

2019-20 BUDGET

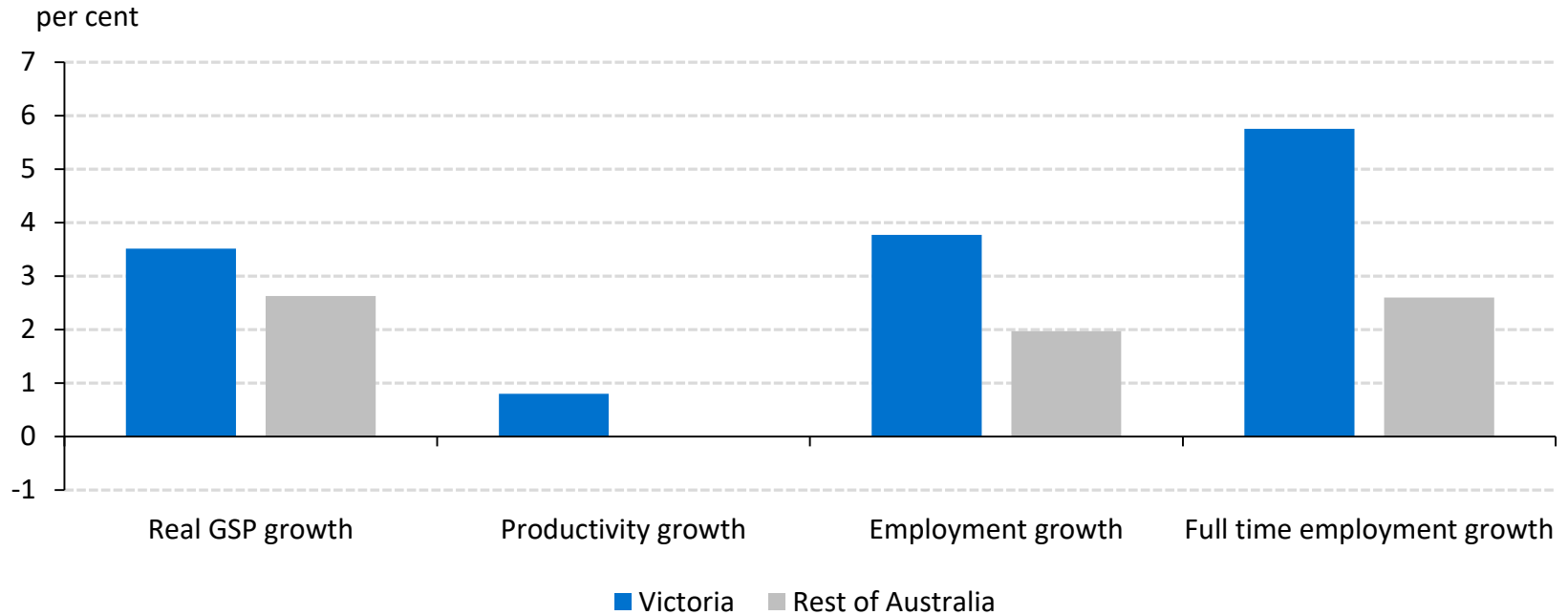
DEPARTMENT OF TREASURY AND FINANCE

David Martine, *Secretary*

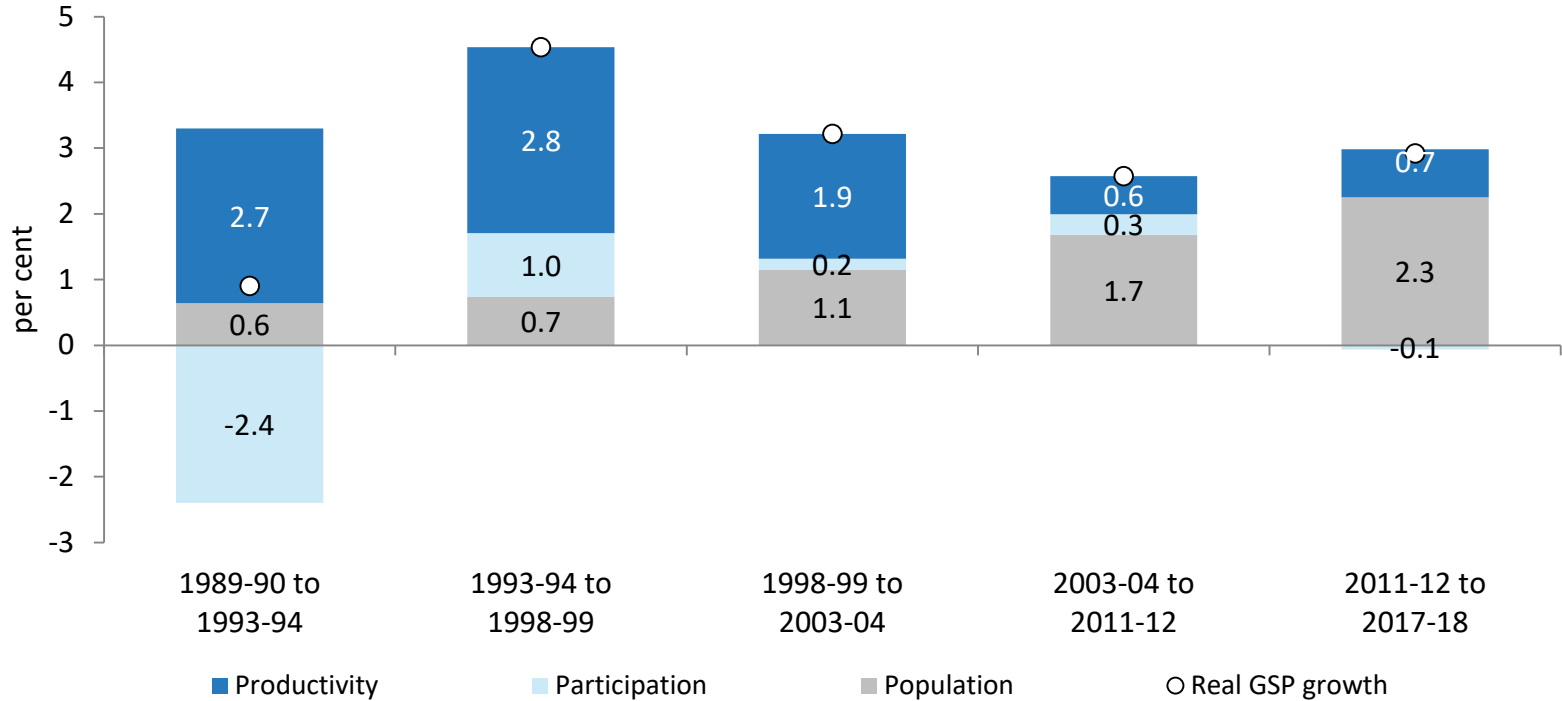
29 MAY 2019

Victoria's economy is strong, and has outperformed the rest of the nation

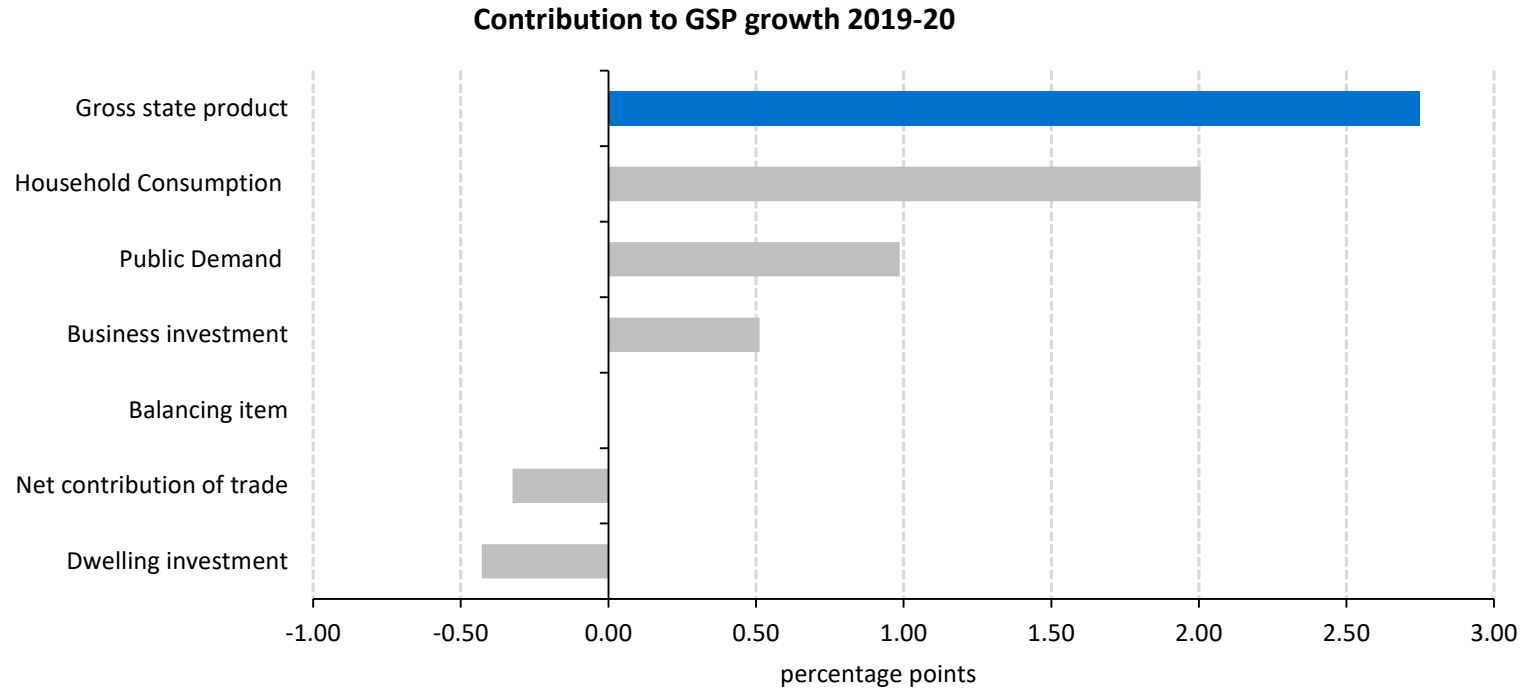
Victoria vs the rest of Australia, key macroeconomic indicators



Components of GSP - Population, Participation and Productivity



Strength in the labour market is expected to continue to support household consumption, with public demand also expected to make a strong contribution to growth in 2019-20

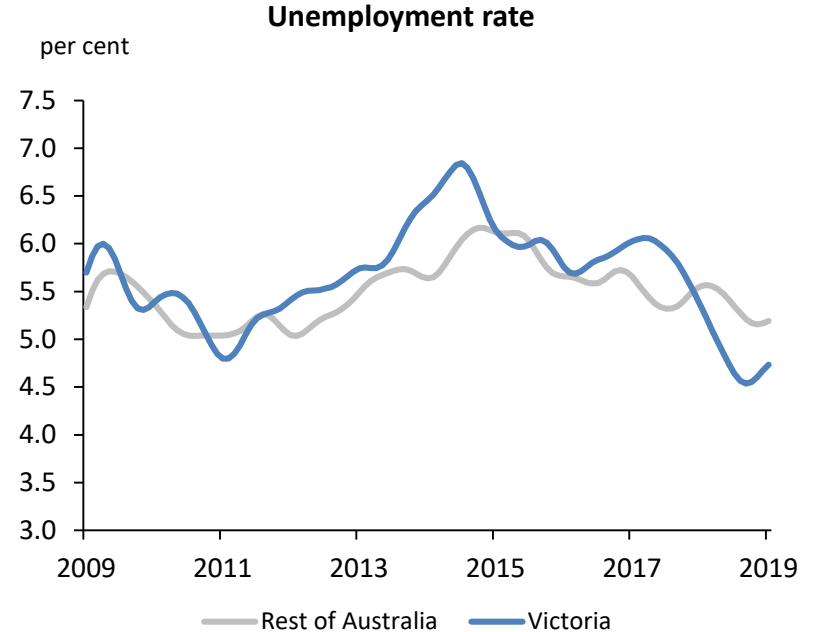
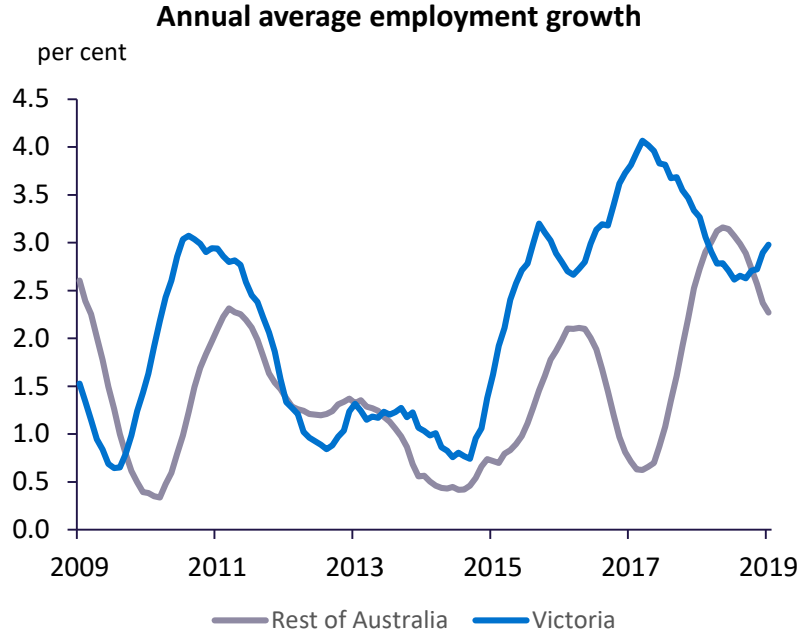


Victoria's population growth is the strongest since the Colony of Victoria was established in 1851

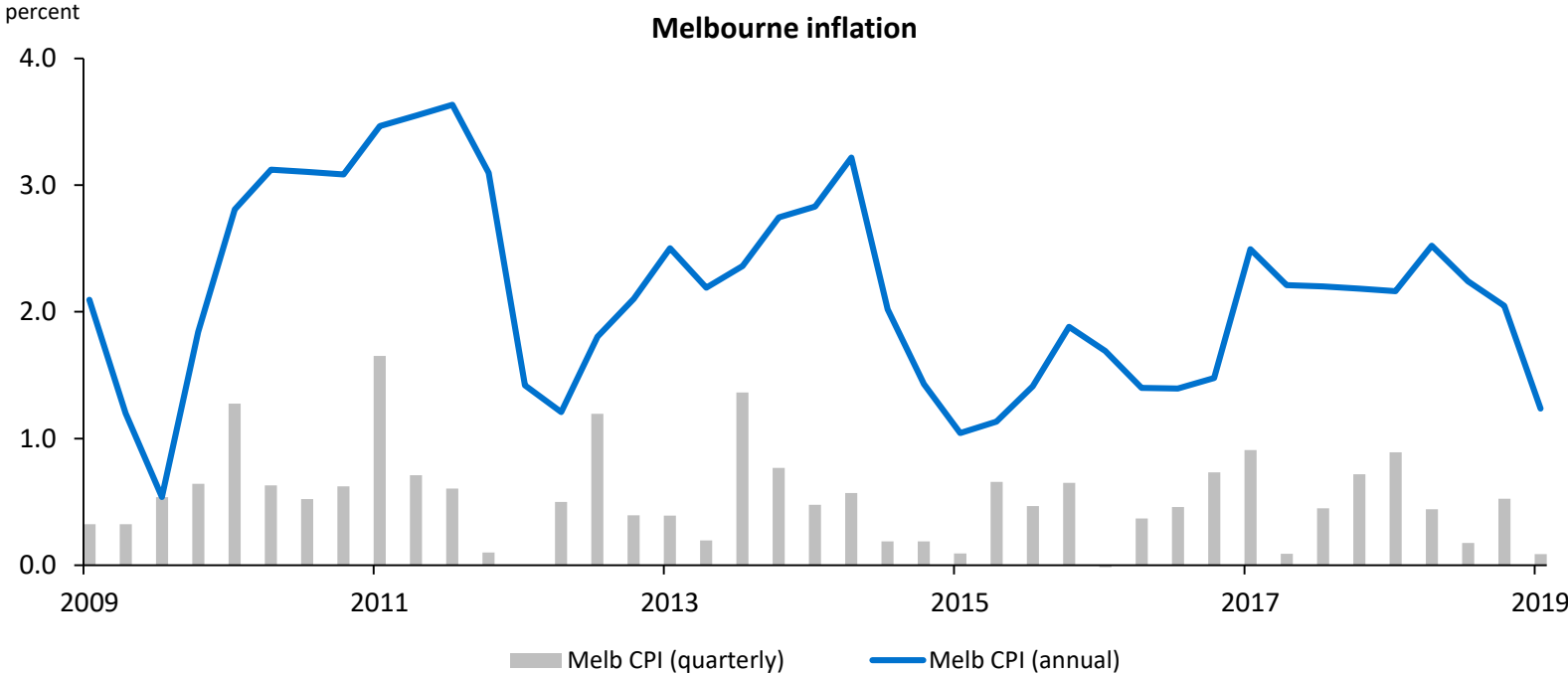


Note: Adjusted for series break in 1971 and includes estimates for 2016 to 2018

Victoria's employment growth has outpaced the rest of the nation



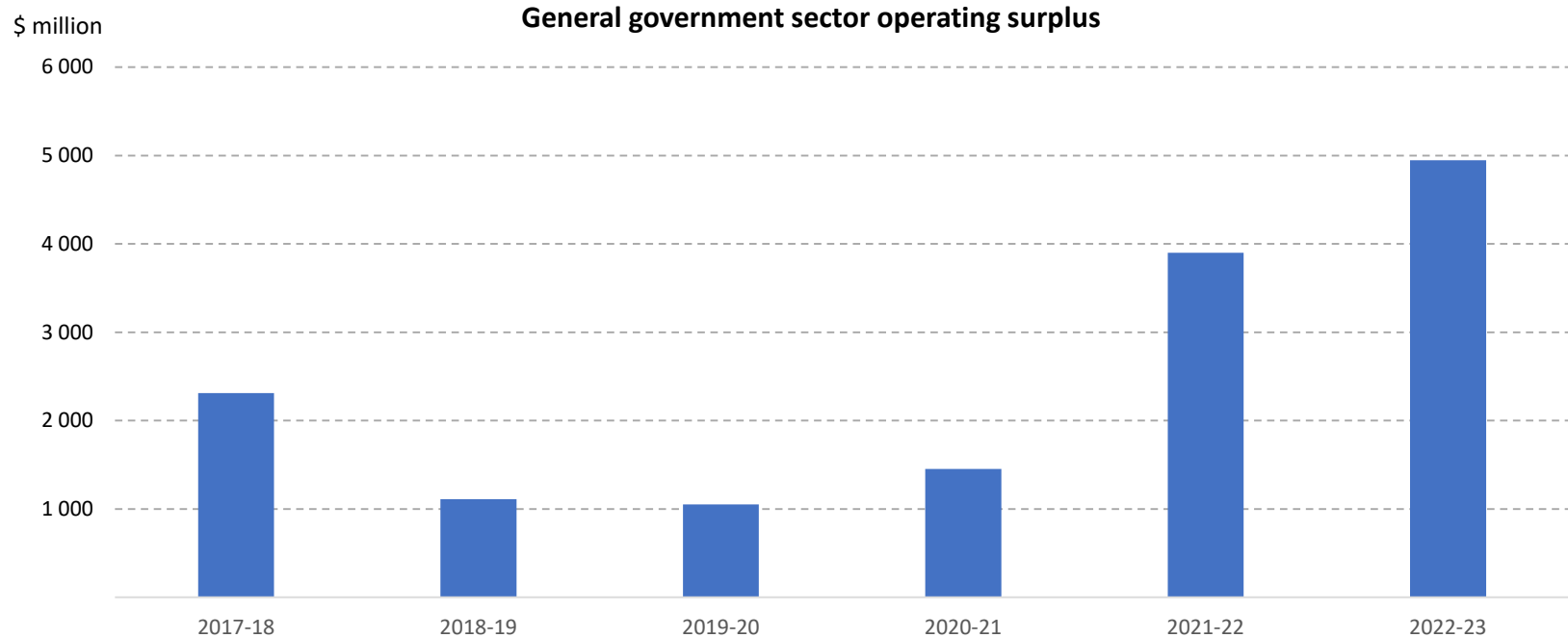
Victoria's underlying inflation is weak



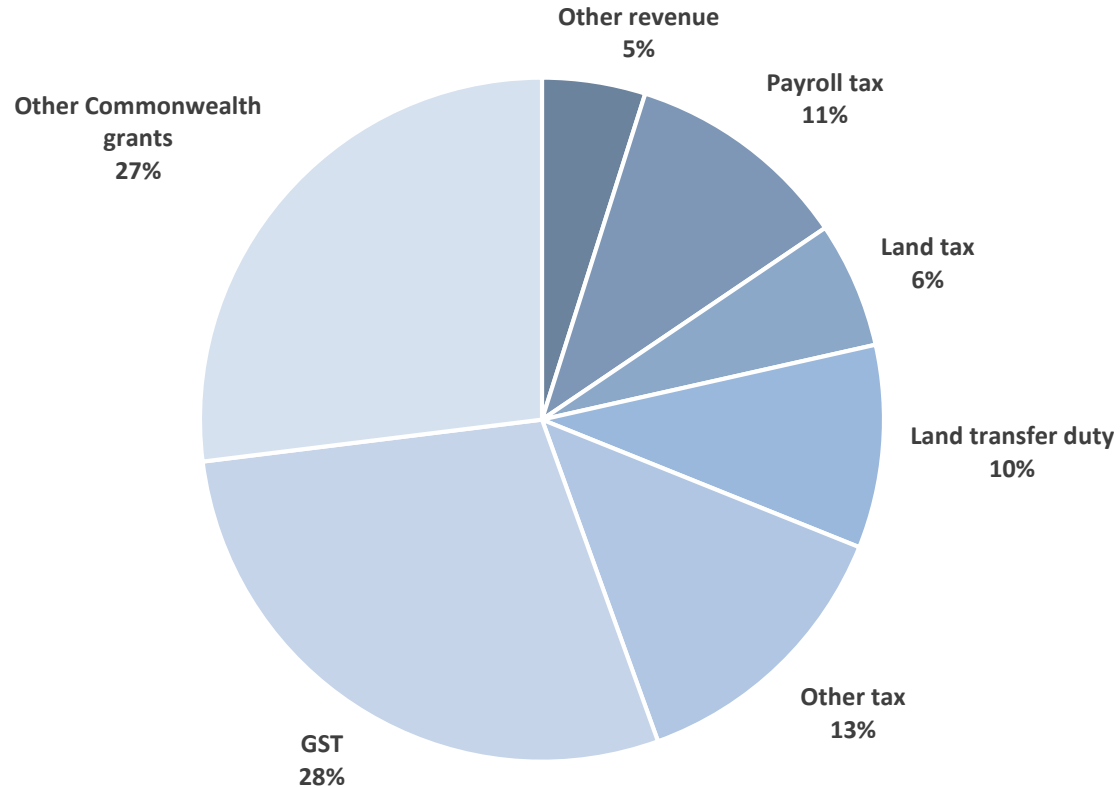
Victorian economic forecasts

	<i>2017-18 actual</i>	<i>2018-19 forecast</i>	<i>2019-20 forecast</i>	<i>2020-21 forecast</i>	<i>2021-22 projection</i>	<i>2022-23 projection</i>
Real gross state product	3.50	3.00	2.75	2.75	2.75	2.75
Employment	2.80	3.25	2.00	1.75	1.75	1.75
Unemployment rate	5.60	4.50	4.75	5.00	5.25	5.50
Consumer price index	2.30	1.75	2.00	2.25	2.50	2.50
Wage price index	2.30	2.75	3.00	3.25	3.50	3.50
Population	2.20	2.10	2.00	1.90	1.90	1.80

Operating surpluses are forecast for the General Government Sector but are affected by a fall in revenue growth

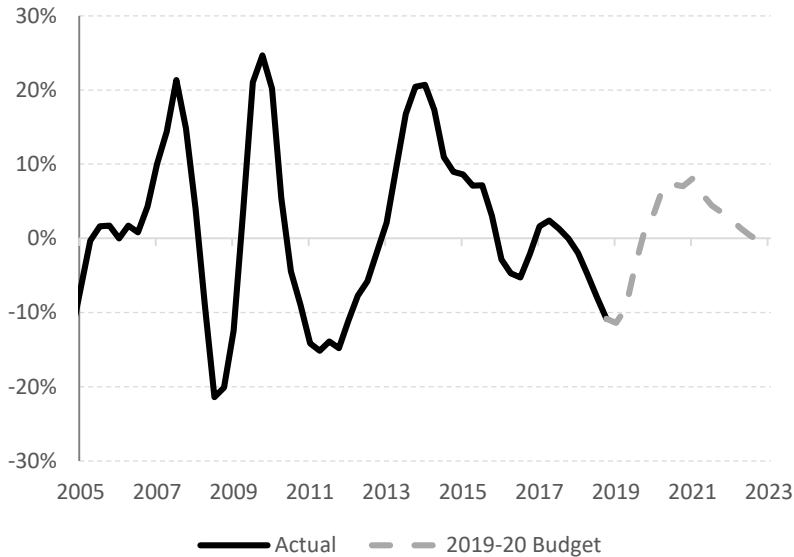


Revenue – where it comes from

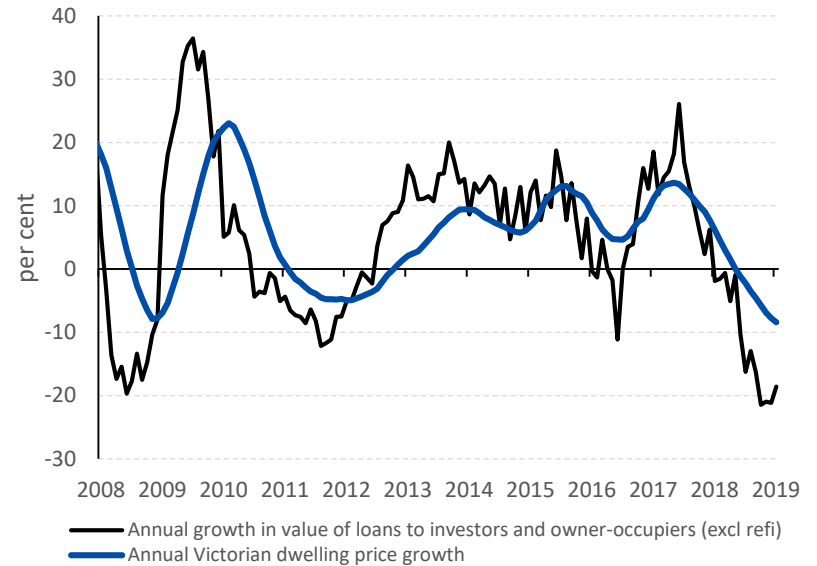


Transaction volumes are lower than this time last year, and prices continue to decline

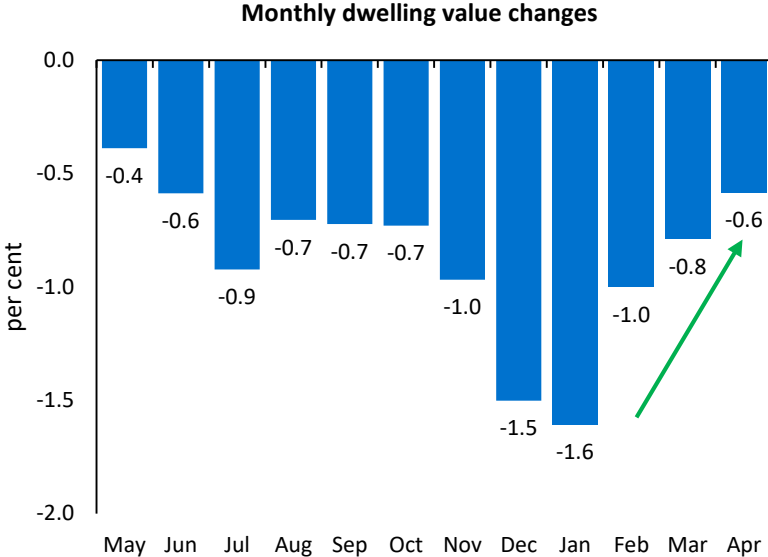
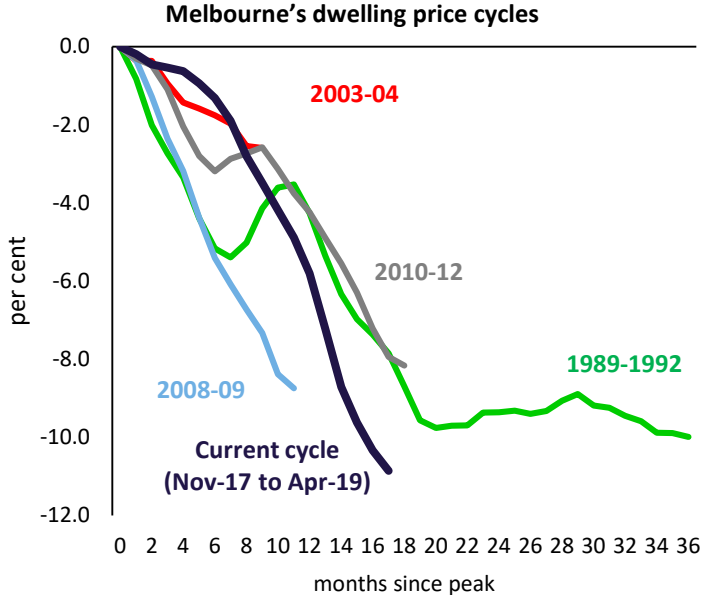
Transaction volumes (at contract date) in Victoria
(through the year growth, quarterly)



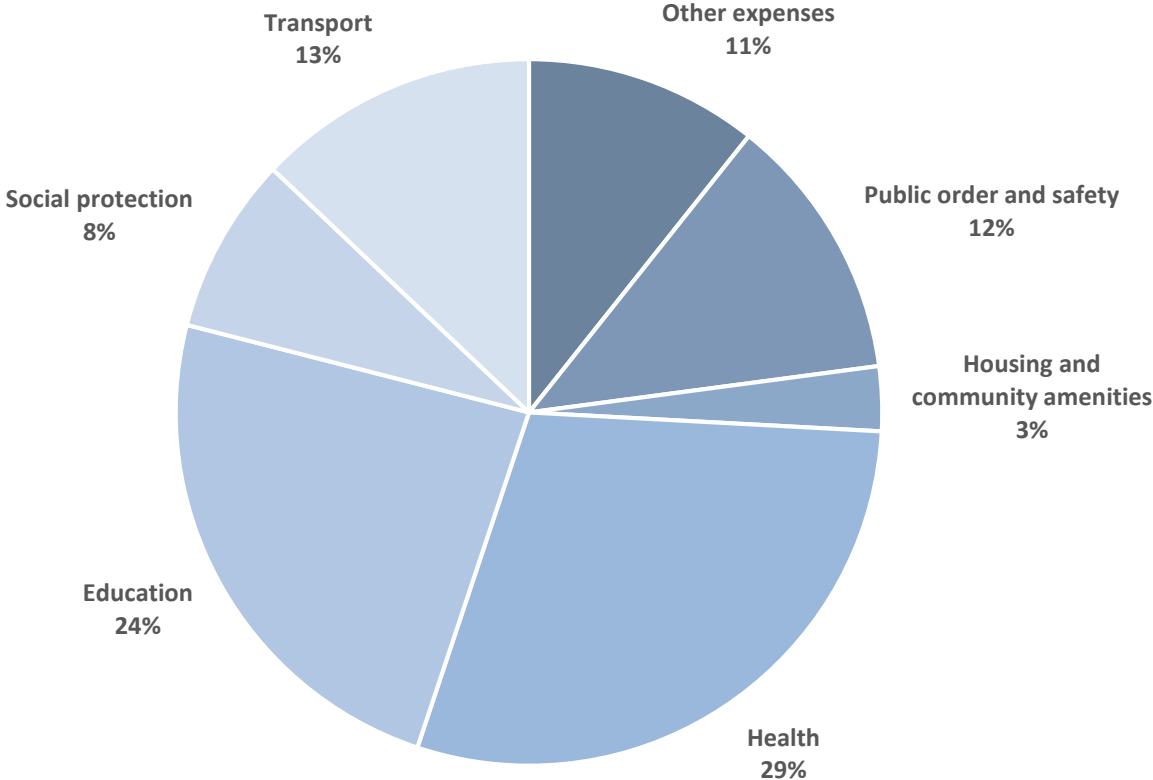
Annual growth in housing finance and dwelling prices



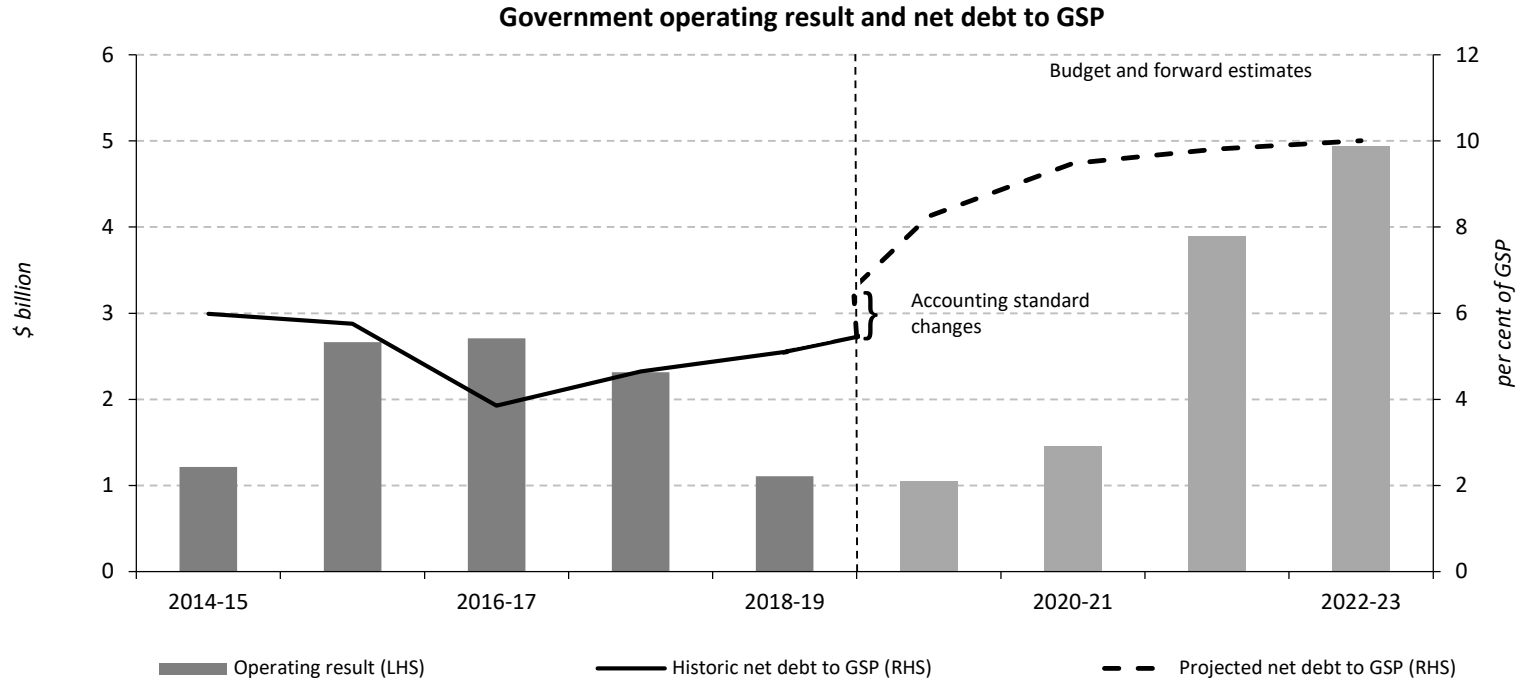
The current downturn in dwelling prices is the largest on record, but the pace of decline has moderated since January 2019



How Government revenue is spent

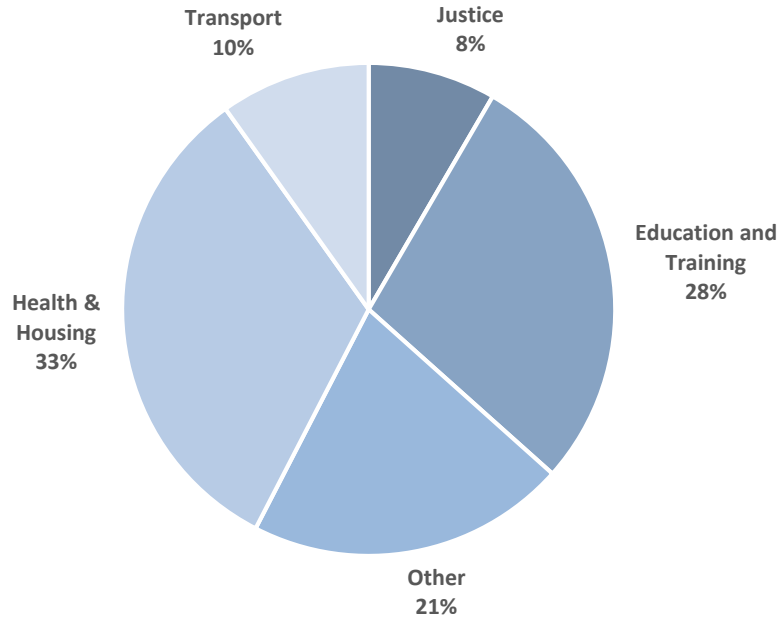


Net debt is rising to fund three major infrastructure projects

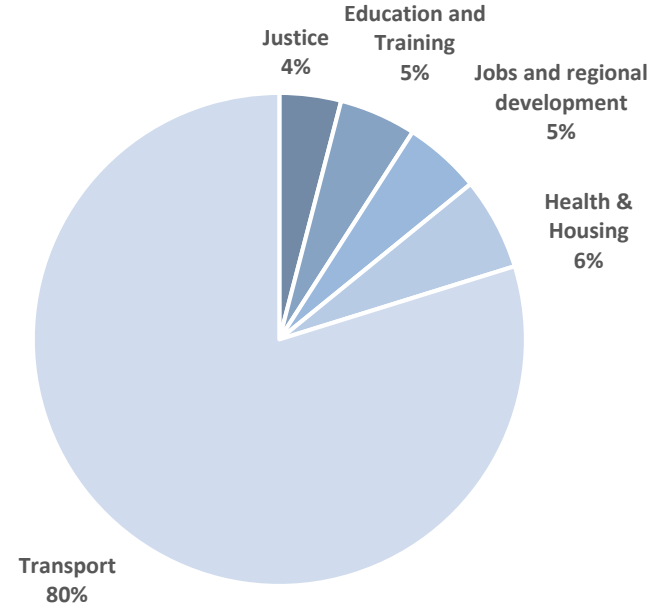


New Output and Asset Initiatives

Output initiatives: \$11.4 billion



Asset initiatives: \$34.5 billion



Key Budget Initiatives

Universal three year old kinder

Delivering North East Link

Suburban Transport Blitz

Solar Homes

Investing in hospitals and healthcare

Structure of Victorian Budget Papers

BP1: Treasurer's Speech

BP2: Strategy and Outlook

BP3: Service Delivery

BP4: State Capital Program

BP5: Statement of Finances

Overview and Budget Information Papers



QUESTIONS