

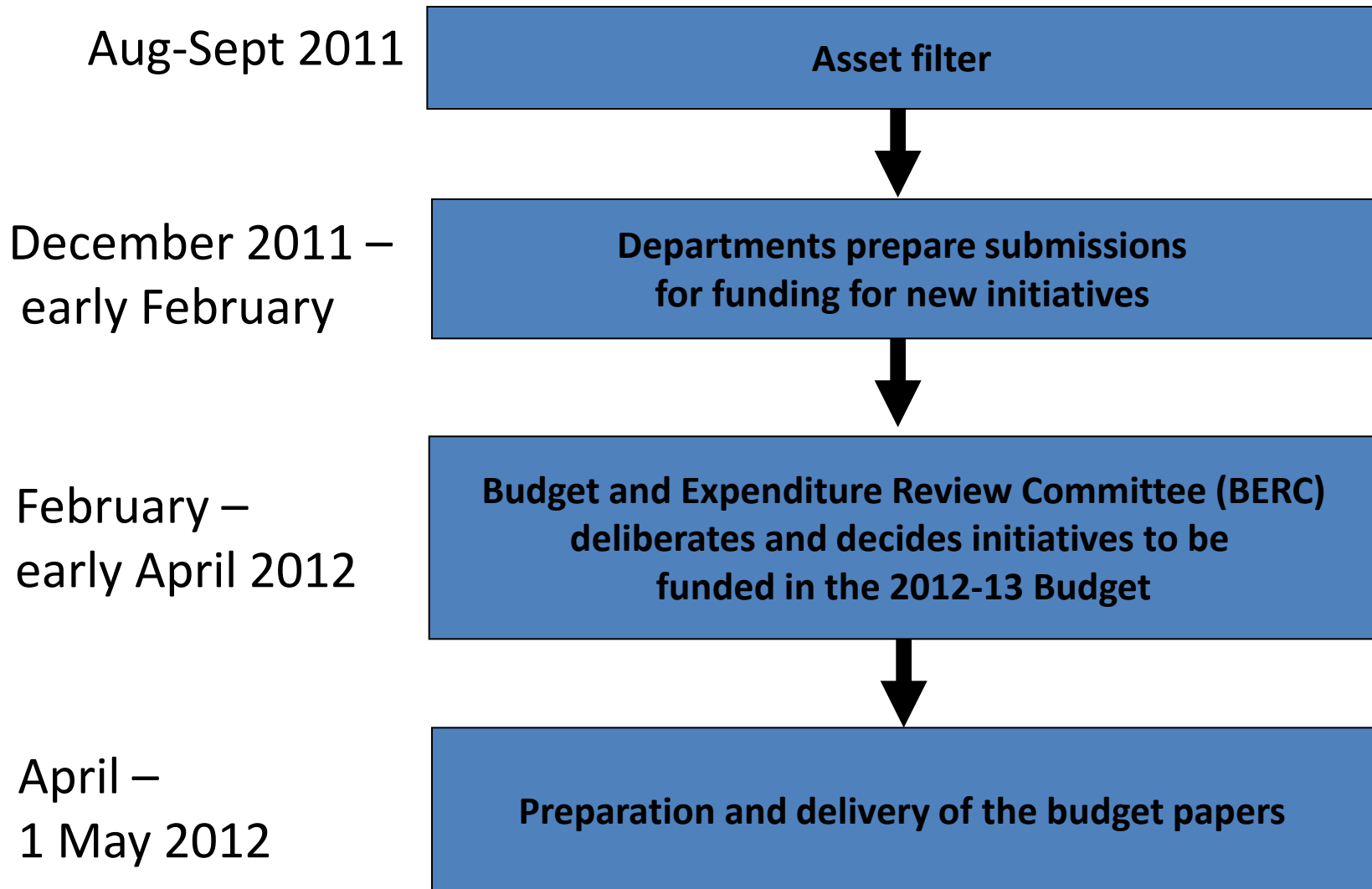


Victorian Budget 2012-13

PAEC budget briefing

3 May 2012

Budget process



Budget papers

- Budget Overview
 - summary of the State's economic and fiscal outlook, budget initiatives and the Government's strategic priorities and objectives
- Treasurer's Speech (BP1)
 - commends the Appropriation Bills to Parliament

Budget papers – Strategy and Outlook (BP2)

- Purpose
 - describes the State's economic and financial position and performance while also outlining the Government's fiscal and economic reform strategy
- Key changes since 2011-12
 - notes the Government's long-term financial management objectives and medium-term fiscal strategy (chapter 1)
 - economic commentary that focuses on longer-term impacts from structural change (chapter 2)
 - separate chapter on reform, which outlines the Government's economic and public sector reform strategy (chapter 3)

Budget papers – Strategy and Outlook (BP2) continued

- Key changes since 2011-12
 - reconciliation table now included in chapter 4, rather than separately as an appendix
 - enhanced commentary around State of Victoria financial results (chapter 5)
 - enhanced commentary in significant movements over the forward estimates (BP2, chapters 4 and 5).

Budget papers – Service Delivery (BP3)

- Purpose
 - provides an overview of the goods and services funded by the Government and delivered by departments, and how these support the Government's strategic priorities and objectives.
- Key changes since 2011-12
 - a section reporting on progress toward funding election commitments (in chapter 1)
 - linking each output to an objective to enhance the link between policy objectives and service delivery (chapter 2)
 - increased disclosure on changes to performance measures (chapter 2)

Budget papers – State Capital Program (BP4)

- Purpose
 - describes Victoria's asset investment program
- Key changes since 2011-12
 - new section in BP4 for completed projects to increase transparency
 - enhanced explanation of terms used in BP4 (Definitions and style conventions)

Budget papers – Statement of Finances (BP5)

- Purpose
 - provides the financial details of the aggregated Victorian general government sector
- Key changes since 2011-12
 - inclusion of departmental commentary on financial statements in BP5 (Chapter 3)
 - improved presentation of Commonwealth grants
 - disclosure of basis of accounting
 - historical and forward estimates – published online

Online data

- Purpose
 - provides greater transparency for budget and financial information
 - allows the public to readily access and use the data
- Key changes since 2011-12
 - Additional data sets:
 - historical and forward estimates
 - historical and current performance data time series
 - Disclosure of significant variations between total output cost and total expenses from transactions

Online data

The screenshot shows a Windows Internet Explorer browser window displaying the Victorian Budget 2012-13 website. The browser's address bar shows the URL <http://www.budget.vic.gov.au/budget.html>. The website header features the title "Victorian Budget 2012-13" and the State Government of Victoria logo. A navigation menu on the left lists various sections, with "Financial data sets" circled in blue. The main content area includes a search bar, text size controls, and sections for "Victorian State Budget 2012-13", "Past Budget Papers", and "Contacting DTF". The footer contains copyright information and a last update date of 1 May, 2012. The Windows taskbar at the bottom shows the Start button, several open applications including IBM Lotus Notes, and the system clock displaying 4:08 PM on 1 May 2012.

2012-13 Victorian Budget - Windows Internet Explorer provided by CenITex


http://www.budget.vic.gov.au/budget.html

File Edit View Favorites Tools Help

2012-13 Victorian Budget

Victorian Budget 2012-13

About the State Budget | Feedback



Home

- Budget Overview
- Budget Paper 1: Treasurer's Speech
- Budget Paper 2: Strategy and Outlook
- Budget Paper 3: Service Delivery
- Budget Paper 4: State Capital Program
- Budget Paper 5: Statement of Finances
- Regional and Rural Victoria
- Victorian Families
- Federal Financial Relations
- Media Releases
- Financial data sets**
- Purchase Budget Papers

Victorian State Budget 2012-13


The 2012-13 Budget was released on Tuesday 1 May 2012. The complete set of budget papers are available from this website.

Past Budget Papers


Budget Papers from previous years are available on the [Department of Treasury and Finance's website](#)

Contacting DTF

If you would like assistance in locating or understanding information in the Budget papers, contact the Department of Treasury and Finance at information@dtf.vic.gov.au. We welcome suggestions on how we can improve the readability of Budget data.

Note: The Budget Papers are published as both Word and PDF files. PDF file are denoted by this icon . In order to view PDF files you will need the free [Adobe Reader](#)

Search

Text size: T T Print: 

Copyright | Accessibility | Privacy | Disclaimer | Site Map | State Government of Victoria | Dept of Treasury and Finance | Last update: 1 May, 2012

Start IBM Lotus Notes 2012-13 Victorian Bu... Internet 100% 4:08 PM

Budget information papers

- Three supplementary budget documents were produced in 2012-13 to provide an overview of the Government's strategy in relation to key priority areas:
 - BIP 1: Regional and rural Victoria
 - BIP 2: Victorian families
 - BIP 3: Federal financial relations



Victorian Budget 2012-13

Economic context

Victorian economic projections

2012-13 Budget economic forecasts (per cent)

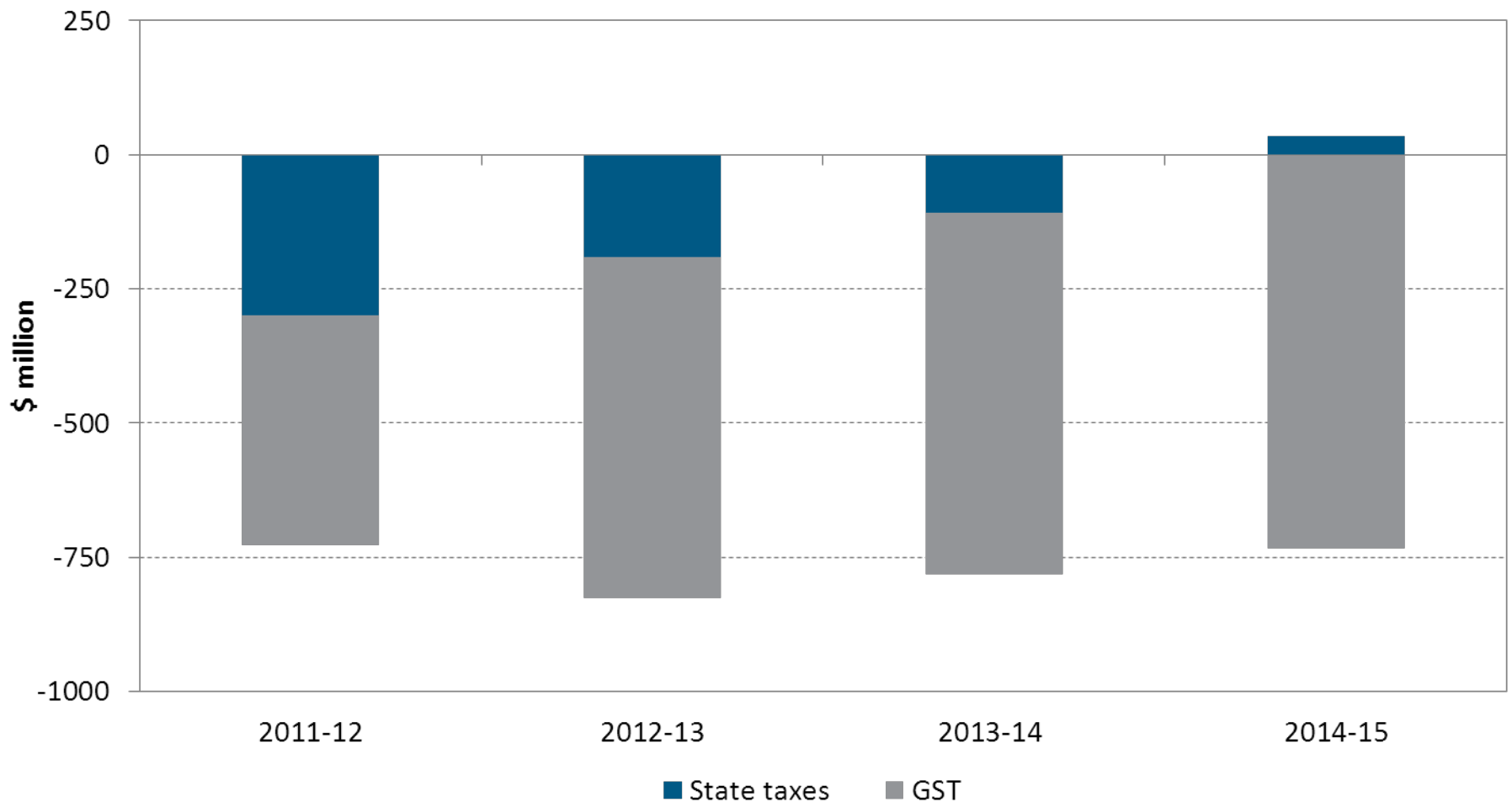
	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Real GSP	1.50 (2.25)	1.75 (2.50)	2.75 (2.75)	2.75 (2.75)	2.75
Employment	0.00 (0.75)	0.25 (1.50)	2.00 (1.50)	1.75 (1.75)	1.75
Unemployment rate	5.50 (5.50)	5.75 (5.25)	5.50 (5.00)	5.25 (5.00)	5.00
Consumer price index (excluding carbon price)	2.25 (2.75)	2.25 (2.50)	2.25 (2.50)	2.50 (2.50)	2.50
Wage price index	3.50 (3.75)	3.00 (3.75)	3.25 (3.50)	3.50 (3.50)	3.50
Population	1.60 (1.50)	1.60 (1.50)	1.60 (1.50)	1.60 (1.50)	1.60

Note: Brackets indicate 2011-12 Budget Update forecasts

Source: Department of Treasury and Finance

Challenges - tax revenue and GST grants have been downgraded

Variations to state taxes and GST grants since *2011-12 Budget Update*



Source: Department of Treasury and Finance

Victorian Budget 2012-13

Economic reform agenda

- The Government's economic reform strategy manages these challenges and positions the economy to take advantage of new opportunities and create jobs

Pillar 1. Creating significantly stronger budget capacity

Pillar 2. Improving productivity

Pillar 3. Growing export markets

Pillar 4. Supporting industries and workers in transition

Pillar 1: medium-term fiscal strategy

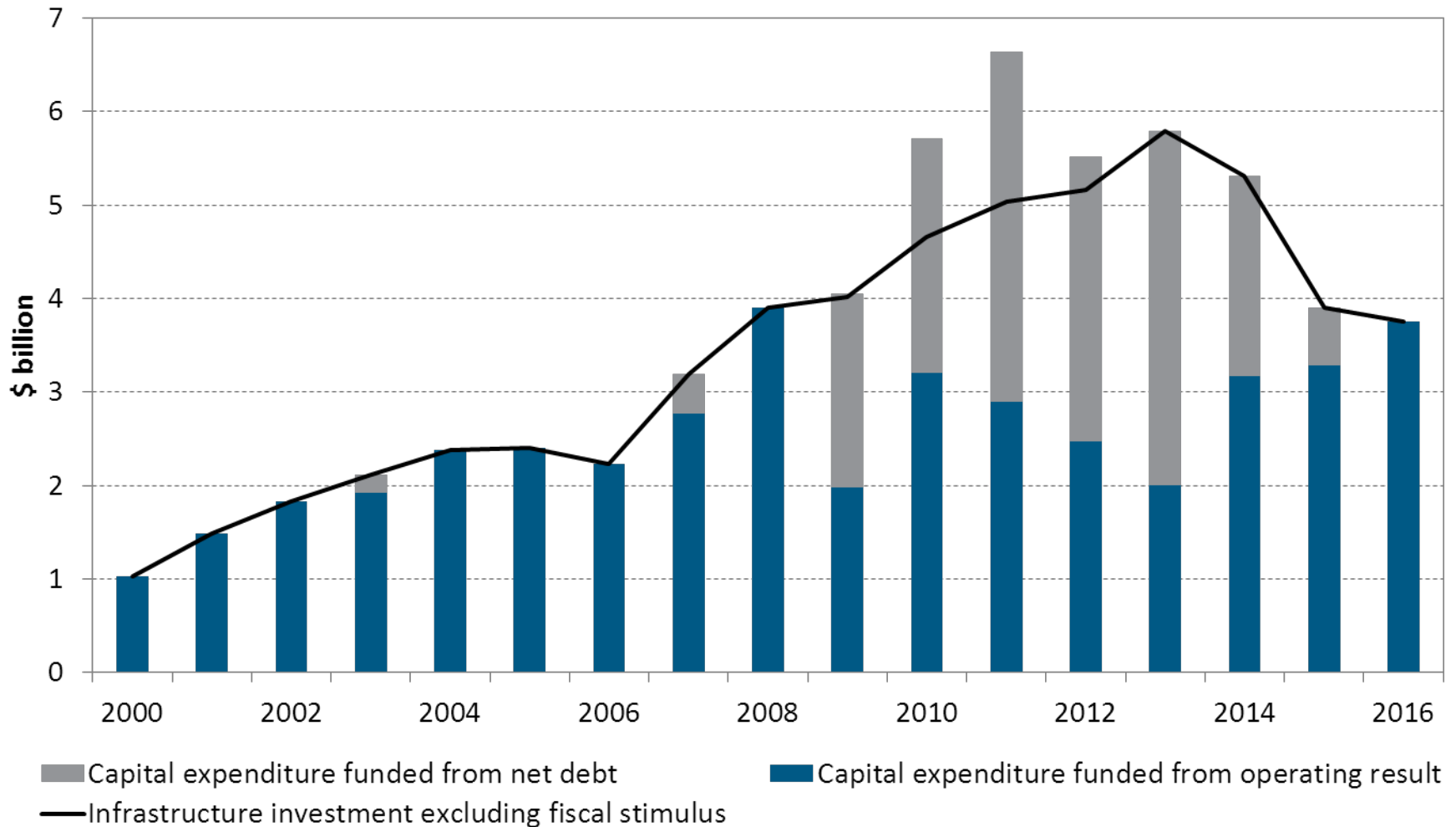
The Government is adopting new fiscal parameters against which progress will be measured

- The parameters ensure the provision of a sustainable level of infrastructure investment as a financial management priority
- They also provide for a reduction in net debt over the decade to 2022
- The strategy will require continued disciplined financial management

Financial measures	Parameters
Infrastructure investment	Infrastructure investment of 1.3 per cent of GSP (calculated as a rolling five-year average)
Net debt	General government net debt reduced as a percentage of GSP over the decade to 2022
Superannuation liabilities	Fully fund the unfunded superannuation liability by 2035
Operating surplus	A net operating surplus of at least \$100 million and consistent with the infrastructure and debt parameters

Infrastructure investment funded entirely by surpluses by 2015-16

Funding sources for net infrastructure investment



Source: Department of Treasury and Finance

Pillar 2: The Government has delivered significant savings since coming to office

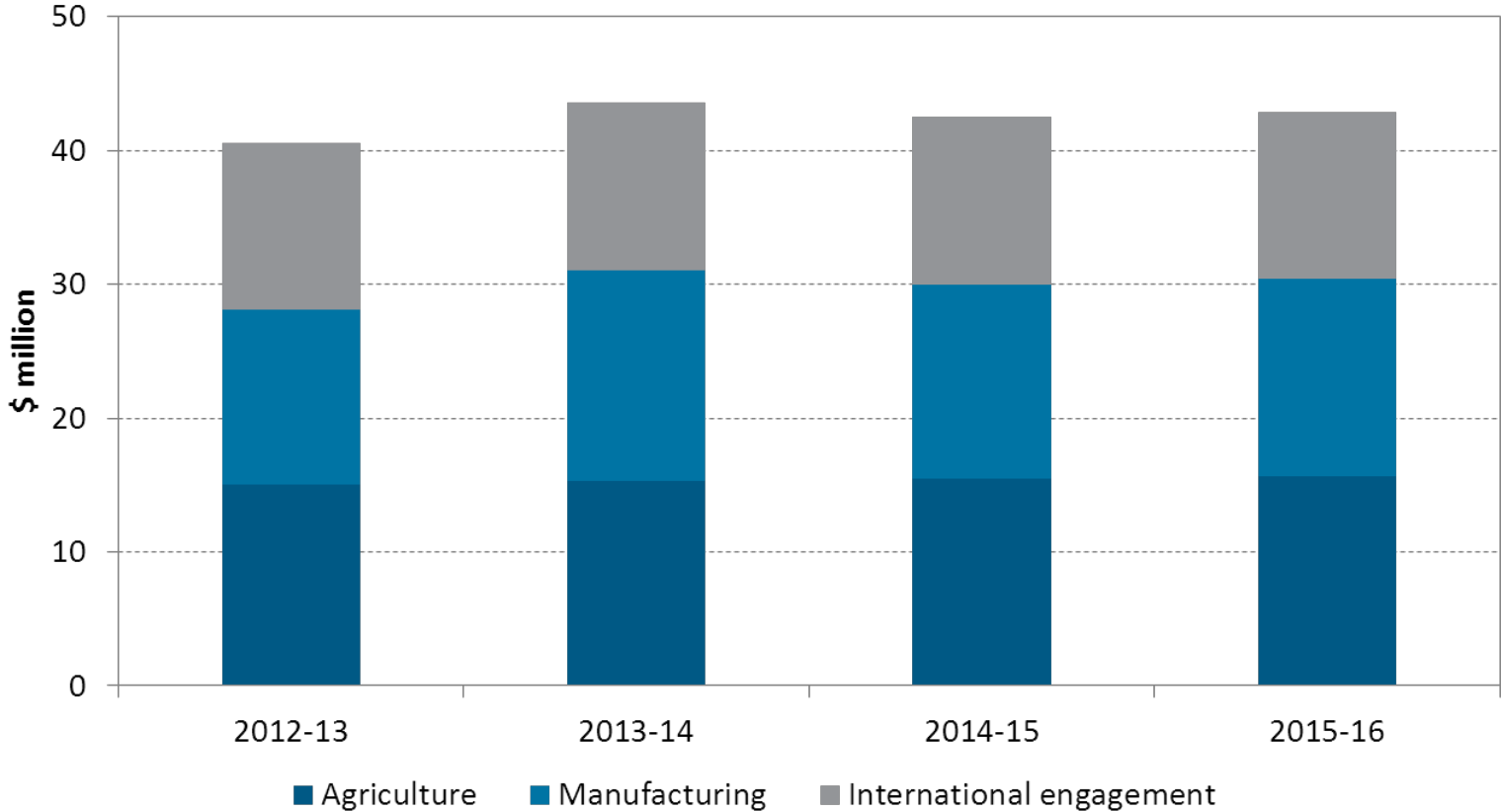
Aggregate estimated value of savings and targeted revenue raising measures announced (2011-12 Budget to 2012-13 Budget)

\$ million	2012-13	2013-14	2014-15	2015-16
<i>2011-12 Budget savings</i>	511	520	537	545
<i>2011-12 Budget Update savings</i>	404	661	943	1 215
<i>2012-13 Budget savings</i>	242	266	268	240
Sub-total savings	1 157	1 447	1 748	2 000
<i>2011-12 Budget revenue measures</i>	114	139	141	144
<i>2011-12 Budget Update revenue measures</i>	317	289	320	293
<i>2012-13 Budget revenue measures</i>	170	211	209	206
Sub-total revenue measures	601	639	670	643
Total: Savings and revenue	1 758	2 086	2 418	2 643

Source: Department of Treasury and Finance

Pillar 3: Growing businesses, markets and exports

2012-13 Budget investment in agriculture, manufacturing and international engagement output spend



Source: Department of Treasury and Finance

Pillar 4 - Supporting industries and employees in transition

- Where industries are in transition, a strong support network is in place
 - specialised financial and counselling support services
 - access to training under the Victorian Training Guarantee for workers who have been made redundant as a result of a major industry downturn or workplace closure
- The *2012-13 Budget* also includes new funding to establish a response team to provide early information and support to retrenched workers, particularly those in regional communities

Conclusion: Strengthening Victoria's finances

2012-13 Budget aggregates (general government sector)

	<i>Unit of measure</i>	<i>2011-12 Revised</i>	<i>2012-13 Budget</i>	<i>2013-14 Estimate</i>	<i>2014-15 Estimate</i>	<i>2015-16 Estimate</i>
Net result from transactions	\$ million	126.0	154.9	861.1	1 076.4	2 527.8
Net debt	\$ billion	16.1	20.7	23.1	23.8	23.7
Net debt to GSP	per cent	4.9	6.1	6.5	6.3	6.0

Source: Department of Treasury and Finance

Victoria's triple-A rating

This ratio is consistent with the Government's objective of retaining the State's triple-A credit rating

Standard & Poor's Net financial liabilities* (per cent)

	2011-12	2012-13	2013-14	2014-15	2015-16
2012-13 Budget	110.0	127.0	126.2	122.7	118.4
'No action' scenario**	114.2	139.3	149.9	161.4	176.4

* Standard & Poor's measure - Non-financial public sector (NFPS) net debt (less advances paid) plus superannuation liability to NFPS operating revenue. S&P have published a 130% to 140% review range for this metric.

** Based on expenditure growth of 7.3 per cent per annum, which was the average rate of expenditure growth in the decade to 2010-11

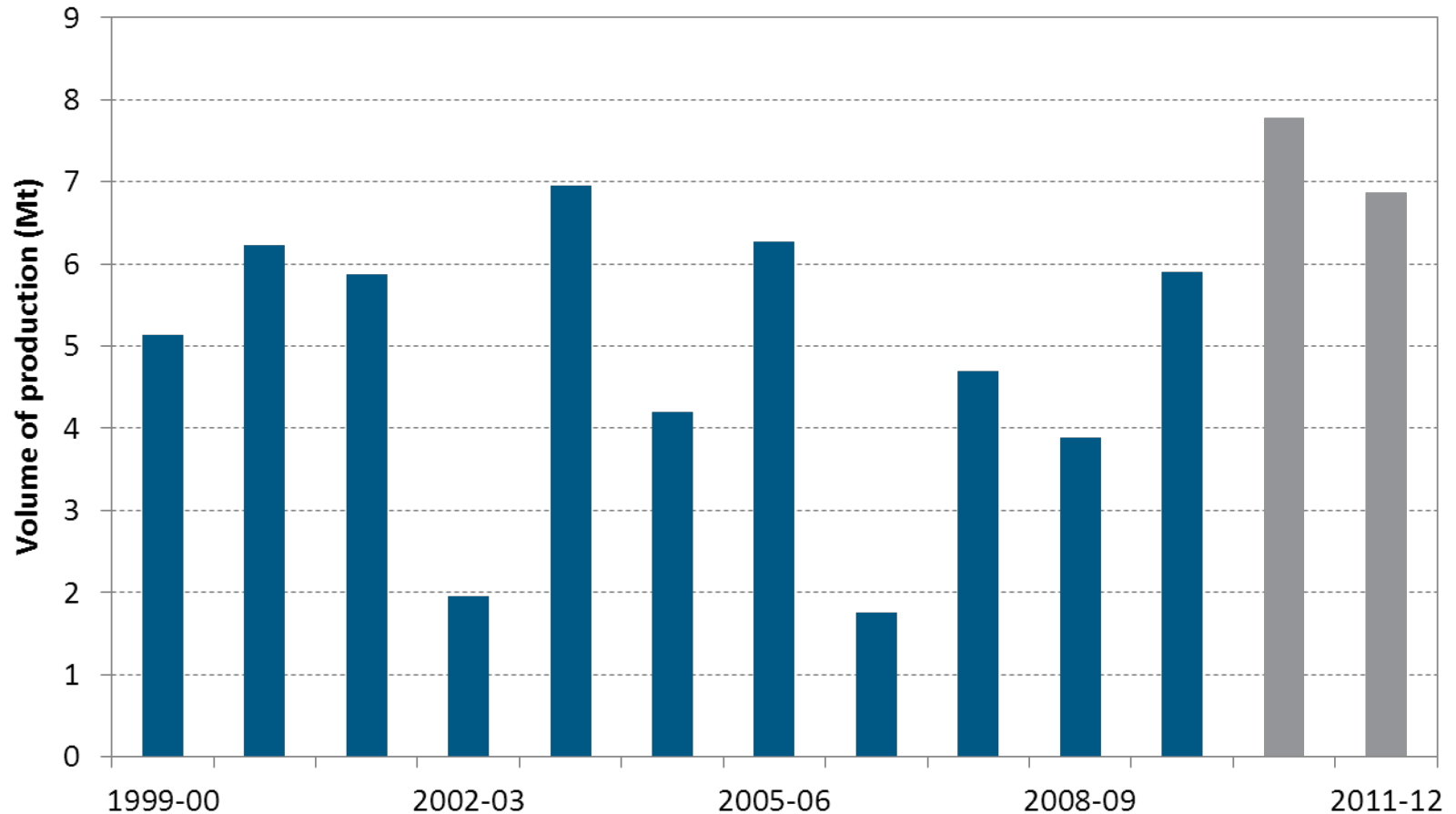
Source: Department of Treasury and Finance

Rural and regional Victoria

- The Government's commitment to rural and regional Victoria is enshrined in the \$1 billion Regional Growth Fund announced in the *2011-12 Budget*. The Government is also delivering the Regional Rail Link project which will improve rail services from Geelong, Ballarat and Bendigo into Melbourne
- The *2012-13 Budget* provides additional investments in regional Victoria
 - Additional rolling stock to increase the capacity of the regional rail network
 - Additional funds for regional rail maintenance
 - New economic infrastructure including road upgrades and the Northern Victoria Irrigation renewal Program
 - \$199 million towards redeveloping rural and regional hospitals and progressing the procurement of the Bendigo Hospital
 - Further school, hospital and aged care upgrades across rural and regional Victoria
 - Police station upgrades for the additional 1 700 police across Victoria and a new police and SES station at Waurin Ponds
 - Upgrades to CFA stations and equipment along with funds for further planned burning

Victorian winter crop production

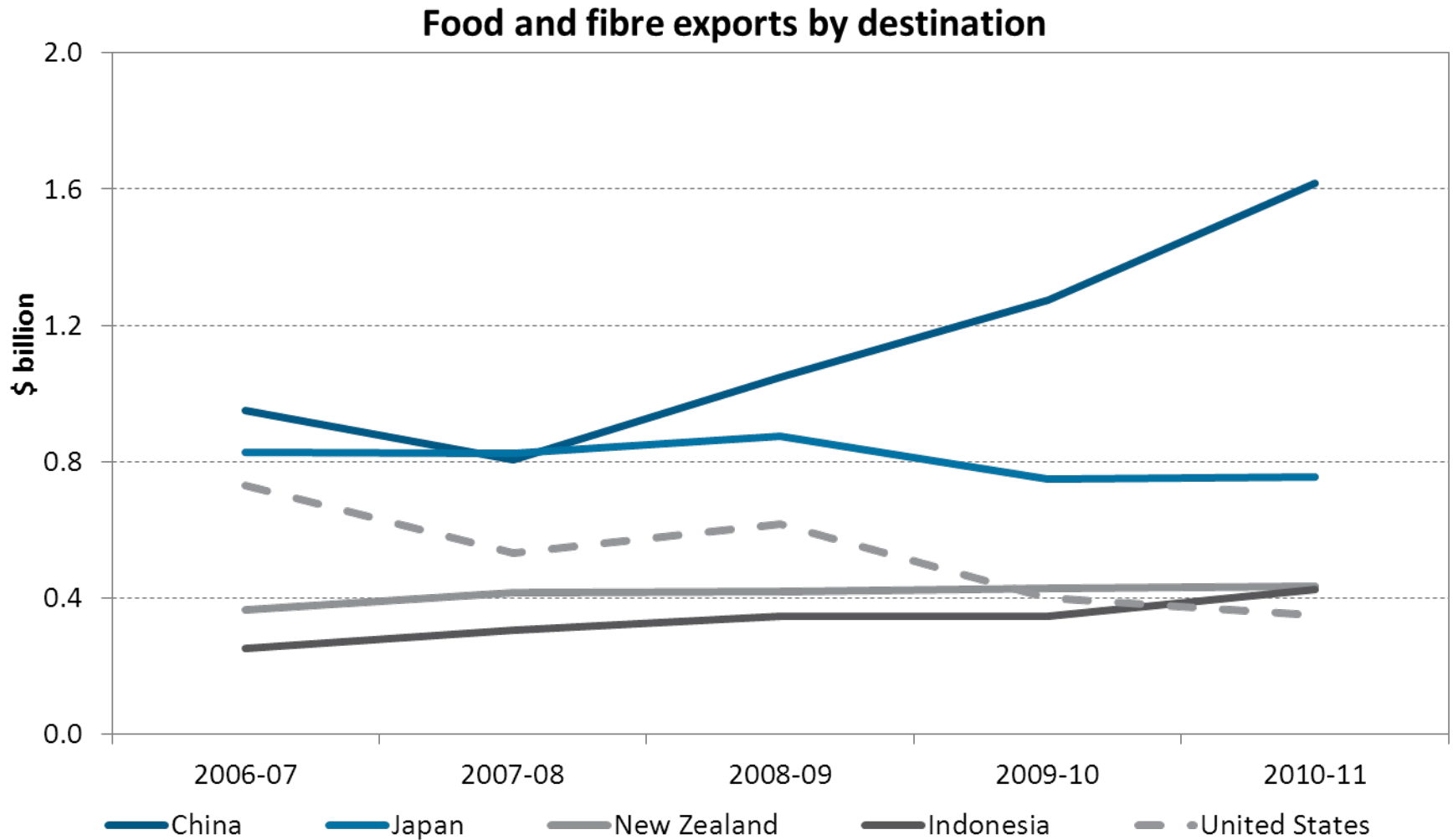
Victorian winter crop production (a)



(a) Light grey bars indicate estimates

Source: Australian Bureau of Agricultural and Resource Economics and Sciences
Victorian Budget 2012-13

Driving success in agriculture





Victorian Budget 2012-13

PAEC budget briefing

3 May 2012