

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



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SUPPORTING VICTORIANS AND PROTECTING OUR HEALTH SYSTEM

The Victorian Government is supporting businesses, workers and our health system, with the Annual Financial Report outlining its unprecedented investment to protect Victorians through bushfires and coronavirus.

The Government is using the strength of the state's balance sheet to bolster the economy and protect household budgets against the devastating effects of last summer's fires and the pandemic.

As part of the single biggest economic survival response for businesses and workers in Victorian history, some 19,000 businesses received payroll tax refunds and waivers totalling \$673 million, while 77,000 Business Support Fund grants of \$10,000 were provided to eligible Victorian small businesses in the 2019-20 financial year.

Almost 60,000 taxpayers received land tax deferrals totalling \$75.5 million, while 1.2 million government invoices worth a combined \$20 billion were fast-tracked to improve cashflow for businesses.

These investments, combined with falling revenue, means Victoria ends the 2019/20 financial year with a deficit of \$6.5 billion – less than the \$7.5 billion deficit estimated earlier in the year.

Were it not for coronavirus and the bushfires, the Government was forecasting an operating surplus of \$618 million.

Goods and Services Tax (GST) revenue is down 8.1 per cent or \$1.4 billion due to flattening national consumption.

Changes to the GST distribution methodology Victoria will lose more than \$800 million in GST revenue to other states every year for the next five years - the single largest redistribution away from any state since the introduction of the GST.

The 2019/20 Annual Financial Report reveals \$2.4 billion of the \$10 billion in emergency supply approved by the Parliament was drawn down upon. This expenditure includes measures to support jobs, bolster the frontline health response, address the impacts on both education and the public transport network.

The major drawdowns included \$784 million for the Business Support Fund, \$749 million to bolster the frontline health system and \$189 million to support the public transport system in the face of collapsing farebox revenue and provide extra cleaning to keep passengers safe.

The report also discloses nearly \$670m in expenditure for the January bushfires response and recovery, which was not funded from the emergency supply.

The Report also reveals Government sector net debt increased to \$44.3 billion – which is 9.6 per cent of the Victorian economy. In comparison, the national net debt is 24.8 per cent of the Australian economy.

Victoria's debt figure reflects the additional borrowings required to deal with the coronavirus pandemic and the Government's historic investment in major infrastructure projects.

Quotes attributable to Treasurer Tim Pallas

"We've borrowed to support Victorians through this devastating pandemic and help communities rebuild from last summer's bushfires."

"Like the Federal Government and jurisdictions around the world, we're not chasing surpluses right now – our focus is on providing unprecedented support for people and businesses to deal with this unprecedented emergency."

"The past 12 months has tested the resolve of all Victorians and has tested our state's economy too – but it is robust enough to help carry Victorian families and communities through to the other side of this crisis."