



# Getting on with the job

## Victorian Budget 17/18 Treasurer's Speech

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

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Budget Paper No. 2 – Strategy and Outlook  
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Budget Paper No. 5 – Statement of Finances  
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**VICTORIA**

**BUDGET SPEECH**

Delivered on 2 May 2017

by Tim Pallas MP

Treasurer of the State of Victoria

In accordance with section 28 of the *Charter of Human Rights and Responsibilities Act 2006*, I table a statement of compatibility for the Appropriation Bill (2017-18).

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

Speaker, budgets are more than economic blueprints. They're more than a set of numbers, more than a list of initiatives.

They're about people. They're about communities. They're about the type of society our grandchildren will inherit.

They show us where a government's heart lies.

They are, in essence, a test of not so much a government's priorities as its fundamental decency.

When the Andrews Labor Government was elected in 2014, Victoria was in a state of flux. We had one of the highest unemployment rates on the mainland. Our roads had ground to a halt. The previous government had sent a wrecking ball through essential services, particularly in health and education.

The task before us was significant; to rally, to rebuild, to grow and to flourish.

We've laid the groundwork, made tough decisions, and now Victoria is reaping the rewards.

Speaker, since we were elected, we've invested billions of dollars in the infrastructure and services the State needs, all the while maintaining a strong financial position.

The *2017-18 Budget* is about getting on with the job.

It's about remaining steadfast to the commitments and values that propelled us to government.

It addresses the issues familiar to any Victorian raising a family, studying, commuting or running a small business – the dignity of work, access to decent health care, getting home from work safely and quickly, and stable, affordable housing.

It's a budget that is unashamedly geared towards the most vulnerable in our community – those in danger of falling through the cracks, and those in danger of not sharing in our economic prosperity.

At its heart is an unprecedented, comprehensive, and long overdue \$1.9 billion package to address family violence.

It commits another \$1.3 billion to continue the revitalisation of our education system – a system that benefits all Victorian children, no matter where they live, and no matter what their parents earn.

It builds on our record-breaking investments in the State's health system, with almost \$2.9 billion to ensure all Victorians, irrespective of their economic circumstances, receive world-class care.

It gets on with the job of shoring up our infrastructure pipeline, investing \$10.1 billion into the projects our cities, towns and communities need – more than double the average of \$4.9 billion a year that preceded this government.

It provides a record \$2 billion boost to Victoria Police, ensuring they have every resource they need to keep our streets safe, put victims first and hold perpetrators to account.

And it makes a record \$4 billion investment in regional Victoria, continuing the government's commitment to governing for all Victorians.

Speaker, all the social initiatives and infrastructure projects in the world count for nothing if they're not underpinned by strong economic management.

This Government has kept its promises, met every challenge and maintained its triple-A fiscal discipline.

The *2017-18 Budget* produces an operating surplus of \$1.2 billion, with surpluses averaging \$2.4 billion over the forward estimates.

After a lamentable period of inertia under the previous government, we have regained our status as the nation's economic engine room.

We've bucked the national trend when it comes to economic growth and jobs, with 216 000 jobs created on our watch – more than 130 000 of them being full time.

Net debt as a proportion of the economy has been maintained at below the levels we inherited and will remain at no more than 6 per cent of gross state product over the next four years.

We're one of only two Australian states with a triple-A rating from both major credit rating agencies.

We've maintained growth in GSP that is significantly higher than growth in national GDP.

Business is booming. Productivity growth has surged from negative to positive territory.

And importantly, labour force participation is growing, which means more Victorians are taking the opportunity to contribute to our economy.

This is despite a Sydney-centric Federal Government that continues to deny us our fair share of infrastructure funding – that continues to short change Victorians.

As a consequence, the Commonwealth can lay no claim to Victoria's economic revitalisation, but just imagine what could be achieved if they were willing partners.

Speaker, by 2014, after four years of shoulder-shrugging by the previous government, our unemployment rate was nudging 7 per cent.

It was a blight on our state and one we haven't wasted a moment addressing.

With prudence and with foresight, we have turned this around, creating almost 250 jobs every day.

This Government's record infrastructure spend alone is expected to generate more than 50 000 jobs.

Latest figures show Victorian employment grew by an annual average of 3.4 per cent, the strongest of all states, while the rest of Australia averaged only 0.6 per cent.

Put another way, more jobs were created in Victoria in the past year than the rest of the nation combined.

We are particularly proud of the jobs growth in regional Victoria, with the rate of employment growing at more than double the national rate.

This budget will stimulate statewide employment growth and drive private sector investment. It will secure today's jobs, and create tomorrow's.

It's especially important that we invest in our small businesses, whose numbers grew by an additional 15 000 last year.

This is a government that values its relationship with business.

We want to reduce impediments to their growth so they can develop their operations, expand into new markets and create new jobs.

The Government is therefore bringing forward previously announced increases to the payroll tax-free threshold.

This will benefit around 38 000 businesses with a payroll tax liability. It also means that in two years' time 1 600 Victorian enterprises will have stopped paying any payroll tax.

In addition, we're reducing the payroll tax rate by 25 per cent for all businesses operating substantially in regional Victoria – an Australian first that directly reduces costs for around 4 000 businesses.

It will mean Victoria's regional employers will have the lowest payroll tax rate in the nation.

This will support employers to grow their businesses, encourage job creation, and ensure our regional communities share the benefits of economic growth.

Speaker, when we talk of leaving no Victorian behind, that includes the workers – and their communities – that have been the backbone of Victorian manufacturing for so long.

This Government is creating jobs, but we're also focused on protecting jobs.

Whether they're former employees of Ford, Toyota, GM Holden or the Hazelwood power plant, we'll capitalise on their remarkable range of skills, and work to lessen the pain for their families and their local communities.

We'll expand the Local Industry Fund for Transition Program, supporting those affected by the decline of the automotive industry with retraining and career advice.

Working with industry, we'll expand the timber plantation estate in Gippsland to support the long-term sustainability of Victoria's timber harvesting industry.

We'll keep the Portland smelter operating, which will secure more than 1 600 jobs and continue to inject more than \$120 million into the local region every year.

We'll establish a program for manufacturers exposed to high energy prices, especially in the gas market, and help protect jobs.

And we'll improve digital access across the State, to ensure rural communities, schools and businesses are not left behind.

Our Government is working to ensure every part of our state can grow and prosper. But that also means keeping Victorians safe.

Speaker, today I announce historic action on family violence, a national emergency that destroys too many lives, that has been underfunded for far too long.

As former Australian of the Year Rosie Batty said: 'Family violence may happen behind closed doors but it needs to be brought out from these shadows and into broad daylight.'

We recognise her loss and pain, together with the tens of thousands of Victorians who are victims of family violence every year.

It's an issue where everyone has a role to play, but where governments must lead.

In 2015, we established Australia's first Royal Commission into Family Violence.

We committed to implementing every one of its 227 recommendations over a 10 year period.

We listened to victim survivors, to police, to frontline service providers – and we acted.

The unprecedented breadth and scope of our package reflects the gravity and complexity of the issue.

This budget allocates \$1.9 billion to protect victim survivors, hold perpetrators to account and help change community attitudes.

It's funding that will help establish a network of Support and Safety Hubs – crucial points of contact for women and children experiencing family violence, and other vulnerable families to get the services they need.

It will fund after-hours crisis support, financial counselling and therapeutic support, including for children and Aboriginal victims.

It will help build long-term public housing and modernise and expand crisis accommodation to ensure victim survivors' safety and allow them to begin a new life.

It will also help fully implement specialist family violence courts at Ballarat, Frankston, Shepparton, Moorabbin and Heidelberg Magistrates' courts – facilities that will help ensure the perpetrators of family violence are held to account.

It will provide support in areas where there are diverse or complex needs, including for LGBTI, migrant, multicultural and Aboriginal communities, as well as people with disabilities and elderly women.

And crucially, it will provide \$132 million to protect vulnerable children, many of whom have experienced or witnessed family violence.

Speaker, this Government won't turn its back on these people, these women and children.

We'll give those who have been embroiled in family violence a chance – a chance to overcome physical, financial and emotional trauma. A chance to start anew.

Speaker, this budget will make our communities safer. As we've demonstrated with our family violence package, this Government doesn't believe in quick fixes for complex problems.

What's needed is a long-term approach – evidence-based solutions that will make the State safer.

Speaker, the *2017-18 Budget* invests \$2.4 billion in community safety measures, including new police recruits, new police stations, the strengthening of youth justice precincts and improved public transport safety.

At its core is the largest single investment in the history of the Victorian police force.

More than 2 700 new police officers will be sworn in and we're replacing 10 police stations across the State.

Together with the 446 police officers we've already funded, Victorians will enjoy the safety and protection of more than 3 000 extra police.

It's a stark contrast to the previous government, which was quick to trot out its 'tough on crime' rhetoric but failed to back it up.

This funding will give our police greater powers, connect them better with their local communities, and ensure they have what they need to hold offenders to account.

This record investment is part of a broader overhaul of the justice system that focuses on early detection and prevention, as well as punishing serious crime in a way that is commensurate with community expectations.

\$361 million will strengthen the youth justice precincts in Parkville and Malmsbury, as well as building a new, fit-for-purpose youth justice centre at Cherry Creek.

We are delivering on our Community Safety Statement, funding 100 new Protective Services Officers, providing support for Legal Aid and Community Legal centres and expanding the Werribee and Bendigo courts.

This budget is providing the right investments and the resources police need to protect Victorians, keep them safe and reduce harm.

Speaker, this Government is committed to the task of enriching the lives of young Victorians and giving them the best education possible.

After all, education shouldn't promote privilege or perpetuate inequality. It should drive hope and opportunity.

That's why we're getting on with what's been the single biggest education investment in Victoria's history.

Brick by brick, school by school, student by student, we are building the Education State.

The previous government gutted our education system. There were too many boarded-up schools, too many classrooms in a state of disrepair, and too many children left behind. Too many opportunities lost.

To date, we've funded more than 1 000 projects across the State, including 43 new schools.

This budget commits \$1.3 billion to continue the revitalisation of our education system.

It directly funds the construction of another nine new schools, and acquires land for a further 11 schools. And it funds further upgrades for 108 schools across the State.



Six of those will be special needs schools.

Fifty-nine of them will be in regional and rural Victoria.

And we're investing in much needed relocatable buildings and early childhood facilities.

Speaker, we believe in the transformative power of education for all of our children, regardless of disability or circumstances beyond their control.

That's why we're investing \$138 million in specialist programs for children from disadvantaged backgrounds, children with a disability, children who – for whatever reasons – may not be getting the attention they deserve.

Like the provision of a good education, quality health care will always be a fundamental priority for this Government.

Speaker, we're a government that believes patients aren't mere statistics.

They're not clients or consumers.

They're our loved ones who deserve the best possible care.

They're our parents and our grandparents; our sons and our daughters. They're Victorians who should get the health care they need, not just the health care they can afford.

That's why we've already invested more than \$5 billion in the State's health care system.

And that's why this budget gets on with the job, with nearly \$2.9 billion to ensure all Victorians receive world-class care.

That means more beds, more nurses, more surgeries and more resources, closer to home.

It will mean our emergency departments, intensive care units, mental health practitioners, maternity admissions, palliative care facilities and ambulance services will all get the funding they need and were missing under the former government.

This budget invests \$498 million in our hospital infrastructure, including \$163 million for stage two of the Northern Hospital redevelopment, together with funding for the Monash Medical Centre emergency department and essential upgrades at the Royal Melbourne Hospital and the Austin Hospital.

It also provides \$8.3 million to establish a new mental health facility in Ballarat.

It upgrades patient data systems, boosts medical research, and invests \$14 million to deliver Victoria's Cancer Plan, which will provide around 45 000 additional breast, bowel and oral cancer screens.

Speaker, our investments in critical infrastructure were the cornerstones of our previous two budgets.

Prior to handing down our first budget, infrastructure investment had been averaging around \$4.9 billion per year for the preceding 10 years.

Since then, we've seen the average spend jump to \$8.4 billion per year, with this budget taking it to an annual average of \$9.6 billion over the next four years.

We've already started construction on the \$11 billion Metro Tunnel, the biggest overhaul of our train network since the construction of the City Loop and a huge boost for local jobs.

As promised, the proceeds from the record lease of the Port of Melbourne – 10 per cent of which are being invested in regional and rural infrastructure projects – have been paid into the Victorian Transport Fund, allowing us to remove 50 of the state's most dangerous and congested level crossings.

This landmark project will make our roads safer and more reliable and create thousands of jobs. To date we've removed 10 level crossings, with a further 27 either under construction or out to tender.

Likewise, the \$5.5 billion West Gate Tunnel project will create more than 6 000 new jobs. It will mean 500 apprenticeships, 150 jobs for former automotive workers and up to 400 new jobs in our burgeoning western suburbs.

And it will take trucks off the streets of the inner west.

The tunnel will change our state; the jobs will change people's lives.

This budget gets on with the job of strengthening our road system with an investment of almost \$2 billion that will help reduce congestion and keep Victorians safe behind the wheel.

It will mean more roads, better roads and safer roads.

The M80 Ring Road will be widened and enhanced with cutting edge traffic management, ensuring smoother and safer journeys for the more than 160 000 Victorians who use the freeway every day.

We've also allocated \$300 million for the construction of the Mordialloc Bypass, which will significantly reduce congestion in the south east.

And we'll upgrade the Great Ocean Road, the Henty Highway and the South Gippsland Highway, as part of a \$531 million commitment for regional roads.

This includes an extensive program of resealing, resurfacing and rehabilitation works across the State, work that will free up key freight routes, reduce the risk of crashes, relieve bottle-necks and improve traffic flow.

Speaker, as important as our roads are, a modern, easily accessible public transport system is critical.

It reduces the number of cars on the road, positions us as a world-class tourist destination and gets Victorians home quickly and safely.

This is especially true in regional Victoria.

Our regional rail revival builds on the \$1.3 billion we invested in last year's budget to upgrade every major line in regional Victoria.

The centrepiece of this is a \$435 million commitment to upgrade key Gippsland rail infrastructure – including track duplications, additional platforms and crossing loops.

We'll upgrade the Warrnambool and North East lines and deliver Surf Coast Rail Stage 1 to prepare for a new rail link to Torquay – provided the Commonwealth is willing to work with us in partnership to deliver for regional Victoria.

We'll also provide \$316 million for enhanced maintenance, in addition to more trains, better bus services, new connections and upgraded stations.

It will mean additional services to Melbourne. It will mean more punctual and targeted services. It will mean safer and more comfortable journeys.

This budget gets on with the job of overhauling our metropolitan public transport system with \$880 million invested in new trams, safety measures, and train and station upgrades across Melbourne.

From a \$187 million investment in a long-term stabling solution for the Frankston line, to the permanent roll-out of the weekend Night Network, we'll continue to invest in a public transport system that befits the world's most liveable city.

We'll also direct \$10 million from our entitlement under the Federal Government's asset recycling initiative into planning for the Melbourne Airport Rail Link.

We're calling on the Commonwealth to partner with us on this project – so it progresses properly, integrates into our rail network and ensures Melbourne remains a world-class city for decades to come.

Speaker, this budget further establishes Victoria as both a prime tourist destination and an enviable place to live – a state renowned for its arts and culture, its sporting events, and its natural wonders.

It's a budget that commits to increasing the supply of decent, affordable and stable housing for those who need it most.

It does so in a number of ways, including abolishing stamp duty for first-time buyers purchasing homes for up to \$600 000, and doubling the First Home Owner Grant in regional Victoria.

It frees up land and simplifies planning rules, with the aim of maintaining housing approvals at more than 50 000 new homes a year and adding more than \$3.7 billion to the Victorian economy.

And perhaps most importantly, it supports those at risk of becoming homeless, with a raft of measures designed to provide more modern, safe and secure social housing.

Maintaining Victoria's natural resources and cultural gems is also paramount. This budget provides more than \$798 million to care for our environment and manage our water resources.

This is a government that believes in a fact-based approach to public policy.

We recognise climate change is a genuine threat, which is why we're investing a further \$25 million in our response to climate change.

We're also allocating additional funding to biodiversity programs, Victoria's parks, and the Environment Protection Authority.

The budget allocates \$25 million for Visit Victoria to attract tourists, driving jobs growth in our visitor economy, while showcasing the best of Victoria to the world.

It cements our status as the nation's creative capital, with funding of \$106 million for our creative industries, including exhibitions at the National Gallery of Victoria, upgrades to our iconic Arts Centre and redevelopments of the Australian Centre for the Moving Image and the State Library.

Sport is central to our way of life and the Australian Open tennis is one of our many premium international offerings.

This budget provides \$272 million for the final stage of the Melbourne Park redevelopment, an investment that will secure the tournament until 2036.

We won't neglect grass roots sporting clubs either – so often the bedrock of our suburbs and towns – with funding to upgrade facilities, especially for women and girls.

Speaker, budgets are ultimately about people and communities.

This is a budget that delivers choice, control and vocational and educational opportunities for Victorians with a permanent disability, as well as support for their families and carers.

This is a budget that funds vital work with Aboriginal Victorians – more than \$68 million to build the foundations for self-determination, to empower communities, to create jobs and to support cultural links.

The Andrews Labor Government is listening to Aboriginal communities. We believe genuine change can only occur when Aboriginal Victorians have control over the decisions that affect their lives.

As former Prime Minister Paul Keating said in his Redfern speech nearly a quarter of a century ago, we should endeavour ‘to bring the dispossessed out of the shadows, to recognise that they are part of us’.

It’s this commitment that perhaps best defines us, shows us who we are and what we value.

Speaker, when we were elected in 2014, we were upfront about what we stood for.

This budget reaffirms those values.

It’s a responsible budget, a fair budget, a budget for all Victorians.

I believe the greatest failure in public life is a failure of effort. We will never fall short by that measure.

There is no virtue like necessity, and the Andrews Labor Government is resolutely focused on the things that really matter – the things that must be done to enhance our great state and the welfare of every one of its citizens.

That’s why we’re getting on with the job.

I commend the Bill to the house.

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