

Victorian Budget

Taking action for our suburbs and our regions



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John Lenders MP

Treasurer



Public Accounts and Estimates Committee

Tuesday 13 May 2008

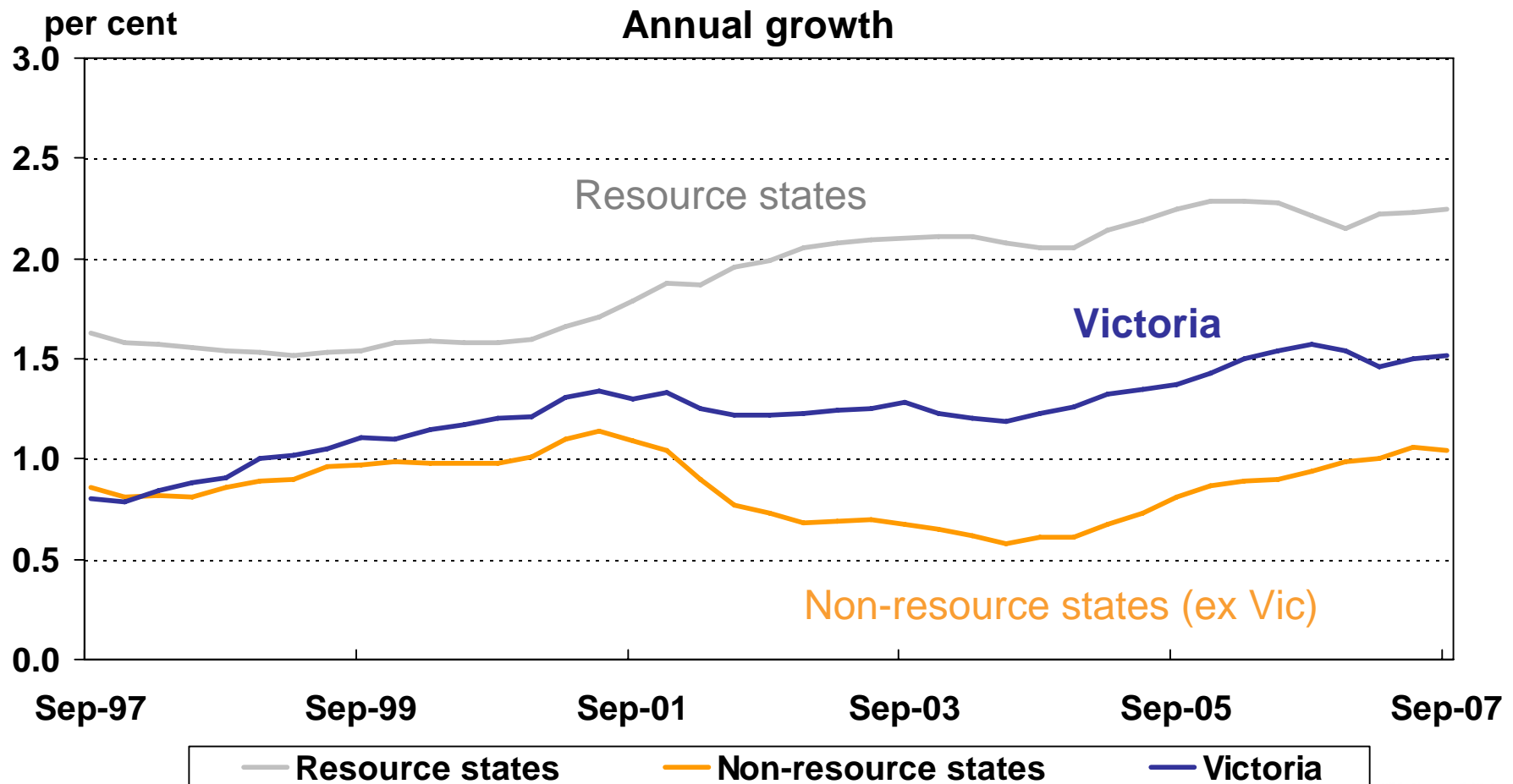
Securing our Suburbs and Regions

- We have invested since 1999 to ensure key services are delivered across the State.
 - Since 1999 there has been a significant boost of 8 000 extra teachers and other school staff, 8 000 nurses and 1 400 police with 350 more to come.
 - Our children are receiving a better education, our nurses and doctors are tending more patients and our streets are safer.
- Victoria is a better place to live, work and raise a family because of this.
 - We are seeing a population boom which supports this.
- The Brumby Labor Government has recognised the key pressure points that need to be addressed now and into the future.
 - Record infrastructure spend spread over the next four years to address bottlenecks and ensure business and jobs growth can remain strong
 - Young working families need relief

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Growing and vibrant population



Source: Australian Bureau of Statistics

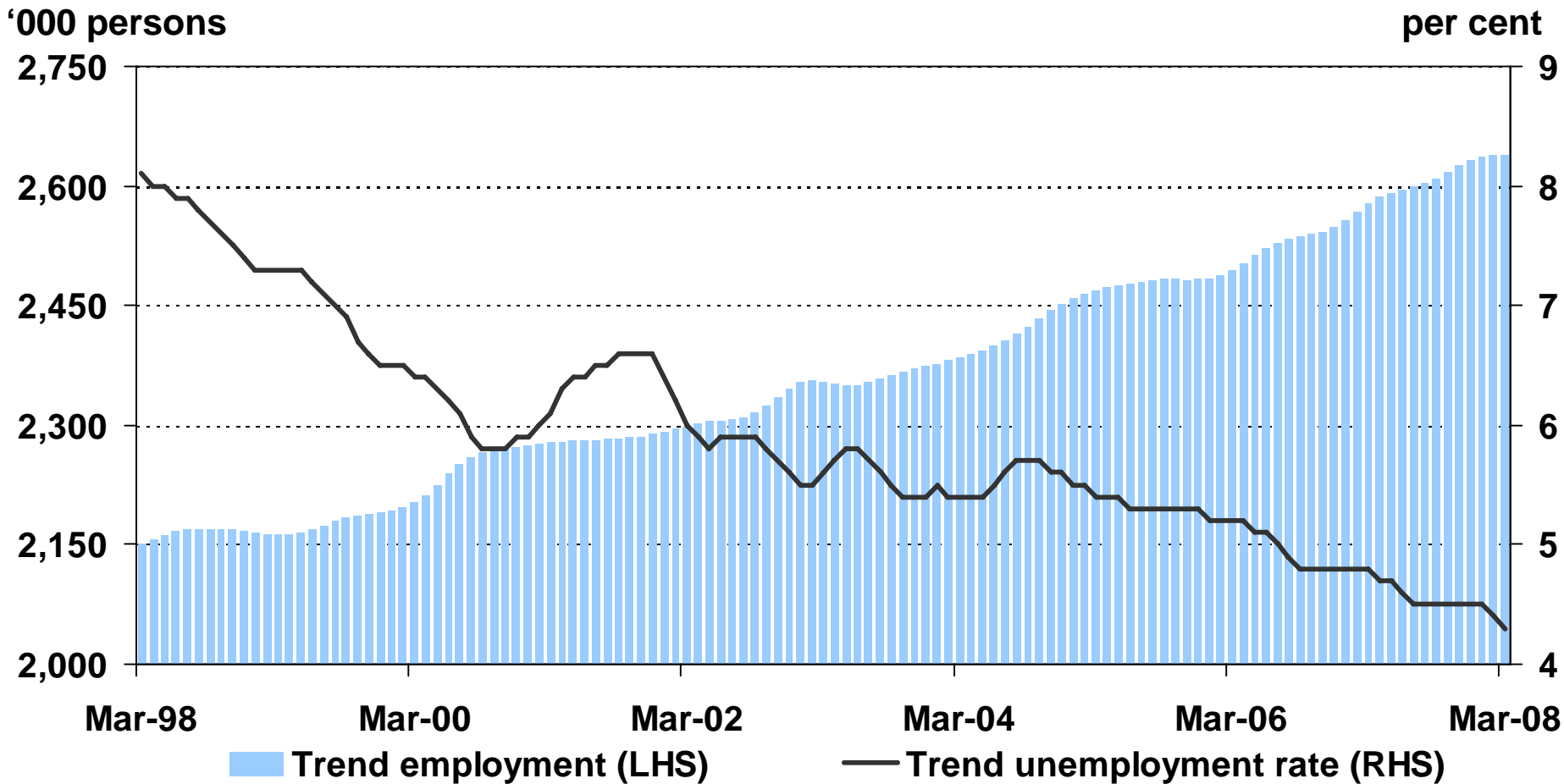
Note: includes states and territories

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Strong job creation and low unemployment



Source: Australian Bureau of Statistics

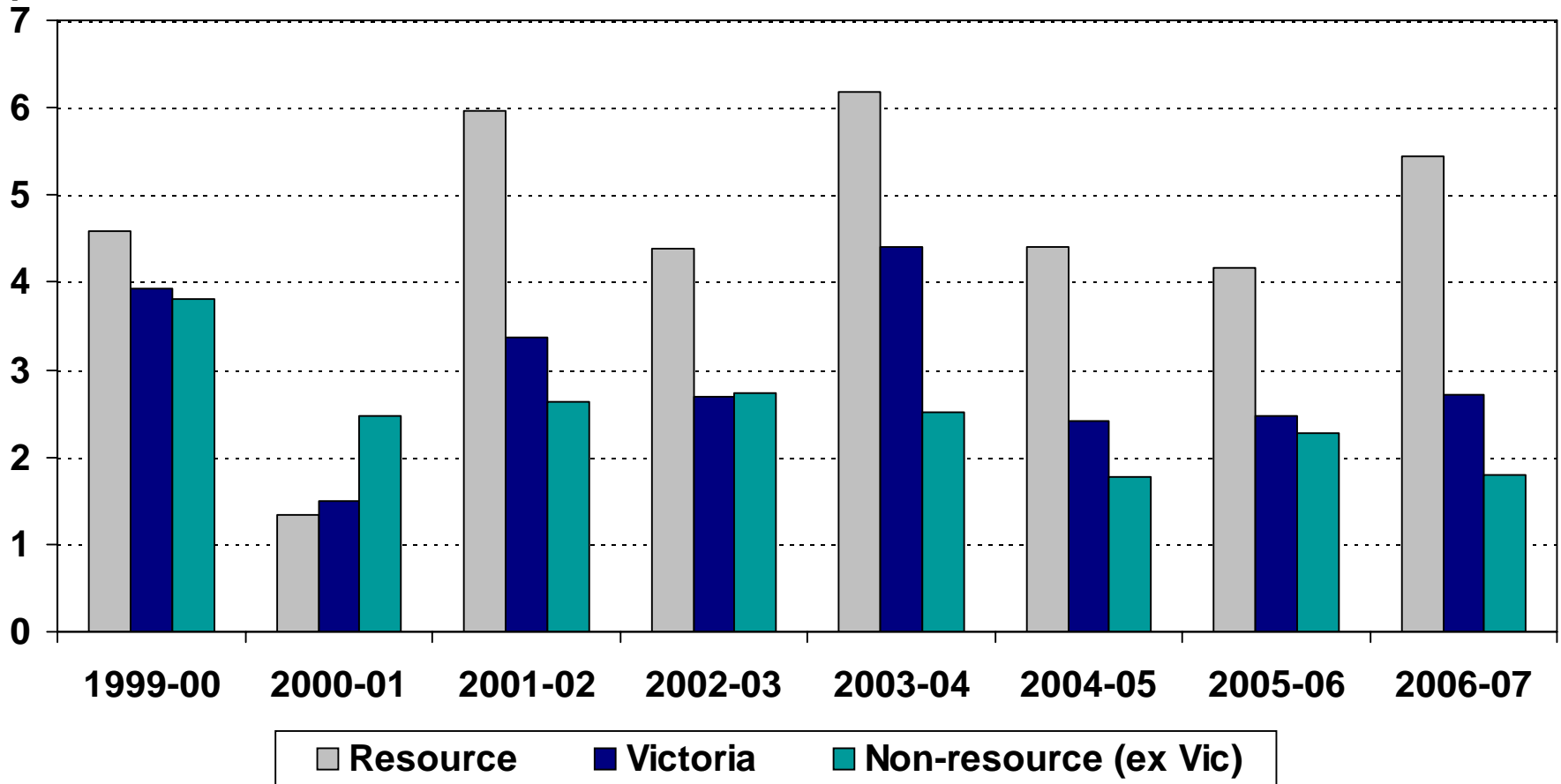
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Fastest GSP growth of non-resource states

per cent



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Source: Australian Bureau Statistics

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Highest building approvals in the nation



Source: Australian Bureau Statistics, year to Mar 2008

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Victorian economic prospects – Solid but slowing

	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>
	<i>Actual</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Economic growth	2.7	3.25	3.00	3.00	3.00	3.00
Employment growth	2.7	2.75	1.50	1.50	1.50	1.50
Unemployment rate	4.8	4.50	4.75	4.75	4.75	4.75
Inflation	2.7	3.25	3.00	2.75	2.50	2.50
Population growth	1.5	1.50	1.50	1.50	1.40	1.40

Source: Australian Bureau of Statistics and DTF

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Government's financial objectives

- Maintain a substantial budget operating surplus
 - Meeting the new target of at least 1 per cent of revenue
- Deliver world-class infrastructure to maximise economic, social and environmental benefits
- Maintain State government net financial liabilities at prudent levels
- Provide a fair and efficient tax system that is competitive with other States
- Provide improved service delivery to all Victorians

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Maintain a substantial budget operating surplus

	2008-09 Budget	2009-10 estimate	2010-11 estimate	2011-12 estimate
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(\$ million)

Net result from transactions	828	851	906	963
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Target 1% of revenue	378	393	411	426
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Source: Victorian Budget Papers

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Delivering investment in infrastructure

- The Budget announces asset projects with a TEI of \$4.4 billion
 - \$491 million for hospitals, health care and community services
 - \$592 million for the second tranche of the \$1.9 billion investment plan for schools
 - \$663 million in new and upgraded roads
 - \$490 million in rail infrastructure
 - \$150 million for Channel Deepening project
 - \$476 million to improve police, corrections and justice
 - \$632 million for the Foodbowl project and Wonthaggi desalination plant

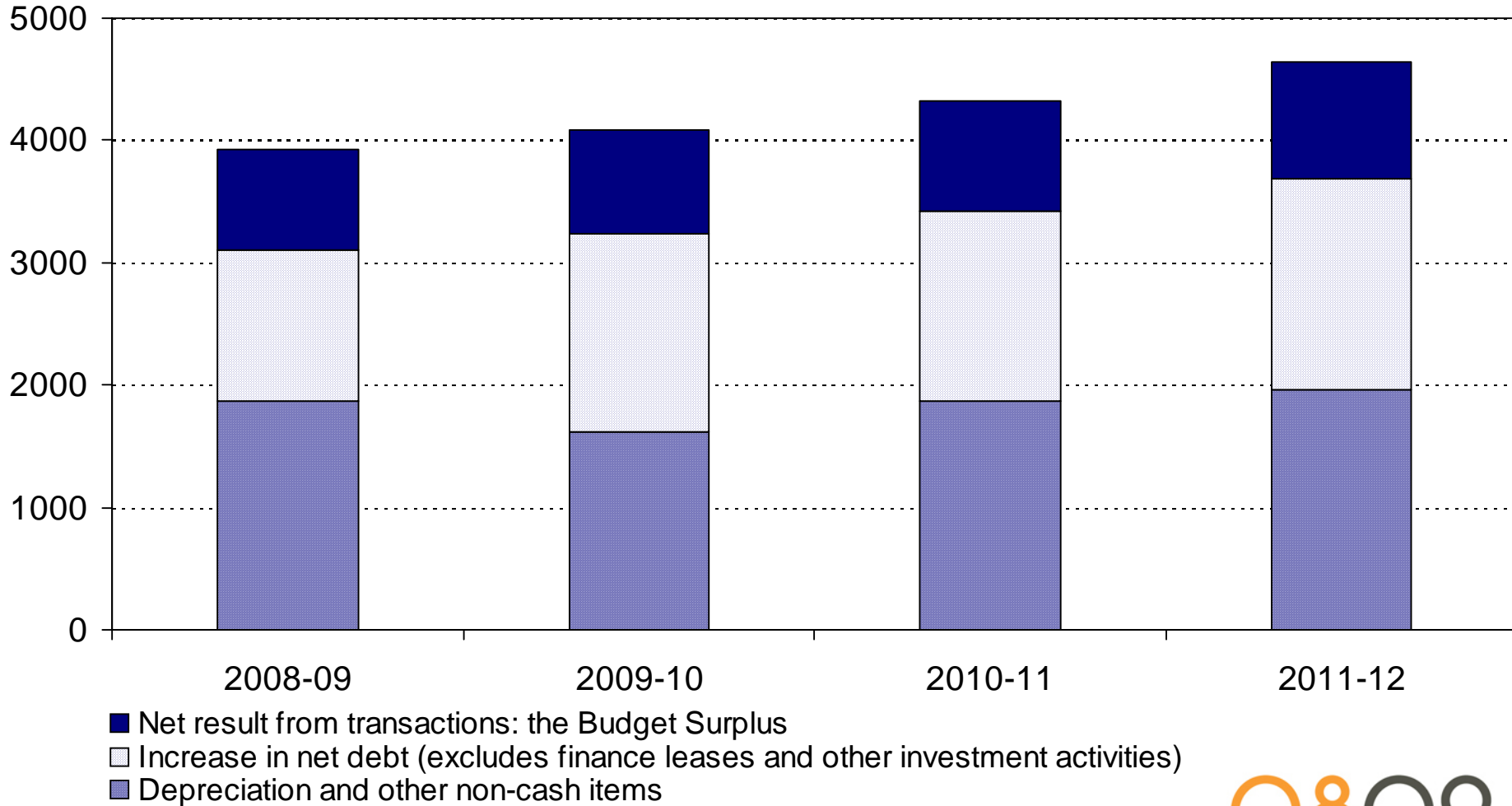


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Funding sources for infrastructure investment



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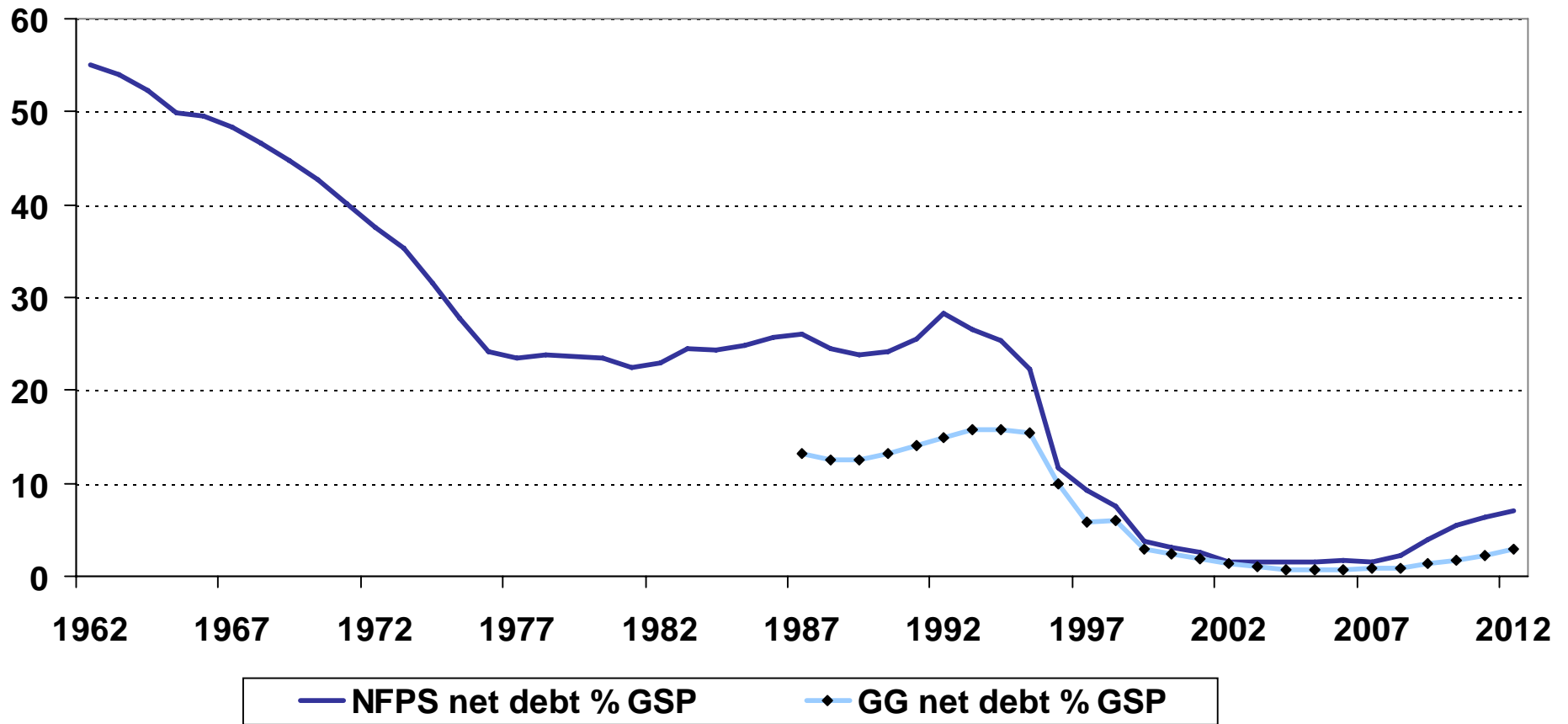
Source: Victorian Budget Papers 2008-09

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Non-financial public sector net debt

per cent



Source: Department of Treasury and Finance

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Using surpluses to fund infrastructure

- 2006-07 budget surplus \$1.4 billion
 - \$600 million Foodbowl Modernisation Project
 - \$291 million to deliver 8 new metropolitan trains and 8 new VLine carriages
 - over \$500 million for other important projects for our growing population.



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New Tax Initiatives and WorkCover Relief

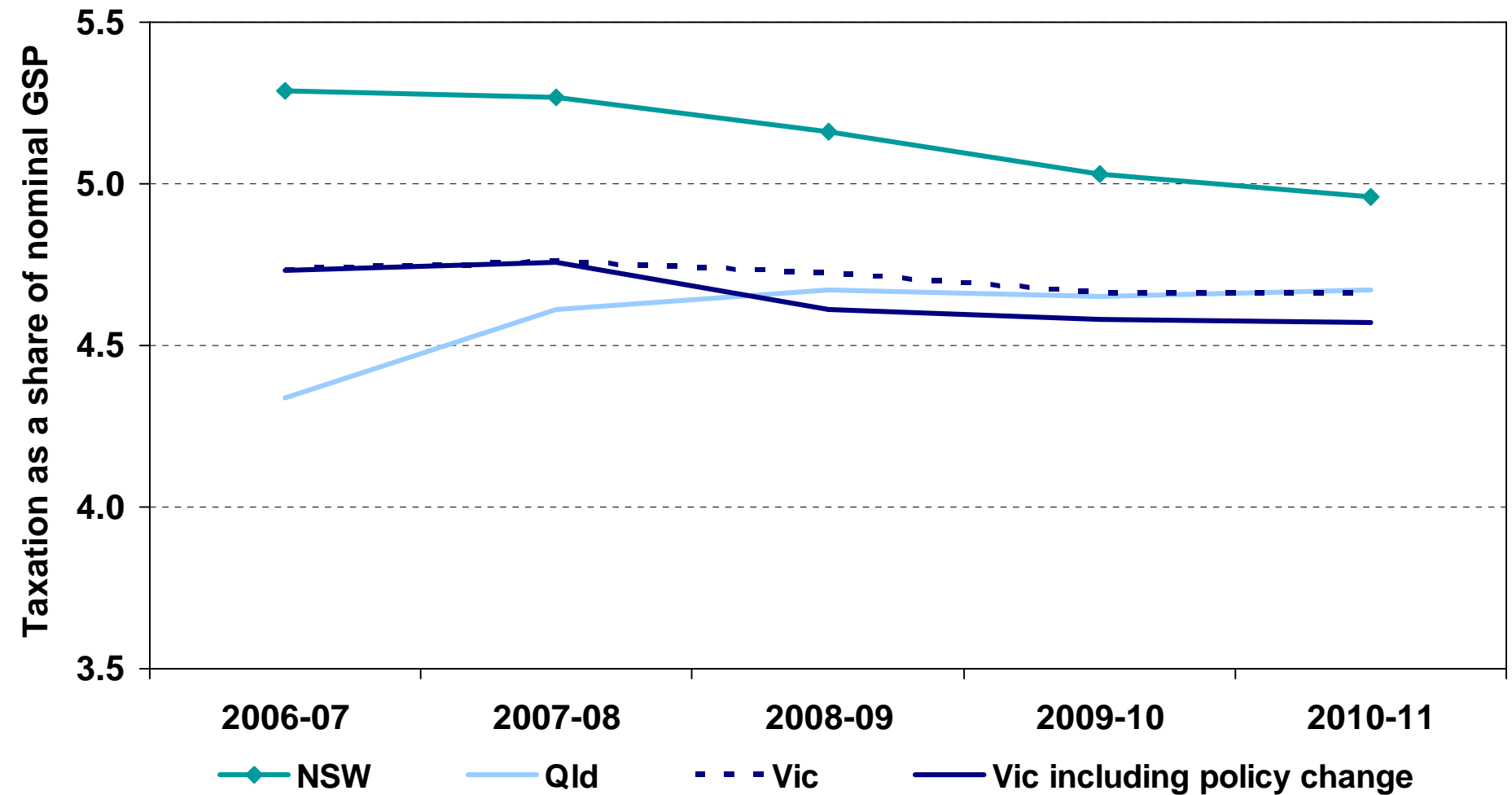
Initiative	Savings (over four years)
Land Tax Relief Package	\$490 million
Payroll Tax	\$170 million
Stamp Duty on Land Transfer	\$420 million
WorkCover	\$350 million
Total	\$1.4 billion

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Victorian taxes now more competitive



Source: Australian Bureau of Statistics, Department of Treasury and Finance and various state publications

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Service delivery

- ✓ Delivering record infrastructure investment
- ✓ Providing major new support for Victorian families
- ✓ Driving jobs growth and competitive, innovative businesses
- ✓ Investing in a first class education for all Victorians
- ✓ Delivering high quality health services
- ✓ Meeting the growing demand for transport
- ✓ Securing a prosperous future for Provincial Victoria
- ✓ Improving community safety and access to justice
- ✓ Reducing disadvantage and building a fairer Victoria
- ✓ Tackling climate change and securing water supplies
- ✓ Building thriving, liveable communities

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Driving jobs and competitive, innovative businesses

- Tax relief for business
- Victorian Industry and Manufacturing Statement to be released later in year
- Developing a skilled workforce
 - Discussion Paper proposing major reforms released. Skills Statement later in year
 - Extending the Apprenticeship/Traineeship Completion Bonus
- Victoria will continue to be a leader in the knowledge and technological economy
 - Later in the year, Government will refresh its innovation policy and investments
- Investing in Victorian industries
 - \$11 million to support the development of creative industries
 - \$14 million to attract major international business events
- Improving freight connections
 - \$150 million for the channel deepening project
 - Significant funding to maintain and upgrades lines on the regional freight network
 - Enhancing the provision of standard gauge rail line into Port of Geelong

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Budget Highlights

- This Budget is good for families and for business
- It builds on 8 and half years of hard work
- There are challenging times in the future
- This is the action plan to deal with these challenges

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