



Victorian Budget 18/19

GETTING THINGS DONE

Treasurer's Speech

Budget Paper No. 1
Presented by Tim Pallas MP,
Treasurer of the State of Victoria



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Budget Paper No. 4 State Capital Program
Budget Paper No. 5 Statement of Finances
(incorporating Quarterly Financial Report No. 3)

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VICTORIA

BUDGET SPEECH

Delivered on 1 May 2018

by Tim Pallas MP

Treasurer of the State of Victoria

In accordance with section 28 of the *Charter of Human Rights and Responsibilities Act 2006*, I table a statement of compatibility for the Appropriation Bill (2018-19).

I move that this Bill now be read a second time.

Speaker, from the moment we took office, we haven't wasted a day.

We think big. We act quickly. We get things done.

This budget holds true to our values, and to our promises.

We said we would deliver a strong economy, and we have.

Victoria is the fastest growing economy in the nation.

We have delivered the highest average surplus of any Victorian government in history, we've kept debt levels below what we inherited, and we've maintained our prized triple-A rating.

Crucially, they're the means by which we can build the State and deliver for all Victorians.

Speaker, this budget encapsulates everything the Andrews Labor Government stands for.

It captures the essence of good government.

Good governments have a vision. They think decades ahead.

They manage the present, but act as custodians of the future.

They make tough decisions.

They build something bigger than themselves, something that endures for generations, something that leaves an indelible legacy.

Speaker, since 2014 this Government has invested more than \$48 billion to build the schools, the hospitals, the roads and the public transport system our state needs.

During this time, hundreds of thousands of jobs have been created.

Indeed, one in every 10 jobs in our economy today was created over the past three and a half years.

While the previous government was artfully idle, we haven't wasted a moment in getting things done.

In the coming year, \$78.9 billion of state capital projects will commence, or are underway.

But when all the numbers are crunched, this budget is about the fundamental building blocks of any fair and prosperous society – more skills, more jobs, more schools, better hospitals and a better transport network.

It's about making people's lives easier.

Speaker, our economy will have grown by \$48 billion, in real terms, over the four years since 2014.

This growth has been driven by strong economic management, record investment, and increased productivity and participation in the labour market.

Indeed, nearly one in every seven dollars of economic value in Victoria today was created under this Government.

This strong growth comes with inherent challenges.

Each year, we welcome more than a hundred thousand new Victorians, many coming here for a better way of life and to make the most of our booming economy.

We don't control migration targets, but we do control how we tackle both the challenges and opportunities of population growth.

We can invest in all Victorians, from our newest residents, to the Kulin nation people on whose traditional lands we stand today.

We can invest in the roads Victorians will drive on, the schools they'll send their kids to, and the healthcare professionals who'll look after them when they're unwell.

We can invest in the industries that will employ them in the future, ensuring they have the right skills for the right job.

It's what good governments do. And it's at the core of this budget, one that builds on our strengths, addresses pressing concerns and positions us well for the future.

Speaker, at the heart of the *2018-19 Budget* is a landmark \$644 million investment to ensure Victorians can get the skills they need for the job they want.

This is part of our unprecedented \$8.8 billion investment in the Education State, with a further \$1.3 billion to build and upgrade more schools and facilities.

The budget also includes a record \$4.2 billion to ensure quality healthcare for all, including historic action on mental health.

It provides more than \$4.3 billion for some of the biggest road projects in the history of our state, projects that will significantly reduce congestion and get Victorians home safer and faster.

It provides an additional \$1.9 billion to improve the efficiency and amenity of our public transport system, building on the more than \$25 billion we've already invested.

The budget maintains our commitment to every corner of the State, with more than \$4.3 billion for regional Victoria.

And it includes measures designed to ease cost-of-living pressures, particularly for our most vulnerable Victorians.

Speaker, this budget produces an operating surplus of \$1.4 billion in the budget year, with surpluses averaging \$2.5 billion over the following three years.

Net debt as a proportion of the economy is projected to be lower than the previous government's final year in office.

Real GSP is forecast to grow by 2.75 per cent in 2018-19 and continue at that growth rate over the next three years.

Indeed, Victoria's real GSP saw the highest growth of all the states in 2016-17 – one of the many economic indicators where we lead the nation.

This year, we're also leading on population growth, full-time employment growth, wages growth and retail trade growth.

And we enjoy the strongest consumer sentiment and business conditions of all the mainland states.

These numbers only tell a fraction of the story of course.

But suffice to say, they underpin everything we do.

Without them, we wouldn't be funding new schools, laying new roads and building new hospitals.

They've also helped create hundreds of thousands of new jobs.

Nearly 334 000 have been created since we were elected, more than anywhere else in the nation during the same time.

That's thousands more engineers, construction workers, apprentices, teachers and nurses.

These aren't just numbers on a spreadsheet.

Each is a story of hope, of opportunity, of progress.

Each job engenders a sense of purpose and belonging.

Every time we build a school, excavate a tunnel or open a hospital, it means more jobs for Victorians.

Since 2014, Victoria has contributed more than a third of the nation's total employment growth.

It's been a broad-based growth across gender, skill levels and regions.

Labour force participation, particularly for women, has increased to record levels.

And crucially, 41 000 of these jobs have been created in regional Victoria – more than double what the Coalition managed in four years.

We also recognise the role the private sector has played in this economic resurgence.

This includes our small business sector, which accounts for nearly half the State's private jobs, and which has experienced a fourth year of uninterrupted growth.

This budget contains a raft of measures, totalling almost \$500 million, which provide a boost to Victorian businesses – allowing them to access new markets, pay less tax, grow their operations and reduce red tape.

Speaker, we're particularly determined to make it easier for our regional businesses to operate, to grow and to take on more employees.

That's why, having already reduced the payroll tax rate in our regions last year, we're cutting it again to half that of metropolitan Melbourne – giving Victorian regional businesses the lowest rate in Australia.

This is expected to slash costs for around 4 000 businesses, create jobs, encourage people to move to regional Victoria, and ensure every region shares in the benefits of our economic growth.

It's the third year in a row this Government has eased the payroll tax burden.

And on 1 July this year, the payroll tax-free threshold rises again to \$650 000 – providing tax relief for about 38 000 businesses right across the State.

It also brings the total value of business tax cuts announced under this Government to more than \$742 million – more than three times what our predecessors delivered.

Speaker, to continue this success, we not only need to invest in the projects our state needs – we need to invest in the people to deliver them.

From level crossing removals to classroom upgrades, from refurbished hospitals to resurfaced roads, it's TAFE qualified workers who are building our state and caring for our families.

But the demand for these workers is outstripping supply.

Speaker, when we were elected, we promised to save our TAFE system. And we have.

Now we'll make it stronger than ever before – to meet our skills shortages and give every Victorian the opportunity for a good job.

To get that done, we need to invest in their skills, in their talent and in their ambition.

And we need to better align our workforce with the skills and experience employers are demanding.

That's why this budget invests in the biggest shake-up of vocational education and training in Victoria's history.

It includes \$644 million for training initiatives and \$184 million for skills programs in schools.

It's the single biggest investment in Victoria's TAFE system since its inception in the 1970s.

Speaker, too often cost has been an impediment to young people getting the skills for a good job.

This budget breaks down that barrier, by making priority TAFE courses free.

From 1 January 2019, 30 priority TAFE courses and 18 pre-apprenticeship courses across the State will be free.

These courses will focus on the skills our state needs.

To make sure every Victorian who wants a job can get a spot at TAFE, we'll open new classes, and create 30 000 new TAFE and training places across Victoria.

And to make sure every corner of our state has access, we'll upgrade and redevelop three TAFEs in regional Victoria.

Speaker, we can't afford to slow down.

A stronger TAFE system means we can continue our momentum.

It means we can build on our Skills First program, an essential step towards fixing the broken system we inherited and restoring the confidence of students, employers and industry.

This will transform our apprenticeship programs.

The new Head Start Apprenticeships and Traineeships program will give secondary school students the opportunity to learn their trade at school and get a job sooner.

We're also investing \$109 million to boost careers education.

Ultimately, it means all young Victorians will have the best advice to make the best decisions about their future.

This is all in stark contrast to the TAFE cuts of the previous government, which saw thousands of young Victorians starved of opportunity, and left gaping holes in our talent pool.

We, on the other hand, are ensuring young Victorians are armed with the right skills for the right job.

Speaker, since 2014 we've invested \$8.8 billion building the Education State – more than double what the previous government managed.

Across Victoria, that means more than 4 000 new teachers, 70 new schools, and upgrades to more than 1 200 others.

We make these investments because we believe a strong education system is the best way to tackle entrenched inequality.

Indeed, we regard a modern and inclusive education system as the cornerstone of both the economy and our society as a whole.

Over the next five years, Victoria's school-aged population will increase by around 90 000.

It's why we've spent the past three and a half years modernising our current buildings, and investing in state-of-the-art facilities.

We recognise that our education system must keep pace with rapid economic and technological change.

That's why the *2018-19 Budget* commits \$272 million to buy land for 19 new school sites in Melbourne, with a further \$483 million towards upgraded schools across Victoria.

From vertical schools in the inner suburbs to expansive new sites in the outer suburbs, this ongoing investment will enrich young lives and help educate the workforce of the future.

And from Mortlake College to Moolap Primary School, from the surf coast to the alpine region, we're investing more than \$180 million to build, upgrade and plan for 60 regional schools.

But Speaker, there's more to the Education State than simply building new schools.

We're focused on improving science, technology, engineering and mathematics outcomes, with funding for 200 new maths and science specialists in our primary schools.

And we're ensuring Victorian students living with disability get the opportunities they deserve, with more than \$167 million to enable all students to participate in all aspects of school life.

Speaker, the importance of a good education starts early.

Every February, thousands of pint-sized Victorians walk hand-in-hand with their parents on their first day of kinder.

From the very first day, they deserve the best education possible.

They deserve an environment that fosters a lifelong love of learning.

They deserve the opportunity to create, to connect, to simply be kids.

That's what this budget delivers.

It builds on our previous investments in early childhood education and delivers a significant boost to kinder infrastructure.

Our \$122 million commitment will help kinders meet the growing demand for enrolments, provide access to the latest equipment and ensure they are accessible and inclusive for kids of all abilities.

Kids like five-year-old Henry from Gowrie kindergarten, whose blindness presents significant obstacles to learning.

This funding means he has access to a braille typewriter.

It means he's ready for school. It affords him the same opportunities to grow, to learn and to contribute as every other Victorian kid.

Speaker, a healthy state is every bit as important as an educated one.

Access to universal healthcare goes beyond the concept of good government.

As the party of Medicare, it's one of Labor's greatest legacies.

It's about fundamental decency.

We've already invested \$1.8 billion building and expanding acute and residential health facilities across Victoria, so our loved ones can get the care they need.

And we've now got almost 500 more doctors and 2 600 more nurses than we did three years ago.

This budget provides a massive \$4.2 billion to ensure Victorians continue to receive world-class healthcare.

It's funding that will make it easier and more convenient for Victorians to get the care they need, when they need it.

And it's funding that invests in the capacity and accessibility of our healthcare system, particularly in growth areas.

We don't shut hospitals. We build them.

This budget includes \$495 million for major metropolitan hospitals, including the Alfred and Sunshine hospitals, as well as the new Victorian Heart Hospital.

That's in addition to a \$2.1 billion boost to meet demand for health services and improve access to elective surgery, including emergency departments, intensive care units and palliative care services.

There's also \$124 million for the Peter Mac, Melbourne Health and the Royal Women's Hospital to design and develop a state-of-the-art Electronic Medical Record system.

This will improve the safety and quality of care for patients, boost capacity for ground-breaking medical research, and cement Parkville's reputation as one of the top biomedical precincts in the world.

Having already achieved the fastest ambulance response times in a decade, we're funding a further 90 paramedics to support their life saving work.

Contrast that with the previous government, which went to war with our paramedics and gutted our ambulance system.

In regional Victoria, there's \$462 million for the redevelopment of the Ballarat Base Hospital, which will include a new emergency department and intensive care unit.

And there's \$115 million to upgrade the Wonthaggi Hospital's facilities, including a new emergency department and new and upgraded operating theatres.

Speaker, it's essential that we not only increase public awareness and reduce the stigma around mental health, but back this up with meaningful and decisive policy.

That's why we're providing a record \$705 million for mental health and alcohol and drug services.

This funding will directly assist more than 12 800 people and provide an additional 89 acute inpatient beds.

For too long, these Victorians have been marginalised and misunderstood.

But good governments fund a healthcare system that recognises each patient is a parent, a child, an employee, a loved one.

We're also taking decisive action on ice, an insidious drug that ruins lives, tears families apart and puts an enormous strain on our health system.

That's why we're investing \$40.6 million towards three rural facilities to continue our support for regional communities dealing with the impact of ice.

Building on our Ice Action Plan, six emergency department crisis hubs will also be established across Victoria to help those in urgent need.

Just like our unprecedented initiatives to address family violence, this will save lives.

It's what we were elected to do. Whether it's essential health services or key infrastructure, we keep our promises and we get things done.

Speaker, since we were elected, we've invested more than \$35 billion on transformative road and rail projects.

They create tens of thousands of jobs, ease congestion in the suburbs, better connect our regions, and make it easier to move freight.

It's critical we balance the immediate needs of passengers and commuters with the long-term realities and priorities of a growing state.

From Mordialloc to Mernda, we're widening roads, making them safer, reducing congestion and getting people home quicker.

It includes \$2.2 billion for the Suburban Roads Upgrade, a targeted package of upgrades to some of the most congested arterial roads in the south-eastern and northern suburbs.

There's also a further \$712 million for the Monash Freeway upgrade, together with \$110 million for the planning stages of the North East Link, the biggest transport infrastructure project in Victoria's history.

Likewise, the West Gate Tunnel will create thousands of jobs, take trucks off residential streets and provide a vital alternative to the West Gate Bridge.

This budget also allocates \$50 million for detailed technical investigations into an Airport Rail Link and a fast rail service to Geelong.

Speaker, roads are the lifeblood of our regions and are particularly crucial to our tourism and agriculture industries.

Before the last election, the message from regional Victorians was loud and clear. The roads weren't up to scratch.

We listened and we have acted. We committed to spend a minimum of \$1 billion over eight years to repair and upgrade roads in regional communities.

Speaker, we've not only met this commitment, we've more than doubled it.

We've drawn heavily on local knowledge and have already rebuilt nearly 1 000 kilometres of deteriorating roads in regional Victoria.

The *2018-19 Budget* commits \$941 million for our regional and rural roads.

A new authority for regional roads – based in Ballarat – will oversee a \$333 million boost to road maintenance and rebuilding across the State.

We're also investing \$98 million towards the Beaufort and Ararat bypasses along the Western Highway – a primary freight route between Victoria and South Australia and one of the busiest highways in the country.

For our Western District farmers, grain producers, tourism operators and manufacturers, this will be a game changer.

There is also \$100 million to assist rural and regional councils with the maintenance and restoration of roads in their communities.

But it's not just about roads. This Government's commitment to public transport in this state is without peer.

We've already invested upwards of \$25 billion to ensure Victorians have more frequent and reliable services.

It's essential we invest in a system that is focused on the network in its entirety; a modern, safe and reliable system that puts passengers first.

At the heart of this is the Metro Tunnel, the most important public transport project in Victoria since the construction of the City Loop.

And of course, work continues on the removal of 50 of our most dangerous level crossings, with 38 expected to be completed or underway in 2018-19.

Meanwhile, the new Sunbury and Cranbourne-Pakenham lines will be transformed as part of a major rail corridor upgrade.

The next stage of this investment will see \$572 million for a range of signalling, power and infrastructure upgrades along the corridor, as well as planning works on the Sunbury line.

These upgrades will increase capacity and accommodate a fleet of new High Capacity Metro Trains.

\$89 million will go towards extending services from South Morang to new train stations on the Mernda Rail Extension Project, and additional services on the Hurstbridge and Dandenong lines.

Speaker, public transport in regional Victoria was neglected by the previous government.

The problem was then exacerbated by the Federal Government's intransigence over infrastructure funding.

The *2018-19 Budget* builds on the work of the Andrews Labor Government to rectify this, providing upgrades to every regional passenger line and creating jobs across regional Victoria.

There's \$313 million to upgrade infrastructure and enable new VLocity trains to operate on the Shepparton line.

This will deliver faster journey times, a business case for nine return services a day, as well as improvements to signalling, tracks and platforms.

These and other critical works will ensure more comfortable, frequent and reliable train journeys, and make it easier for regional Victorians to access jobs, education and other essential services.

Speaker, every Victorian has the right to feel safe in their communities and in their homes.

In the past 19 years, 7 000 additional police officers have been funded – all of them under Labor governments.

Having already committed to the biggest recruitment drive in the history of Victoria Police, this budget invests a further \$1.4 billion towards community safety measures.

Despite the rhetoric and scaremongering on this issue, Victoria is the safest it's been for a decade, with ABS figures confirming the fourth successive annual fall in crime.

This budget includes a raft of measures to further reduce crime and support those who protect us.

It includes a \$689 million expansion of the Lara Prison precinct, and a new Bail and Remand Court.

But it isn't just about putting more police on the beat and throwing more crooks in jail.

It's also about establishing new courts, upgrading facilities and boosting resources to ensure a more responsive justice system.

And it's about acknowledging the role of disadvantage as an underlying cause of crime and better integrating our mental health, education and justice sectors.

Speaker, this Government recognises Victorians are increasingly burdened by cost-of-living pressures.

It's why we're investing \$48 million in the Power Saving Bonus to encourage and assist Victorian households to get a better deal from electricity providers.

Not only will they receive a \$50 bonus for using our Energy Compare website, they could save hundreds of dollars a year off their electricity bills.

We'll also provide \$22 million to boost the Utility Relief Grant cap from \$500 to \$650 – helping those suffering unexpected hardship to pay their water, gas or electricity bills.

For our outer suburban areas, this budget also invests in the Growing Suburbs Fund, building on the \$150 million already provided, with an extra \$50 million to fund vital local community infrastructure.

That's in addition to the \$30 million for the *Pick My Project* grants program, which allows locals to decide on their own funding priorities.

Importantly, we're also committing \$20 million to improve the financial efficiency of rural local governments.

This budget addresses our susceptibility to drought, and the challenges presented by population growth and climate change.

It's critical we properly manage our water resources, which is why we've allocated \$42 million to ensure greater water security for households, agriculture, industry and the environment.

From Mildura to Mallacoota, from our inner city parks to Port Phillip Bay, we're also investing \$141 million to protect our marine and coastal treasures, and maintain our parks and forests.

For Aboriginal Victorians, we're providing a further \$116 million to progress cultural, economic and social self-determination, and work towards closing the gap in health and socio-economic outcomes.

This will continue the delivery of Victoria's Aboriginal Justice Agreement, strengthen employment and business opportunities and provide ongoing support for Aboriginal families and young people.

The budget also invests \$29 million to ensure Victoria remains Australia's digital technology leader, with funding to boost cyber security and remove mobile blackspots.

It provides a \$246 million boost to our visitor economy, which attracts millions of domestic and international visitors each year, and injects billions of dollars into the economy annually.

And to further enhance our status as the nation's cultural capital, it includes \$37 million to redevelop the Australian Centre for the Moving Image.

Speaker, as the sporting capital of the world, our major sporting events showcase everything that makes Victoria great, attracting millions of visitors every year and boosting our local economy.

The *2018-19 Budget* invests more than \$231 million in our major sporting venues, including redevelopments to Etihad Stadium and Moorabbin Oval, and planning for further upgrades to Ballarat's Eureka Stadium.

But it's essential that we also invest in grassroots sport, so often the focal point of local communities and the foundation of a healthy, active lifestyle.

That's why we're investing more than \$242 million in community sport and participation.

This includes an unprecedented \$82 million to upgrade women's sporting facilities and venues across the State, to make it easier for women and girls to participate in all forms of sport.

There's also \$64.6 million to redevelop the State Netball and Hockey Centre, including six new indoor netball courts.

Speaker, we're a government grounded on fundamental, unstinting values – a government that celebrates our diversity, that delivers for all Victorians.

We're a government that's ensuring our economic prosperity doesn't just benefit the privileged few.

And we're certainly not an idle government.

As the great Welshman Lloyd George said nearly a hundred years ago, 'the finest eloquence is that which gets things done, the worst is that which delays them'.

Our government believes in decisive action, in generational, transformative projects that benefit all Victorians.

In public office – just as in life – you are what you do, not what you say you'll do.

We promised Victorians we'd get on and deliver, and we're doing that at pace, with a focus like no other government before us.

This budget is the culmination of four years of growth, of prudent economic management and of good government.

It's our blueprint for Victoria's future, a Victoria that leads the nation, a Victoria that aims high while reaching out a helping hand to its most disadvantaged.

It's about getting things done.

I commend the Bill to the House.

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