

Victorian Budget 2010-11



Public Accounts and Estimates Committee 11 May 2010

John Lenders MP
Treasurer



Budget 2010

Maintaining financial capacity and securing a AAA credit rating, so that we can:

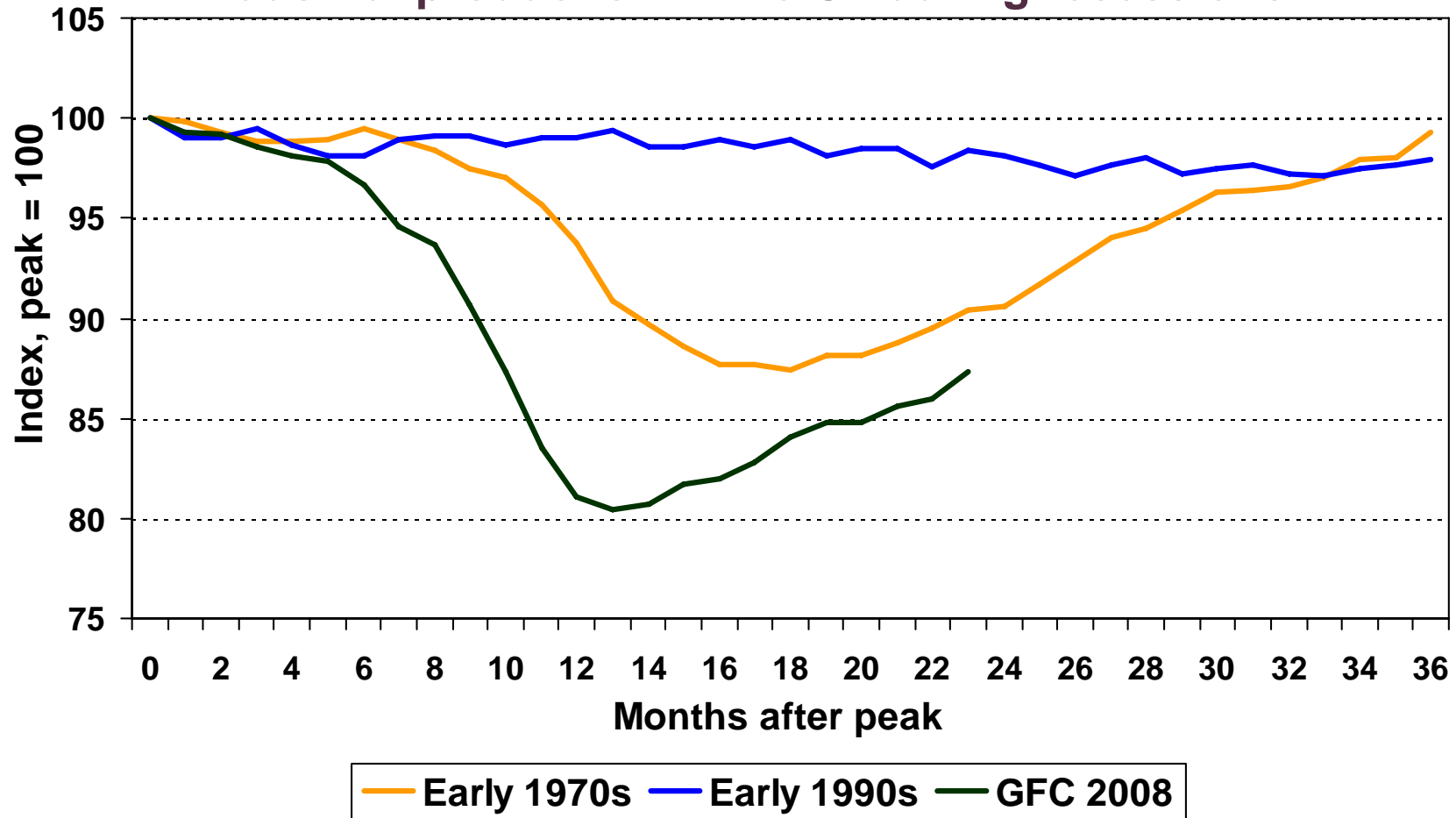
- Finish work on recovery
- Build on our foundations
- Invest in the future

A plan and deliver budget for All Victorians



Most severe global recession since 1930s

Industrial production in the G7 during recessions

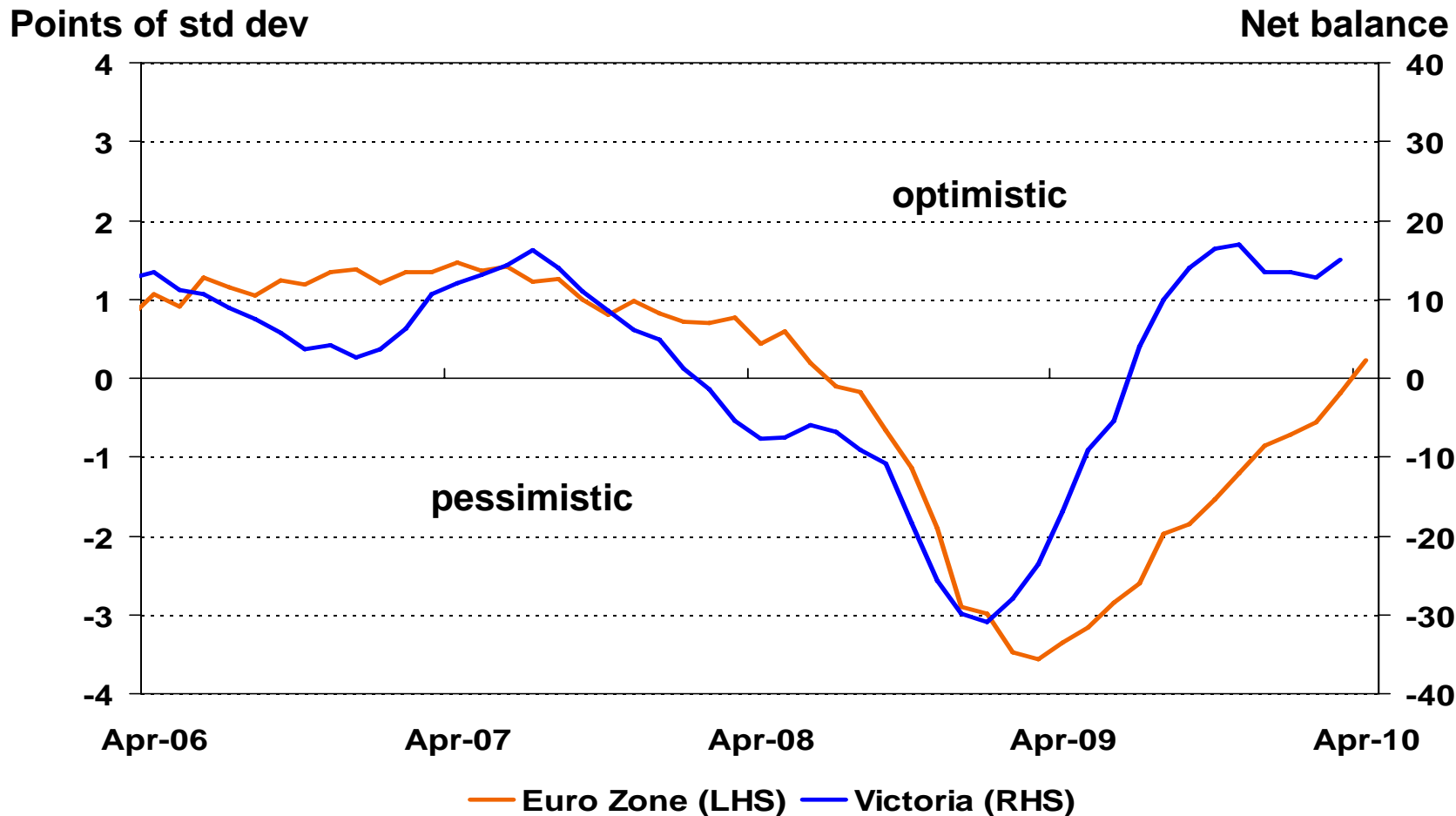


Source: OECD

Victorian Budget
2010-11

Victoria
The Place To Be

Restoring confidence ahead of the rest

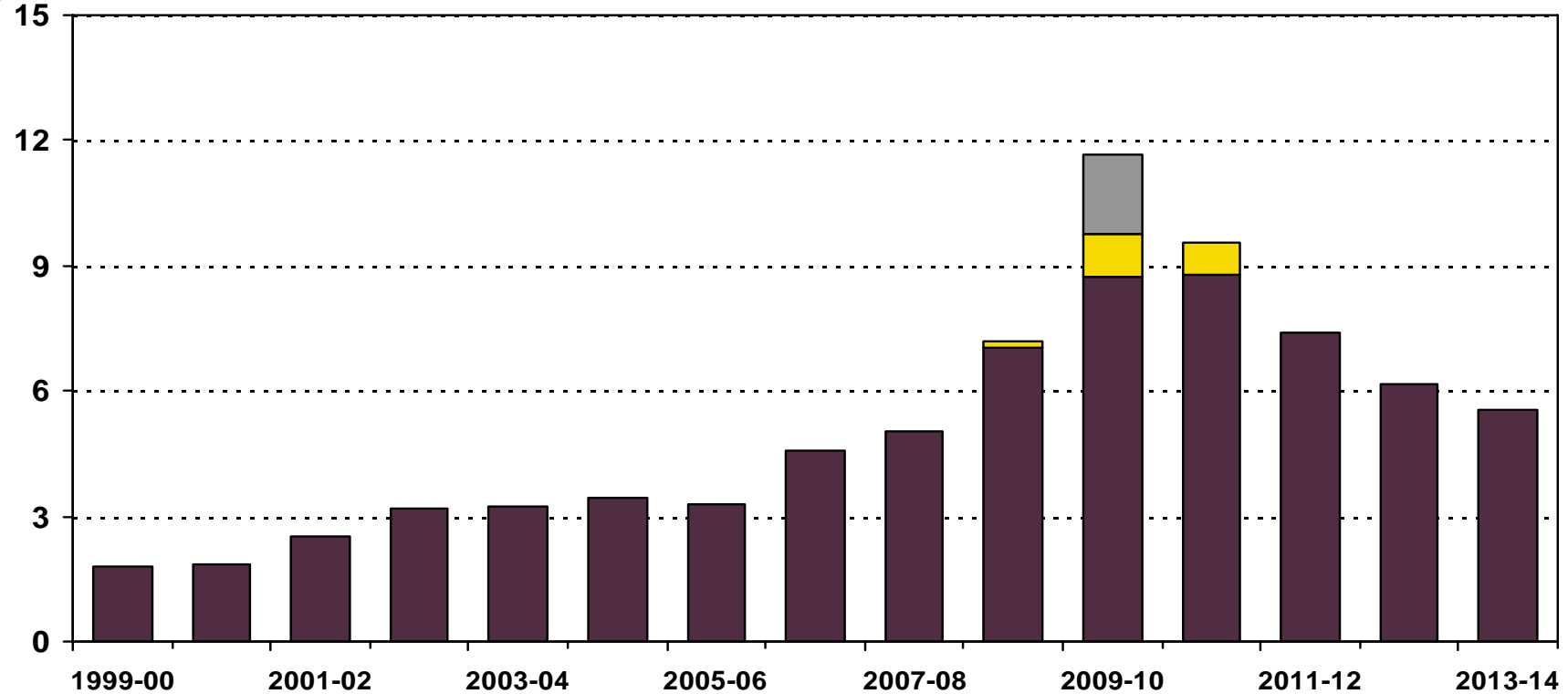


Sources: National Australia Bank, European Commission



Accelerating infrastructure spending

\$ billion



■ NFPS Sector

■ Cwth stimulus passed on

■ PPPs since signed

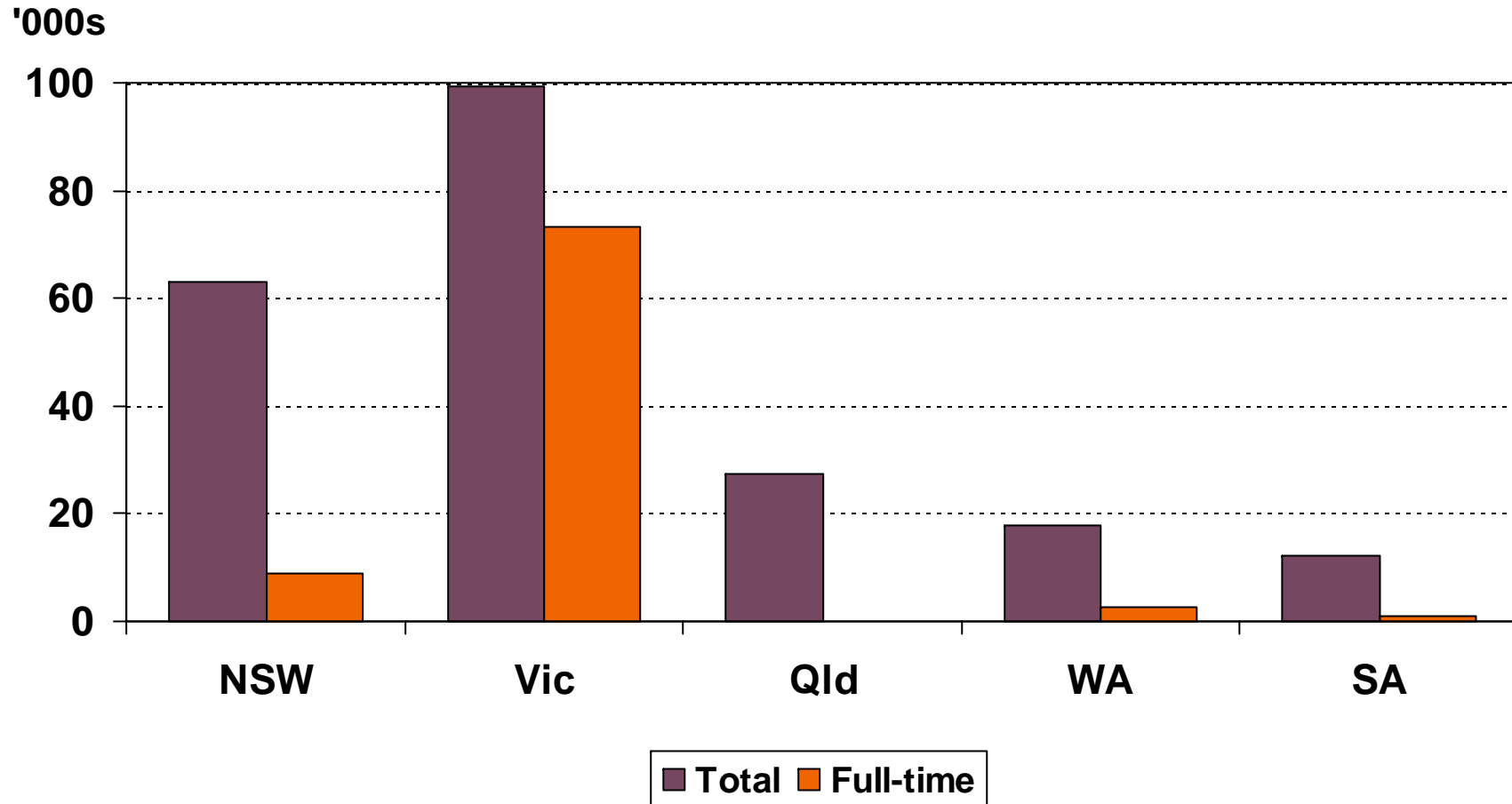
Source: Department of Treasury and Finance



Victorian Budget
2010-11



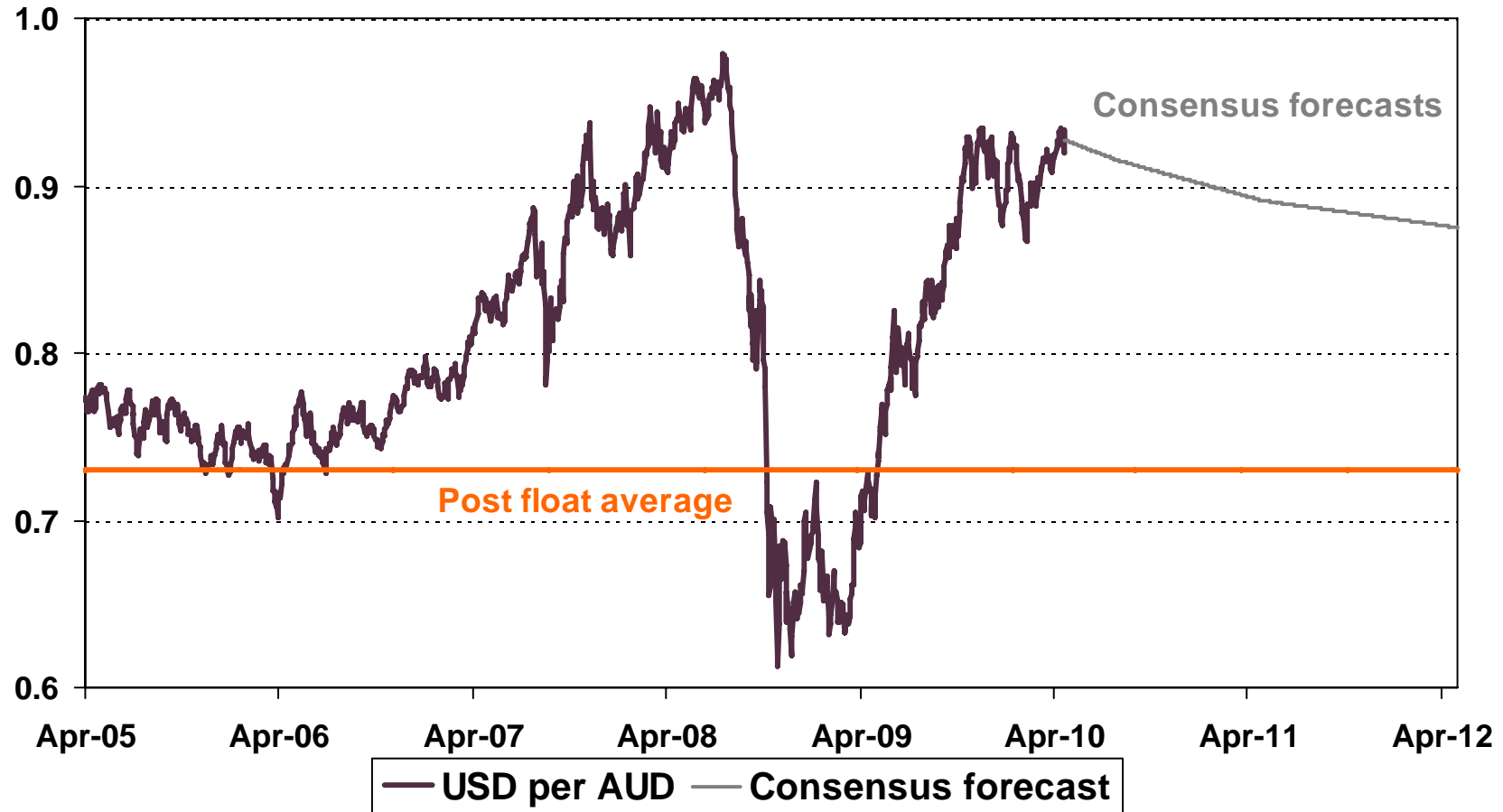
Victoria created almost 100,000 jobs in last 12 months



Source: Australian Bureau of Statistics



Sustained pressure on AUD likely in 2010-11



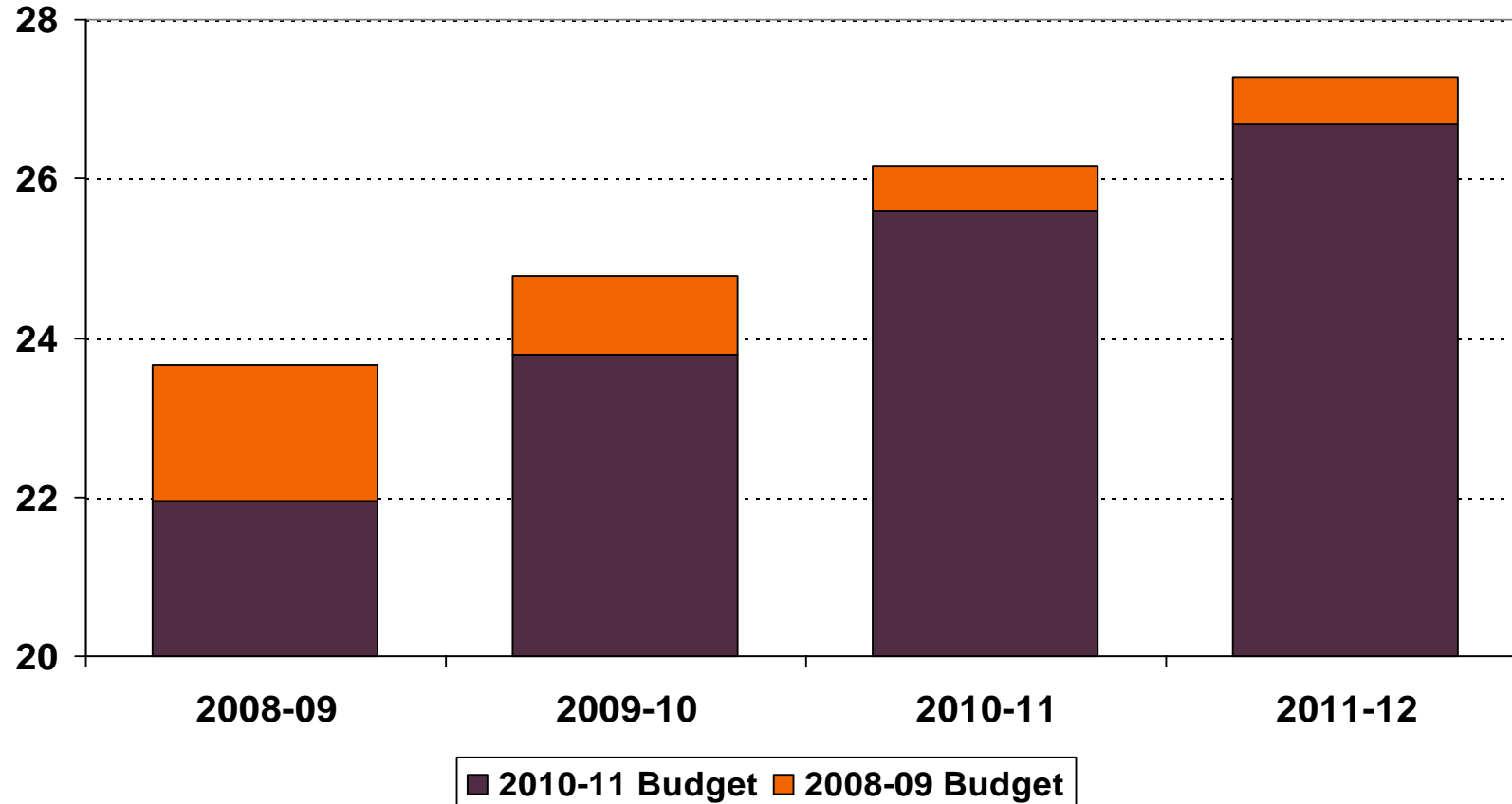
Source: Consensus Economics; Reserve Bank of Australia



Revenue not fully recovered from GFC

Discretionary revenue (GST + State taxation)

\$ billions

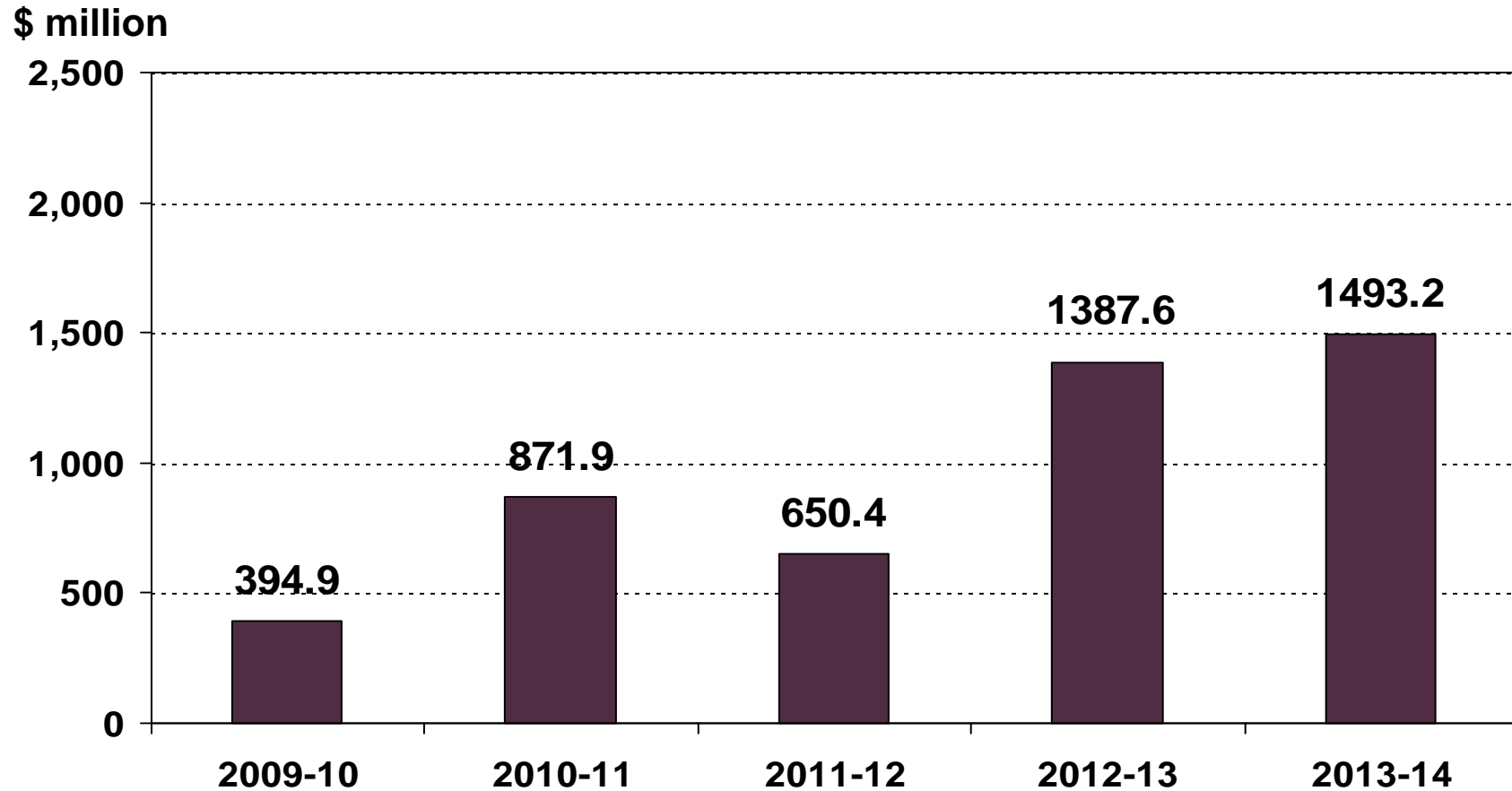


Source: Department of Treasury and Finance



Increasing surplus to fund future investment

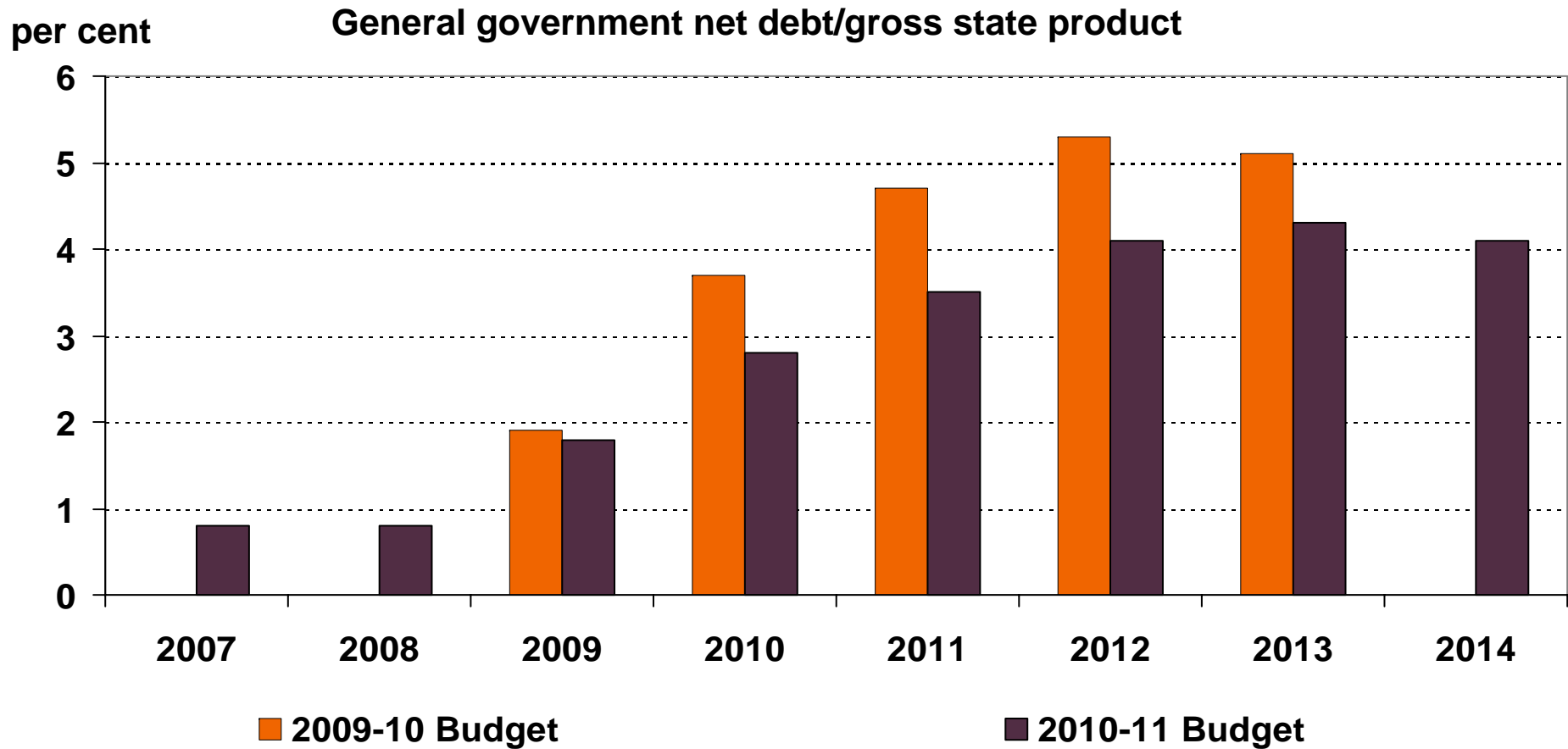
Net result from transactions



Source: Department of Treasury and Finance



Borrowings reduced since 2009



Source: Department of Treasury and Finance



Improving business competitiveness

- **Payroll tax cut**
 - Saving to business of \$193 million
 - Seven cuts in last 10 years
- **Workcover premiums cut**
 - Saving to business of \$240 million
 - Six cuts in last 7 years
- **Land tax cuts**
 - Exemption of up to two years for construction of residential aged care facilities and retirement villages
- **Red tape reductions**
 - Government has doubled target and now plans to cut regulatory burden by \$500 million per annum by 2012



Victorian Budget
2010-11



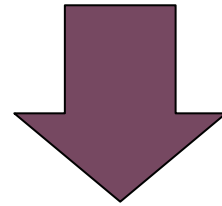
Budget 2010 - Highlights

- Jobs building Budget
- Boost to business competitiveness
- Record investments in vital health & transport services
- Exceeds election commitments in education
- Delivering 1,966 more frontline police
- Major infrastructure for a thriving Regional Victoria



Retargeting the First Home Bonus

- 69% of Victorians own their home
- First Home Bonus created 19 000 jobs last year (HIA)
- FHB takes pressure off the rental market



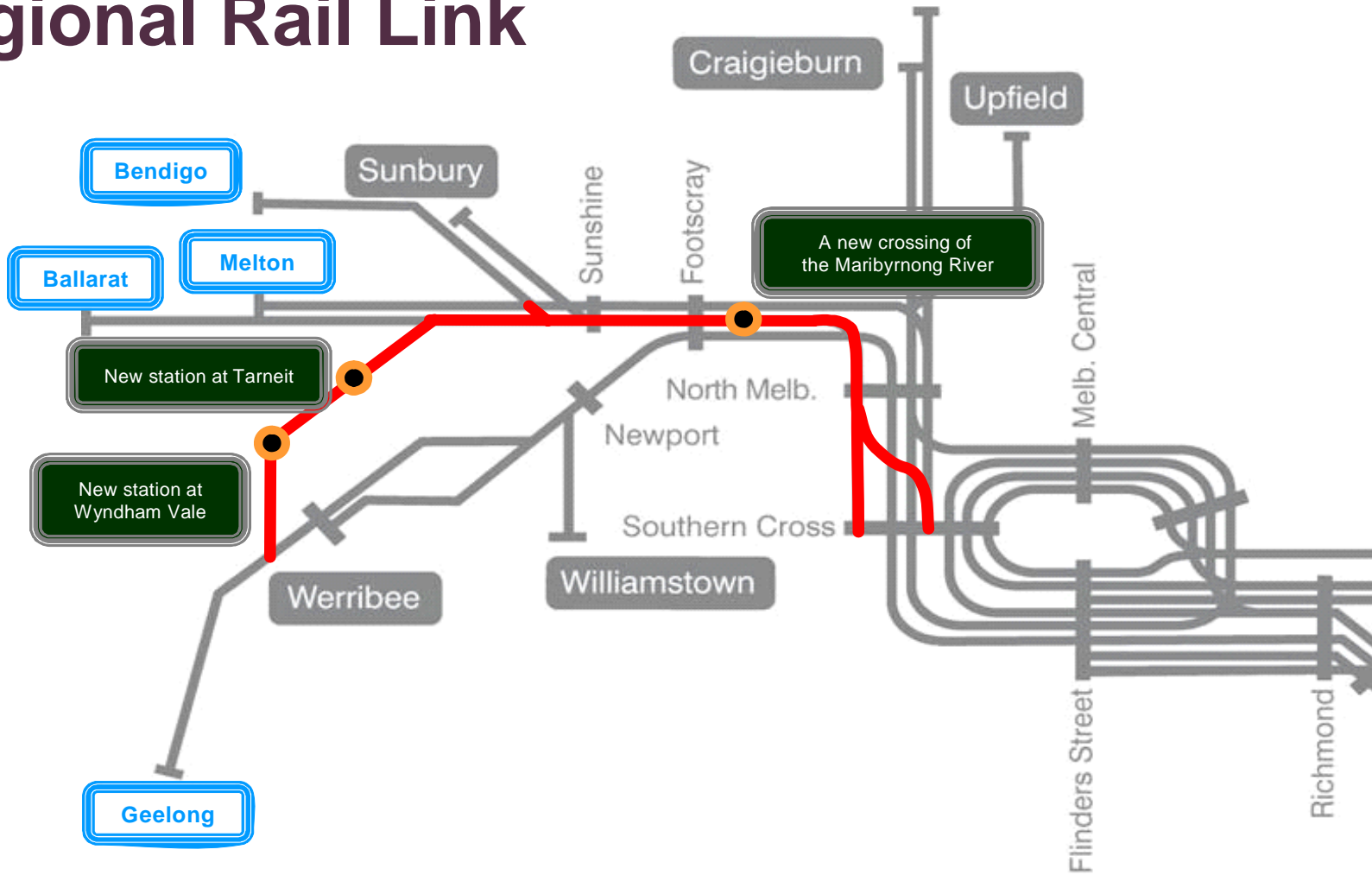
- First Home Bonus refocused to newly constructed homes
- Boost for housing and employment in CADs (\$10 million)
- Support for community infrastructure (\$22 million)
- NRAS - \$237 million for up to 7,500 affordable dwellings



Victorian Budget
2010-11



Regional Rail Link



Victorian Budget
2010-11



Victorian economic projections

2010-11 Budget projections

(projections in parentheses are from 2009-10 Budget Update where different)

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>
	<i>Actual</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Real GSP	0.8	2.25 <i>(1.50)</i>	3.25 <i>(2.50)</i>	3.00	3.00	3.00
Employment	0.2	2.25 <i>(0.25)</i>	2.00 <i>(1.25)</i>	1.75	1.75	1.75
Unemployment rate	5.1	5.50 <i>(6.50)</i>	5.50 <i>(6.75)</i>	5.25 <i>(6.75)</i>	5.25 <i>(6.75)</i>	5.25
Wage price index	4.0	3.00	3.25	3.50	3.50	3.50
Consumer price index	2.8	1.75 <i>(2.00)</i>	2.25	2.50	2.50	2.50
Population	2.2	2.10 <i>(1.90)</i>	1.90 <i>(1.80)</i>	1.80 <i>(1.70)</i>	1.70 <i>(1.60)</i>	1.70



Victorian Budget
2010-11



Budget 2010: Victoria in 5 years

- An economy that's grown by \$85 billion
- 260,000 more jobs
- 400,000 more patients treated
- 19,000 more public transport passengers carried at peak
- 1,966 more frontline police officers back on the streets
- 600 billion more litres of water available to irrigators, environment and households from better infrastructure
- 174,000 new first home owners
- 20,000 more students completing Year 12
- 172,000 more Victorians with vocational training



Victorian Budget
2010-11



Budget 2010 - Conclusion

The Brumby Labor Government:

- Delivers on its promises
- Rises to challenges
- Invests in the future for all Victorians



Victorian Budget
2010-11

