

## **2015-16 Victorian Budget**

### **May 2015**

On 5 May 2015, Victorian Treasurer the Hon Tim Pallas MP handed down the 2015-16 State Budget, Labor’s first budget since winning the 2014 election. The main theme of the Budget was investment in health, education, transport and jobs.

This Budget focuses on investment in public transport, including funding for up to \$22 billion in new capital projects expected to create around 16 000 jobs.

This Budget produces an operating surplus of \$1.2 billion. It reduces net debt to 4.4 per cent of Gross Domestic Product by June 2019.

Economic growth is predicted to rise to 2.5 per cent in 2015-16 from 2.25 in 2014-15 and expenditure growth is maintained at 3 per cent, below revenue growth at 3.4 per cent.

An operating surplus is expected to grow to \$1.8 billion in 2018-19, with an accumulated surplus of \$5.8 billion over the next Budget and forward estimates period and Victoria’s AAA credit rating will be maintained.

Net debt is predicted to decrease to 4.4 per cent of Gross State Product by June 2019.

### **Contents**

State Capital Program Overview	2
Health	2
Emergency Services	3
Education	3
Jobs	3
Transport	4
Trade	4
Creative Sector	4

## Overview of the state capital program

The total estimated investment (TEI) value of projects under way in 2015-16, excluding public private partnerships (PPPs) is between \$49 billion and \$52 billion. This includes new projects announced in the 2015-16 Budget and also previously announced projects still under construction. Inclusive of PPPs, the total value of Victorian public sector capital projects under way or commencing in 2015-16 is up to \$56 billion.

**Table 1: Infrastructure investment by total estimated investment – summary**

(\$ thousand)

Sector	Total estimated investment	Estimated expenditure to 30.06.15	Estimated expenditure 2015-16	Remaining expenditure
<b>General government</b>				
New projects	7 427 083– 8 427 083	23 517	786 177	1 620 389
Existing projects	8 822 689	3 796 978	2 005 401	2 962 310
<b>Public non-financial corporations</b>				
New projects	13 529 327– 15 529 327	290 342	1 028 134	14 210 851
Existing projects	19 200 711– 19 240 711	7 338 495	2 343 442	9 558 774
<b>Total new projects</b>	<b>20 956 410– 23 956 410</b>	<b>313 859</b>	<b>1 814 311</b>	<b>15 831 240</b>
<b>Total existing projects</b>	<b>28 023 400– 28 063 400</b>	<b>11 135 473</b>	<b>4 348 843</b>	<b>12 521 084</b>
<b>Total projects <sup>(a)</sup></b>	<b>49 215 633– 52 255 633</b>	<b>11 453 132</b>	<b>6 506 289</b>	<b>34 296 212</b>

Source: Department of Treasury and Finance

Note:

(a) Includes TEI and expenditure for commercially sensitive projects not individually disclosed.

## Budget Highlights

### HEALTH

The Andrews Government has allocated in the 2015-16 Budget, \$2.1 billion into Victoria's health system.

- \$15 million to plan and develop for the Victorian Heart Hospital – to be built at Monash University - the first specialist heart facility in Australia;
- \$40 million to upgrade ambulance branches, including new vehicles and equipment;
- \$59 million to reduce emergency response times and improve transfer times of patients from ambulances to emergency departments;
- \$29 million to establish late night pharmacies for late night emergencies;
- \$300 000 in funding to evaluate and plan a real time prescription monitoring system and
- \$25 million allocated for hospitals and universities to collaborate to undertake research on debilitating genetic diseases.

### EMERGENCY SERVICES

- \$9.6 million to fund the Emergency Management Response (EMR) program at 33 integrated CFA stations, in order to dispatch firefighters at the same time as paramedics;

- \$33.5 million to purchase 70 new CFA trucks that will incorporate state of the art firefighting technology and
- \$3 million to purchase land for the development of an emergency services hub at Morewell for fire and ambulance services.

#### *EDUCATION*

- \$111.1 million has been allocated to build 10 new schools;
- \$40 million has been allocated to purchase new land for schools in Victoria's fastest growing suburbs;
- \$50 million for the TAFE Back to Work fund that will assist in the creation of new training courses to assist campuses meet the needs of local employers and
- \$300 million to complete the \$320 million TAFE Rescue Fund to re-open closed buildings, upgrade workshops and classrooms.

#### *JOBS, INDUSTRY AND INNOVATION*

- \$100 million to fund the Back to Work Scheme by providing incentives for business that hire unemployed youth;
- \$200 million to establish to Future Industries Fund, allocating grants of up to \$1 million for businesses working in the following six industries:
  - Medical technology and pharmaceuticals
  - New energy technology
  - Food and Fibre processing
  - Transport, defence and construction technology
  - International education
  - Professional services
- \$508 million for the Premier's Jobs and Investment Fund, providing the opportunity for Victoria's most senior economic and business leaders to engage with Government to create high-skill, high-wage employment opportunities and
- \$60 million allocated for a 'start-up' initiative to build a network of Victoria's brightest entrepreneurs to develop business cases to assist in launching the best business ideas.

#### *TRANSPORT*

- The Budget commits \$2.4 billion over four years towards the removal of 50 level crossings as part of the Level Crossing Removal Project;
- \$1.5 billion committed over the next four years to the Melbourne Metro Rail Project to undertake planning, designs and early works to begin construction by 2018. Includes nine kilometers of underground tunnel from South Kensington to South Yarra;
- \$600 million to build 20 new E-class trams, build 21 new VLocity train carriages and refurbish the Comeng train fleet and B-class trams;
- \$272.8 provided for the widening of CityLink and the Tullamarine Freeway to improve travel times to and from the airport;

- \$150 million to undertake the next stage of the M80 Upgrade to widen and install traffic management equipment;
- \$40 million to be invested into the Westgate Distributor – to widen Whitehall Street, upgrading the connection to Footscray Road and strengthening and widening the Shepherd Bridge over the Maribyrnong River and
- Murray Basin Rail Project, costing \$180-\$220 million in total to upgrade rail freight in northern Victoria

#### *TRADE*

- \$12 million for inbound trade missions to attract international investors to Victoria.
- \$6 million to increase the Victorian Government Business offices (VGBO) in key trading countries. VGBOs will be established in South America, Singapore and Turkey.

#### *CREATIVE SECTOR*

- \$80 million to sponsor major events to grow tourism industry;
- \$200 million to support Victorian arts, culture, film, television, music and design industries;
- \$55.4 million towards an \$83.1 million project to re-develop the state library, forecasting an increase in public access by 40 per cent and
- \$14.1 million in various funding initiatives to encourage active lifestyles.

#### **Further information**

View the Victorian 2015-16 Budget papers [here](#)

The schedule for Victorian Budget Estimate Hearings is available [here](#).