



Victorian Budget 2021/22

Creating Jobs, Caring for Victorians

TREASURER'S SPEECH

Budget Paper No. 1

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Treasurer of the State of Victoria

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Authorised by the Victorian Government
1 Treasury Place, Melbourne, 3002

Printed by Doculink, Port Melbourne

This publication makes reference to the
2021/22 Budget paper set which includes:
Budget Paper No. 1 – Treasurer's Speech
Budget Paper No. 2 – Strategy and Outlook
Budget Paper No. 3 – Service Delivery
Budget Paper No. 4 – State Capital Program
Budget Paper No. 5 – Statement of Finances
(incorporating Quarterly Financial Report No. 3)

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ISSN 2204-9185 (print)
ISSN 2204-9177 (online)
Published May 2021

VICTORIA

BUDGET SPEECH

Delivered on 20 May 2021

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 (2021-22) Bill 2021.

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

I acknowledge the Traditional Owners of the land on which we are meeting. I pay my respects to their Elders, past and present, and the Aboriginal Elders of other communities who may be here today.

Speaker, today I deliver the *Victorian Budget 2021-22*, only six months after our last Budget.

If 2020 was a year defined by anxiety and fear ...

This year in Victoria is defined by the relief and joy of normal life resuming.

Workers are returning to offices, shops and restaurants.

Guests are arriving at parties and weddings.

Footy fans are packing into stadiums.

Of course, we must also remain vigilant and follow the expert health advice to keep each other safe.

But there's a new sense of freedom as we leave the house without wearing masks, meet with friends, and plan for a holiday.

Speaker, we know ourselves better after the pandemic.

When the crisis of our lifetime hit, Victorians rose to it in ways that surprised us.

We checked on neighbours we'd never met.

We put up signs to thank health workers.

We sat teddies in windows for passing kids and we bought a bit extra at our struggling local shops.

We really cared about our communities.

We really looked after each other.

It might feel like the time for that has passed.

But it's actually more important than ever, that we keep looking after each other.

Because this isn't over until it's over for all of us.

The truth is that just as some of us had a tougher pandemic than others, some of us are having a tougher recovery.

Speaker, this Government wants no Victorian left behind.

And by supporting those still struggling, by delivering care where it's needed most – we can create thousands of jobs too.

Speaker, our economy is recovering — not tentatively, not gradually, but in an optimistic rush that shows a heartfelt confidence in the future.

We're on track to meet our goal to get an extra 400 000 Victorians back in work by 2025 – in fact we've already beaten our own interim goal of 200 000 jobs – nearly a year early.

Women – who suffered harsh job losses in 2020 – were employed in 147 000 jobs between September and March as female employment surged above pre-pandemic levels.

The proportion of workers under 30 in jobs has also recovered after a devastating fall, returning to pre-pandemic levels and putting young lives back on track.

The workforce participation rate is at a record high.

Victoria's economic growth has surged, with State Final Demand growing by a massive 6.8 per cent in the December quarter – more than double the national average.

Gross state product is expected to increase by 6.5 per cent in 2021-22.

That's well above Australia's forecast 4.25 per cent GDP growth.

Speaker, if the engine of the Australian economy is roaring, it's because Victoria put a tiger in its tank.

Victorian building approvals just hit a record high.

Business confidence is up.

Consumers are more confident than they have been in over a decade.

The Andrews Labor Government's successful history of sound and responsible public finances has helped us bounce back quickly from the economic crisis.

But there's still more to do to ensure people aren't left behind.

Speaker the Andrews Labor Government invested \$49 billion in the last Budget to support families and businesses through the pandemic.

It was not the time to fixate on a surplus.

With interest rates at record lows we could borrow to protect jobs and drive a stronger recovery.

We laid out a clear fiscal plan:

- **Step 1:** create jobs, reduce unemployment and restore economic growth
- **Step 2:** return to an operating cash surplus
- **Step 3:** return to operating surpluses
- **Step 4:** stabilise debt levels.

We have ticked off Step 1, creating over 200 000 jobs and returning to strong economic growth.

This Budget continues the hard work of Step 2, with a forecast return to an operating cash surplus in 2022-23.

Contrast that with the Commonwealth, who are forecasting an underlying cash balance deficit of \$99.3 billion in the same year.

While most of us struggled and endured enormous sacrifice last year, that struggle was not universal – there were small sectors of our community who made significant profits out of the disruption.

Indeed, it's fair to say there have been some big winners from the pandemic – and after a year defined by widespread sacrifice, it's only fair that they pay their share.

That's why we will increase taxes on top-end property owners who have benefited from soaring real estate prices.

To make sure that every single dollar we spend is supporting the services Victorians need, we will also implement a program of initiatives focused on reprioritising Government's efforts.

We're focused on helping those who need it the most – vulnerable Victorians, struggling small businesses, job seekers and families.

While we are forecasting an operating deficit of \$11.6 billion in 2021-22, that reduces to around \$2 billion in four years.

Our Government's strategy of making the tough decisions to put people first is working.

Nowhere is this more important than our mental health system.

Speaker, budgets talk a lot about money.

I want to pause for a moment and talk about feelings – the feelings expressed at the Royal Commission into Victoria's Mental Health System.

I want to talk about the misery of depression.

And the panic of anxiety, when the thoughts won't stop circling.

I want to talk about the fear that a beloved child could self-harm.

And about the older blokes who bottle it up.

I want to talk about the young mums struggling, and wondering, 'should motherhood feel like this?'

About the Victorians who self-medicate with drugs or alcohol.

And about the grief for a childhood lost, felt by a young person caring for a mentally ill parent.

I want to talk about the courage it takes to walk into a hospital and ask for help.

And the despair of hearing – there is nothing we can do for you.

Speaker, around half of Victorians experience a mental illness at some point in their lives.

Around one in five are struggling with it right now.

They are our children, parents, partners and friends.

They are us.

But in our worst moments we turn to a system which is clearly broken.

The Royal Commission heard heartbreaking stories from thousands of Victorians.

Victorians like Anna, the carer for her 27-year-old son Harold, diagnosed with schizophrenia.

She's had nine long years struggling to get help for her boy.

And she's terrified one day, when she's not around anymore, he'll end up on the street.

Or take Kiba, only 22, now doing well but who attempted suicide in his teens.

Not just once, but multiple times Speaker.

He went to his local emergency department for help.

Only to be told, we wish we could, but there are no beds available.

There are thousands of stories of heartbreak.

And many more stories of how our system fails.

We want to fix it. And we will.

If a Victorian needs support, we want a system that will catch them with both hands.

We want a solid foundation of experts, carers, beds, cutting edge treatments; help in schools, workplaces and hospitals.

We want early intervention, dedicated help for our kids, and care that's actually available in our communities.

We want people to know that in their worst moment, their state is there with them.

Imagine how that could change lives.

Thanks to the Royal Commission we have a blueprint of 65 recommendations, for exactly how to make this change.

And the time to act on that blueprint is right here and right now.

Speaker, as the late great Ruth Bader Ginsburg said, 'Real change, enduring change, happens one step at a time.'

And today we take a monumental step.

Last Budget's investment of \$869 million was the single biggest mental health investment Victoria had ever seen.

This Budget builds on that and invests more than four times that amount.

We'll reconstruct the system from the ground up with a record \$3.8 billion.

Speaker, this Budget funds the first 20 new local services, bringing care to adults with moderate mental illness *before* they reach crisis point.

We know that most mental illnesses emerge before age 25, making the early years critical.

So we'll set up one stream of care for children up to age 11, and another for young people aged 12 to 25, as part of an \$842 million investment.

We will target suicide prevention and response, with \$173 million to save lives.

We'll deliver 50 additional beds across five new youth prevention and recovery care units.

Our last Budget funded over 9 000 new social housing homes – including 2 000 for Victorians living with mental illness.

This Budget reinforces those homes with wraparound mental health support, at \$46 million.

Right now, it's too hard for regional Victorians to get mental health care near their homes.

So three of our first six 'front door' sites will be in regional Victoria – Benalla, Latrobe Valley and Greater Geelong. This will be in addition to new beds, new staff, new support.

We're also supporting follow-up care and outreach services with nine new sites – including Bairnsdale, Hamilton, Horsham, Echuca, Swan Hill, Wangaratta, Bass Coast, Central Gippsland and West Gippsland.

Families and carers across the state are doing it tough. And they need our help.

It's why we're bringing it to them, with eight family-and-carer-led centres to offer targeted support, respite and perhaps most importantly Speaker, connection.

We're also increasing acute bed-based services with an investment of \$370 million, so that in a mental health crisis Victorians get the emergency support they need.

And as we do Speaker – we'll be supporting and creating jobs. 3 000 of them.

That means not only ensuring Victorians are getting the support they deserve, but ensuring more people have the certainty of good, secure employment.

That idea is at the heart of this budget – ensuring every dollar of investment drives a double benefit.

Speaker, the brave Victorians who spoke to the Royal Commission made it clear they wanted change that would last.

For this reason, the Commission recommended the Government introduce a levy, to protect a dedicated revenue stream to support mental health funding well into the future.

The Andrews Labor Government has committed to implement every single one of the Commission's recommendations.

That's why we will establish a new Mental Health and Wellbeing Levy.

This levy will only apply to big businesses with more than \$10 million in national wages.

It will affect less than five per cent of employers.

Revenue from this levy will be ringfenced, protected solely for mental health.

Many big businesses have continued to profit through the pandemic – pocketing taxpayer subsidies along the way.

We're asking those businesses to help deliver a generational reform, after one of the most mentally taxing years of our lives.

We're asking those businesses to help out their community – our state – so no one gets left behind.

We might think the cost of fixing this system is too great – but the cost of not fixing it is far greater.

The Royal Commission has estimated that the economic cost of poor mental health to Victoria is around \$14.2 billion each year.

This includes a cost of \$1.9 billion a year to employers – mostly from lost productivity but also from workplace injuries.

Improving our state's mental health will help us all in so many ways, from boosting economic growth to improving the quality of our lives.

Speaker, let's move now from mental health to our broader health system.

Victoria is fortunate to have a cutting-edge healthcare system with an army of highly trained and dedicated professionals.

They stood as our front line throughout the pandemic, reminding us how critical they are to our safety.

At the same time, the pandemic has had a lasting impact on our entire health system – as we're seeing right across Australia.

From Victorians who have deferred their regular check-ups and care, to those unable to attend their GPs as normal – it's affecting our system, and our health.

This Budget delivers a further \$7.1 billion to support our hospitals and healthcare.

It's funding that will ensure top-class care and support new jobs.

That includes investing to manage the pandemic, with a further \$1.3 billion to keep us safe.

From contact tracing to supporting the vaccination roll-out, we are protecting Victorians.

We will also take the first steps towards critical new mRNA vaccine manufacturing capability in Victoria, with an initial \$50 million.

We're delivering \$3.7 billion to strengthen our health system, including funding for more emergency department staff and support for new wards.

And we're expanding the future pipeline of Victoria's healthcare workforce, with 200 000 additional student placement days.

When you need care for a loved one, you need it right now.

That's why we'll deliver more paramedics, more triage care and more support staff for Ambulance Victoria, as well as targeted funding to improve flow in our busy emergency departments and to open new beds across the state.

For kids, going to hospital is scary enough – that's why we're creating emergency department paediatric zones, with a family-friendly focus.

We'll build these at University Hospital Geelong, and Maroondah, Casey, Northern and Frankston hospitals.

And we'll expand the Angliss Hospital, for residents in Melbourne's east.

Speaker, regional Victorians deserve great health care without a lengthy commute.

We'll develop a world-class hospital in Maryborough, complete with day surgery, birthing suites and urgent care.

We're also funding hospitals at Philip Island and Torquay, as part of our commitment to build 10 community hospitals across our state.

Speaker, we believe people deserve the choice to have children, without paying excessive fees for private IVF services.

This Budget will give 4 000 patients, each year, access to public fertility care, delivering on our commitment to Victorians with \$70 million.

This Budget invests to ensure that on the very worst days of our lives, our world-class healthcare workers can step up to deliver their very best.

Speaker, this is a government that wants to support people through life's challenges.

But we also know it costs less to *prevent* those challenges from getting worse if you address them at the first opportunity.

Early intervention is a smarter way to use public funds and help Victorians.

That's why our response to the Royal Commission focuses on *early* action.

The Government is also committed to reforming how and when it delivers services to Victorians more broadly, with a package of 10 early interventions focused on timely and effective help, cutting the need for more serious interventions down the track.

One example is the Tackling Rough Sleeping Initiative, which prevents people at high risk of rough sleeping from falling into chronic homelessness.

This program helps with housing, training, employment and improving social connections – all of which reduce pressure on other acute services such as hospitals and police.

It's an approach which improves lives and saves money, offering an expected return of \$1.84 for every \$1 invested – that's a brilliant use of public funds.

It's an approach that links investment to measurable impacts – it's common sense in action.

Speaker, this Government's passion for education has been central to every Budget we've delivered.

Last year was a tough year for our kids.

Our November Budget stepped in with a statewide tutoring program to help kids catch up.

We made a record \$5.6 billion investment in education – upgrading more than 160 schools and improving funding for students living with a disability.

This year our focus is firmly on student mental health and wellbeing.

The Royal Commission recognised the critical role schools play in mental health.

Based on their recommendations we're bringing more wellbeing initiatives into our schools, taking help right to where our kids spend their days.

We'll expand the Mental Health in Primary Schools pilot to 100 sites, supporting 100 jobs at the same time.

We'll set up a new fund so schools can choose which mental health program best meets their particular needs.

And we will support the Doctors in Secondary Schools program, giving eligible students access to primary health care on campus.

Our kids deserve modern learning environments and room to grow.

So we'll build 13 brand-new local schools.

That's on top of the 15 new schools currently being built and the 14 new schools and campuses we opened earlier this year.

All up since we came to government, we've invested \$10.9 billion in new or upgraded schools.

We know teachers are the bedrock of our education system.

That's why we're establishing the Victorian Academy of Teaching and Leadership, a centre of teaching excellence.

Speaker, our youngest Victorians matter to us all.

And the research shows early learning improves a child's outcomes for the rest of their life.

That's why this Budget continues the long-term roll-out of three-year-old kinder, with an investment of \$167 million.

This nation-leading reform will help families save money and support 6 000 jobs for educators.

Speaker, this Government is committed to a world-class TAFE and training system.

That's why we are establishing the Victorian Skills Authority, to give students improved training options with clearer pathways to jobs.

That's good for our students' future, and good for Victoria's future.

Speaker, keeping women and children safe has been our priority from the start.

It's the reason we set up the Royal Commission into Family Violence and why we're implementing every single one of its 227 recommendations.

This Budget provides a further \$354 million to support victim survivors and stop family violence.

We will improve information sharing to prevent abuse and expand the network of specialist family violence courts.

Building on our \$1.4 billion investment last year, this Budget provides a further \$1.2 billion to help keep vulnerable families together, with an expanded workforce including 246 new child protection practitioners.

Not only will these investments improve the lives of children and families, they'll support over a thousand jobs in child protection and hundreds more across the family violence sector.

Speaker, we know we can't undo history – but if we face up to it with courage, we can make a better future.

Aboriginal and Torres Strait Islander people have long called for Treaty and self-determination.

The Andrews Labor Government is leading the nation by working with the First Peoples' Assembly of Victoria.

This is an historic journey towards Treaty.

But without truth, there can be no Treaty.

That's why we are also preparing for a truth and justice process that acknowledges the injustices faced by Aboriginal Victorians.

This Budget provides \$448 million to directly support these processes, and the First Peoples of this State.

We are expanding Aboriginal wellbeing supports, investing in culturally safe care, and working to improve education outcomes of Koori students in Victoria.

This is once again a record investment for Aboriginal Victorians by this State.

Speaker, from day one, the Andrews Labor Government has been focused on creating jobs for Victorians.

We know that work gives dignity, financial independence and security.

Last Budget we put jobs for Victorians at the heart of our economic and social recovery.

The *Jobs Plan* we announced in November was big, ambitious and determined.

We set out to drive job creation across the state.

We provided tax incentives to encourage businesses to take on more staff.

We set up Jobs for Victoria, to match unemployed people with vacancies.

We are helping businesses employ at least 10 000 jobseekers, with the help of \$250 million in wage subsidies.

We committed \$2 billion to the Breakthrough Victoria Fund to ensure our state remains competitive.

And we continued our clean energy investments to deliver cheaper power bills, while supporting thousands of new jobs.

Take just one job success story – Cristina’s.

Cristina is one of 5 600 tutors we hired to help make sure no student was left behind.

She helps kids in grades three and four at Clarinda Primary School to improve their literacy, as part of the massive tutoring package we delivered in the last Budget.

This was not just a huge boost to learning support for our kids after a tough year, it was also a huge gain for female employment, with an estimated 80 per cent of these roles filled by women.

With this double dividend investment, we’re supporting our students while providing meaningful work for thousands more Victorians like Cristina.

Our *Jobs Plan* helped drive Victoria’s extraordinary recovery.

It is rebuilding people’s lives even as we rebuild the economy.

But we’re not taking our foot off the pedal – the investments in this Budget will support an average of 38 000 jobs each year over the next four years.

Speaker, this state’s current success as an economic and jobs powerhouse owes a lot to Victoria’s Big Build.

Victoria has the biggest infrastructure pipeline in the history of the state, and our building program will have generated 177 000 jobs since 2014.

It’s a pipeline delivering generational, city-shaping projects like the Metro Tunnel, the North East Link and the Melbourne Airport Rail.

In the *2021-22 Budget*, more than \$144 billion of State capital projects are either commencing or underway.

Workers on the Big Build know that they are creating the roads, rail, public housing, hospitals and schools of the future.

They’re part of an intergenerational investment – economic and community assets that will benefit our children and grandchildren.

But they’re also helping Victoria’s economic recovery right now.

Speaker, thousands of commuters rely on our trains every day to get around.

This cuts traffic and helps the environment.

It’s why we’re building 25 new modern, fit-for-purpose trains.

Better still, those trains will be made right here in Victoria, with major works in Ballarat.

That supports close to 750 jobs.

For those in Melbourne’s south we’re taking the next step towards turn-up-and-go train services on their doorstep.

We'll upgrade the tracks at Caulfield Station, enabling more trains and more frequent services, while supporting around 600 jobs at the peak of construction.

This government is also removing Victoria's most congested and dangerous level crossings.

With 46 done already, we're on track to beat our own commitment to remove 50 level crossings by next year.

Speaker, when it comes to creating jobs the Suburban Rail Loop will deliver at every stop.

This next-generation city-shaping project will link every major metropolitan rail line with a 90-kilometre circuit.

We're already doing the land acquisition, geotechnical work and precinct planning to make this project a reality.

Outside the metropolitan area, Regional Victorians want trains that take them to school, work and holidays without delay.

That's why we're working hard to support V/Line's reliability across this state, with a \$613 million investment so regional travellers can depend on their trains.

Speaker, we're supporting our state's great tourism industry, to help it bounce back after a uniquely difficult year.

This Budget will reaffirm Victoria as the best business destination in Australia, with \$43 million for a strong pipeline of business events.

We'll rebuild Victoria's brand as a holiday destination, with \$55 million to highlight this state's incredible natural and cultural attractions.

We know the Black Summer bushfires have left scars – some you can see, some you can't.

We're continuing the bushfire recovery with \$104 million to help communities recuperate and move forward.

And we're working to reduce the impact of future bushfires, with \$384 million for more skilled firefighters and high-tech gear.

Speaker, Victoria is proud to be the creative capital of Australia.

That's why we'll invest \$288 million to boost our creative sector, supporting thousands of jobs at the same time.

We'll supercharge Victoria's successful screen industry, building on the recent success of local films like *The Dry*.

We'll grow jobs, foster homegrown talent, attract more overseas productions and put Victorian projects on the map.

Speaker, we know Melbourne's CBD is still struggling and we can't wait to see our beautiful city thriving and busy again.

We're supporting the new wave of outdoor dining in the heart of Melbourne and attracting visitors from near and far with a \$107 million investment to invigorate the CBD.

On top of this, a package of targeted tax relief will kick-start the CBD residential property market to support construction jobs.

To help small businesses create new jobs we are cutting the regional payroll tax rate.

We're also lifting the payroll tax-free threshold to \$700 000, earlier than planned.

We are lifting the land tax-free threshold to \$300 000 – so over 60 000 taxpayers, including many small businesses, will no longer have to pay land tax.

In total, collective business tax cuts and relief announced by this Government since being elected is more than \$4 billion – primarily for Victorian small and medium-sized businesses.

In short, there's a simple, powerful idea at the heart of this Budget.

Every dollar of investment drives a double benefit.

Every dollar makes our state stronger and fairer, and every dollar gets more Victorians back into work.

Speaker, in the darkest, most frightening moments of last year, the Victorian people stood together.

We put on our masks and we got tested – not just to protect ourselves, but to protect each other. To safeguard us all.

A community of wildly varying individuals, families, cultures and workplaces came together and walked in lockstep, to get a tough job done.

I have never seen anything like it. And I have never felt more proud to be Victorian.

Our shared sacrifice created something bigger, and better, than what we could have achieved standing alone.

It took us to a place where today, this state is powering towards economic recovery.

That's extraordinary, but we want more – we want to take *everyone* with us.

We want carers like Anna to breathe a little easier, with compassionate mental health support.

We want young people like Kiba to get the help that they need, when they seek it out.

Our tomorrow depends upon the choices we make today.

We came here to *shape* the future; to fashion it to our common will; to our collective aspirations.

We shaped it last year and we will do it again – we can dare to carve out a better tomorrow.

We want a Victoria where we share the sacrifices and the opportunities.

Working together to progress together.

With this Budget, we're creating jobs and caring for Victorians.

Speaker, I commend this Bill to the House.

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