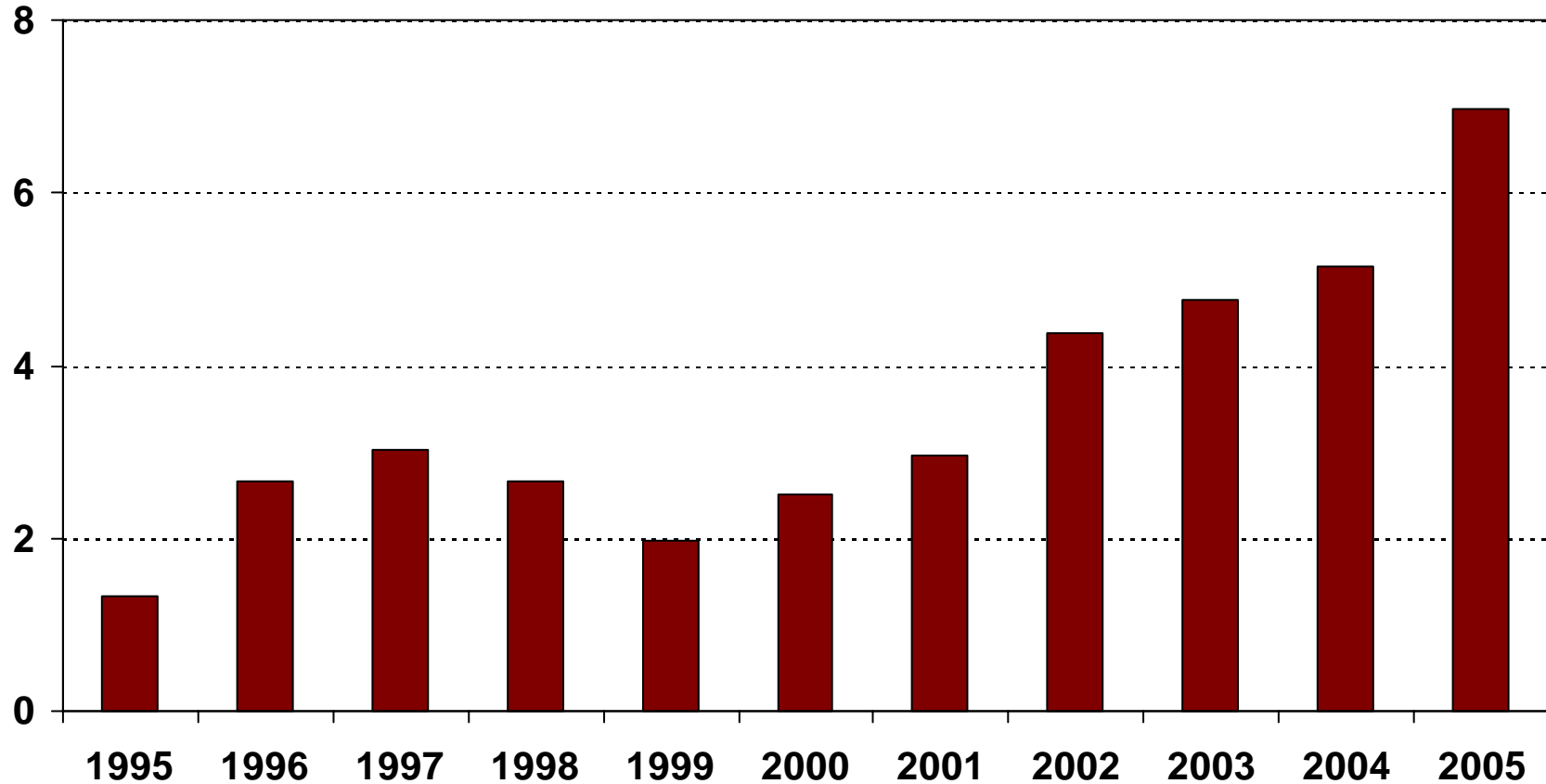
Source: Australian Bureau of Statistics



# Non-residential construction pipeline\*



\$ billion

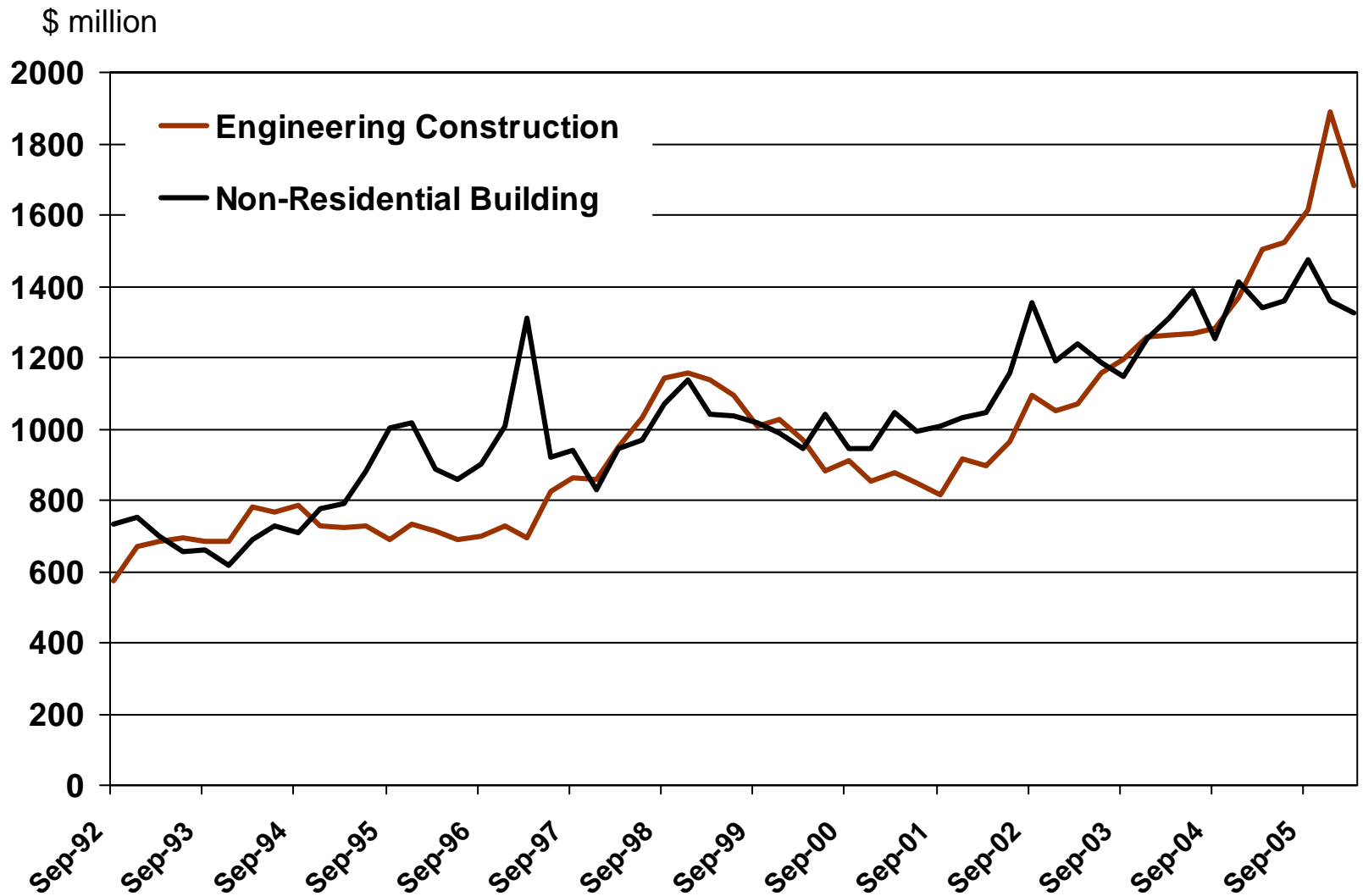


\* Year-end, Pipeline includes roads, non-residential building, heavy industry and other engineering

Source: Australian Bureau of Statistics

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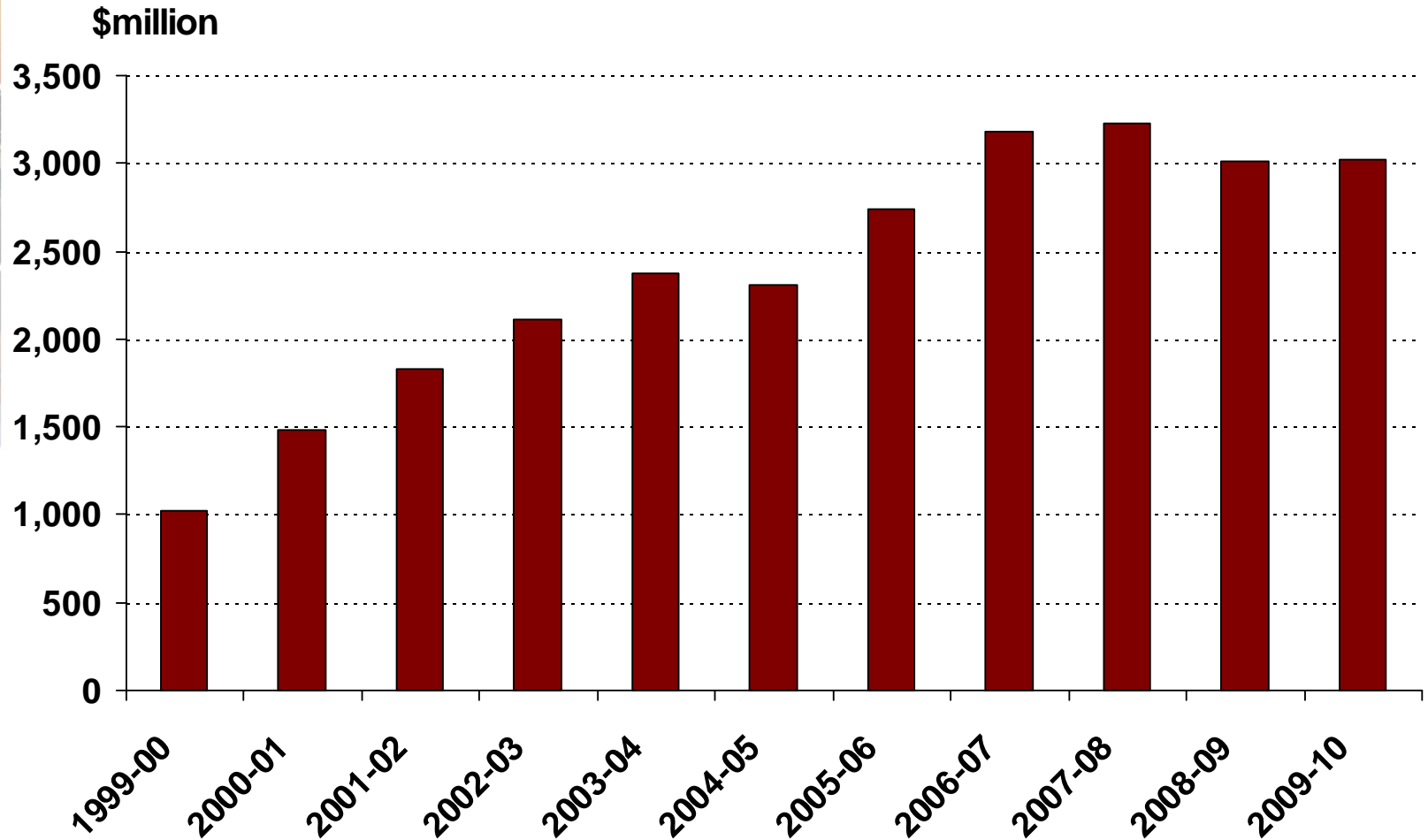
# Construction Activity



Source: Australian Bureau of Statistics

# Record net infrastructure investment

- \$12.6 billion of investment over 4 years to 2009-10

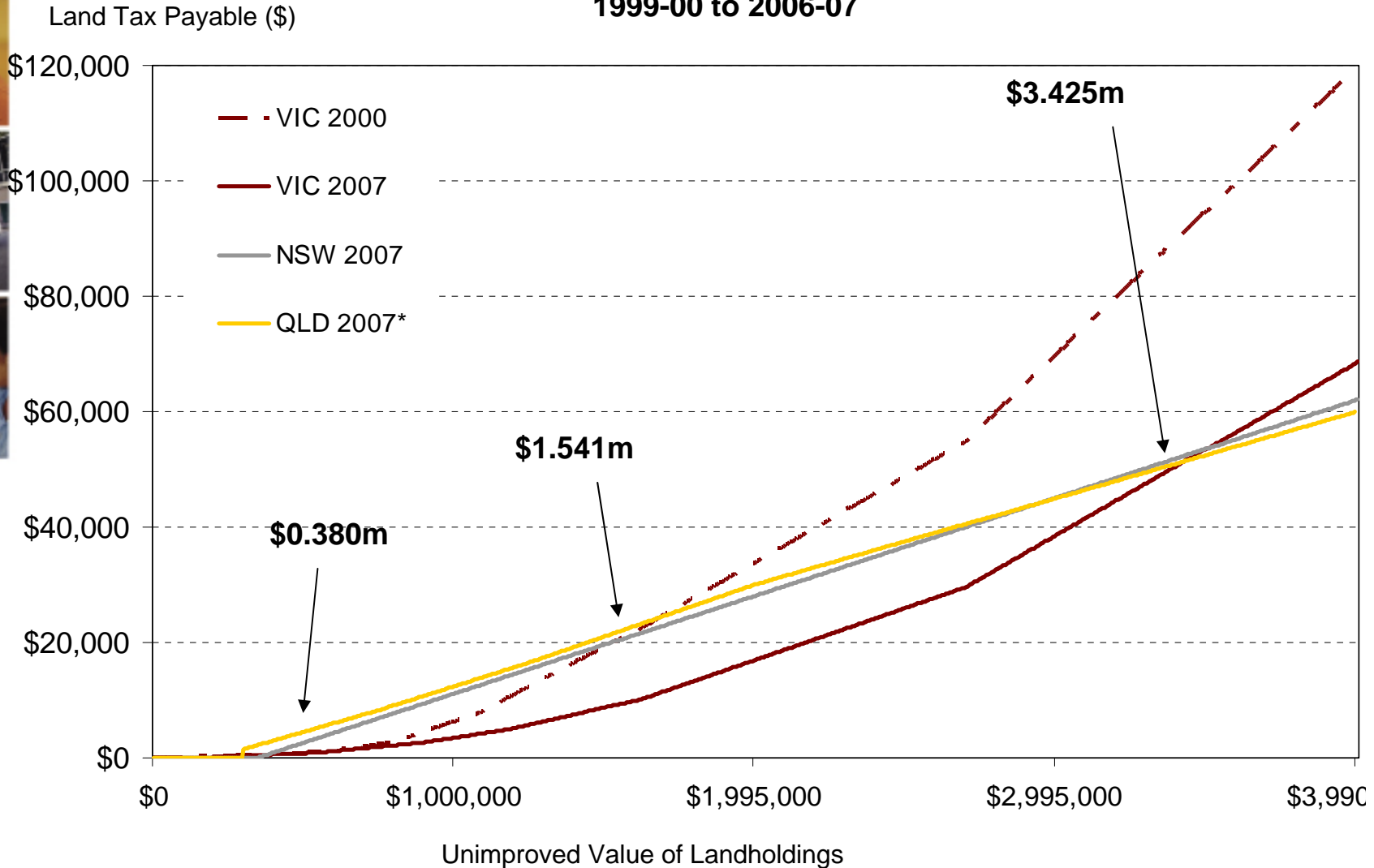


Department of Treasury and Finance



# Land tax rates compared

Victoria's Land Tax rates compared to NSW & Queensland  
1999-00 to 2006-07



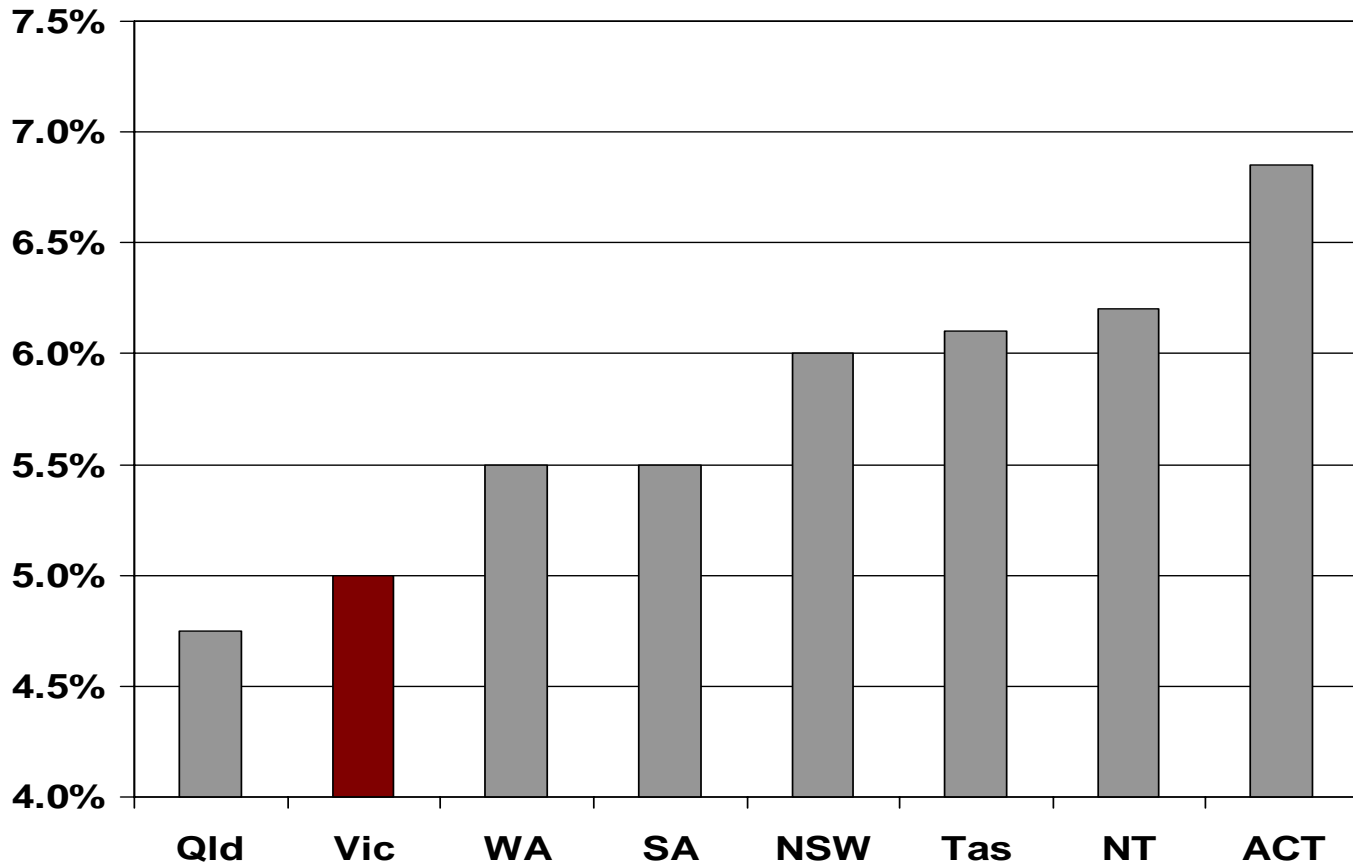
Source: Department of Treasury and Finance

\*Using Queensland land tax rates on companies



# Payroll tax rates compared

- Reduces payroll tax rate to 5% over next two financial years – cuts costs by \$533 million for over 20,000 businesses



Source: Department of Treasury and Finance

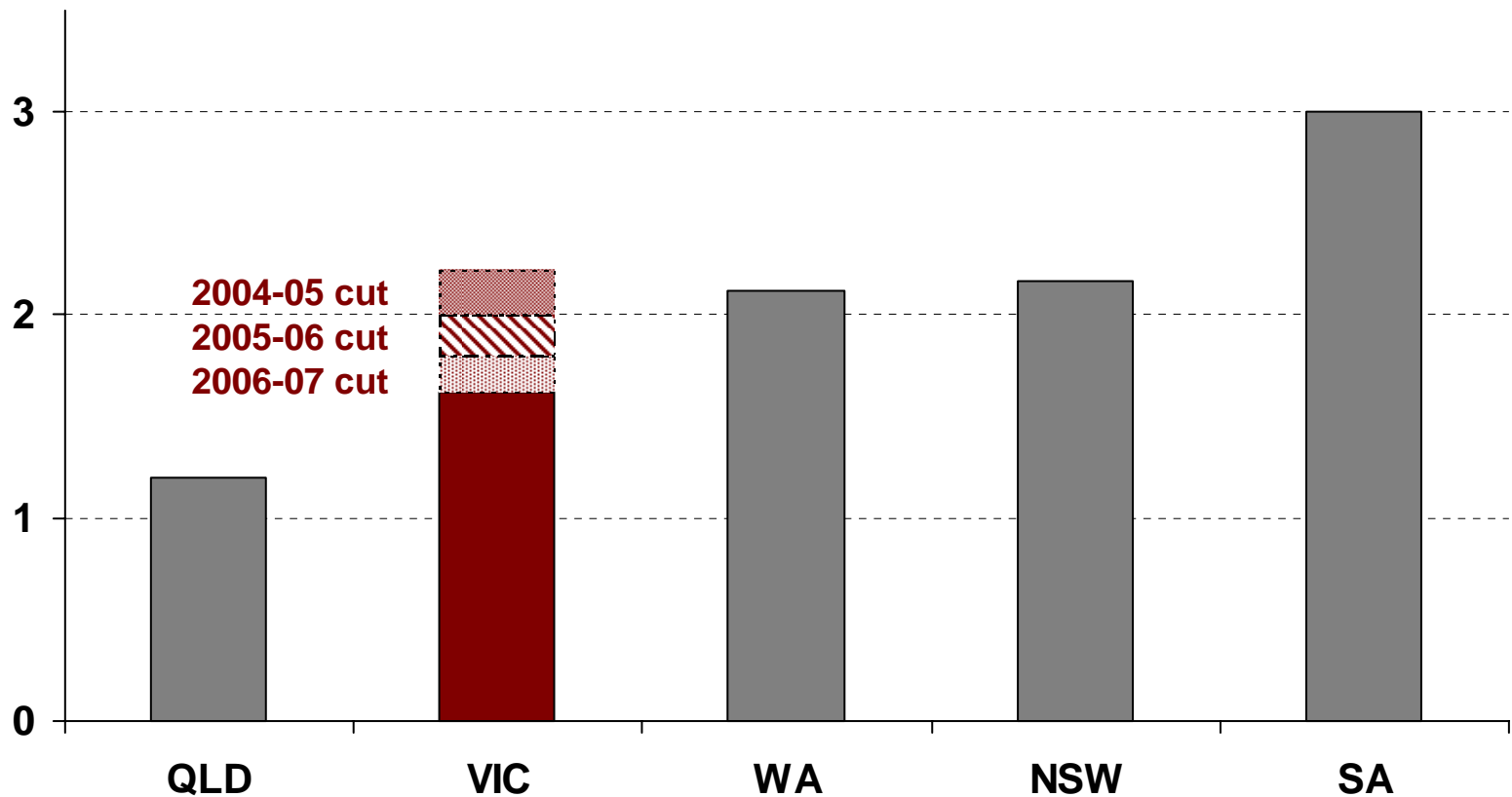
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# A further cut to WorkCover premiums

- Third consecutive 10% reduction in WorkCover premiums (\$170 million savings per year)

Rate (%)



Source: Victorian Budget Papers





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# Historical infrastructure spending



## Infrastructure Spending (selected years)

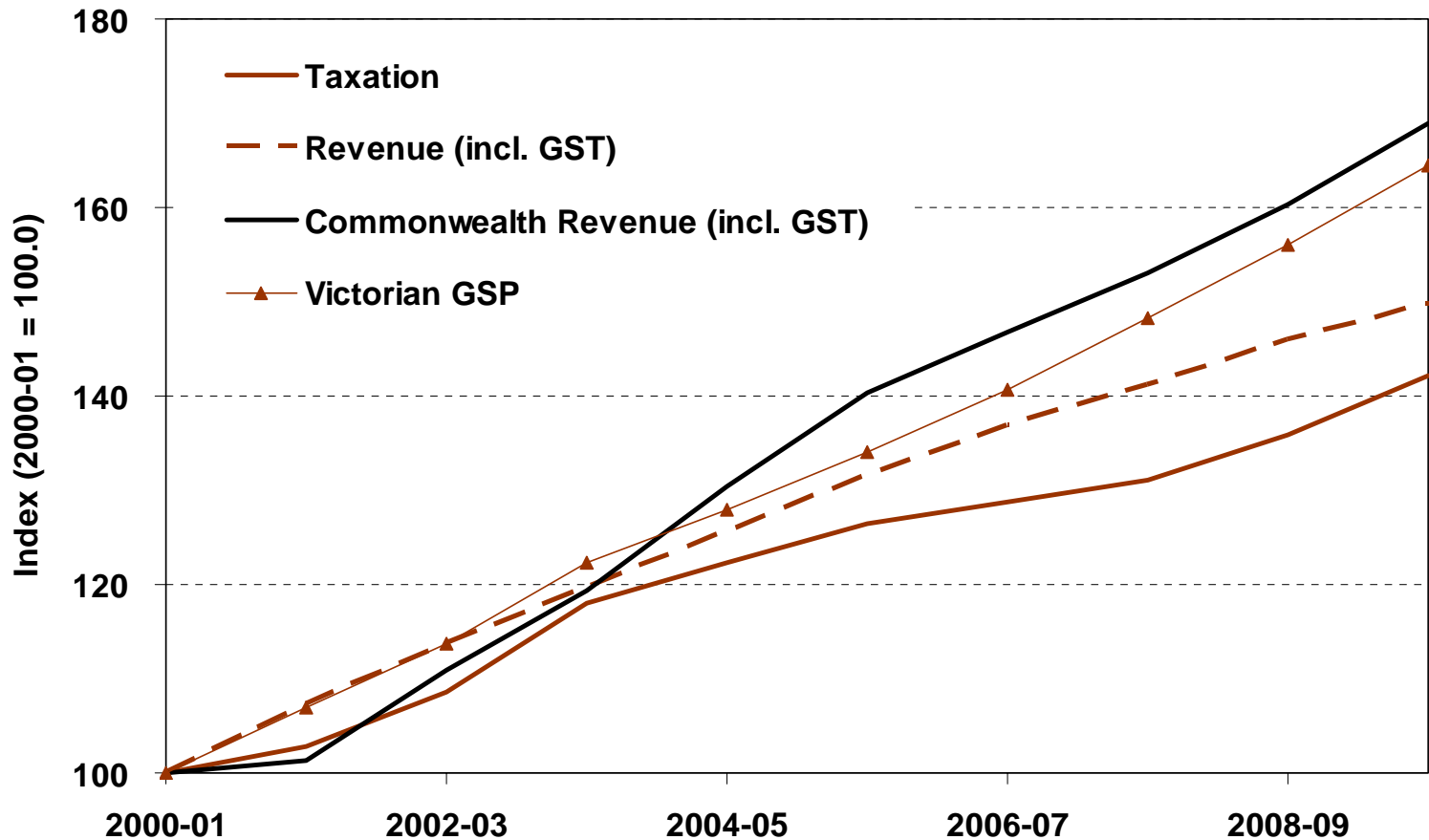
Year	<i>GG sector Infrastructure Spending (gross) Nominal \$m</i>	<i>GG sector Infrastructure Spending (gross) Real \$m</i>	<i>Total GG Infrastructure Spending (gross) Nominal \$m</i>	<i>Total GG Infrastructure Spending Real \$m</i>
1961-62	100	1075	131	1409
1965-66	134	1330	168	1667
1970-71	176	1504	248	2119
1975-76	414	2115	570	2913
1980-81	491	1538	654	2049
1985-86	935	1954	1168	2441
1990-91	902	1311	1196	1739
1995-96	1164	1512	1402	1821
1997-98	1392	1787	1690	2170
1998-99	1399	1780	1674	2130
2001-02	1904	2164	1954	2221
2003-04	2345	2527	2505	2698
2004-05	1966	2123	2524	2664
2005-06 (rev)	2372	2434	2892	2967
2006-07 (Bud)	2349	2349	3312	3312

Sources: ABS time series data to 2004-05; Treasury and Finance budget & forward estimates

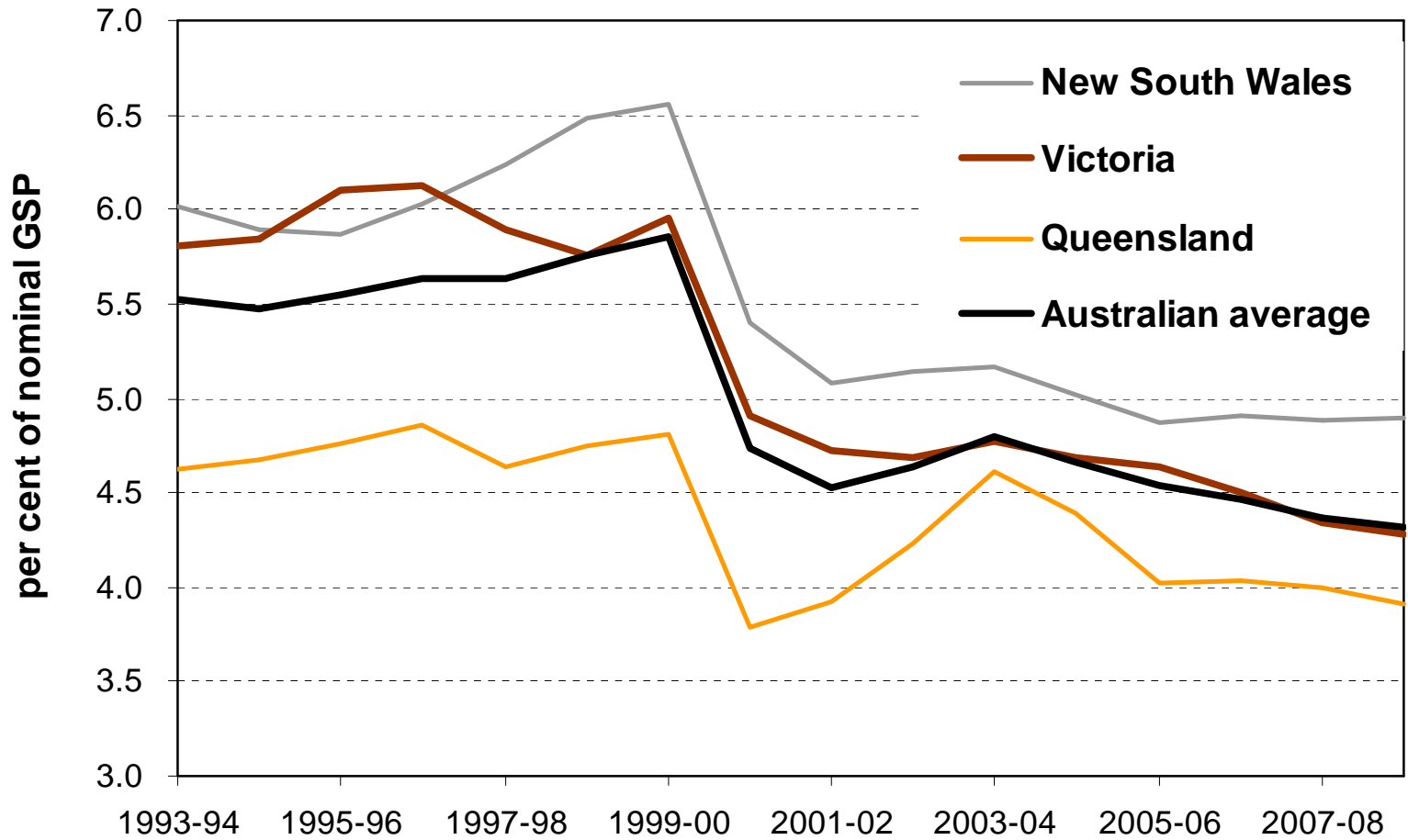


# Tax, revenue and GSP

- Under this Government, strong economic growth has resulted in GSP growing at a faster rate than taxation and total revenue.

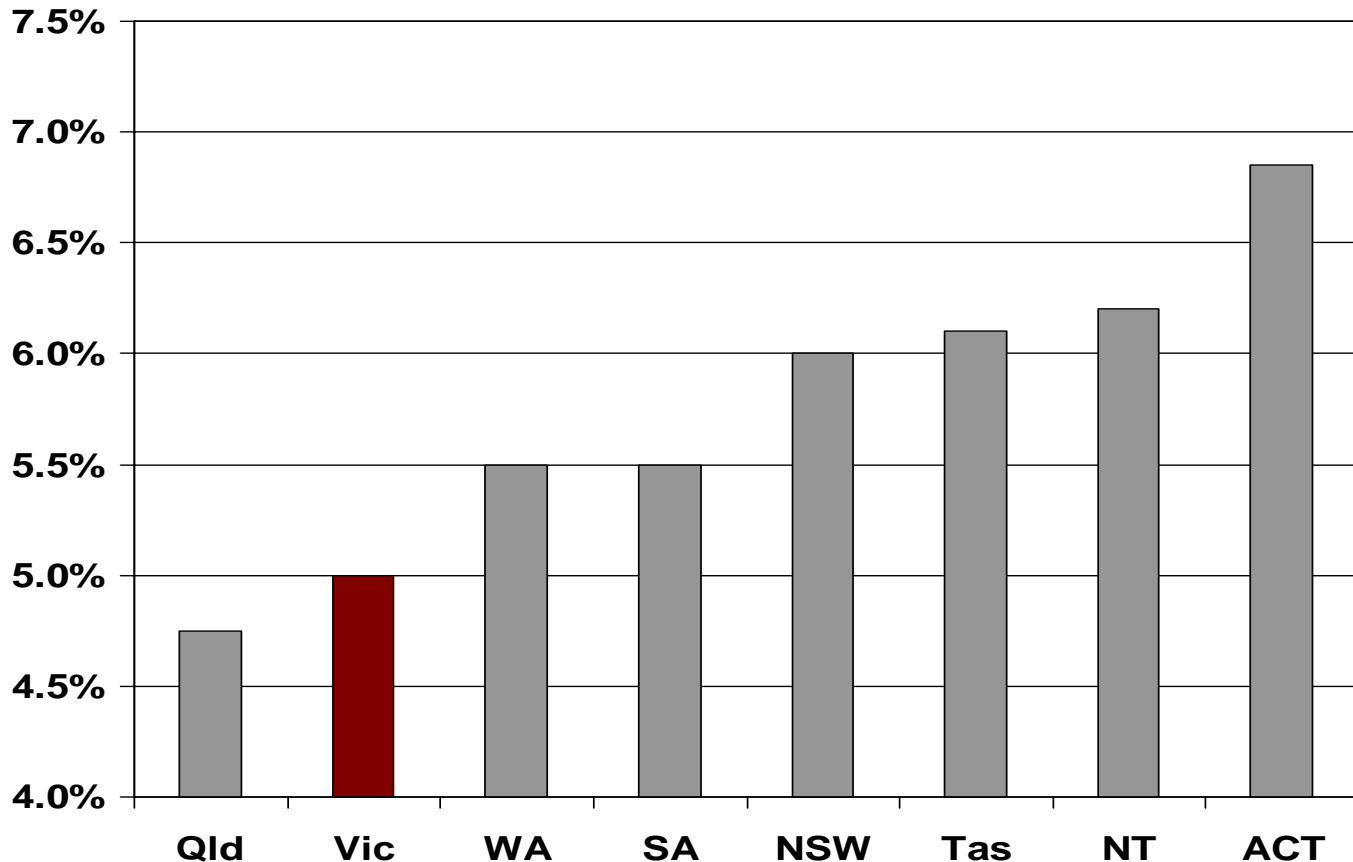


# Tax as % of GSP



# Payroll tax rates compared

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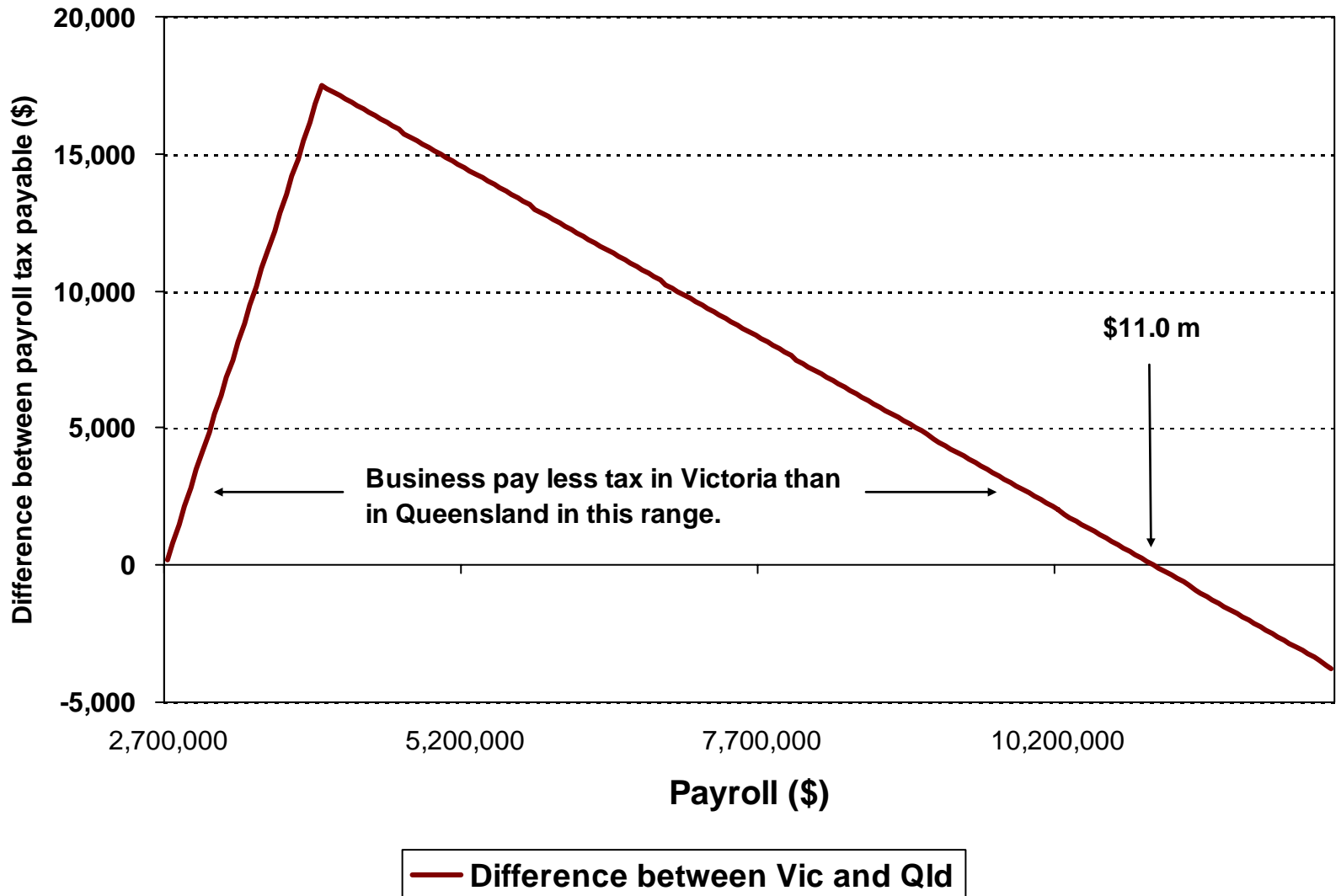


Source: Department of Treasury and Finance

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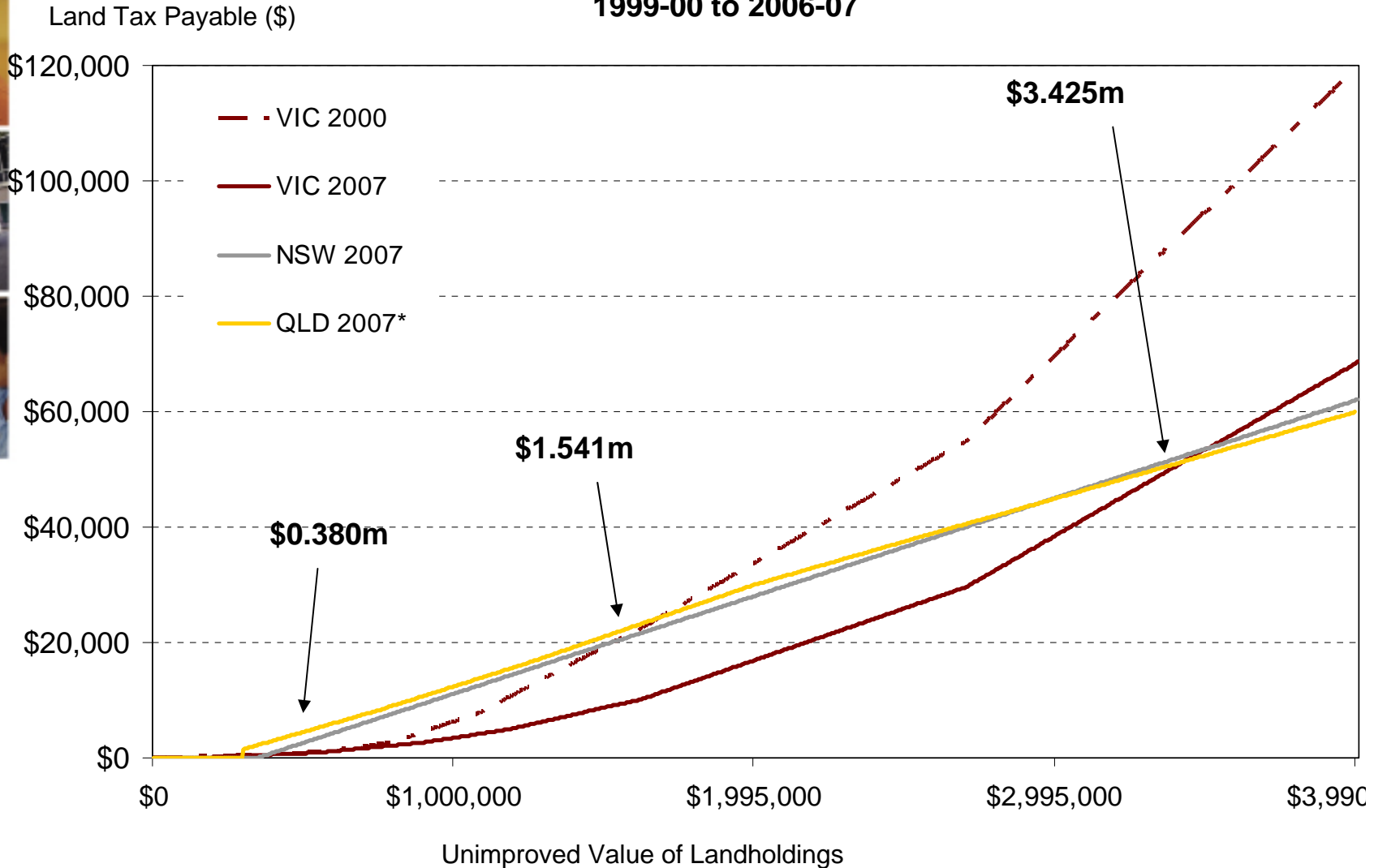


# Victoria's 5% payroll tax rate (1 July 2008) - Difference from tax payable in Queensland



# Land tax rates compared

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1999-00 to 2006-07



Source: Department of Treasury and Finance

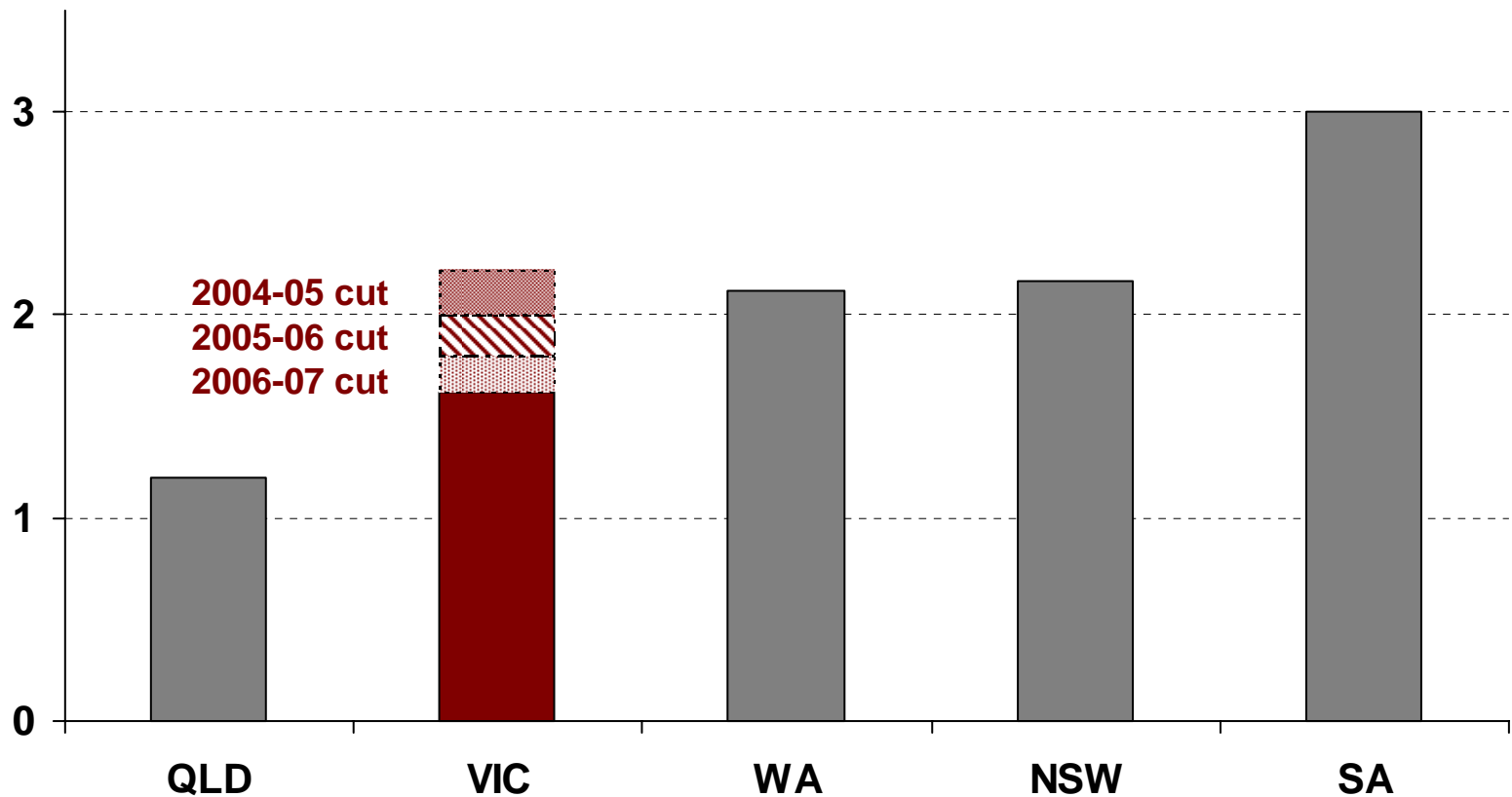
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# A further cut to WorkCover premiums

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Source: Victorian Budget Papers



# GST subsidies to other States 2006-07



# First Home Buyers - Victoria & NSW



Monthly First Home Buyers - January 2005 to February 2006

