



Victorian Budget 2020/21

Putting People First

Treasurer's Speech

Budget Paper No. 1

Presented by Tim Pallas MP,

Treasurer of the State of Victoria



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VICTORIA

BUDGET SPEECH

Delivered on 24 November 2020

by Tim Pallas MP

Treasurer of the State of Victoria

I'd like to acknowledge the Traditional Owners of the land on which we meet, and pay my respects to their Elders past and present.

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 (2020-21).

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

Speaker, when I stood here and delivered the Budget last year, none of us could have imagined what 2020 had in store for us.

Calamitous bushfires. Homes destroyed. Lives lost. And then, the pandemic.

Here in Victoria we have negotiated the most difficult year in living memory.

The rate of change in our lives has affected everyone – it has been a marathon, run at the pace of a sprint.

It has reminded us of what matters most – the safety and security of our families, our friends and our way of life.

It has reminded us that our budgets, and our economy, must be built on one immutable truth:

When everyone is valued, needed and nurtured, our future can be better, stronger and more resilient.

That's the future we strive for, because we owe the courage and sacrifice of all Victorians during this past year, nothing less.

A future where every Victorian can meet their needs, achieve their potential and feel positive about what lies ahead.

A future that restores this State's economic power while making it more advanced, dynamic, fair and inclusive.

This has been a year like never before.

And it demands a budget like never before.

Because if this pandemic has been a stark reminder of anything, it is that people matter more than the bottom line.

Speaker, under this Government, Victoria began 2020 as a national leader in jobs growth.

Half a million more Victorians had found work since we were elected in November 2014.

Our economy had grown by 18 per cent – or around \$67 billion dollars in real terms.

But last summer's bushfires hit us hard.

As images of Victorians sheltering from embers flashed around the world, we counted the toll.

Lives lost, homes destroyed, smoke and ash so dense it covered the State.

The trauma and stress was extreme.

The smoke had barely cleared before the pandemic came.

We had no playbook to guide us; no lived experience of such a challenge.

We were forced to ask Victorians not to go to work – that's hard for a Government dedicated to job creation.

Many Victorians worked from home, often with their children beside them.

Essential workers stayed on the frontline: nurses, supermarket workers, paramedics, cleaners, and more.

We cannot thank them enough for their efforts.

It was an experience like no other. One that challenged us in ways we could not have imagined.

We discovered new ways of working, and socialising; helping others and caring for elderly relatives and neighbours from a distance.

It was hard. We know that because we all went through it together.

We have lost too many Victorian lives due to this insidious virus.

Each and every one of these Victorians was loved and will be missed.

The pandemic has exposed our society's weaknesses – insecure workplaces; entrenched disadvantage; a frail mental health system.

But it has also revealed our strengths.

The dogged commitment of Victorians this year means we are tracking towards COVID Normal.

We are resuming our lives, with precautions, until a vaccine is dispensed.

We have avoided the nightmare scenarios facing Europe and the United States.

The only way to reclaim success in a COVID-19 world – and this includes economic success – is to suppress the virus.

The experience of countries everywhere has made that clear.

Tragically, nations that focused on economies first – like the United Kingdom and the United States – suffered more infections, more deaths, and ongoing economic damage.

Speaker, as hard as it was, we introduced strict measures to protect public health. These measures were necessary. They saved Victorian lives.

And as so often, the right values meant the right decisions.

Throughout the pandemic we have undertaken more than three million COVID-19 tests.

We have created 1 500 intensive care beds, and delivered millions of units of personal protective equipment.

Our efforts to contain the virus have put our health care system under enormous pressure.

We know our health system is not perfect but as we look around the world, we also know we are lucky to live in Victoria.

In the past six years, the Andrews Labor Government has invested more than \$109 billion in output funding for health.

This is the biggest investment in health in Victorian history.

And it's meant less crowded emergency departments, fewer ambulance delays and shorter elective surgery waiting lists.

Our *2020-21 Budget* continues that legacy of investment, providing an additional \$9.0 billion for our health system.

This means our hospitals can keep managing coronavirus while also opening up more beds, carrying out elective surgery and building our health care capacity.

We're making sure our hospitals and health facilities have the latest equipment and cutting-edge technology.

And we're taking steps to plan and build new hospitals, as well as upgrading existing hospitals, across the State.

These investments aren't just about bolstering our health care system.

They're about enabling Victorians to walk out the door and engage with society, knowing their health is protected.

Speaker, our history of economic success has cushioned the blows of 2020.

We have the biggest infrastructure pipeline in the history of the State, supporting 165 000 jobs since 2014.

In this financial year, more than \$130 billion of State capital projects are commencing or underway.

We have contributed almost a third of the nation's economic growth since 2015 – well above our share.

But 2020 has been a cruel year.

With Victoria's gross state product forecast to decline by 4 per cent in 2020-21, the pandemic's economic impact is likely to be the biggest in nearly a century.

Without decisive action, the impact could be devastating.

That's why the Andrews Labor Government understands now is not the time to deliver a budget in surplus.

The Federal Treasurer brought down a budget deficit of \$213 billion this year, with Australia's net debt estimated to reach nearly \$1 trillion by June 2024.

Victoria also faces a great challenge.

Total revenue is down 4.2 per cent from pre-pandemic levels, while state tax revenue has fallen 11.3 per cent.

At the same time, Victoria has been short-changed due to a new and crippling GST policy.

It is yet another impost during one of our most challenging years on record.

Since March the Victorian Government has committed more than \$13 billion to help communities and businesses reach the other side.

We currently project an operating deficit of \$23.3 billion this year, forecast to reduce by almost 75 per cent to \$5.9 billion in three years.

Net debt will reach \$87 billion this year, and will grow to \$155 billion by June 2024.

In keeping with the Federal Government and other States and Territories, we are borrowing to keep Victoria's economy and livelihoods afloat.

The Governor of the Reserve Bank of Australia has been clear about the economic prescription for these unprecedented times: increase your borrowings.

In his own words: *'It is a change that is entirely manageable and affordable and it is the right thing to do'.*

The Andrews Labor Government agrees with this prescription.

Even with Victoria's growing debt, interest costs over the next four years will not be challenging, averaging 4.4 per cent of revenue a year.

Yes, there are short-term costs to the State's financial position.

But by using the strength of our balance sheet, we are able to protect the budgets of households and businesses across Victoria.

And we are able to do it as a result of the Government's sound financial management over the past six years.

We are putting our credit rating to work when it is needed most – to help Victorians now and into the future.

We are borrowing to make the necessary investments to drive a quicker and stronger recovery.

And as Victorians get back to work and the economy recovers, we fully expect our Budget position will strengthen.

That is why our focus is on getting Victorians back to work.

And our blueprint for this is our *Jobs Plan*.

It is deliberately ambitious.

It will ensure an extra 200 000 Victorians are back in work by 2022; and 400 000 by 2025.

In guiding Victoria's recovery, the *Jobs Plan* plays to our State's strengths, generating growth in new and innovative industries.

It focuses on those most impacted by this pandemic: women, young people, older Victorians, and Victorians who have plenty of experience but don't always have a qualification.

This Government understands the dignity, the independence, the self-respect, the sense of belonging and contribution that work gives us.

Our *Jobs Plan* will start this journey to get Victoria working.

It will drive economic and social recovery by putting Victorians at its heart.

It will build our State as we rebuild our economy.

It will support our industries and leverage our strengths.

And it will leave no Victorian behind.

The *Jobs Plan*, as well as other initiatives included in this Budget, will support around 125 000 jobs.

To kick-start our recovery, we're investing a record \$2.4 billion to drive growth in key priority sectors.

More and more things will be produced locally and proudly stamped 'Made in Victoria'.

Victoria's workforce, and supply chains; its design and engineering expertise; its leading universities and researchers will all play a vital role.

Our \$2 billion *Breakthrough Victoria Fund* typifies the Government's optimism.

An Australian first, it will drive investment in research, innovation and commercial outcomes.

We know Victoria has some of the best scientists and institutes in the world, producing some of the most advanced research.

We'll leverage this to supercharge growth in new innovations, new companies and new jobs.

The Fund will focus on priority sectors such as health, agriculture, food and clean energy.

It will attract the best and brightest from around the world.

We'll also provide low-interest loans to dynamic Victorian enterprises so they can maintain their cashflow and continue to undertake vital research and development.

Speaker, we know too many businesses have struggled this year.

That's why we're helping them reach the other side of this health crisis.

In 2020, we have announced almost \$4.1 billion in tax and fees relief and tax deferrals for Victorian workers, businesses and families.

This Budget confirms a further \$1.5 billion in tax relief.

To get Victorians back to work, our New Jobs Tax Credit will encourage businesses to take on more staff as they reopen and rebuild.

We will increase the threshold for paying payroll tax annually, helping up to 7 000 businesses.

We are backing an export recovery plan with more than \$30 million, so Victorian exporters can once again get out there and push our State's great products.

We will encourage Victorians back into the property market, by waiving up to 50 per cent of stamp duty on eligible homes, for the remainder of the financial year.

And Victorians will be able to get into the property market sooner and with lower deposits, thanks to our \$500 million Victorian Homebuyer Fund.

But we're not just focusing on those who can afford to buy a home.

In a year when 'home' became increasingly central to our lives, we're making sure more Victorians than ever have a roof over their head.

We'll do this through our record \$5.3 billion investment in social and affordable housing, as part of our Big Housing Build.

It's a three-for-one investment: homes for our most vulnerable; jobs in construction; and economic activity.

We'll build over 12 000 new homes, supporting more than 10 000 jobs a year while cutting the social housing wait list.

This will transform thousands of lives.

We'll help renters by providing a 50 per cent land tax discount from 2022 until 2040 to attract new investment in build-to-rent developments, boosting housing supply by an estimated 5 000 homes.

And more than \$110 million is provided to deliver planning reforms that will increase the housing supply and grow more jobs.

And while we're growing jobs, this Budget will also invest \$619 million to match people to the right jobs through *Jobs for Victoria*.

This includes \$250 million so businesses can hire at least 10 000 Victorians who've been hardest hit by this pandemic.

Speaker, the Andrews Labor Government has invested heavily in Victoria's transport infrastructure.

We know the best cities in the world are the ones where you spend more time enjoying life, and less time waiting in traffic.

This Budget builds on our record transport investment with more than \$10 billion for better roads and public transport.

Our historic Suburban Rail Loop project will link every major rail line from Frankston to Werribee.

It will support up to 20 000 jobs during construction and kick-start the careers of 2 000 apprentices, trainees and cadets.

In this Budget we're investing \$2.2 billion for preliminary work on the Suburban Rail Loop, before starting Stage One of this exciting build.

We have formalised our partnership with the Commonwealth to commence construction of the \$10 billion Melbourne Airport Rail Link in 2022.

As part of our manufacturing revival, the Budget includes funding for 100 new Next Generation Trams – made in Victoria, supporting almost 1 900 jobs.

Many Victorians travel between our two largest cities, Melbourne and Geelong, for work and school and to visit family and friends.

This Budget delivers \$2 billion towards Geelong Fast Rail, reducing travel times and supporting more passengers on our State's busiest regional rail line.

Speaker, Melbourne is the cultural capital of Australia, renowned as a place of arts, ideas and good living.

And I'm excited to say that we're bringing a whole new gallery to our city's Arts Precinct, with a \$1.4 billion investment.

NGV Contemporary will be the country's largest gallery dedicated to contemporary art and design.

It will draw an extra three million visitors each year, and support 5 000 jobs while it's being built.

And during construction, we'll improve art storage facilities and enable touring of exhibitions throughout regional Victoria.

We'll also deliver almost \$35 million worth of creative infrastructure projects, from Shepparton to Torquay.

Speaker, there is no doubt that the pandemic and its economic fallout has hit women harder than men.

Gender inequality means Victoria is losing out.

It is not only unfair – it inhibits our economic prospects.

We need to front-up to the inequalities that see women lose more and earn less – both leading up to and throughout this pandemic.

Through our *Jobs Plan*, the Andrews Labor Government will support more women back into the workforce.

We're committing \$150 million to support businesses to hire 6 000 women through wage subsidies.

At least one third of these subsidies will be for women over 45 years of age – acknowledging the additional hurdles they face in finding work.

We're providing \$58 million to expand opportunities for apprentices and trainees, including dedicated funding to help women get into trades.

And \$10 million will go to female entrepreneurs to access startup capital through a new fund.

To help families balance the daily juggle of work and care, the Government is investing \$170 million to make kinder free for selected programs next year.

This will save eligible families around \$2 000 and support more women back into work.

And to further assist working parents, we're investing \$82 million to increase before-and-after-school care programs in up to 400 schools across the state.

Speaker, this has been a year unlike any other for our school kids.

Young children have missed their friends, teachers and schools for most of the year.

Home schooling was tough on kids – and really tough on mums and dads.

Year 12 is always a high-stakes year – but what a tough year for the class of 2020.

This year has underlined the critical role of our teachers and schools.

That's why this Budget invests a record \$5.6 billion in our schools and early childhood education.

We're upgrading more than 160 schools, giving kids the classrooms they deserve and supporting 6 400 jobs.

For our students with disability, we're committing \$1.6 billion to a new funding and support model that better identifies their needs.

It's the biggest change to inclusive learning in our State's history. Most importantly, it'll mean we're supporting *all* our kids to be their best.

We know online learning's been challenging this year for many students.

We are determined that one tough year won't put any child behind for a lifetime.

We have worked too hard as a Government and a community to let that happen.

So, we're putting more than 4 000 tutors in schools to help students catch up – because we don't want anyone left behind.

Speaker, our young people today are the future of our State. They have faced challenges that most of us have never known.

They need a Government that has their back – that will deliver the skills they need to get into work, and quickly.

That's why this Budget delivers \$1 billion for our TAFE and training system.

We're funding up to 80 000 new subsidised training and Free TAFE places, with opportunities for young people and women.

We'll create more than 50 000 places in skills-focused short courses, for quick retraining into high-priority jobs.

And we'll expand pathways for thousands of apprenticeships and traineeships.

Speaker, this is a Government that has prided itself on making the critical investments today that ensure a better tomorrow.

This Budget invests \$1.6 billion to drive the biggest growth in clean energy jobs that Victoria has ever seen.

It will help us work towards our State's goal of net zero emissions by 2050, because climate change is real and it needs immediate action.

This package will cut energy costs for Victorian businesses and households, create jobs and attract new investment.

We'll put new heating and cooling systems in 250 000 low income homes and 35 000 social housing properties – helping the planet while cutting household bills.

We'll release extra rebates for the Solar Homes battery program so that Victorians can apply for a household battery.

On a bigger scale, we'll invest in clean energy projects such as the Victorian Big Battery, which will increase energy flows between Victoria and NSW during peak summer periods.

And we'll provide \$92 million to attract investment and create jobs in land restoration, delivering a long-term income stream for landholders and improving farm productivity.

The Budget continues the Government's strong record of investing in regional Victoria – making sure no corner of our State is left behind.

This has meant better roads, more train services, improved tourism infrastructure, better health care and so much more.

Speaker, we know that the twin disasters of the bushfires and coronavirus have hit regional Victoria particularly hard.

That's why this Budget invests more than \$8 billion to turbo charge regional Victoria's recovery, so our State remains a fantastic place to live, work and invest.

We'll pay for thousands of Victorian residents to travel and explore our beautiful State, providing a welcome boost for economies and jobs.

In total, the Andrews Labor Government will have invested \$26.2 billion in regional Victoria since November 2014.

That's more than three times the investment of the previous State Government.

The remote working arrangements we've seen this year also present us with a unique opportunity.

Flexible working has opened up new jobs that we now know can be performed from anywhere across the State.

That's why we're making the internet better across Victoria, with more than half a billion dollars to remove black spots and roll out business grade broadband, smoothing the way for local businesses and communities.

And we'll invest in regional road and rail, with a package of \$4.7 billion, including a massive road maintenance blitz across the State.

To support businesses to open, relocate or expand in regional Victoria, we are fast tracking a 50 per cent stamp duty concession for commercial and industrial properties.

We will bring this in more than two years earlier than planned.

Speaker, we know Victorian farmers have done it tough this year.

This Budget provides more than \$203 million to help Victoria's farmers and food producers upgrade their infrastructure and buy new technology.

It also invests in the next generation of farmers, with agricultural college upgrades at Horsham, Shepparton and Geelong.

Importantly, it includes \$2.8 billion for regional health care, because all Victorians deserve quality care, no matter where they live.

We are committed to the work of recognising our First Peoples Assembly, and to a fairer future for Aboriginal Victorians.

This Budget delivers more than \$357 million, our biggest ever investment in support for our Aboriginal communities, all aimed at remedying what the *Uluru Statement from the Heart* described as the torment of powerlessness.

Victoria remains the first and only jurisdiction to have actioned both the Treaty and Truth elements of the *Statement*.

Importantly, it's an investment in Aboriginal Victorians, led by Aboriginal Victorians.

And to continue our nation-leading efforts, this Budget will invest almost \$20 million to support greater self-determination and let more voices be heard.

Speaker, this year has tested us emotionally and it has revealed the very deep cracks in our mental health system.

This year's Budget invests nearly \$870 million to ensure Victorians have the mental health support they need as we get on with fixing a broken system.

This includes funding the rollout of the interim recommendations from the Royal Commission into Mental Health, including \$492 million to deliver 120 mental health beds in Geelong, Epping, Sunshine and Melbourne.

We are also delivering an extra 19 000 hours for community mental health support, and another \$47.8 million towards critical early intervention.

Speaker, this pandemic has exposed many of the frailties in our nation's economy – none more so than insecure work.

That's why we are investing \$5 million to take the first step to develop, in consultation with employers, unions and workers, a new Secure Work Scheme.

The proposed pilot scheme will provide five days sick and carers pay at the minimum wage to casual or insecure workers in priority industries.

Because no worker should have to choose between going to work unwell, or losing wages.

We know many Victorians are doing it tough. That's why we are using our Budget to help household budgets.

It's why we are making kinder free and helping households slash their power bills.

It's why we're providing vouchers for travel and sports equipment, and making it easier for Victorians to buy or rent their home.

We know that every little bit helps, and by helping Victorian households, we will help the State's economy.

Speaker, we live in uncertain times – but we also have a rare opportunity.

An opportunity to reset, and to design the future we want.

A future where all Victorians – regardless of age or gender – have access to a safe and secure job.

A future that repairs the damage, heals the pain and makes us stronger than before.

In the words of President Elect Joe Biden, ‘fear never builds the future, but hope does.’

After a year of turmoil, this Budget is the triumph of hope over fear.

When we act together, there is no challenge too great, no prize too unobtainable, for the Victorian people.

Securing the health and safety of the community was our first job.

Building a Victoria that’s rich with new ideas, opportunity, and excitement about the future – that’s our next job.

Two years ago to this day, the Andrews Labor Government was re-elected.

We have never taken this honour for granted.

As the Premier said at the time, Victoria is:

‘A community of people united by more than just our location. More than just our connection to a place.

But a connection to each other.

...

United by a common creed: that we are all in this together.

That we’re stronger for our diversity, and greater for our differences.

That education is power, and that every child deserves every chance.

That good, secure, decent jobs are a right; and that workers’ rights must be protected.

These are the values that our Government has lived by.

And every day... we are doing what we said we would do:

Putting people first.’

Our challenge is great but our will is greater.

Victorians will persevere, prevail and prosper.

Together.

This Budget is our declaration of resolve.

Speaker, I commend this Bill to the House.

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