

## Services, infrastructure winners in big-spending Victorian budget

Written by The Conversation

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The diamonds fell in a neat line for Victorian Treasurer, Tim Pallas, who hit the fiscal jackpot today in delivering his second budget.

Net new policy announcements hit a record \$1.2billion, almost 40% higher than last year, which itself was an all-time high. There is money for almost all conceivable sectors, from new family violence initiatives in response to recommendations from the Royal Commission, to hospitals, mental health and disability services, to police, the environment not to mention public transport. There's also money for job seekers in a post manufacturing world. Only schools and teachers could have reason to be genuinely disappointed.

On the investment front, however, things are for more rosy, for education has done very well with a big package of new school buildings and renovations worth almost \$1billion.

The biggest winner on the infrastructure front, though, is transport. Melbourne Metro, the massive increase in Melbourne's underground rail network, is now fully funded, as is the big western distributor project, not to mention a stack of other new roads and upgrades. There's even a whopping lift to road maintenance spending, that's sure to put a smile on the faces of those who are keen to see an end to all those pot holes that sprouted up like flowers as evidence of the previous governments years of fiscal tightness.

Infrastructure spending as a whole will lift massively from \$4.5billion to \$7.5billion, the highest in living memory.

And there is more. In his post-lockup press conference, Tim Pallas was asked whether Labor's supporters would be pleased or disappointed. Pointing to the whopping size of the \$2.9billion operating surplus, the Treasurer implied that the great big pot was by no means locked away, but was awaiting further mid-spending announcements pending the finalising of some major policy reviews.

The [Bracks Review of education](#) and the [McKenzie Review of TAFEs](#) were explicitly mentioned as being in line for wads of cash and that would be most certainly welcomed, perhaps making up for what otherwise would be a disappointment for those who have noticed

that Victoria is meant to be The Education State.

Pallas also pointed journalists to a graph showing the “headroom” available for increased infrastructure borrowing, by simply allowing net debt to settle at 6.2% of the economy instead of slide to 4.8% over the next four years as is currently planned. An additional \$16 billion was there to spend, if we simply kept to standards that were seen as parsimonious when the conservatives were last in power.

If all that was not enough to convince Victorians that he is more than capable of minding the till, the budget papers also show a massive war chest he’s managed to set aside for that rainy day. A figure of \$2.2 billion has found its way into the Treasurer’s contingency fund should things turn unexpectedly sour.

This is a cracking budget alright, but how much can we put down to luck rather than good management? Well to be honest its mainly the former, for the budget papers show that Labor crept back to office after four years of relative economic decline following the on-set of the global financial crisis.

Victoria’s slump could hardly be attributed to the previous conservative government whose return to power coincided with a massive global recession. Likewise, it would be stretching it to claim that the state’s sudden return to health growth is due to Labor’s economic flair.

Good economic luck has seen stamp duties on property transactions literally go through the roof, climbing at more than 20% per annum, while jobs growth has brought with it an unexpected surge in payroll taxes. Luck also saw Victoria do surprisingly well out of the annual carve-up of the Goods and Services Tax, with the state getting almost \$1 billion more than was expected. And then to cap it off the state enjoyed an unexpected \$500 million win in the courts over an appeal it had launched against a previous ruling that it compensate Tattersalls for losing its pokie machine license well ahead of schedule.

It is in this murky world of gambling and poker machine business that the budget is most disappointing. For let’s face it, we know that these machines deliver a social evil, that delivers to the state \$1.1 billion in taxes, but leaves in its wake scores of broken homes, thefts and fraudulent behaviour, and even suicides that accompany those whose terrible addiction leaves

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them unable to freely choose. How wonderful it might have been had Pallas used this lucky budget to ensure future generations of Victorians are freed from the awful luck that attaches to this most terrible of inventions.

This negative sits out as a glaring anomaly in what otherwise is an impressively Labor budget. The massive lift in infrastructure spending and an emphasis on jobs sits alongside a brand new social democratic fairness narrative that has been gaining momentum in recent months.

This is centred on gender and sexual diversity and the need for all people to be safe. What makes this budget eye catching is the masterly way Pallas has been able to pull all these threads together while showing he is more than capable of safely minding the till.

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