



Treasury Corporation of Victoria

# Australian Government Fixed Income Forum - Japan

May 2023



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## Economic and Fiscal Outlook



# State of Victoria

## Economic Significance

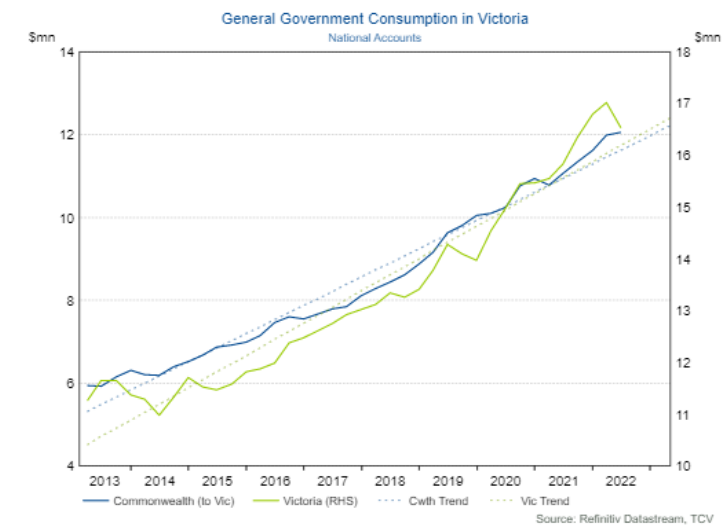
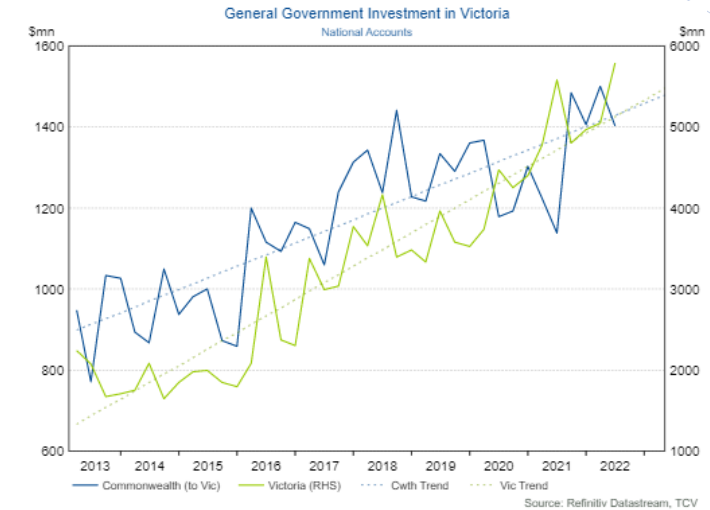
Capital	Melbourne	Nominal GSP, FY 2022 (A\$b)	501
Unemployment rate % (Dec 2022)	3.5	Share of national economy, %	22.3
Unemployment rate, 5y ave %	5.0	Real GSP growth, Jun 22, (%)	5.6
Population, million (June 2022)	6.6	Average GSP growth, 5y ave %	3.0
Wages (%yoy, Q3 2022)	3.1	CPI (% yoy, Dec 2022)	8.0

## Sources of Economic Growth (2021-22)

<i>Expenditure GSP</i>	<i>Share GSP %yoy</i>	<i>Expenditure GSP</i>	<i>Share GSP %yoy</i>		
Household Consumption	55.8	6.5	Finance and Insurance	9.3	3.2
Government Consumption	24.0	6.9	Property Ownership	8.8	1.8
Private Investment	19.6	7.9	Health Care	8.5	6.6
Public Investment	5.9	9.2	Science and Technology	8.5	5.9
Import Good and Services	21.8	8.7	Construction	7.9	7.6
Export Goods and Services	11.8	-1.0	Manufacturing	6.6	5.3

## State Government Fiscal Aggregates

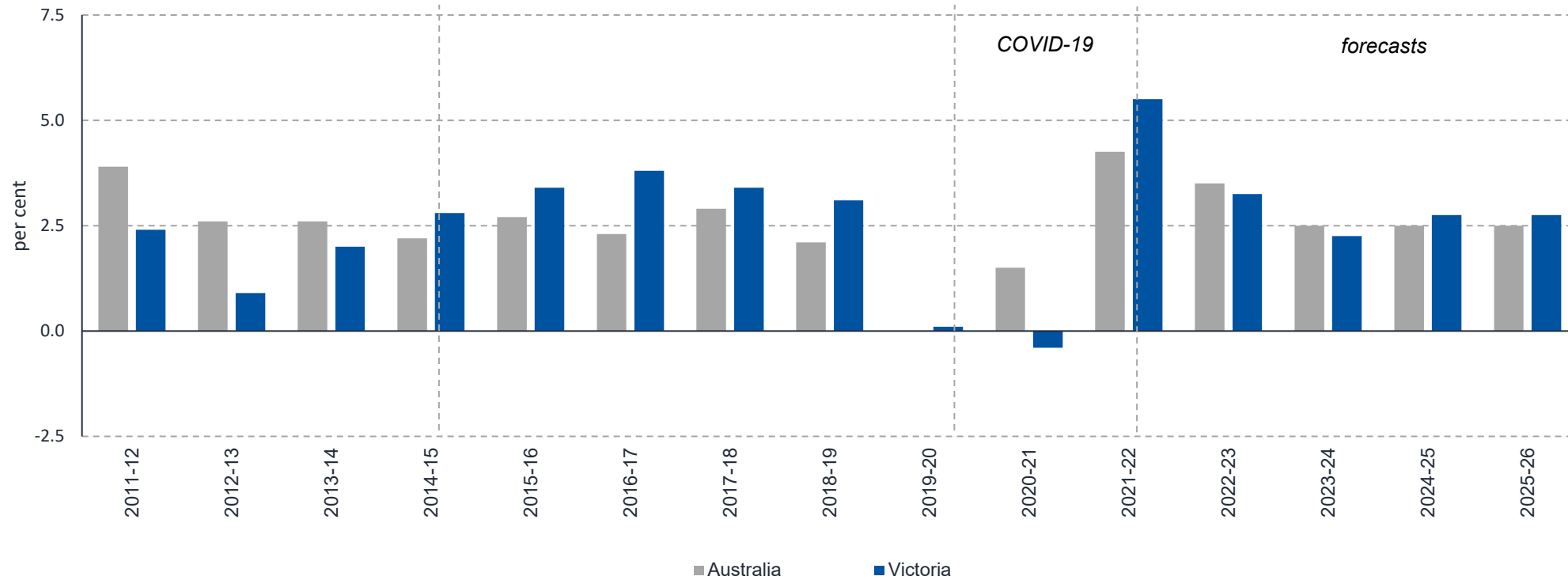
	2021-22	2022-23e		2021-22	2022-23e
Net Debt (\$ bn)	101.9	118.5	Revenue (\$ bn)	81.9	82.0
Net Debt to GSP (%)	19.8	21.7	Expenses (\$ bn)	99.5	89.8



Source: Australian Bureau of Statistics; Victorian Department of Treasury and Finance

# Victorian GSP is forecast to rebound strongly

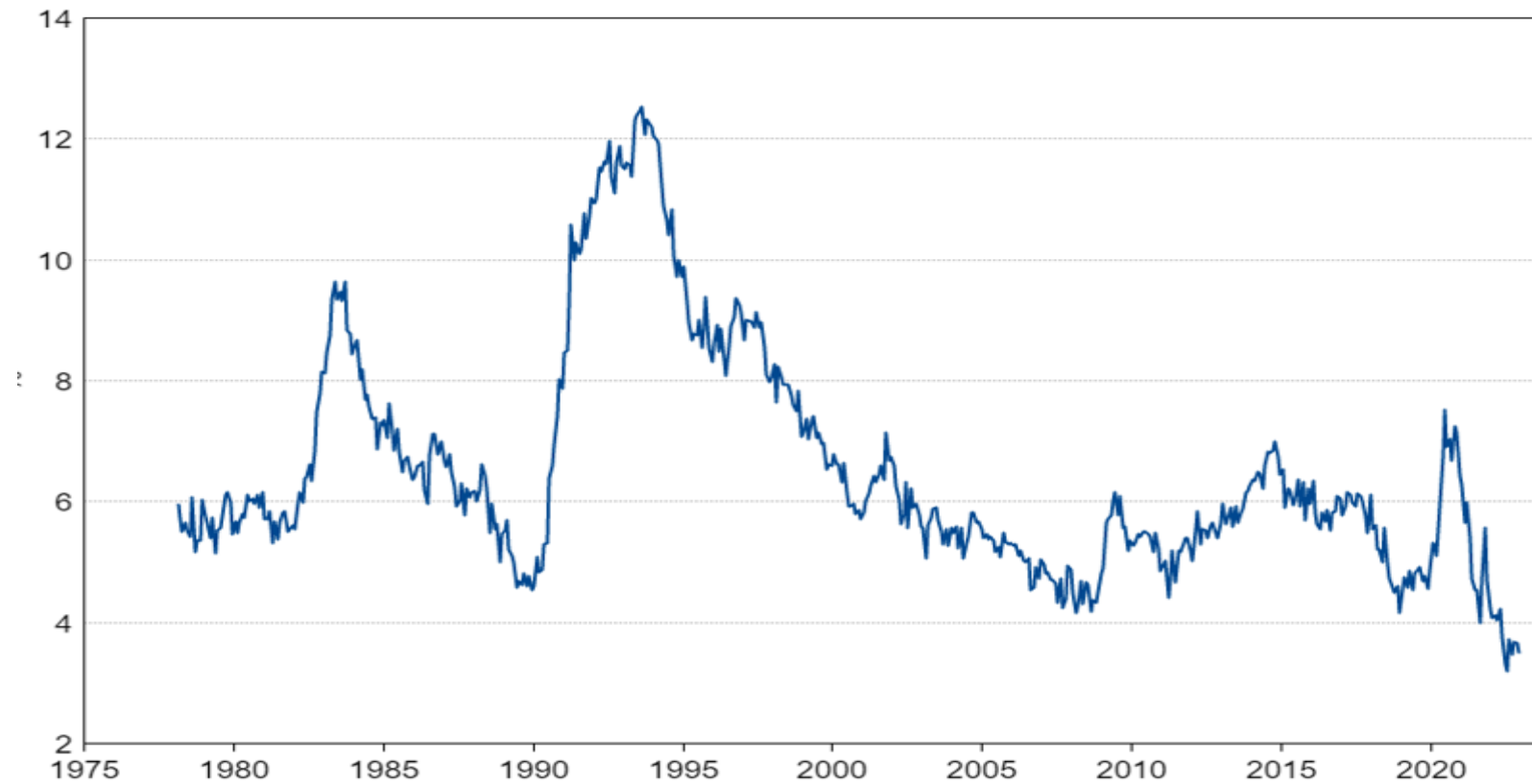
Real economic growth, actual and forecast, Victoria and Australia



Source: Australian Bureau of Statistics; Department of Treasury and Finance; Commonwealth Treasury

# Victorian labour market has proven resilient

Unemployment rate, Victoria



Source: Refinitiv Datastream, TCV

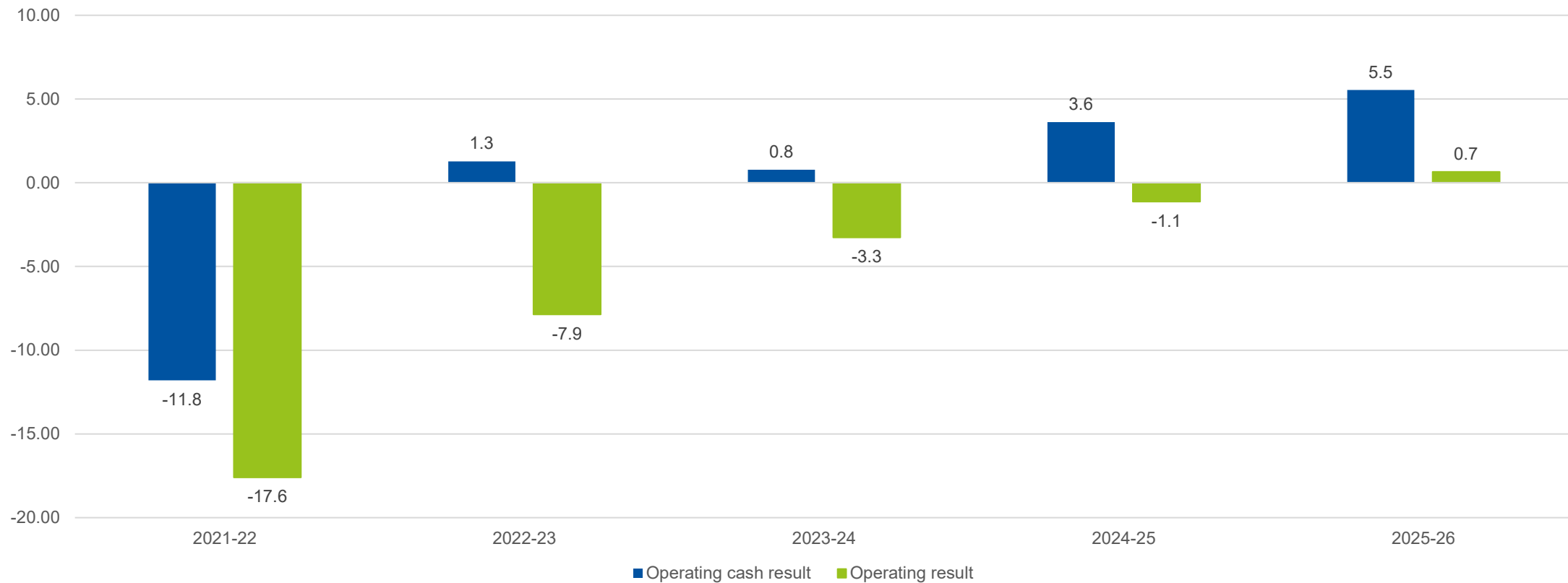
# The Government's fiscal strategy

In the 2020-21 Budget, the Government announced its four step fiscal strategy:

- **Step 1:** creating jobs, reducing unemployment and restoring economic growth
- **Step 2:** returning to an operating cash surplus
- **Step 3:** returning to operating surpluses
- **Step 4:** stabilising debt levels.

# Operating performance continues to improve

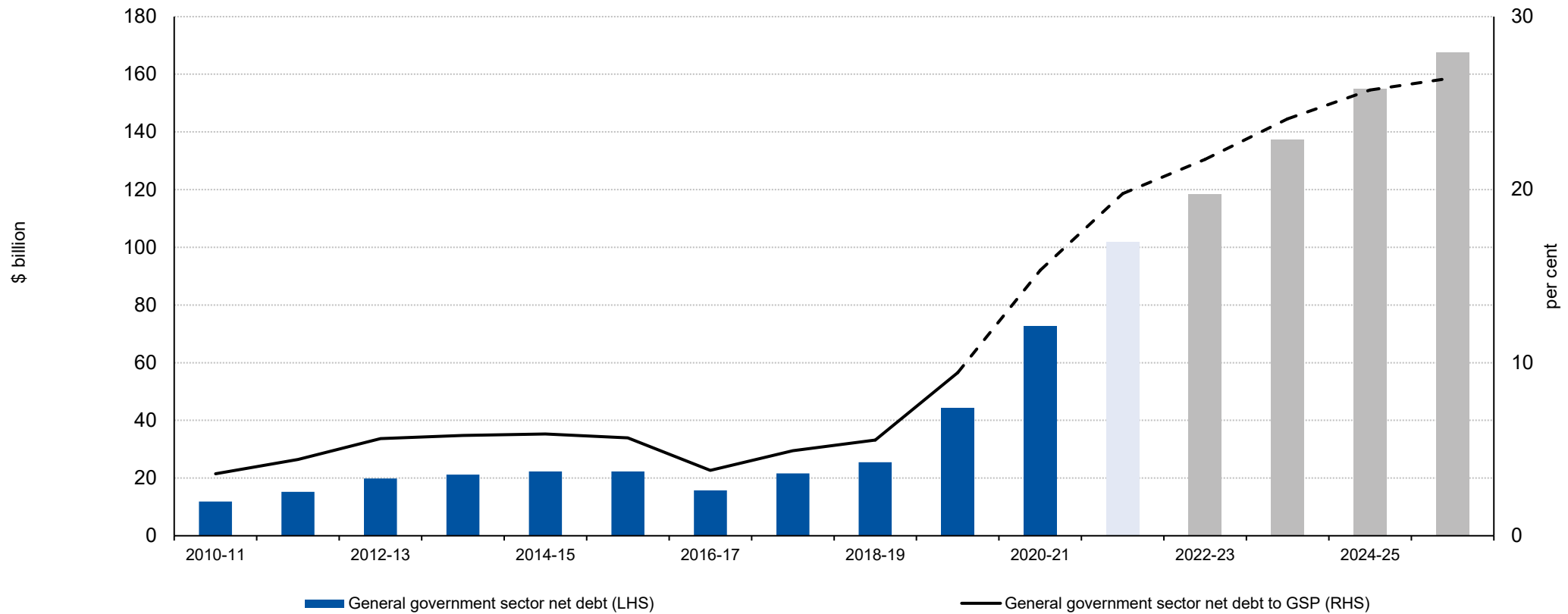
Operating cash result and operating result (\$ billion)



Source: Department of Treasury and Finance

# Net debt

## General government net debt to GSP

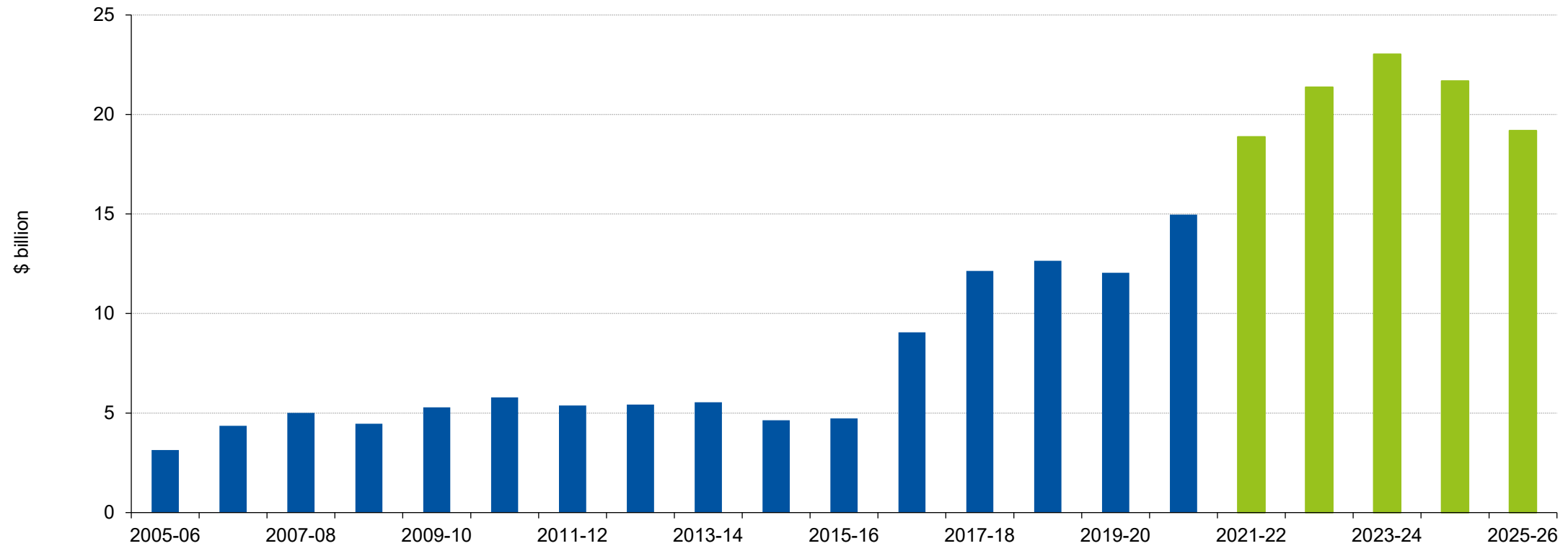


Source: Department of Treasury and Finance



# Continuing to invest in infrastructure

## Government infrastructure investment



Source: Department of Treasury and Finance

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# TCV Debt Program



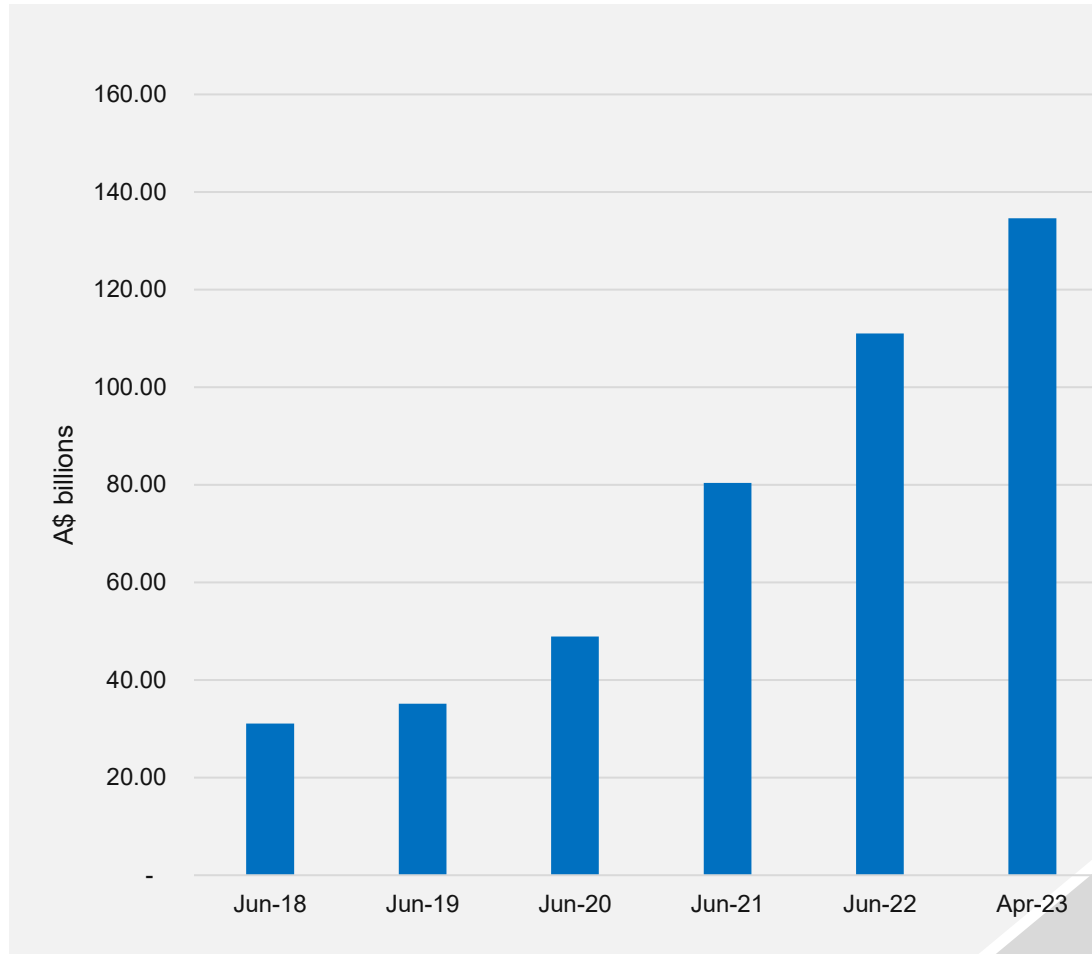
# TCV funding requirement 2023-24

May 2023 State Budget

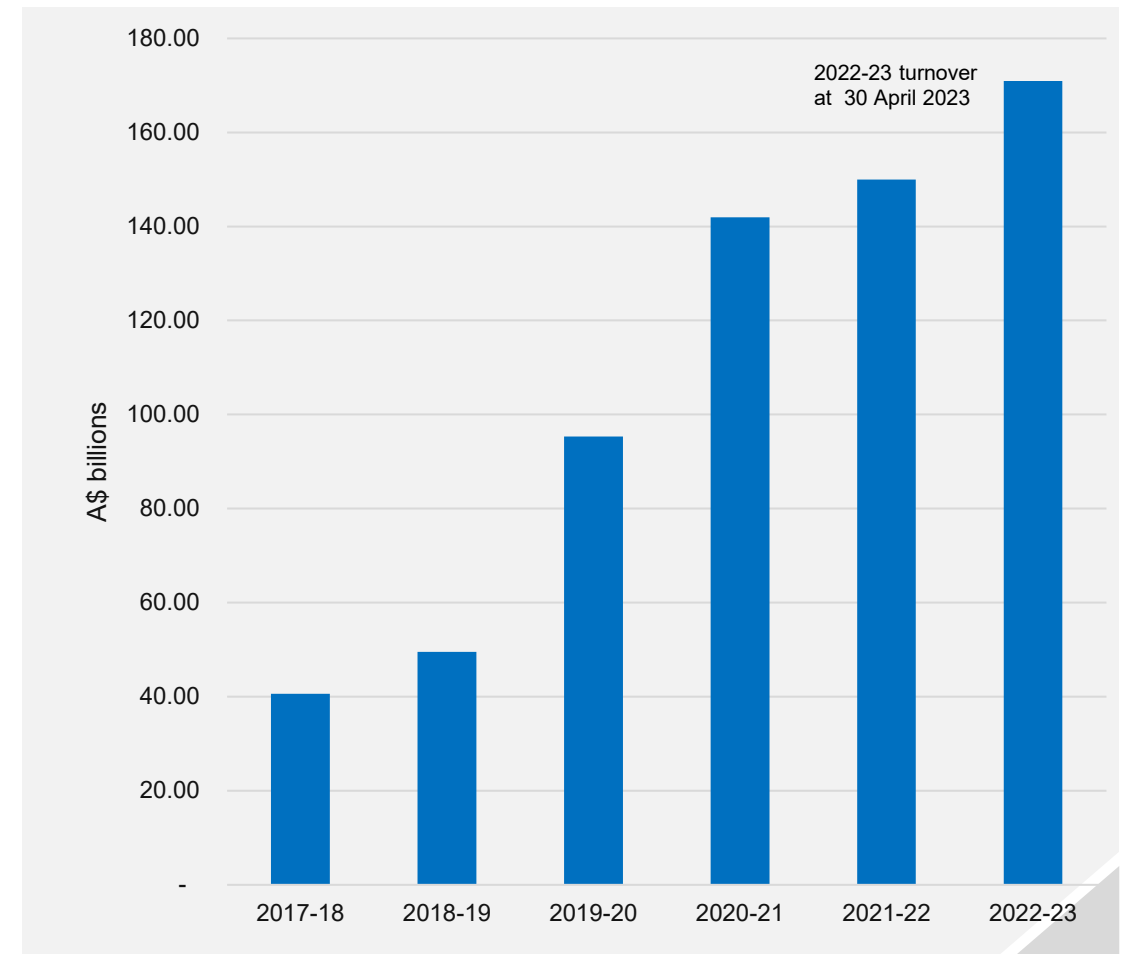
	2023-24 \$A billions	2024-25 \$A billions	2025-26 \$A billions	2026-27 \$A billions
Client new money requirement	25.4	20.1	16.1	14.9
Client loan refinancing	8.3	9.5	9.8	11.1
<b>Client total financing requirement</b>	<b>33.7</b>	<b>29.6</b>	<b>25.9</b>	<b>26.0</b>

- Issuance will be predominately funded via TCV's AUD benchmark bond program
- TCV will be an active issuer through syndication, tenders and reverse enquiry
- TCV will continue to grow long dated lines and backfill shorter dated lines when appropriate
- TCV will maximise investor diversity through investor engagement and issuance flexibility
- TCV will increase issuance under its sustainability framework

# TCV bond outstandings



# TCV bond turnover



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# Victoria's Climate Strategy



# Victorian Government Climate-related Risk Disclosure Statement – October 2022

Released in October 2022, the *Victorian Government Climate-related Risk Disclosure Statement 2022* outlines the Government's **actions to understand, manage and monitor climate-related risks and opportunities** for Victoria, as well as the government's own operations.

The publication of this disclosure marks the first time in Australia that a government has made a climate-related disclosure in line with the recommendations of the **G20 Financial Stability Board's Taskforce on Climate-related Financial Disclosures** and is consistent with the broad structure of the **International Financial Reporting Standards Foundation's International Sustainability Standards Board (ISSB)** exposure draft on climate-related financial disclosures.

The Victorian Government is committed to providing transparency to the community and investors about how it is managing climate change, in line with global best practice.

For further details please refer to these websites.

<https://www.dtf.vic.gov.au/funds-programs-and-policies/victorian-government-climate-related-risk-disclosure-statement>

<https://www.climatechange.vic.gov.au/victorian-government-action-on-climate-change>

[https://www.tcv.vic.gov.au/images/TCV\\_Sustainability\\_Bond/TCV\\_Sustainability\\_Bond\\_Framework.pdf](https://www.tcv.vic.gov.au/images/TCV_Sustainability_Bond/TCV_Sustainability_Bond_Framework.pdf)

Source: Victorian Government

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