

Media Release

The Hon Daniel Andrews MP
Premier



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NEW MODELLING CONFIRMS HIT TO ECONOMY, UNEMPLOYMENT SPIKE

New modelling released by the Victorian Government shows the devastating and unprecedented impact the coronavirus pandemic will have on the state's economy across the rest of the year and into 2021.

The modelling, undertaken by the Department of Treasury and Finance, finds the crisis we're dealing with could lead to 270,000 jobs being lost – a devastating blow for these workers and their families – with our unemployment rate peaking as high as 11 per cent in the September quarter this year, more than double the current rate.

The modelling also shows that Gross State Product is predicted to decline by an unprecedented 14 per cent in the June quarter, relative to previous forecasts. Property prices may also fall by up to nine per cent by the end of 2020.

This Victorian modelling aligns with recent forecasts provided to the National Cabinet by the Federal Treasury and the Reserve Bank of Australia and confirms that the economic consequences of coronavirus will be unlike anything most Australians have seen in their lifetimes.

We know the economic impact of coronavirus will get significantly worse before it gets better – and the hard road to recovery will be longer than first expected. We understand these are not just numbers in an accountant's spreadsheet. There's a real human cost with real consequences for Victorian workers and their families.

That's why the Commonwealth has put in place the unprecedented JobKeeper program to help keep workers connected to their employers and why the Victorian Government is seeking \$24.5 billion in emergency funding – dedicated to saving lives, saving jobs and setting Victoria up to recover from the pandemic over the next two years.

The Bill, which is before the Parliament this week, will also be vital in ensuring we get to the other side of this crisis, locking in \$8 billion of funding for projects underway in 2020/21 – a cornerstone of our plan for economic recovery.

This builds on the Victorian Government's initial \$1.7 billion Economic Survival Package, which is supporting workers and businesses hit hardest by the virus. Already more than \$440 million in payroll tax refunds have been paid out to 17,000 small and medium sized businesses. The package has also seen:

- \$110 million in businesses support grants paid to businesses who fall below the payroll tax threshold
- More than \$2 billion in accelerated payments of government invoices
- More than 2,000 people back in jobs thanks to the Government's *Working for Victoria Fund*

The Government is bringing urgent legislation to the Parliament to implement National Cabinet's tenancy reforms, a \$500 million package that introduces a temporary ban on evictions, pauses rental increases for six months, and provides land tax relief for landlords and rent relief for tenants.

In addition to these measures, the Government will also defer the planned increase in the landfill levy until 1 January 2021. This is expected to save taxpayers \$33 million across the rest of the calendar year.

The Government is considering further measures to support workers and their families, businesses and industries and will have more to say in due course.

Quotes attributable to Premier Daniel Andrews

“It is impossible to overstate the devastating impact the coronavirus pandemic is having on lives and livelihoods – we owe it to Victorians to do everything we can to save lives and save jobs.”

“These numbers confirm what the Governor of the Reserve Bank and the Federal Treasury have already made clear – Australia is facing an unprecedented economic crisis – but we'll keep working with the Federal Government and as part of the National Cabinet to help our nation respond and recover.”

Quotes attributable to Treasurer Tim Pallas

“Because of our strong economic management, we are in a position to support businesses, workers and their families during this unprecedented time, and help them get through to the other side.”

“This additional funding is dedicated to ensuring we can act quickly to respond to the crisis, save jobs and recover once the pandemic is over.”