

# Media Release

**Mr Tim Pallas MP**

Treasurer

Minister for Industrial Relations

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Minister for Trade



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## **BUDGET UPDATE CONFIRMS VICTORIA IS RETURNING TO SURPLUS**

New forecasts show the Andrews Labor Government's four-step fiscal plan is on track to return Victoria's budget to surplus – all while backing jobs, supporting families and building the infrastructure Victorians need to keep our economy growing.

The *2022 Victorian Economic and Fiscal Update* reveals a robust and growing economy that has weathered the worst of the pandemic and is powering ahead, thanks to the Labor Government's investments in infrastructure and strong backing of local jobs.

The Update was prepared by the Department of Treasury and Finance to take into account investments announced since the release of the *Victorian Budget 2022/23* in May, and changes in economic conditions and outlook.

The Labor Government has made significant investments in health, hospitals, transport and level crossing removals, and the Update shows the budget will return to a surplus of \$894 million in 2025-26 – surging ahead of forecasts earlier this year.

The Labor Government invested \$44 billion during the pandemic to protect Victorian lives, jobs and businesses, providing the foundations for a swift rebound on the other side of the global crisis.

That was the first step of the fiscal plan, followed by a return to an operating cash surplus which is forecast to be \$2.4 billion this financial year, the return to an operating surplus to be achieved in 2025-26, and then stabilising pandemic debt aided by the Victorian Future Fund.

The Government continues to invest on behalf of Victorians now and for future generations, delivering vital services and expanding much-needed infrastructure. Importantly, these investments are creating thousands of jobs – helping to power our state's economic rebound.

An investment of \$9 billion is driving *Best Start, Best Life*, our transformation of early childhood education and care, saving families money and supporting women to return to the workforce.

The Update logs \$3.4 billion in new health funding announced since May – ensuring the continued recovery of our state's health and hospital system.

An investment of \$228 million will grow Victoria's hardworking nursing and midwifery workforce, funding undergraduate scholarships for more than 10,000 nursing and midwifery students, scholarships for postgraduate nurses to complete specialist study, and supporting 100 nurses over two years to become Nurse Practitioners.

The Government is delivering the biggest hospital project in Australia's history, with massive upgrades to the Royal Melbourne Hospital and the Royal Women's Hospital and the construction of a new Arden medical precinct – giving patients from right across Victoria the very best of care, connected by the brand-new Metro Tunnel.

An estimated \$5-\$6 billion investment will deliver more than 1,800 beds and treatment spaces, with an initial \$2-\$2.5 billion included in the Update to fund construction of a new hospital tower at Arden – creating more than 400 beds, treatment spaces and boosting women's health services, including low-risk birthing.

The investment will also prepare the Parkville precinct for future redevelopment including upgrades to the Royal Melbourne and Royal Women's hospitals, where the future focus will be on emergency, trauma and acute care.

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As part of the Government's iconic level crossing removal program, another 25 dangerous and congested death traps will be removed across Melbourne – taking the total to 110 to be removed by 2030.

This \$6.5 billion investment will keep workers in thousands of construction jobs, free up local roads and get more Victorians home to their families sooner.

Investments to help meet Victoria's net-zero target include \$83.8 million to unlock offshore wind generation, slash emissions and create jobs.

Even amid the economic shock of the COVID-19 pandemic, the Government has overseen the greatest surge in jobs in Victoria's history, with more than 313,000 new jobs being created since September 2020 – eight in 10 of them full-time.

Victoria's unemployment rate is near a 50-year low, at 3.5 per cent. Regional unemployment has more than halved since November 2014 and sits at 2.9 per cent – the lowest rate in the nation.

Victoria is the fastest growing state in the country, with the ABS reporting State Final Demand growth in Victoria for 2021-22 some 40 per cent higher than the national average.

The Update shows that Gross State Product (GSP) grew by 5 per cent in 2021-22 and is forecast to increase by 3 per cent in 2022-23.

The Government's operating cash surplus is forecast to more than double from this year to reach \$5.3 billion in 2025-26.

Revenue has recovered strongly following the impact of the pandemic and is expected to be \$81.4 billion in 2022-23. Expenditure is forecast to be \$91.1 billion – a fall of 5.9 per cent in 12 months – followed by increases averaging 0.5 per cent a year over the forward estimates.

Government infrastructure investment is expected to average \$21.6 billion a year over the budget and forward estimates as Victoria's unprecedented Big Build continues. Since 2014, the Government's infrastructure investment alone has supported, or will continue to support, more than 191,000 jobs.

Net debt is projected to be \$165.4 billion in June 2026, \$2.1 billion lower than forecast in May, and will be lower in each year of the forward estimates than was previously predicted.

The NAB Monthly Business Survey for September showed business confidence in Victoria was the highest among all the states while business conditions were near the best on record.

#### **Quotes attributable to Treasurer Tim Pallas**

*"We had a plan to ensure our state's economic recovery – today's budget update shows it is working."*

*"Labor Governments invest in the people and the projects we need to grow the economy – without the savage cuts we've seen time and time again from Matthew Guy's Liberals."*

*"Make no mistake – Victorian jobs are on the ballot. The Liberals' plans to audit every major project would mean cuts and closures that would hurt Victorian families and put our whole economic recovery at risk."*