



Victorian Budget 2022/23

Putting Patients First

TREASURER'S SPEECH

Budget Paper No. 1

Presented by Tim Pallas MP
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
2022/23 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 2022

VICTORIA

BUDGET SPEECH

Delivered on 3 May 2022

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 (2022-23) Bill 2022.

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, present and emerging, and the Aboriginal Elders of other communities who may be here today.

Speaker, today I deliver the *Victorian Budget 2022-23*.

I'd like to start by expressing my appreciation to all the health workers with us today.

To those sitting in the gallery, but also to those working in hospitals and clinics all over the state right now.

There's a saying that the best way to change the world is by example.

Our state's nurses and doctors, paramedics and healthcare workers, set a powerful example of compassion and selflessness right throughout the pandemic.

They delivered more than 15 million doses of vaccine, as Victorians stepped up to build immunity.

They administered more than 20 million PCR tests.

They treated thousands of COVID patients.

They fought a threat from which they were not immune, facing exposure and isolation, and taking on extra work when colleagues were furloughed.

Today we say thank you.

Today I hand down a Budget that gives our healthcare workers the extra pair of helping hands they need – so they can give Victorians the very best care.

Back in 2014 when this Government won office, nobody could have predicted the pandemic.

But what this Government has always understood, is that every day in office is an opportunity to make life better for Victorians.

Since 2014, we haven't wasted a minute.

From the outset, we have planned and built for the future.

Not just for tomorrow, but for the many years ahead.

Together with the Victorian community, we've built schools and hospitals, roads and railways.

We've overseen the biggest infrastructure program in the nation.

We've delivered projects that hundreds of thousands of Victorian workers can look at with pride and say: I helped build that.

We've led social change to make this community fairer and more compassionate – through Free TAFE, three-year-old kinder, and reforms to address family violence and mental health.

Together with our community we've nurtured an enviable lifestyle, a world-famous major events calendar and we've attracted investors from around the globe.

We've created 560 000 jobs – of which more than 400 000 are full time.

The tireless efforts of Victorians – their innovation, enthusiasm and hard work – have paid dividends.

Speaker, if your State must face a global crisis, it helps to have the most robust economy in the nation.

When the pandemic hit, we moved quickly to protect Victorians while vaccines and treatments were being ordered by the Commonwealth.

We used our balance sheet to support businesses and household budgets.

We put tutors in schools, provided grants and hardship relief – we delivered more than \$44 billion to protect health, save jobs, and respond to the pandemic.

Throughout it all, we never lost our focus on what we were elected to deliver for Victorians:

Health. Education. Infrastructure. Jobs.

We dealt with the crisis, while keeping our eyes on the long-term goal: making this state a prosperous and fair place to live.

A state with world-class education and healthcare, one that encourages success and opportunity but that also cares for those in need.

Speaker, we know the pandemic caused pain. We know it hasn't been easy.

Victorians pulled together to get their community through.

And we know that the best way to honour that is to rebuild our health system and our community so that we are stronger, together.

Speaker, the Victorian economy suffered an extraordinary shock due to the pandemic, as did jurisdictions right across the globe.

And the *Jobs Plan*, announced in the *2020-21 Budget*, was our strategy to protect the economy and protect jobs.

Today, with one of the world's highest rates of vaccination, we are open and rebuilding.

We were confident of a quick bounce-back, but I'm pleased to say it's been even faster than predicted.

At 4 per cent, the state-wide unemployment rate is at its lowest since current records began.

The regional unemployment rate is even lower – at 3.2 per cent.

Employment in regional Victoria has increased by over 80 000 people since November 2014.

State final demand is now back above pre-pandemic levels, and the economy is forecast to grow by three and a quarter per cent in the coming financial year.

Industries are roaring to life.

Victorians are crowding back to jobs, restaurants, theatres and stadiums.

Business conditions are well above their long-term average.

Leading employment indicators are strong.

Female and youth employment are now above pre-pandemic levels.

Since the trough in employment in September 2020, an amazing 280 000 jobs have been created across the state – smashing our target to create 200 000 jobs by late 2022.

Workforce participation is now near an all-time high.

I'm proud to say that this Government's *Jobs Plan* has well and truly delivered.

Speaker, Victorians have achieved this extraordinary economic recovery despite the Commonwealth Government short-changing them by billions of dollars.

The recent Federal Budget revealed Victoria's share of new infrastructure spending would be mere scraps – less than 6 per cent of new funding, despite us having 26 per cent of the nation's population.

Their \$7 billion regional development plan allocated Victoria a grand total of exactly ... nothing.

Under the Commonwealth Government's distorted GST carve-up, Victoria could lose over \$1 billion a year if the no-worse-off guarantee is allowed to expire in 2027.

Federal funding for COVID-related health costs will be cut this year, as the Commonwealth fades ever further from view and increases the burden on Victoria.

We've had to do more to vaccinate Victorians, help business and support workers – because the Commonwealth simply didn't do its job.

This all means less for our hospitals and schools, for roads and rail.

The Commonwealth Government, whoever they are, *must* stop short-changing hard-working Victorians and give us our fair share.

As the Premier has said, funding Victoria fairly is not foreign aid – this is simply what Victorians are entitled to, as Australians.

Our Federation won't function effectively if the Commonwealth disappears in our hour of need and treats Victorians as second-class citizens.

Speaker, health was a top priority of the Andrews Labor Government long before the pandemic.

We have always believed in putting patients first.

Since our first Budget we've dramatically increased health funding – by \$9.2 billion a year – and we've employed 29 000 extra healthcare workers.

But the deadly global pandemic has pummelled health systems around the world.

Our incredible nurses, doctors, paramedics, allied health practitioners, cooks and cleaners – indeed all our health workers, deployed all their training, experience and grit to face this once-in-a-lifetime health crisis.

They cancelled leave, they worked through exhaustion, they took on new duties, and they risked their own health.

They provided exceptional clinical care – and so much more.

They held patients' hands, they comforted families, and their kindness brought humanity into COVID wards.

We owe them a great debt.

They are our frontline.

They are the best of us.

Their example, and their sacrifice, brought out our better selves.

Their discipline, determination and compassion gave us the courage to keep trying, to persevere and to prevail.

That's why in this Budget, I'm proud to announce a Pandemic Repair Plan for more staff, better hospitals and first-class care.

The pandemic meant elective surgery was put on hold for many Victorians.

It's now time to start catching up.

We'll ramp up elective surgery to record levels as part of a \$1.5 billion COVID Catch-Up Plan.

We'll set up extended hours for hospital operating clinics to perform more surgeries each day.

We'll convert Frankston Private Hospital into a public surgery centre with capacity to perform up to 9 000 surgeries a year once fully operational.

Our goal is to carry out 240 000 surgeries annually by 2024.

We'll invest in the care patients need.

We are training and hiring up to 7 000 new healthcare workers, of which 5 000 are nurses.

We'll recruit up to 2 000 of these through a global recruiting drive to bring more ex-pats home.

We'll deliver an extra 400 perioperative nurses, upskill 1 000 nurses and technicians and we'll create more than 1 200 new nursing and midwifery training places.

We'll nurture the mental health of our workforce by extending our program of one-on-one psychological support.

And we'll back more traineeships for Aboriginal healthcare workers, so our First Nations people have more culturally sensitive care.

The pandemic has tested our emergency responses, and every Victorian deserves to know that when they need it, help will come.

So, we'll put more paramedics on the road with an extra \$124 million, while we're freeing up emergency departments.

We're investing \$333 million to add nearly 400 new staff so we can increase Triple Zero call-taking and dispatch capacity, including for ambulances.

And we're training more operators to allocate calls across the state.

We'll set up a second mobile stroke unit in Melbourne's south-east, so that stroke patients can get the fast care that saves lives.

I'm very proud to announce that we are building a 24-7 hospital for the growing communities in Melbourne's west, with more than \$900 million in this Budget for the new Melton Hospital.

We'll also deliver the Barwon Women's and Children's Hospital, for Geelong's rapidly growing population, with an investment of over half a billion dollars.

We'll expand emergency departments at Werribee Mercy Hospital and Casey Hospital, with \$236 million.

And more people will get the care they need in the comfort of their own home, as we expand the Better at Home program.

Victorians in every corner of our state deserve access to high-quality care.

This Budget boosts the Regional Health Infrastructure Fund by \$300 million so our regional and rural health services can be upgraded with operating theatres and medical equipment.

Since this Fund began in 2016, we have financed over 480 projects and, with today's funding boost, our investment will total \$790 million.

Speaker, we'll keep fighting the fight against COVID-19.

We'll support our hospitals with an extra half a billion dollars to keep combatting the virus.

And we'll invest to extend our respiratory clinics, which are so critical for treating severe cases.

We are distributing 200 million free rapid antigen tests to our hospitals, critical workers, schools and childcare centres, and to every Victorian who attends a testing site.

We've invested in a new mRNA manufacturing facility, in partnership with the Commonwealth, to make the latest vaccines right here in Victoria.

Speaker, this is a Budget that puts more than \$12 billion into the hospitals and healthcare our state needs and the Victorian workers who will deliver it.

This Pandemic Repair Plan means more staff, better hospitals and first-class care.

This Budget is putting patients first.

Speaker, the Royal Commission into Victoria's Mental Health System provided a plan for a world-class network of services.

This massive social reform is one of the biggest in our state's history, the sort of generational change that only Labor governments make.

It will not just improve *quality* of life for thousands of people – it will *save* lives.

For the truckie pulling over in the dead of night to weep, for the new mother stricken by panic attacks, for the young person feeling like nobody has ever felt so alone ...

... for these people, their families, and many more, our mental health reform might be the most important thing this Government ever does.

Last year, we delivered \$3.8 billion to accelerate this change, and to build a system which gets people the care and help they need and deserve.

Our record spend in this critical area continues in this Budget, which invests in mental health with a further \$1.3 billion.

Mental health care is about so much more than buildings or equipment – it's about people caring for patients with compassion.

That's why we're ramping up our mental health workforce, to deliver on the Commission's reforms with \$372 million to help train 1 500 workers – including 400 mental health nurses.

We'll open 82 new mental health beds across the state, making a total of 274 new beds that have received funding since the *2019-20 Budget*.

We'll build a bigger mental health facility at Goulburn Valley Health in Shepparton.

So that older Victorians receive the high-quality care and comfort they deserve, we'll invest more than \$140 million to build three new public sector residential aged care facilities in Camperdown, Mansfield and Orbost.

We'll also be helping Victorians living with a disability who have not been eligible for the NDIS, with more than \$130 million for tailored support.

Speaker, preventing a problem from getting worse has far more impact than only acting once it becomes an emergency.

That's why we're funding an early intervention package, with half a billion dollars to address issues sooner for students in crisis, those exiting the justice system and those at risk of homelessness.

These investments focus on helping Victorians early – improving their lives and reducing their need for more intensive services later.

Speaker, the Andrews Labor Government knows that a fantastic education gives every child the chance to reach their potential.

Because the unfortunate truth is that the playing field is not always even. Some kids leave for school with a hug and a packed lunch while others walk out the door with an empty stomach and a heart full of worry.

No matter their background or their postcode, we want every child to have world-class schooling that will give them the key to unlock their best life.

Since 2014, this Government has employed nearly 10 000 new teachers.

This Budget continues that commitment to a culture of learning and growth, with funding to expand schools, grow our teaching workforce and help our kids.

We promised in 2018 to open 100 new schools across our state by 2026, a pledge we are ahead of schedule to deliver.

Today, we're funding an additional 13 new schools for Victorian students – taking us to 75 of the 100 schools we promised.

We're also going to upgrade a further 65 schools, including 36 special schools, meaning this Government will have upgraded every single special school in the state.

This Budget invests an extra \$1.8 billion to build new schools and improve existing ones – bringing this Government's total investment to more than \$12.8 billion for new schools and upgrades.

We'll fund extra literacy and numeracy support for students who need it most, with new funding of more than \$130 million.

Speaker, any parent raising a teenager knows there's no 'one size fits all' for young people finishing secondary school. If you pigeonhole a kid this can impact their entire life.

Next year, 2023, will see the start of the biggest reform of the VCE since it began.

We'll introduce a new vocational pathway, to give every student more choice in VCE, with a commitment of nearly \$280 million.

That will expand the Head Start school-based apprenticeship model to every government secondary school in the state.

Speaker, in 2022 we reached a milestone – every Victorian child can now get at least five hours of funded three-year-old kindergarten each week, getting them off to a better start in life.

In this Budget we're giving every child starting three-year-old kinder a Kinder Kit, with educational items like books and games.

School teachers have gone above and beyond through the pandemic, working hard to keep kids engaged.

This Budget invests \$779 million to recruit around 1 900 more teachers.

That means more time for each teacher to prepare and focus on each student, to get to know them better and to meet their individual learning needs.

Speaker, we're creating decent, secure jobs by investing in Victorian industry.

Because when we back homegrown innovation, every Victorian benefits.

That's why we're announcing a new Victorian Industry Investment Fund, with \$40 million in grants to support growing businesses.

We'll open a new trade and investment office in Paris and commit another \$40 million to attract more business to Victoria, from companies around the world.

We'll deliver programs to encourage investment and jobs in renewable energy, digital manufacturing and defence research.

We are investing more than \$100 million in the skills and training Victorians need, with more support for TAFEs and an expanded Apprenticeship Support Officers program.

Speaker, in any humane and fair society, jobs should be secure and safe.

That's why the Government is piloting Australia's first *Sick Pay Guarantee* – providing insecure workers up to five days' sick pay every year.

This means they will no longer be forced to choose between a day's pay and looking after their health, or a loved one who needs them.

We're also fighting wage theft, by arming the Victorian Wage Inspectorate with the resources it needs to take on this injustice.

We'll help community service organisations and their workers by covering cost increases, with an extra \$90 million.

Victorian workers have driven our remarkable economic recovery – and unlike the Commonwealth, the Andrews Labor Government will continue to stand with workers and fight for better and more secure jobs.

Speaker, every Victorian deserves a roof over their head.

People with secure housing have more chance of finding a job, staying healthy, caring for their families and reaching their potential.

Our Big Housing Build invested a record \$5.3 billion for more than 12 000 new social housing homes.

In this Budget, we will work with the community housing sector to make available a further \$1 billion in low interest loans and government guarantees to create up to 6 000 more homes.

We're also working to support after-hours homeless services with an \$85 million package, taking total support for homelessness in this term of office to over \$700 million.

Speaker, Victorians know that our regions are – quite simply – spectacular.

We all treasure our opportunities to experience regional Victoria's natural beauty, local ingenuity and heartfelt hospitality – whether for a long weekend or a lifetime.

Soon, we'll get to share all of that with the world.

I'm tremendously proud that Victoria will host the Commonwealth Games in 2026.

Known as the Regional Victoria Games, they will feature hubs in Ballarat, Bendigo, Geelong and Gippsland.

Shepparton will also hold events and other regional towns and cities will be added to the program.

This Budget provides \$2.6 billion in funding for this historic event, which will provide a massive economic boost through event infrastructure, new housing and promotion of our great state.

Our Games funding is part of more than \$5.7 billion in initiatives for regional Victoria in this Budget.

An unprecedented \$36 billion has now been invested in regional Victoria since this Government came to office.

Speaker, this Government knows that to be a world-class state, you need world-class transport.

Our flagship transport projects – the Metro Tunnel, Level Crossing Removals, the West Gate Tunnel, the Suburban Rail Loop, the North East Link and the Melbourne Airport Rail – are shaping our state's future.

The Regional Rail Revival and our regional road upgrades are making it easier and faster for Victorians to travel throughout the state.

Our infrastructure investment will average \$21.3 billion a year over the budget and forward estimates – more than four times the average before we came to government.

All up, our capital works program has supported more than 190 000 jobs since 2014.

Victoria's strong recovery owes a lot to our Big Build.

It is the economic and jobs powerhouse which is fast turning our big dreams into reality.

This Budget invests in preparing for day one of the Metro Tunnel, from the first driver trained, to signage for the first passengers.

Work on the Suburban Rail Loop continues, with planning and procurement for the eastern section well underway.

By 2025, we will have removed 85 dangerous level crossings, clearing away boom gates and freeing up new community spaces.

Today, we're committing \$250 million to buy 12 more VLocity trains for regional Victoria.

These will be built and maintained in Victoria for Victorians, supporting hundreds of jobs in Victorian manufacturing.

And \$213 million will deliver the Mickleham Road upgrade creating a safer journey for the thousands of drivers who use the road every day.

Speaker, families work hard to hold it all together.

The Andrews Labor Government understands that living costs are rising, and we want to help make things easier.

That's why this Budget invests a quarter-of-a-billion dollars so that Victorian households can access a one-off \$250 Power Saving Bonus – that's direct support while we also help them find the best deal on their power bills.

We have always supported families with their household budgets – we've expanded free and subsidised kinder, launched the Victorian Homebuyer Fund and introduced Free TAFE.

We helped households through the pandemic with free RATs, the Test Isolation Payment, and rental assistance grants.

And our dining, entertainment and travel vouchers not only helped the economy, they made it cheaper for Victorians to get back out there and eat, play and stay.

Speaker, this Budget invests in equal opportunity for all Victorians, because everyone deserves to live their best life and to be their whole selves.

We are very proud to be the first state to introduce Gender Responsive Budgeting, ensuring we consider the impact on gender of *all* public policy and investment.

In this Budget we are committing around \$940 million in initiatives designed to improve outcomes for women.

Speaker, every woman and child deserves to be safe, and this Government has already invested over \$3.5 billion to protect Victorians from family violence.

In this Budget there's a further \$241 million to support victim survivors, including two new family violence refuges and six new crisis accommodation properties.

We'll support our LGBTIQ+ Victorians with almost \$15 million in funding for legal services, specialist health programs and pride events.

This Government values our transgender and gender diverse communities, their achievements, their views, their contributions, their voices.

For our First Nations' Peoples, the Andrews Labor Government is enormously proud to be supporting the ground-breaking process of Treaty.

This Budget invests more than \$150 million to progress treaty negotiations and self-determination.

Since we took office in 2014, we've announced a total of \$1.6 billion in new funding benefiting Victorian Aboriginal communities – including \$400 million in this Budget.

Speaker, unlike some others, this Government is united behind a target of net zero emissions by 2050.

We have had the greatest annual increase in renewable energy output of any state in history – cementing Victoria's status as the clean energy capital of Australia and creating thousands of jobs.

And now we're delivering the nation's first offshore wind targets, aiming to generate nine gigawatts of power by 2040, as we harness the wild winds off our coast.

Some said our strategies would increase power prices! How wrong they were.

We now have the lowest power prices in five years.

We're making sure Victoria is part of the solution to climate change, and this Budget invests \$215 million towards an environmentally sustainable future.

Speaker, Victoria is renowned as the creative state, with Melbourne the cultural and events capital of the nation.

Our creatives – the artists, writers, musos and performers – are our heart and soul, reminding us to stop and think, to laugh and cry, and to dream.

When the visitors stopped and the stage lights went out, our arts industry took a real hit.

So we're investing \$245 million to help our creative industries bounce back, with affordable creative spaces for artists, and the Go West Festivals Fund to take the arts in Melbourne's west to a whole new level.

We're backing our arts organisations and we'll fund new blockbuster exhibitions at the NGV.

We are building NGV Contemporary, Australia's new home for contemporary art, which will transform the Melbourne Arts Precinct, create jobs and attract visitors to Victoria.

Speaker, the brave men and women of Victoria Police work every day to keep our community safe, often dealing with volatile situations.

They step up with courage and strength, determined to protect the vulnerable.

This Budget delivers more than 500 new police officers and 50 protective services officers to meet the growing needs of our state.

And we'll invest in our emergency response with more than \$35 million going to the VICSES and the CFA, to back up the great work that they and their volunteers do.

Speaker, before the pandemic, this Government maintained strong surpluses while at the same time delivering improved services and new infrastructure.

Our priority through the pandemic was to protect lives and to save jobs.

We borrowed to do this, but we had a clear four-step fiscal strategy to recover.

A strategy we unveiled in the *2020-21 Budget*, one which we've applied, and one which is succeeding.

The first step was to create jobs and restore economic growth.

The second step was to reach an operating cash surplus, which we delivered a path to in last year's budget, and which we'll deliver in full this coming financial year.

The third step was to reach an operating surplus.

I'm pleased to say that with this Budget we are delivering on step three, with an operating surplus of over \$650 million forecast in 2025-26.

Our Budget will recover by over \$18 billion in just four years.

We are delivering a path back to surplus without jeopardising our economic recovery or cutting the services on which Victorians rely.

By contrast – the Federal Government will stay in deficit for more than a decade.

In this Budget, we're also making progress on Step 4 in our fiscal strategy to stabilise debt levels.

Debt will be \$7.8 billion lower than forecast in last year's *Budget Update*.

In this Budget, we are establishing the Victorian Future Fund to reduce the pandemic debt burden on future generations.

The Fund will initially be set up using proceeds from the VicRoads Modernisation Joint Venture.

The new Victorian Future Fund is projected to have a balance of around \$10 billion in the medium term.

It will be supplemented by investment returns, land sales, and a proportion of future surpluses once net debt stabilises.

The Fund will ultimately be used to repay COVID-19 borrowings at the appropriate time to support our fiscal strategy.

With this Budget, Victoria takes another step towards an exciting and prosperous future.

Speaker, let's jump ahead to the end of the forward estimates period.

The year is 2026.

The Commonwealth Games is on, with excited tourists on our streets and a buzz throughout the state.

We're catching trains through the Metro Tunnel, marvelling at its five new underground stations before we emerge into a bustling, lively city.

The State Budget is back in surplus.

7 000 healthcare workers have been trained and hired – so that when our children or our parents need care, we know they're in the best possible hands.

The new Footscray Hospital is open and Melton Hospital is taking shape.

The West Gate Tunnel is easing traffic in Melbourne's west and apprentices are hard at work building the Suburban Rail Loop.

Our reform of Victoria's mental health system is saving lives.

We're producing Australia's mRNA vaccines, right here in this state.

The Australian Institute for Infectious Diseases is developing new vaccines and therapeutics in our world-leading biomedical precinct.

Victorian students are walking through the gates at 100 cutting-edge new schools and 85 dangerous level crossings are gone for good.

And in 2026 I hope, Speaker, I can say that the global pandemic is now a distant memory.

That it is remembered as a time when the Victorian community came together, to carve out new directions and to reach for better dreams.

In my second budget speech in 2016, a very different time, I quoted an ancient Greek saying ...

"A society grows great when old people plant trees whose shade they know they shall never sit in."

I still believe this is true.

Today's doubts must not constrain tomorrow's opportunities.

So, in this Budget, we plant the trees.

And our children and grandchildren will enjoy their shelter.

Speaker, I commend this Bill to the House.

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