

# Media Release



**Mr Tim Pallas MP**

Treasurer

Minister for the Coordination of Treasury and Finance – COVID-19

Minister for Economic Development

Minister for Industrial Relations

Thursday, 23 July 2020

## VICTORIA NOT IMMUNE FROM THE GLOBAL CORONAVIRUS DOWNTURN

New modelling shows the significant impact the coronavirus pandemic and the global recession has had on Victoria's economy and the state's bottom line.

The Victorian Government has now invested more than \$9 billion towards protecting Victorians from the deadly health risks and economic effects of the coronavirus pandemic.

The modelling released today by the Department of Treasury and Finance shows that, even with these unprecedented efforts to cushion the economic blow to our state, Victoria will not be immune from the damage the pandemic has wrought on states and territories across Australia, and countries across the world.

The worldwide recession, closure of national borders and vital restrictions to slow the spread of the virus and save lives have meant slumps in employment, trade and economic activity – with Gross State Product in Victoria forecast to fall by 5.25 per cent this calendar year.

The data shows the ramifications the health crisis is having on Victoria's revenue, with taxation and GST revenue expected to be around \$8.5 billion lower over the 2019/20 and 2020/21 financial years compared with pre-pandemic forecasts – as a result of lower property tax revenue, declining payroll tax, and reduced GST.

Reduced revenue and the Government's record investment in measures to support Victorians through the crisis means the Victorian Budget will now likely return an operating deficit of \$7.5 billion in 2019/20.

The Government has now provided \$3.4 billion in support to businesses and households, including \$504 million in payroll tax refunds to nearly 19,000 businesses, while 77,139 businesses have been approved for support grants totalling \$771.3 million.

More than 23,000 businesses have had liquor licences and application fees refunded, totalling \$22.61 million.

The Victorian unemployment rate climbed to 7.5 per cent in June, and is expected to peak at 9 per cent in the September quarter.

The modelling released today is based on existing conditions in Victoria and the current six-week lockdown. It is an update on modelling released in April.

The Victorian economic outlook is broadly consistent with forecasts released by other states and territories, and the international outlook. Both the IMF and the OECD predict a damaging recession across the globe this year, forecasting world output to decline by up to 7.6 per cent.

### Quotes attributable to Treasurer Tim Pallas

*"The global coronavirus recession is one of the biggest economic challenges our state and country has ever faced – and we are not immune from its impacts."*

*"We're doing everything we can to support the tens of thousands of businesses, workers and families doing it tough."*

*"Victoria's economy is robust and will make it through to the other side, but we all need to follow the rules and slow the spread – the sooner we can get on top of this virus, the sooner we can repair the economic damage it's caused."*

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### List of Support Measures:

- **\$3.4 billion** in direct economic support including \$2.7 billion for business support grants, payroll tax relief and freezing a range of levies, fees and fines, \$500 million to support tenants and landlords, and almost \$200 million to support Victoria's sport, tourism and creative industries.
- **\$2.7 billion** for the Building Works package of infrastructure projects, which is already rolling out to create jobs and stimulate the economy.
- **\$2 billion** for the statewide health response including \$1.9 billion for hospital and public health preparedness and response, ICU investment, testing and personal protective equipment and almost \$80 million for a range of mental health supports.
- **\$746 million** for education initiatives including over \$260 million in additional support for skills and training, \$350 million to support Victorian universities and \$90 million in support for schools and early childhood education.
- **\$340 million** to respond to the impact on Victoria's transport system, including additional support for public transport and initiatives to reduce congestion
- **\$218 million** to address the social impacts of coronavirus, including almost \$150 million to support our most vulnerable, including children, families, Indigenous communities, Victorians with disability and carers, and \$56 million for emergency accommodation and homeless support