

Media Release

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PLAN DELIVERS STRONG ECONOMY, RECORD JOBS GROWTH

Victoria's planned and sustained recovery from the global pandemic is delivering a strong economy and record jobs growth, the *Budget Update* released today shows.

The Labor Government successfully used its balance sheet to protect the livelihoods of Victorians during the pandemic, setting a path to recovery at the same time.

The update from May's *Victorian Budget 2023/24* forecasts an operating cash surplus will be delivered each year of the forward period and a \$1 billion overall operating surplus achieved in 2025-26 and then increased in 2026-27. The overall operating result is improved in each year of the forward estimates compared with the May forecasts.

The report states Victoria's gross state product (GSP) – a key measure of economic activity – rose by 2.6 per cent in 2022-23 to be more than 8 per cent higher than in 2018-19, the last full year before the pandemic.

Australian Bureau of Statistics figures show Victoria's economic growth has outpaced NSW, Queensland, Western Australia and Tasmania over the past two years.

Independent analysts have highlighted Victoria's economic strength and strong prospects – CommSec ranks Victoria as the No.1 state for economic activity and Deloitte Access Economics forecasts Victoria's economic growth will outpace all other states over the next five years.

The Labor Government is investing in state-shaping infrastructure projects that drive jobs and expand the economy while harnessing the Covid Debt Repayment Plan to reduce non-productive debt created in the process of protecting Victorians in the 1-in-100-year crisis.

Victoria is the only Australian state or territory to have adopted a plan to pay down covid debt and consistently report on its progress as it has on the four-step fiscal strategy adopted in late 2020.

A strong economy has enabled record job creation and employment levels are just shy of the all-time high achieved last month – 3.69 million in total. More than 540,000 Victorian jobs have been created since September 2020 – the best performance of all the states in both absolute and percentage terms.

The participation rate at 67.8 per cent is 0.1 points below the record mark, which shows workers have confidence in getting a job.

The *Budget Update* shows step one of the Government's fiscal plan – creating jobs and rebooting economic growth – has been achieved, as has the second step, achievement of a cash operating surplus.

Achieving an overall operating surplus in 2025-26 is the third step, as is forecast in the *Budget Update*, followed by stabilising debt levels following the pandemic.

Forecast net debt in 2026-27 will increase by 3.7 per cent compared with the May Budget due mainly to an increase in investment in the North East Link program and associated Eastern Freeway Upgrade and M80 Ring Road Upgrade projects.

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The Government has outlined measures to manage debt sustainably in the medium term and interest expense as a share of total revenue is expected to average a manageable 7.4 per cent a year over the budget and forward estimates.

Quotes attributable to Treasurer Tim Pallas

“The economy is strong, there is close to a record number of Victorians in work and our fiscal plan is on track.”

“Our productive infrastructure investments are growing the economy and jobs – our strategy is producing real results for Victorians.”