

# Media Release

Mr Tim Pallas MP

Treasurer

Minister for Economic Development

Minister for Industrial Relations



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## MORE JOBS AND ECONOMIC GROWTH FORECAST FOR VICTORIA

The Victorian economy is expected to generate thousands of jobs in the coming months, with forecasts in today's *Budget Update* showing positive signs ahead for the state.

Victoria is on a rapid road to recovery, with economic activity expected to return quickly to the growth path forecast in the *Victorian Budget 2021/22* by mid-2022.

The unemployment rate is expected to average 4.5 per cent in 2021-22 – lower than forecast in the Budget – and remain at that low level in 2022-23.

In regional Victoria, the unemployment rate remains at a near-record low of 3.3 per cent, well below the national regional average of 4.2 per cent and half of what it was when the Government came into office.

The temporary setback in Victoria's economic recovery due to the Delta strain is expected to shift the peak in annual GSP growth from 2021-22 to 2022-23, when growth is forecast to rise to 4.5 per cent, compared to the 3.25 per cent forecast in this year's Budget.

The *Budget Update* highlights the resilience and flexibility of the economy, with the Government using its balance sheet to help people and businesses through the pandemic.

The Government has allocated more than \$13 billion in business support since the pandemic began, helping more than 260,000 Victorian businesses.

Net debt remains lower in each year than was forecast in the *Victorian Budget 2020/21*. At this time last year, net debt was forecast to increase to around \$155 billion by June 2024, but it is now forecast to be more than \$13 billion lower.

Supporting jobs and the health system has affected the bottom line in the short term, with a \$7.9 billion increase in this year's forecast operating deficit since the Budget.

The update shows the Government is on track to deliver its medium term, four-step fiscal strategy of restoring economic growth and creating jobs, returning to an operating cash surplus, returning to operating surpluses then stabilising debt levels.

While the Delta incursion from NSW caused a setback, the economy proved more resilient than last year, with 112,400 more people in work now than during the employment trough in September 2020.

Key economic indicators including retail sales, surveyed business conditions and business and consumer confidence all remained much higher than their lows in 2020.

### Quotes attributable to Treasurer Tim Pallas

*"We are in an extremely strong position to recover. Victoria's solid economic foundations and our substantial support for businesses, workers and households are helping us rebound from the challenges of this global pandemic."*

*"The Delta strain hit economies around the world hard, but these numbers show we're on track to recover quickly and that's good news for every Victorian family and business."*

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