

Media Release

Mr Tim Pallas MP

Treasurer

Minister for Economic Development

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KEY PANDEMIC DECISIONS PUT RECOVERY ON SOLID GROUND

The resilience of the Victorian economy is underscored by the state's *Mid-Year Financial Report*, which highlights robust jobs growth and strengthening business conditions as the recovery gains momentum.

The report tabled in Parliament today showed increased economic activity between July and December 2021 as public health restrictions eased.

Victoria's core strength and high vaccination rates have meant the economy has been able to stay open through the global Omicron outbreak, adding to growing confidence in the community.

An increase in Government receipts in the six months to December helped fund targeted support to keep Victorians safe and bolster businesses and jobs as the state negotiated and moved through the Delta outbreak.

The *Mid-Year Financial Report* shows the forecasts in the *Budget Update* released in December are on track as Victoria, along with the Commonwealth Government and other jurisdictions around the world, use their balance sheets to shepherd their communities through the pandemic and accelerate out the other side.

The Government invested in the health response, business support and Victoria's highly successful vaccine rollout, protecting households and businesses, and reported a half-yearly net deficit of \$10 billion.

Victoria's full-year deficit is forecast to be \$19.5 billion, equal to 4.1 per cent of Gross State Product. The Commonwealth deficit is forecast to hit \$99.2 billion, or 4.5 cent of Gross Domestic Product.

As public health restrictions eased in late 2021, employment rose to be above pre-pandemic levels – the unemployment rate fell to a near record low and workforce participation reached a record high.

That trajectory has continued into 2022 with unemployment now at a record low of 4.1 per cent and more than 250,000 jobs added since September 2020.

Australian Bureau of Statistics data released last week reinforce the momentum of the recovery – the ABS reported that growth in State Final Demand was higher in Victoria than in any other state across 2021, at 6.1 per cent compared with 4.6 per cent nationally. Victoria's growth was fuelled by household and public consumption.

The *2021-22 Mid-Year Financial Report* reveals that total assets of the state increased by \$12.5 billion to \$434 billion, driven mainly by the Government's pipeline of infrastructure investments and increased holdings of financial assets.

Infrastructure investment totalled \$8.7 billion during the period, headlined by city-shaping projects including the Metro Tunnel, the 85-strong level crossing removal program, North East Link and the Suburban Roads Upgrade.

Quotes attributable to Treasurer Tim Pallas

"Victoria's choices through the pandemic have placed us in a frontline position for a sustained statewide recovery."

"With jobs at record highs and the unemployment rate never lower, Victorians have every reason to be confident about the future."

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