

Hawker Britton

2024-25 Victorian Budget

08 May 2024

On Tuesday 07 May 2024, Victorian Treasurer the Hon. Tim Pallas MP delivered the first Budget of the Allan Labor Government and the tenth consecutive Budget of the Victorian Labor Government.

The 2024-25 Victorian Budget is centred on helping families facing cost of living pressures and on fiscal discipline as governments around the world steer their economies through high inflation and workforce shortages.

The Budget addresses these economic challenges by making a range of sensible and disciplined decisions, while continuing the Labor tradition of investing in the health, education, transport, and housing that Victorians need.

A key initiative of the Budget is a one-off \$400 School Saving Bonus to cover a range of expenses like uniforms, camps, and excursions to help families as the cost of living continues to place pressure on household budgets.

In 2018 the Victorian Labor Government promised to build 100 new schools by 2026. The 2024-25 Budget delivers on that commitment with a \$1 billion investment to build 16 new schools and additional stages at two recently opened schools.

The 2024-25 Victorian Budget delivers the biggest investment in the states healthcare system ever. This includes a multi-year investment of more than \$11 billion for services to meet Victorians future health needs, including more than \$8.8 billion in operating funding for hospitals.

Investment in skills and training is central to addressing current workforce shortages and the 2024-25 Budget responds to this directly in its delivery of \$550 million for skills and training through the TAFE network in continuing initiatives like Free TAFE, as well as supporting trainees and apprentices.

The Victorian Governments commitment to net zero is also a key feature of the 2024-25 Budget. The Budget invests more than \$18 million to plan for offshore wind generation, and \$17 million to continue planning, and designing, a renewable energy terminal at the Port of Hastings.

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

The 2024-25 Budget is available in full [here](#).

Budget Outlook

In 2020, in the midst of the COVID-19 pandemic, the Victorian Labor Government laid out a four-step strategy for strong and sensible financial management. The first step was to let the state's balance sheet absorb the blow of the pandemic – protecting jobs, businesses and lives.

The second step of returning to an operating cash surplus is a key measure of fiscal sustainability. The Government achieved an operating cash surplus of \$4.2 billion in 2022-23, and the Budget forecasts an operating cash surplus across the forward estimates, reaching \$6.1 billion in 2027-28.



The Government is also on track for Step Three, with this Budget forecasting an operating surplus of \$1.5 billion in 2025-26, which then increases to \$1.6 billion in 2026-27 and \$1.9 billion in 2027-28.

This Budget also delivers on Step Four in stabilising debt levels, with the growing operating cash surpluses funding a higher proportion of capital expenditure, reducing the reliance on borrowings.

Because of the success of this approach, the Government has now updated the fiscal strategy and added Step Five: reducing net debt as a proportion of the state's economy. This Budget will see net debt to GSP fall for the first time since 2017.

Net debt is expected to be \$156.2 billion in June 2025 – or 24.4 per cent of GSP, before reaching 25.2 per cent in 2026-27 and then declining to 25.1 per cent in 2027-28.

Health

Key features of the 2024-25 Victorian Budget are the investments into frontline health services and upgrades to hospitals around the State, giving a significant boost to the broader Victorian health system. The key spending commitments include:

Upgrading hospitals

\$8.8 billion over the next 4 years provides long-term operational stability for hospitals post-COVID-19. This funding supports essential services such as emergency departments, inpatient wards, and operating theatres, as well as the procurement of medicines and equipment. It also helps address the lingering impacts of the pandemic on the health sector.

- \$813 million to start construction at the Northern Hospital, including a new emergency department with a dedicated paediatrics zone, a mental health, alcohol and other drugs hub and additional inpatient beds.
- \$535 million to expand the Monash Medical Centre, including expanded maternity care facilities, new operating suites and a new intensive care unit.
- \$275 million to build a new emergency department for the Austin Hospital, expanding capacity and including a dedicated paediatrics zone.
- \$118 million to upgrade infrastructure at The Alfred, ensuring it can continue to deliver the very best care to patients.
- \$36 million to establish a Community Health Hub in the City of Melbourne to address alcohol and drug-related harm.

Frontline health services

\$55.2 million supporting the health workforce. This includes support for Registered Undergraduate Student of Nursing or Midwifery positions, nurse practitioner development, and transition to practice programs. Additionally, it provides capability development resources for nurses and midwives in regional areas.

Energy, Environment & Climate Action

Energy

- \$10.2 million over three years to support critical actions to facilitate renewable energy projects while mitigating their biodiversity impacts, including improvements to spatial risk

mapping, targeted research and expert advice and updated guidance and assessment standards.

- \$18.3 million over two years to progress planning to meet the Government’s commitment to procure projects that will generate at least 2 gigawatts of offshore wind by 2032.
- \$12.5 million to support VicGrid’s transmission planning reforms, including establishing VicGrid as the transmission planner for Victoria and to continue policy development and engagement to support implementing the new Victorian Transmission Investment Framework.
- \$5.9 million for a strategic review to deliver an updated Victorian Energy Upgrades (VEU) program that ensures continued alignment with key Government objectives including electrification, energy affordability, emissions reduction targets, and reliability.

Resources

- \$44.7 million over four years to support Resources Victoria to deliver improved efficiency and reliability of licensing approval functions, regulate potential harms in earth resource operations, and support industry investment into critical minerals and extractive materials with reform and targeted programs.

Waste and Recycling

- \$14.8 million over four years to support circular economy policy functions within the Department of Energy, Environment and Climate Action to continue improving Victoria’s waste and recycling system and help achieve the Government’s ambitious circular economy targets. This includes funding to realise the benefits of previous investments in Victoria’s waste data systems and infrastructure.

Transport and Planning

Metro Tunnel and West Gate Tunnel: ready for day one

- \$352 million over 4 years to improve staffing, and trial operations to facilitate Metro Tunnel early opening in 2025.
- \$233 million for activities to get the Metro Tunnel ready for day one – recruiting and training drivers, timetabling, completing final testing, preparing customer information and education, and training a dedicated customer service team.

Transforming the transport network

This Budget invests \$752 million to switch on the Big Build. It also funds additional network improvements, including:

- \$214 million to maintain the Digital Train Radio System and plan for future upgrades.
- \$133 million to support the regional rail network, including operating newly delivered train stabling yards, stations and VLocity trains, and upgrading the 150-year-old historic rail tunnel between Geelong and South Geelong.
- \$104 million for works to keep rail freight moving across Victoria, including encouraging operators to take up rail, reducing trucks on local roads.

Housing Statement: Building reforms

- \$63.3 million over three years to support the successful delivery of Victoria’s Housing Statement to build 800 000 homes over the next decade, including increasing access to



insurance for consumers, delivering reforms to support the use of modern methods of construction and the development and delivery of a new legislative model.

Victorian Renewable Energy Terminal planning and design

- \$16.7 million over two years to undertake further planning and design work on the Victorian Renewable Energy Terminal at the Port of Hastings to support the Government's commitment to the generation of electricity from offshore wind power.

Education

The 2024-25 Victorian Budget delivers an investment of \$3.1 billion in education, including tackling back-to-school costs for families, while continuing the nation-leading school-building agenda and delivering 100 new schools by 2026.

A key feature of the Budget is a \$287 million package to deliver a once-off \$400 School Saving Bonus that families can use to cover the cost of uniforms, camps, excursions and other extracurricular activities through the year.

Kindergarten Delivery

- \$128.6 million for the Best Start, Best Life reforms, which includes Free Kinder and Pre-Prep, and Three-Year-Old Kindergarten. This initiative continues funding for Kinder Kits to all children enrolled in Three-Year-Old Kindergarten for the 2025 kinder year.

Promoting Equal Access to Education

- \$281.6 million to assist families with the cost of living. This includes an allowance for all government and eligible non-government school students to help cover the cost of uniforms and activities such as school camps, excursions and sporting events, plus an expansion of the Glasses for Kids programs to more schools.

School Education – Primary and Secondary

- \$553.9 million provided over the next four years to government and non-government schools to meet student enrolment growth.

Supports for Schools and Staff

- \$140 million over the next four years is provided to government schools for maintenance and compliance programs.
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- \$151 million to deliver cleaning reform in schools and ensure enhanced cleaning quality standards and industrial settings for workers across Victoria.
- \$947.7 million to build 16 new schools, to meet the Government's commitment to open 100 new schools across the state by 2026.
- \$152.4 million to procure relocatable buildings to relieve pressure at schools that are reaching their capacity and to provide additional functional spaces for learning.
- \$226.7 million is provided over four years to 25 schools across Victoria for capital upgrades. This will improve educational outcomes by providing modern classrooms and facilities for learning and community use.

Jobs, Skills, Industry and Regions

The Victorian Labor Government's commitment to creating secure jobs and great training opportunities continues in the 2024-25 Victorian Budget, delivering \$580 million to back great jobs, support workers and address skills gaps in every corner of the state.

Industry, Small Business and Medical Research

- \$4.4 million is provided so that Victorians changing their career through the Digital Jobs Program will continue to have the opportunity to re-shape their job prospects and move into Victoria's growing tech sector, supporting our tech sector in filling critical skill shortages.
- \$39.9 million over four years for the continued operations of LaunchVic, which will support founders and startups to develop critical skills, access mentorship and networks, as well as enhance startups' access to capital by developing the sophistication of Victoria's investor networks and leveraging government co-investment.

Training, Higher Education and Workforce Development

- \$394.3 million to meet expected demand for eligible students to undertake accredited vocational education and training to enhance their skills and employment opportunities, including through Free TAFE and expanded eligibility in priority areas.
- \$112.7 million over two years to continue to support the TAFE Network as Victoria's trusted public provider of choice, including through the provision of student support services, student inclusion and wellbeing programs, training delivery in priority thin markets and regions, strong governance and a high-quality teaching workforce. The TAFE Network is critical in meeting Victoria's current and future skills requirements and economic growth.

Families, Fairness and Housing

Housing Assistance

- \$196.9 million over four years to deliver vital programs that support people who are homeless and at risk of homelessness.

Family Violence Service Delivery

- \$41.6million over four years to continue delivery of the perpetrator case management program with individualised and timely interventions to reduce the risk associated with perpetrator's use of family violence. This includes responses for diverse cohorts, including Aboriginal communities, as well as the specialised intervention programs for diverse cohorts. Funding is also provided for the continued support for research to inform evidence-based policy and program development for prevention of family violence.
- \$72 million over two years to support family violence victim survivors.

Government Services

Common Corporate Platforms program



- \$25.5 million is provided to deliver efficiencies, and drive productivity gains with the Common Corporate Platforms program, which is implementing a standardised human resources platform for various Departments.

Cyber Defence Centre

- \$10.8 million is provided over three years to the Cyber Defence Centre to deliver cyber incident response capabilities and enhance data security.

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Aboriginal Affairs

Delivering a Victorian Truth and Justice Process

- \$6.8 million to support the extension of the Yoorrook Justice Commission as the formal truth-telling process with Aboriginal Victorians. This includes operational support for the Yoorrook Justice Commission and to enable the Victorian Government to engage with the Yoorrook Justice Commission process.

Improving outcomes for Indigenous children

- \$51 million over four years to improve the learning and wellbeing outcomes of Aboriginal and Torres Strait Islander students in Victorian government schools through better supports in the education system. This includes increasing Aboriginal-led decision making in education, school-community partnerships, improving educational outcomes and



experiences for Aboriginal Victorians, and sharing knowledge and understanding of Aboriginal and Torres Strait Islander histories, communities and cultures.

Increased Traditional Owner access to water and decision making in water management

- \$41.3 million over four years to support Victoria's *Water is Life: Traditional Owner Access to Water Roadmap* to enable increased Traditional Owner access to water and decision making in water management.

Further information

For more information, please contact your Hawker Britton Victorian consultants JP Blandthorn on +61 3 9034 3021 and Emma Webster on +61 3 9034 3020.

Further Hawker Britton Occasional Papers on the activities of the Victorian Government are available [here](#).