

2018-2019 Victorian State Budget

Overview

On May 1, the Treasurer of Victoria, Tim Pallas, delivered his fourth State Budget with a focus on education, health and regional development.

The Budget's centrepieces are the significant investment in skills, mental health and tax relief for regional businesses.

It is encouraging to note that the State Government – in line with the Committee's recommendations – recognises the potential for an Airport Link to significantly shape Melbourne's urban form. This observation is backed by an increased allocation of \$50 million (up from a previously allocated \$10 million) to "determine how to best integrate a future Airport Rail Link with the rail network, to unlock network capacity in the west and deliver fast rail to Geelong and other regional centres."

Furthermore, this Budget's investment in education, most notable by making 30 priority TAFE courses and 18 pre-apprenticeship courses free, in combination with a \$109 million overhaul of the careers education in secondary schools, is a sign of recognition of the changing landscape for our future workforce.

Given the importance of international students to the economy, the reduction in public transport costs for eligible students will also be welcomed.

Victoria's economy is projected to remain in a strong position – over the last twelve months the economy grew by 3.3 per cent (compared with the national growth of 2.0 per cent), while average revenue growth is projected to remain higher than average expense growth over the next four years.

Like last year, the State's net debt as a percentage of Gross State Product (GSP) is forecast to be no higher than 6.0 per cent over the forward estimates. Average employment grew by 3.9 per cent in 2016-17 and is projected to have grown at 2.75 per cent at the end of 2017-18.

The Government projects an operating surplus of \$1.4 billion, with surpluses averaging \$2.5 billion over the forward estimates.

The following summary includes notable Budget initiatives relevant to the Committee's four key pillars: Future Economy, Infrastructure, Urban Optimisation, and Liveability.

Victorian economic forecasts

% Change	2016-17 actual	2017-18 forecast	2018-19 forecast	2019-20 forecast	2020-21 projection	2021-22 projection
Real gross state product	3.3	3.00	2.75	2.75	2.75	2.75
Employment	3.9	2.75	2.00	1.75	1.75	1.75
Unemployment Rate	5.9	5.75	5.75	5.50	5.50	5.50
Consumer Price Index	1.9	2.00	2.25	2.50	2.50	2.50
Wage Price Index	2.0	2.25	2.50	2.75	3.00	3.25
Population	2.3	2.30	2.20	2.10	2.00	2.00

General Government Fiscal Aggregates

	Unit of measure	2017-18 actual	2017-18 revised	2018-19 budget	2019-20 estimate	2021-22 estimate
Net result from transactions	\$ billion	2.7	2.0	1.4	2.0	2.9
Government infrastructure investment	\$ billion	9.1	11.6	13.7	10.0	7.6
Net debt	\$ billion	15.8	19.6	24.3	28.0	31.4
Net debt to GSP	Per cent	3.9	4.6	5.4	5.9	6.0

* Source: Department of Treasury and Finance

Roads

- \$2.2 billion: upgrade 13 arterial roads across the northern and south-eastern suburbs, including:
 - \$1 billion: widen and improve safety on roads across the northern suburbs
- \$941 million: regional roads, including:
 - \$333 million: road maintenance
 - \$100 million: establish a *Fixing Country Roads fund*.
 - \$229 million: *Towards Zero Road Safety Action Plan*
 - \$98 million: planning and and pre-construction of new bypasses on Western Highway
- The upgrades will be overseen by the newly established Major Roads Projects Authority and are projected to be completed in five years

Public Transport

- \$571.5 million: power and signalling upgrades from the city to Cranbourne and Pakenham, plan for the duplication of the Cranbourne line and undertake detailed design work to enable new high-capacity metro trains to run to Sunbury
- \$313 million: Stage 2 of the Shepparton Line Upgrade
- \$172.9 million: build new train stabling and maintenance facilities on the regional network, and upgrade the Southern Cross Railyards
- \$103.5 million: five X'Trapolis trains
- \$50 million: complete detailed planning of an airport link and deliver fast rail to Geelong
- \$16.9 million: enhanced bus stop safety and new CCTV
- \$16.3 million: accessibility improvements at Essendon and Watergardens stations
- \$12.3 million: first stage of the new South Yarra Station precinct
- \$1 million: early planning work on a tram bridge, connecting Fishermans Bend to the CBD.
- 2,000: new and upgraded carparks at key stations
- Establish Rail Projects Victoria to complete detailed planning of an airport link that unlocks the west and delivers fast rail to Geelong
- Turn-up-and-go services and a new train service to Mernda
- Completion of the Hurstbridge Line Upgrade Stage 1

Housing

- \$14.7 million: simplify the permit applications process, including:
 - \$9.7 million: process more permits
 - \$3.5 million: help councils speed up subdivision approvals

Sports, Creative Industries and the Visitor Economy

- \$241.6 million: upgrade suburban ground facilities, local clubs and high-performing centres across the state, including:
 - \$225 million: deal with the AFL that will deliver a major redevelopment of the Etihad Stadium Precinct and guarantee the AFL Grand Final will stay at the MCG for the next 40 years
 - \$64.6 million: upgrade the State Netball and Hockey Centre
 - \$60 million: community sporting grants
 - \$15.4 million: upgrade sporting precincts in Albert Park, Yara Bend, Jells Park, Olinda Precinct and Ryan's Reserve
 - \$17.7 million: Significant Sporting Events Program, to fund more than 75 national and international sporting events annually
- \$78.7 million: the Creative Sector, including:
 - \$31.6 million: redevelop ACMI
 - \$2.9 million: hold the *Australian Performing Arts Market* in Melbourne from 2019 to 2024.
 - \$8.4 million: support the local screen industry
- \$51.1 million: attract more overseas and interstate visitors to Victoria, including:
 - \$21.8 million: attract more conferences to Victoria

- \$4.5 million: boost Victoria's Major Events Fund to attract more cultural and sporting events
- \$5.8 million: planning works to grow both domestic ferry and cruise ship operations out of Port Melbourne's Station Pier

Industry and jobs

- \$55 million: Investment Attraction and Assistance Program
- \$29.7 million: help Victorians to participate in the major construction and manufacturing projects, including:
 - \$21.9 million: Jobs Victoria program
- The regional payroll tax rate will be cut to 2.425 per cent, which is half the metropolitan rate

Education and Training

- \$1.25 billion: build and upgrade schools across Victoria, including:
 - \$353.2 million: plan and build new schools
 - \$180.8 million: plan and upgrade schools across regional and rural parts of the state
 - \$77.8 million: relocatable classrooms
- \$303.8 million: create approximately 30,000 new training places
- \$172 million: make 30 priority TAFE courses and 18 pre-apprenticeship courses in selected growth industries free (see appendix 1 for the list of TAFE priority courses)
- \$108.6 million: overhaul careers education in schools
- \$49.8 million: Head Start Apprenticeships and Traineeships program
- \$43.8 million: apprenticeship programs

Health

- \$2.1 billion: patient care, including:
 - \$217.6 million: an elective surgery blitz to cut down waiting times and lists
 - \$58.5 million: more paramedics
- \$1.2 billion: hospital upgrades and equipment, including:
 - \$461.6 million: redevelopment of the Ballarat Base Hospital
 - \$396 million: complete funding for Australia's first standalone Heart Hospital
 - \$123.8 million: roll-out electronic medical records across the Royal Melbourne, Peter Mac and the Royal Women's hospitals
 - \$115 million: expand Wonthaggi Hospital
 - \$72 million: key technology and medical equipment
 - \$69.5 million: support urgent works at the Alfred Hospital
- \$705 million: mental health support, extra regional rehabilitation facilities and new emergency department crisis hubs, including:
 - \$232.4 million: support 89 new and existing acute inpatient beds and boost the number of treatment hours in community-based services
 - \$153.8 million: intensive community mental health services and support for high-need mental health clients

- \$100.5 million: six emergency department crisis hubs across the state, to help people with urgent mental health, alcohol and drug issues

Energy, Water and the Environment

- \$70.6 million: for Parks Victoria to improve the management of our public parks network, plus:
 - \$8.3 million: help protect and manage our beaches
 - \$ 1 million: fight climate change by ensuring critical emissions reduction targets are met across government sectors including electricity, land, industry, agriculture and transport
- \$65 million: provide water security for communities across the state, including:
 - \$4 million: support smarter use of water in our cities and towns across the state
 - \$2 million: continue water efficiency measures in schools and local communities
 - \$1.25 million: finalise work on the Yarra Strategic Plan
- \$48 million: Power Saving Bonus to help families get a better deal from power companies by receiving a \$50 bonus when using Victoria's Energy Compare website

Other notable budget items: Cyber Security

- \$17.6 million: deliver the State's first Cyber Security Strategy
 - This follows the appointment of the state's first ever Chief Information Security Officer
- \$5.5 million: reduce the cost of public transport for eligible international students

Appendix 1 – Free TAFE for priority courses funded in the Victorian State Budget 2018-19

Accounting, Certificate IV/Diploma/Advanced Diploma	Hospitality, Certificate III
Ageing Support, Certificate IV	Individual Support, Certificate III
Agriculture, Certificate II/III/IV	Mental Health, Certificate IV
Agriculture (Dairy Production), Certificate III	Diploma of Nursing
Allied Health Assistance, Certificate III/IV	Plumbing and Services, Certificate IV
Automotive Air Conditioning Technology, Certificate II	Construction Pathways, Certificate II
Automotive Body Repair Technology, Certificate II	Electrotechnology (Career start), Certificate II
Automotive Servicing Technology, Certificate II	Electrotechnology (Pre-vocational), Certificate II
Automotive Vocational Preparation, Certificate II	Engineering Pathways, Certificate II
Building and Construction (Building), Certificate IV/Diploma	Engineering Studies, Certificate II
Civil Construction, Certificate III	Furniture Making, Certificate II
Community Services, Certificate III/IV/Diploma	Glass and Glazing, Certificate II
Concreting, Certificate III	Horticulture, Certificate II
Construction Waterproofing, Certificate III	Meat Processing (Food services), Certificate II
Dental Assisting, Certificate II/IV	Plumbing (Pre-apprenticeship), Certificate II
Disability, Certificate IV	Printing, Graphic Arts (general), Certificate II
Education Support, Certificate III/IV	Retail Baking Assistance, Certificate II
Engineering, Certificate IV	Salon Assistant, Certificate II
Horticulture, Certificate III	Signage and Graphic, Certificate II

Note: Following consultation, the Government will make further announcements to confirm the composition of an additional 10 priority courses.