



Government
of South Australia

TRS21D0821

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Hon Stephen Mullighan MP
Member for Lee
Unit 1, 62 Semaphore Road
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lee@parliament.sa.gov.au


Dear Mr Mullighan

APPLICATION UNDER THE *FREEDOM OF INFORMATION ACT 1991*

I refer to your application made under the *Freedom of Information Act 1991* (the Act), dated 9 April, 2021.

Your application seeks access to:

*"All minutes, briefings and correspondence titled 'Victoria 2020-21 Budget Key Indicators' as described on the Objective document management system."
From 26 October 2020 to 9 April 2021.*

The purpose of this letter is to advise you of my determination. An extensive search was conducted within this office. A total of 2 documents were identified as answering the terms of your application.

I grant you access in full to 2 documents; copies of which are enclosed.

Please note, in compliance with Premier and Cabinet Circular PC045 - *Disclosure Logs for Non-Personal Information Released through Freedom of Information* (PC045), the Department of Treasury and Finance is now required to publish a log of all non-personal information released under the Act.

In accordance with this Circular, any non-personal information determined for release as part of this application, may be published on the DTF website. A copy of PC045 can be found at the following address: <https://dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars>. Please visit the website for further information.

As I am determining this application as Principal Officer, section 29(6) of the Act does not provide for an internal review. If you are dissatisfied with my determination you are entitled to exercise your rights of external review with the Ombudsman.

Alternatively, you can apply to the South Australian Civil and Administrative Tribunal. If you wish to seek a review, section 39(3) of the Act states you must do so within 30 calendar days of receiving the determination.

If you require any further information, please contact Vicky Cathro on (08) 8226 9769.

Yours sincerely



Hon Rob Lucas MLC
Principal Officer

15 May 2021

RELEASE

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MINUTE

26/11/2020
T20/014
T62003788



Government
of South Australia

Department of Treasury
and Finance

MINUTES forming ENCLOSURE

File T&F18/0808

Doc No A1623755

To The Treasurer

VICTORIA 2020-21 BUDGET KEY INDICATORS

Timing: ROUTINE — For information

Recommendations/Issues: It is recommended that you:

- Note that the Victorian Government released its 2020-21 Budget on 24 November 2020; and
- Note the information below on key performance indicators and headline announcements as set out in the Victorian budget papers.

Noted

Rob Lucas

Hon Rob Lucas MLC
Treasurer

26/11/20

Key Points:

- The Victorian 2020-21 Budget forecasts:
 - A net operating balance deficit of \$23.3 billion in 2020-21. Victoria is projecting deficits over the forward estimates of \$13.1 billion in 2021-22, \$6.7 billion in 2022-23, and \$5.9 billion in 2023-24;
 - A net lending deficit (NFPS) of \$32.2 billion in 2020-21, reducing to a deficit of \$16.3 billion in 2023-24;
 - NFPS net debt to increase by \$115.5 billion over the four years to \$175.5 billion at 30 June 2024. By 30 June 2024 net debt is \$75.9 billion higher than estimated at the Victorian Mid Year Review; and
 - A net debt to revenue ratio of 207% in 2023-24 (NFPS). The Victorian NFPS net debt to revenue ratio in 2023-24 (207%) is above the estimated ratio in South Australia by

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2023-24 (134%) and the highest ratio of any jurisdiction that has released a 2020-21 budget to date.

- Key budget aggregates and indicators are set out in the following table. An interstate comparison of key indicators for jurisdictions that have released 2020-21 Budgets to date is provided at Attachment 1.

2020-21 Victoria Budget Overview					
	2019-20	2020-21	2021-22	2022-23	2023-24
	Actual	Budget	Projection	Projection	Projection
Budget aggregates					
Net operating balance GG (\$m)	(6,539)	(23,281)	(13,098)	(6,725)	(5,889)
Net lending/(borrowing) GG (\$m)	(11,024)	(32,192)	(19,444)	(16,896)	(16,324)
Net lending/(borrowing) NFPS (\$m)	(15,912)	(41,256)	(28,883)	(23,508)	(21,782)
Cash surplus/(deficit) GG (\$m)	(12,478)	(38,080)	(20,088)	(19,879)	(19,564)
Operating expenditure GG (\$m)	74,487	89,968	84,413	84,472	87,337
Net debt GG (\$m)	44,312	86,735	109,664	132,884	154,768
Net debt NFPS (\$m)	59,965	104,721	128,921	152,838	175,469
Budget indicators					
Net debt/revenue GG (%)	65.2	130.1	153.8	170.9	190.0
Net debt/revenue NFPS (%)	84.3	150.4	173.6	188.1	206.7
Revenue growth GG (%)	-2.4	-1.9	6.9	9.0	4.8
Operating expenditure growth GG (%)	9.2	20.8	-6.2	0.1	3.4
Capital expenditure growth GG (%)	6.6	58.4	2.7	7.6	1.6

Changes in key budget aggregates since Victoria's 2019-20 Budget Update

- The table below outlines the change in aggregates from 2019-20 Budget Update estimates:

2020-21 Victoria Budget Overview - change since 2019-20 Budget Update				
	2019-20	2020-21	2021-22	2022-23
	Actual	Budget	Projection	Projection
Operating statement GG				
Total Revenue (\$m)	(3,003)	(7,830)	(6,945)	(4,819)
Operating Expenditure (\$m)	(4,154)	(16,673)	(9,994)	(6,804)
Net Operating Balance (\$m)	(7,157)	(24,503)	(16,939)	(11,623)
Net Lending/(Borrowing) (\$m)	(5,113)	(28,026)	(19,644)	(17,817)
Balance sheet				
Net debt GG (\$m)	3,964	37,463	55,792	75,054
Net debt NFPS (\$m)	2,850	37,748	56,336	75,914

For the purposes of this table, a budget improvement is represented as a positive, while a deterioration is a negative.

COVID-19 economic stimulus and support measures - \$29.2 billion

- The value of COVID-19 stimulus is stated as \$29.2 billion with another \$19.8 billion of investments in new and improved assets.
- Victoria had Deloitte Access Economics estimate the impact of its measures on GSP. Deloitte estimated that the expenditure and revenue decisions will result in a cumulative \$43.9 billion increase to gross state product over the budget and forward estimates.

- Further detail on revenue and expenditure measures included in the budget are outlined below.

Expenditure Measures

- The Victorian Government has announced a Jobs Plan which contains a set of initiatives which aim to create 400,000 new jobs (compared to the employment low in 2020) by 2025, with half of the jobs created by 2022. This includes:

Support for workers

- \$1 billion for TAFE and training to give Victorians the skills to get back to work, including providing up to 80 000 new training places over four years. The package includes:
 - o \$631 million to ensure the TAFE system can help more Victorians reskill, upskill and find work, as well as funding to attract and support people to reskill as teachers at Victorian TAFEs, including teacher scholarships and mentoring;
 - o \$155 million to provide additional flexibility for Victorians particularly affected by the pandemic to access government-funded training in 2021;
 - o A new skills program for existing and emerging industries, with \$75 million for skills development on selected major projects, a new Clean Economy Workforce Capacity Building program, and new places in accredited skill sets; and
 - o \$33 million to expand opportunities for apprentices and trainees through a Big Build training pathway, and an additional \$5 million to support women to take on roles in male-dominated trades.
- \$619 million investment in Jobs for Victoria services to maximise jobs and help Victorians into work;
- \$64 million Digital Skills and Jobs program for Victorians looking for work, to acquire skills and transition into new careers in digital roles; and
- \$836 million for a new jobs tax credit to encourage small and medium businesses to increase employment by re-hiring staff, restoring staff hours or supporting new jobs.

Rebuilding the economy

- \$6 billion Big Housing Build package, including \$5.3 billion to build more than 12,000 new social and affordable homes and \$678 million to make housing more accessible and affordable for Victorians.

The \$5.3 billion spend includes 9,300 new social housing dwellings replacing 1,100 old housing units and 2,900 new mainly affordable and low cost homes in locations that are close to jobs and transport. The package also includes funding to accelerate the public housing capital upgrade program, including enhanced gas heater servicing. The program will be delivered through partnerships with the community housing sector, private sector construction industry and other investors;

- \$2.2 billion to kick-start work on the Suburban Rail Loop;
- \$2 billion towards Geelong Fast Rail;

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- \$1.9 billion to upgrade 162 schools, building one new school and four additional stages at recently built schools;
- \$100 million to continue the renewal of Victoria's TAFE system, funding the redevelopment of Chisholm Institute's Frankston Campus and the redevelopment of Melbourne Polytechnic's Collingwood Campus;
- \$55 million for maintenance across the TAFE system;
- \$110 million Community Sports Infrastructure Stimulus Program;
- \$1.4 billion towards transforming the Melbourne Arts Precinct, including a new standalone National Gallery of Victoria Contemporary, an immersive public garden which enables outdoor performances, critical upgrades to the Arts Centre Melbourne and building shared infrastructure that will serve all facilities in the arts precinct more efficiently;
- Driving cheaper, cleaner sources of energy, including:
 - o \$682 million for clean energy initiatives;
 - o \$191 million to provide solar panel system and battery storage rebates to more homes and small businesses;
 - o \$50 million to deliver low-emission, low-cost energy services;
 - o \$31 million for co-investment with large energy users to support energy efficiency projects; and
 - o \$25 million to accelerate adoption of zero emission vehicles.
- \$52 million for planning reforms including extending the Victorian Planning Authority programs Streamlining for Growth and Affordable by Supply helping fast-track new projects and create new jobs.

Supporting industry and growth

- \$2 billion Breakthrough Victoria Fund (\$800m to 2023-24) to drive investment in research, innovation and the next great breakthroughs over the next 10 years (focusing on industries including health and life-sciences, agri-food, advanced manufacturing, clean energy and digital technologies);
- \$210 million to support the research and growth of medical research organisations and institutes;
- \$626 million Digital Future Now package (\$526m to 2023-24) to support Victoria's transition to a digital economy – removing more blackspots (\$300m subject to co-contributions from the Commonwealth), connecting regional communities and allowing unemployed Victorians to undertake digital skills training or take part in a digital internship;
- Recovery plans for the creative industries, international trade and international education, including:

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- \$196 million in further support to the creative sector, including a \$21 million Creative State Screen Industry Recovery Package as well as \$35 million for regional creative infrastructure projects;
 - \$32 million Export Recovery Plan;
 - \$350 million for the Victorian Higher Education State Investment Fund;
 - \$69 million in crisis support for Victoria's TAFE sector and community training providers;
 - \$45 million for the International Student Emergency Relief Fund; and
 - \$33 million package to support targeted policies and programs for Victoria's international education sector.
- Funding of \$189 million to promote business investment in Victoria, including:
 - \$96 million to establish two venture capital and growth funds to assist businesses that are starting up or expanding;
 - \$80 million on a package of targeted investment incentives to attract international companies to Victoria; and
 - \$13 million to promote cooperation in research development and commercialisation.
 - \$60 million to establish the Manufacturing and Industry Development Fund to support essential and sovereign manufacturing and capability in Victoria.

Supporting regions and communities

- \$465 million Victorian Tourism Recovery Package, including a suite of initiatives to support and restart the sector (includes a regional travel voucher scheme, the vouchers are worth \$200);
- \$156 million extension of the Regional Jobs and Infrastructure Fund to support local priorities, businesses and regional investment in recovery;
- \$75 million for the Growing Suburbs Fund to build and upgrade community facilities;
- \$61 million Victorian Startup Capital Fund (VSCF). The VSCF is a Fund of Funds – the fund aggregates capital from a number of investors and invests capital in other funds rather than investing directly into companies. The VSCF will be targeted at investing in early-stage venture capital funds located in Victoria. It is intended that the Government's investment will leverage up to \$180 million in private sector investment.
- Regulatory reform initiatives, reducing the cost of doing business; and
- \$65 million agriculture strategy to develop, fund and deliver better infrastructure, new technology and greater energy efficiency on farms.

Health

- A further \$9.0 billion for health services and infrastructure. This includes \$2.8 billion to maintain hospital capacity and \$121 million for Better at Home which will deliver more healthcare in patients' homes. The budget also provides \$33 million for Improving Cancer Outcomes; and
- \$869 million investment into Victoria's mental health system

Education

- \$5.6 billion for schools and early childhood education;
- \$1.6 billion to improve support for students with disability in government schools;
- \$250 million for government and non-government schools to employ tutors to support students affected by the interruption to face to face schooling; and
- Additional \$302 million to continue the roll-out of universal three-year-old kinder across Victoria.

Strong and safe communities

- \$151 million From Homelessness to a Home package to extend temporary accommodation for the homeless and support access to stable housing;
- \$1.3 billion for child protection initiatives;
- \$238 million to continue delivering on recommendations of the Royal Commission into Family Violence;
- \$288 million for disability services including a Disability Worker Regulation Scheme and supporting those ineligible to access the NDIS;
- \$483 million for bushfire support, including \$124 million for Bushfire Recovery Victoria, a new agency working with bushfire-affected communities on clean-up assistance, rebuilding and personal support;
- \$357 million to support Aboriginal Victorians, including backing the Government's commitment to Aboriginal self-determination with \$40 million for Aboriginal Community Controlled Organisations, and \$20 million to continue the operations of the First People's Assembly and advance the treaty process between Aboriginal Victorians and the Government; and
- \$13 million to implement the Gender Equality Act 2020 and \$17 million to deliver Gender Equality Programs.

Revenue Measures (new measures)

- The Victorian Government will introduce a jobs tax credit for eligible businesses with annual Australian grouped wages less than \$10 million to encourage small and medium business to re-employ staff, restore staff hours, and hire additional staff during their recovery.
 - The scheme provides a non-refundable payroll tax credit of 10 cents for each dollar of increased Victorian taxable wages compared to the previous financial year in 2020-21 and 2021-22.

- As the credit (10% of each additional dollar) is higher than the payroll tax rate in Victoria (4.85%), where a business increases their total wages above the previous year, it will result in an overall reduction in their payroll tax liability compared to the previous year.
- For example, where a business increases its total taxable wages by \$100,000 compared to the previous financial year (from \$1m to \$1.1m), the new jobs tax credit will reduce the payroll tax liability by \$10,000 — from \$21,825 to \$11,825. This would be an overall reduction in payroll tax of \$5,150 compared to the amount paid in the previous year (\$16,975), even though overall wages have increased between years.
- The measure is estimated to cost in the order of \$836 million. Victorian DTF expect this measure to support 9,400 jobs, providing payroll tax relief to 14,000 businesses in 2020-21, and 21,000 businesses in 2021-22.
- As part of the budget, the Victorian Government has committed to a Big Housing Build, which includes the following revenue related policies:
 - A 50 per cent land tax discount for eligible new build-to-rent developments from 1 January 2022 until 2040, with these developments also exempt from the Absentee Owner Surcharge;
 - A reduction of up to 50 per cent in Land transfer duty for new residential properties, and a reduction of up to 25 per cent for existing residential properties for purchases valued up to \$1 million. This measure is available for properties purchased between 24 November 2020 to 30 June 2021;
 - A Victorian HomeBuyer Fund providing \$500 million for shared equity arrangements for both new and existing properties.
- The Victorian Government has announced a new road-user charge for Victorian registered zero and low emission vehicles (ZLEVs) from 1 July 2021. For electric, hydrogen and zero emission vehicles, the charge will be 2.5 cents/km. Plug-in hybrid electrical vehicles will be charged 2.0 cents/km. ZLEVs will still be eligible for the existing registration concessions of \$100.

Secure Work Pilot Scheme

- The 2020-21 Victorian Budget has committed \$5 million to develop a new Secure Work Pilot Scheme. Businesses, unions and workers will contribute to the design.
- Once in place, this two-year pilot will provide up to five days of sick and carers pay at the national minimum wage for casual or insecure workers in priority industries. No further details are available regarding how the scheme might work.
- There would be significant costs associated with implementing such a scheme.
- Given the lack of details provided on the scheme in the Victorian Budget Papers, a number of assumptions have been made in order to estimate potential costs of such a scheme in South Australia. The table outlines estimated full year costs of such a scheme in South Australian costs if access was available to all industries employing casual workers.

	\$m
SA-based Secure Work Pilot Program[^]	
At 7.5 hrs per sick day [^]	145
At 4.6 hrs per sick day (national average)*	89
[^] ABS data 'employees without paid leave entitlements' used as the primary measure of casual employment in South Australia. As of 1 July 2020, the national minimum wage is \$19.84 per hour or \$753.80 per week. This is based on a 38 hour week. Hourly wage was prorated to standard 37.5 hour week (\$20.10). Assumptions are escalated based on DTF economic forecasts.	
*National average weekly hours worked by casuals is approx. 23 hours per 5 day working week (4.6 hours per day). Pre-pandemic hours used. Source: ABS data.	

- To the extent that (a) the scheme was somehow limited in scope, eg to particular industry sectors, or (b) there was a lower take-up of sick leave than the full 5 days assumed in the above costing, then costs would reduce.

Savings Measures

- The budget papers indicate that given the current priority on response to the coronavirus (COVID-19) pandemic and the economic recovery, the Government has revised its approach by deferring the implementation of a range of efficiency measures.
- There do not appear to be any details of what the implications of this statement are. The budget papers indicate that in the 2021-22 budget, the Government will continue to review its path to ensure fiscal sustainability, including providing strategies for the realignment of revenue and expenditure trajectories and steps to a more balanced operating environment.

Economic growth

Gross State Product, Chain Volume (GSP)

- Victoria is forecasting a GSP contraction of 4 per cent in 2020-21, more severe than the contraction forecast for South Australia (¾ per cent). This follows a published GSP contraction in 2019-20 of 0.5 percent in Victoria (1.4 per cent contraction in South Australia).
- Victoria is expecting a strong recovery in 2021-22, with GSP forecast to grow 7¾ per cent. Victoria's GSP forecast for 2021-22 is 3½ percentage points higher than South Australia's (4¼ per cent). This in part reflects Victoria's expectation of a deeper recession in 2020-21 – with forecast GSP growth 3¼ per percentage points lower than in South Australia.
- In both 2022-23 and 2023-24, Victoria is expecting a similar growth trajectory to what South Australia is (refer to the table below).

Gross State Product Growth Forecasts (%)				
	2020-21	2021-22	2022-23	2023-24
South Australia	-¾	4¼	3	3
Victoria	-4	7¾	3¼	3

Employment

- Employment in Victoria is forecast to contract 3¼ per cent in 2020-21, while employment is forecast to remain unchanged in South Australia.

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- As with GSP, employment in Victoria is forecast to strongly recover in 2021-22 and maintain above trend growth in the remaining years of the forwards (refer to the table below). This is in line with the employment forecasts in South Australia once a population growth differential is accounted for.

State Employment Growth Forecasts (%)				
	2020-21	2021-22	2022-23	2023-24
South Australia	0	2	1½	1½
Victoria	-3¼	3½	2¼	2

Assumptions

- Victoria assumes that public health restrictions will continue to ease over the remainder of 2020, to be at "COVID Normal" by the end of 2020. Furthermore, Victoria assumes there will be no further domestic outbreaks that warrant an increase in restrictions. This is in line with the assumptions used by South Australia.
- Victoria assumes that international border restrictions will remain in place until mid-2021. This is broadly in line with the assumption used by South Australian Treasury, where international border restrictions were expected to progressively begin easing from 2021 and continue through to 2022.
- Victoria assumes a gradual return of international students and overseas migrants as borders reopen. However, Victoria assumes that a significant return of international students does not occur until the 2022 academic year. South Australian Treasury assumes that international students will commence returning in 2021.



Tammie Pribanic
EXECUTIVE DIRECTOR
BUDGET AND PERFORMANCE

25 November 2020

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Attachment 1

Interstate comparisons of key indicators

Comparison of key indicators in the 2020-21 Budget					
	2019-20 Actual	2020-21 Budget	2021-22 Projection	2022-23 Projection	2023-24 Projection
South Australia					
Net operating balance GG (\$m)	(1,485)	(2,590)	(1,423)	(435)	406
Net debt GG (\$m)	10,537	15,270	19,366	22,043	24,489
Net debt NFPS (\$m)	17,452	23,038	27,662	30,695	33,171
Net debt/revenue GG (%)	52%	78%	92%	100%	104%
Net debt/revenue NFPS (%)	82%	111%	124%	131%	134%
Victoria					
Net operating balance GG (\$m)	(6,539)	(23,281)	(13,098)	(6,725)	(5,889)
Net debt GG (\$m)	44,312	86,735	109,664	132,884	154,768
Net debt NFPS (\$m)	59,965	104,721	128,921	152,838	175,469
Net debt/revenue GG (%)	65%	130%	154%	171%	190%
Net debt/revenue NFPS (%)	84%	150%	174%	188%	207%
New South Wales					
Net operating balance GG (\$m)	(6,916)	(15,984)	(6,830)	(2,091)	(460)
Net debt GG (\$m)	19,261	53,187	75,433	91,771	104,347
Net debt NFPS (\$m)	43,677	81,079	105,275	123,152	137,286
Net debt/revenue GG (%)	24%	65%	86%	101%	112%
Net debt/revenue NFPS (%)	52%	96%	117%	131%	140%
Western Australia					
Net operating balance GG (\$m)	1,669	1,204	363	1,067	1,474
Net debt GG (\$m)	23,758	25,576	27,870	29,235	29,491
Net debt NFPS (\$m)	39,858	44,038	46,857	48,394	48,704
Net debt/revenue GG (%)	74%	75%	88%	90%	88%
Net debt/revenue NFPS (%)	61%	62%	67%	67%	66%
Tasmania					
Net operating balance GG (\$m)	(338)	(1,118)	(282)	14	17
Net debt GG (\$m)	(176)	1,855	2,854	3,729	4,381
Net debt NFPS (\$m)	2,201	4,644	5,770	7,194	7,866
Net debt/revenue GG (%)	-3%	29%	42%	53%	60%
Net debt/revenue NFPS (%)	23%	50%	60%	73%	77%
Northern Territory					
Net operating balance GG (\$m)	(766)	(1,676)	(774)	(819)	(739)
Net debt GG (\$m)	4,225	6,762	8,368	9,473	10,329
Net debt NFPS (\$m)	5,777	8,404	10,084	11,149	12,004
Net debt/revenue GG (%)	72%	122%	140%	162%	177%
Net debt/revenue NFPS (%)	89%	132%	148%	167%	179%

Other jurisdictions to be added as 2020-21 budgets are released