

2019-20 Victorian Budget May 2018

On 27 May 2019 Victorian Treasurer the Hon. Tim Pallas delivered the Victorian Labor Government's fifth **Budget**.

The 2019-20 Budget follows through on the commitments made by Labor during the 2018 Victorian State Election.

The Budget outlines how the Victorian Government will deliver record investment in rail and road infrastructure, whilst still delivering a \$1 billion surplus. The Budget also makes significant commitments to childhood and vocational education, keeping in line with the Government's vision to keep Victorians engaged in, and well trained for the evolving labour landscape.

The Treasurer's Budget speech is available [here](#).

The 2019-20 Budget is available in full [here](#).

Contents

| | |
|---|---|
| The Budget Outlook..... | 2 |
| Jobs..... | 3 |
| Transport and infrastructure..... | 3 |
| Roads..... | 4 |
| Rail and Ports..... | 4 |
| Education..... | 4 |
| Early Childhood Education..... | 5 |
| Skills and training..... | 5 |
| Health..... | 5 |
| Mental Health..... | 6 |
| Small business and trade..... | 6 |
| Regional Partnerships..... | 6 |
| Justice and Corrections..... | 7 |
| Environment..... | 7 |
| Family violence..... | 8 |
| Planning and Housing..... | 8 |
| Cost of Living..... | 8 |
| Multicultural and Indigenous Affairs..... | 9 |
| Tourism and the Arts..... | 9 |
| Sports..... | 9 |
| Further information..... | 9 |

The Budget Outlook

The outlook for the Budget is projected to be:

- 2019-2020 an estimated operating surplus of \$1 billion.
- 2020-2021 an estimated operating surplus of \$1.5 billion.
- 2021-2022 an estimated operating surplus of \$3.9 billion.
- 2022-2023 an estimated operating surplus of \$4.9 billion.

The Victorian economy is expected to grow by 2.75% in 2019-2020; and again by 2.75% each of the following years across the forward estimates.

Real Gross State Product has averaged 3.2 per cent a year over the past three years, continuing to rise at a higher rate than population growth.

The Government estimate net debt as a percentage of Gross State Product (**GSP**) to now be at 5.1% by July 2019; this will rise to 10% at the end of the forward estimates in 2022-2023. It is these calculations that will ensure that Victoria maintains its AAA credit rating.

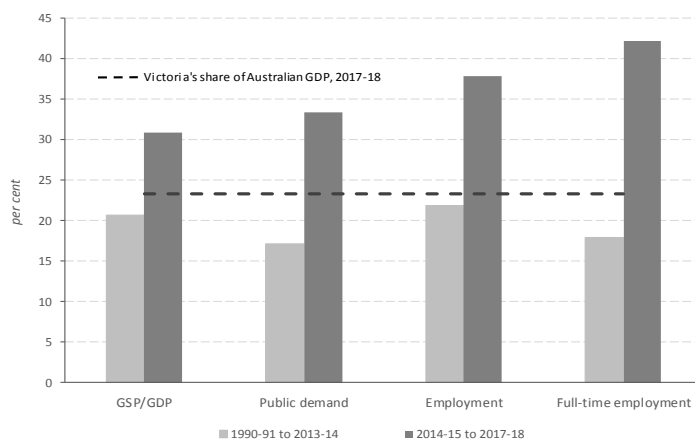
Victoria's state-wide unemployment rate in the March 2019 Quarter was 4.6%; this was also the reported figure in regional Victoria. However, the forward estimates project that employment growth will fall from 3.25% in 2018-2019 to 2% in 2019-2020, resulting in a small increase in unemployment numbers over the forward estimates to 5.5% 2022-2023.

Table 1.1: General government fiscal aggregates ^(a)

| | <i>Unit of measure</i> | <i>2017-18 actual</i> | <i>2018-19 revised</i> | <i>2019-20 budget</i> | <i>2020-21 estimate</i> | <i>2021-22 estimate</i> | <i>2022-23 estimate</i> |
|--|----------------------------|---------------------------|----------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| Net result from transactions | \$ billion | 2.3 | 1.1 | 1.0 | 1.5 | 3.9 | 4.9 |
| Government infrastructure investment ^{(b)(c)} | \$ billion | 12.1 | 12.4 | 14.2 | 14.7 | 12.2 | 12.6 |
| Net debt | \$ billion | 20.0 | 22.8 | 39.0 | 46.9 | 51.1 | 54.9 |
| Net debt to GSP ^(d) | per cent | 4.6 | 5.1 | 8.3 | 9.5 | 9.8 | 10.0 |

Source: Department of Treasury and Finance

Chart 1.1: Victoria's contribution to national growth, selected indicators



(Source: Budget Paper No 2: Strategy and Outlook, pg 2.)

Jobs

The Victorian Government continues its commitment to a job creation agenda by funding for the purpose of attracting investment from rapidly growing industries and multinational businesses. Additionally, there is a commitment to small and medium enterprises to increase the payroll tax threshold from \$500,000 to \$700,000 by 2022-2023.

Building on record jobs growth in Victoria, the budget includes:

- \$150 million to establish the Victorian Jobs and Investment Fund, which will: support opportunities of State significance to create jobs and promote economic development and includes:
 - \$10 million for LaunchVic to continue its work supporting local startups.
 - \$8.8 million for employment initiatives that build on the enormous success of Jobs Victoria.
 - \$5 million will be provided to fund trade missions, and the delivery of training and skills programs that help build the export capability of local businesses and maintain our trade focus on Asia.
- Cuts to Regional payroll tax rate will be cut to 25 per cent of the metropolitan rate by 2022-23.
- Additionally, Regional Victoria will also benefit from a land transfer duty concession, starting from 10 per cent from July 1, 2019, increasing 10 per cent annually to 50 a per cent discount from July 1, 2023.
- \$143 million will expand the biosecurity services system ensuring our state's clean and green reputation, supporting Victorian producers and Victorian jobs.
- \$976 m to ensuring more Women achieve economic security, including \$98.8m for initiatives addressing maternal and reproductive health

Transport and infrastructure

A state record of \$13.4 billion (average over the forward estimates) in infrastructure spending has been allocated across the forward estimates, peaking at \$24.7 billion in 2020-2021. The record spend on infrastructure by the Victorian Government is expected to support more than 115,000 jobs.

Chief amongst the Victorian Governments long term infrastructure plans is the '\$27.4 b Suburban Transport Blitz', which includes:

- \$15.8 b to fund the North East Link completing Melbourne's freeway network, Connecting the M80 Ring Road at Greensborough to the Eastern Freeway at Bulleen Road.
- \$6.6 billion to remove another 25 level crossings; with the aim of removing 75 by 2025.
- \$3.4 billion to develop the suburban train network, delivering upgrades to the Sunbury Line, duplicating the Cranbourne Line and Stage Two of the Hurstbridge Line.
- \$163 million for new and upgraded trams.

- \$50.1 million to improve the Victorian bus network.
- \$195 million for extra train services across Victoria.

The 2019-2020 Budget commits \$14.2b to infrastructure spending including:

Roads

The Budget provides for more than \$1 billion in roads funding, including:

- \$425 million to fix and maintain roads across regional Victoria to improve journey time, safety and better connect our regional road network.
- \$608 million to upgrade the local suburban roads that drivers use every day, including \$22.6 million to fix congested local intersections.
- \$45.4 million for new bike and pedestrian paths along suburban roads.

Rail

- \$100 million for detailed planning and design works that would separate regional and metro services on the Geelong and Ballarat lines.
- \$49.6 million to construct three new stations at Goornong, Raywood and Huntly, as well as planning for a Bendigo Line Upgrade, including the re-establishment of a station at Harcourt.
- \$2 million for design and pre-procurement on upgrading track between South Geelong and Waurin Ponds Station, enabling Geelong to Melbourne services to start from Waurin Ponds, providing better and more frequent services for locals/
- \$340 million will deliver up to 18 new VLocity trains, replacing older trains on Victoria's busiest regional lines.
- \$19 million for expanded operations at stabling and maintenance facilities at Wyndham Vale, South Dynon, East Ballarat and Bendigo.

Ports

- \$50.3 million to deliver a rebuilt St Kilda pier. The rebuilt pier will curve out into the bay with a penguin viewing area and tiered seating providing access to the water, as well as new toilets, and sheltered areas.

Education

The Budget provides a \$2.8 billion investment in schools, including \$1.82 billion to build and upgrade schools:

- \$58 million to expand the school breakfast club program to an extra 500 schools, totalling 1000 government schools meaning kids will be learning with full stomachs.
- \$363 million for repairs, renovations and upgrades across 59 existing schools, and upgrade plans for a further 44 schools.
- \$671 million to build 17 new schools in high-growth areas; add facilities to seven others already under construction and planning for more new schools.
- \$46 million for land acquisition for new school sites.
- \$402 million to build, expand and renovate state non-government schools.
- \$291 million for the Relocatable Buildings Program, School Pride and Sport Fund and Asbestos Safety Program.
- \$20.7 million to ensure tampons are available and accessible for students in all government schools.

- \$10 million for playgrounds, outdoor sensory areas.
- \$5 million to assist vulnerable families facing financial hardships with the purchase of school equipment.
- \$1.2 million for the Active Kids Program ensuring disadvantaged schools can participate in interschool sport and other activities.

Early Childcare Education

The Government is investing \$882 million to increase access to early childhood education across the Victoria. The initiative aims to ensure every three-year-old has access to at least 5 hours per week of subsidised child-care by 2022, increasing to 15 hours a week over the next decade. Further highlights are:

- \$28.5 million to add early childhood to the list of Victorian TAFE courses, increasing the supply of well-trained early childhood staff.
- \$38.5m to ensure Victorian children can access early childhood, including \$33.6 million for local councils and eligible providers to expand and improve local kindergarten and childhood facilities.

Skills and training

\$180 million will be invested by the Victorian Government into skills and training, with a focus on revitalising the TAFE system and ensuring the training system is properly aligned to meet the needs of industry, including:

- \$57 million to ensure the upgrad and redevelopment of TAFE facilities across Victoria, delivered through the Building Better TAFEs Fund.
- \$28.5 million to include selected early childhood courses on the Free TAFE list.
- \$8.8 million to expand JobsBank and the Jobs Victoria Employment Network, to long-term and disadvantaged jobseekers find work.
- \$5.6 million to develop a new on-site apprenticeships.
- \$10.2 million in grants to support Victoria's small-scale agribusinesses to scale up their operations and take their produce to the world.

Health

The Labor Government has invested \$11.7 billion in healthcare over the last four years and is set to continue with a further \$5.5 billion committed over the next four years. Highlights on health outputs in the forward estimates are:

- \$1.4 billion for the construction of Footscray Hospital, a new facility with a proposed capacity of 504 new hospital beds.
- \$100 million to boost the Regional Health Infrastructure Fund, developing and upgrading the facilities needed to care for Victorians in regional areas.
- \$59.5 million for a new rehabilitation center at Bendigo Hospital.

- \$31.4 million for 30 new in-patient beds and an expansion of the emergency department of the Royal Children’s Hospital.
- \$1.2 million for Victorian services to deliver programs that will improve quality of life for clients with an eating disorder and reduce hospital readmission rates.
 - Peer Mentoring Program (PMP) with an extra \$250,000 in funding, while \$617,000 will be provided to the Centre for Excellence in Eating Disorders (CEED)
- \$322 million initial investment in the rollout of free dental care at all public primary and secondary schools.
- \$136 million to deliver 500,000 extra appointments with medical specialists for patients in regional Victoria.

Mental Health

The Budget delivers a \$173 million investment in mental health and rehabilitation programs, including:

- \$28.7 million to provide access to 7000 people in need of immediate support, through additional clinical mental health services in communities across Victoria.
- \$17.5 million to strengthen mental health workforce initiatives and fund programs supporting Aboriginal Victorians.
- \$3 million for mental and physical health support to support Asylum Seekers awaiting confirmation of their refugee status.
- \$18.9 million to support mental health clinicians at the Victorian Fixed Threat Assessment Centre and deliver extra specialised services to meet the needs of people referred by the Centre.
- \$10.2 million for a new 30-bed residential rehabilitation facility in Gippsland.
- \$6.6 million to increase capacity at three Prevention and Recovery Care (PARC) units to support Victorians in the early phases of recovery through more treatment options and improved clinical care.
- \$6 million to establish a Centre for Excellence for Emergency Worker Mental Health to provide timely, evidence-based mental health care to emergency service workers.
- \$17.1 million for the Royal Commission into Victoria’s Mental Health System to continue its work.

Small business and trade

- The Government is introducing a 2.75% from 1 January 2020, it is estimated this will generate \$56 million.
- Corporate restructure rules will be more flexible, replacing the one-off corporate restructure exemption with 90 per cent concession on duty.
- Yet another cut to the regional payroll tax rate, from 50% to 25% of the metropolitan rate by 2022-2023, alongside expanded eligibility.
- \$50 million to the Growing Suburbs Fund (**GSF**) to build and upgrade new community facilities.

Regional Partnerships

The 2019-20 Budget invests \$2.6 billion in Regional and Rural partnership projects including:

- \$425 million for regional road maintenance across regional and rural Victoria.

- \$60.8 million to enhance road safety and travel times across Ballarat.
- \$2 million for design and pre-procurement activities to upgrade rail service track between South Geelong and Waurin Ponds Station.
- \$49.6 million to construct three new stations in and around Bendigo.
- \$30 million to establish the Regional Car Parks Fund, which will provide 2000 new car parking spaces across the regions.
- \$59.5 million to build a new rehabilitation center at Bendigo Hospital.
- \$20 million to relocate Barwon Health clinical facilities from the Geelong Cultural Precinct to the Geelong Hospital Precinct.
- \$11.8 million to upgrade the Eureka Stadium and Ballarat Sport and Entertainment Precinct.
- \$10 million to restore and redevelop the Her Majesty's Theatre in Ballarat.
- \$16.7 million to provide free Wi-Fi to regional centers.

Justice and Corrections

The Budget will include \$1.8 billion in new funding to meet growing demand on the court and prison systems.

This funding will deliver 1600 new beds and prison infrastructure across the state. This includes expanding the new Chisholm Road prison by 548 beds and adding more than 100 beds to the Dame Phyllis Frost Centre. Additionally, the 2019-20 Budget provides:

- \$237 million for more than 100 new beds and infrastructure upgrades to women's prisons.
- \$152 million for the Bendigo law court development, a multi-jurisdictional regional headquarter court facility for Bendigo and the wider Loddon Mallee region to enable access to some specialist court programs.
- \$93.2 million for programs and services focused on keeping high risk people out of the justice system, focusing on young and Aboriginal people.
- \$3.2 million to begin implementing the Victorian Law Reform Commission's recommendations on financial assistance for victims of crime.

Environment

- \$5.1 million for projects identified in the Yarra River Strategic Plan, improving the health and liveability of the Yarra catchment and supporting Traditional Owners to be involved in waterway management.
- \$154 million in the Suburban Parks Program, delivering a key election commitment that will create 6,500 hectares – or the equivalent of more than 170 Royal Botanic Gardens – of new parkland in the suburbs that need them the most.
- \$5 million for upgrades to botanic gardens across Victoria.
- \$15 million to The Environment Protection Authority supporting the delivery of accurate and timely information, and better respond to pollution and emergency incidents.
- \$35 million to strengthen and diversify Victoria's waste and recycling industry – including establishing contract models, promoting and developing new markets, and ensuring strong regulatory oversight.

Family violence

The Government remains committed to implementing every single one of the 227 recommendations of the Royal Commission into Family Violence.

The Budget provides an additional \$185 million in addition to \$2.7 billion the government has already invested into preventing family violence, including:

- \$85 million to behavioural change programs, intensive engagement of perpetrators and extending the pilot of the Caring Dads program.
- \$28.7 million for the operation of three new Aboriginal Orange Door access points and to expand frontline Aboriginal family violence services.
- \$23.9 million to provide 24/7 access to women's refuges, additional places in refuges and support for victim survivors in emergency accommodation.
- \$20.9 million provided for family violence and sexual assault therapeutic support, which will include specialised services for Aboriginal Victorians.
- \$2.9 million to support LGBTIQ people experiencing family violence
- \$2.8 million to support people living with a disability, who are experiencing family violence.
- \$6.3 million for initiatives to engage young people in Aboriginal and culturally diverse communities.

Planning and housing

The Victorian Budget 2019-2020 includes \$209 million for public housing, as the state commits to staying on track in delivering 1000 new homes over the next three years. Additionally, the Budget provides for:

- \$46.4 million to address flammable cladding installed in homes and apartment blocks across Victoria
 - The funds are provided for risk assessments of private buildings by the Victorian Building Authority, plus another 15 cladding rectification projects.
- \$103.5 million in matched funding will be provided through the National Housing and Homelessness Agreement to provide funding certainty for 48 agencies delivering services to people experiencing or at risk of homelessness
- \$20.5 million to preserve Victoria's most culturally and historically significant places through Heritage Victoria's Living Heritage Program.
- The Better Apartments program will be rolled out to suburban areas with \$4.6 million of funds.
- \$8.9 million is allocated for servicing and replacing gas heaters in public housing.

Cost of living

- \$545 million to expand Solar Homes Program over the next five years by subsidizing the cost of solar panel energy systems, solar hot water systems or battery storage for homes with existing solar panels for 770 000 homes over the next 10 years.
- The Budget also extends payroll tax exemptions for wages paid to employees on maternity leave to include all types of parental leave.

Multicultural and Indigenous affairs

- \$109.1 million to progress Treaty, deliver culturally safe and effective services to improve outcomes for Aboriginal Victorians, as well as prioritise Aboriginal culture.
- \$5 million to develop the Budj Bim Master Plan, which has officially been recommended for a place on UNESCO's World Heritage List.
- \$8.5 million will continue the successful Aboriginal mental health projects, supporting Aboriginal Victorians with severe mental illness, trauma and other needs, along with \$8.7 million to support victims of sexual assault.
- \$13.6 million will be provided to continue the transfer of case management of Aboriginal children in care to Aboriginal Community Controlled Organisations
- \$27.1 million to upgrade seven existing culturally specific aged care homes, buy land for two new Indian aged care facilities in Melbourne's west and south-east, and land for a Chinese-specific aged care home.
- \$500,000 towards assisting ethnic media outlets across the state purchase new equipment.

Tourism and the Arts

- \$128 million for final stage development of the Geelong Performing Arts Centre.
- \$47.7 million to the National Gallery of Victoria over the next three years to continue their summer programming and events.
- \$16.5 million for the revitalisation and maintenance of creative spaces across the state, including:
 - \$7 million towards State Library Victoria's Vision 2020 project.
 - \$4.5 million to continue rejuvenating Museum Victoria's exhibitions
 - \$5 million to maintain creative facilities.
- \$800,000 for JOY radio 94.9 to relocate to the Victorian Pride Centre in St Kilda.

Sports

The Victorian Budget 2019-2020 includes \$593.2 million to improve community sports infrastructure

- \$101 million for the redevelopment of the State Basketball Centre.
- \$175 million in Local Sports Grants for new and improved community sports infrastructure.
- \$11.8 million for further improvements at Mars Stadium and the Ballarat Sport and Events Centre.
- \$2.3 million for planning Stage five of Kardinia Park's redevelopment
- \$21.6 million to upgrade community soccer facilities to meet increasing demand across Victoria.
- \$13.5 million to develop up to six new cricket and community centres and continue the Cricket Facilities grants program.
- \$7.5 million to support golf around Victoria, including stage two of the 'Home of Golf' at Sandringham.

Further information

The Victorian Treasurer's Budget speech is available [here](#)

The 2019-20 Budget is available in [full here](#).

Hawker Britton's Occasional Paper on the 2018-19 Victorian Budget is available [here](#).