

2022-23 Federal Budget Submission

Activating Victorian Business
October 2022

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Introduction and Executive Summary

The Victorian Chamber of Commerce and Industry welcomes the opportunity to contribute to the updated Federal Budget 2023. As Victoria's peak business and industry body, the Chamber represents the collective voice of more than 50,000 members and clients. We advocate for better conditions for Victorian businesses, so that every business – small, medium or large – can start up, grow and thrive in our State.

Business is the heart of our community. The past three years have highlighted the central role of industry in the life of our nation. The private sector has been critical in rebounding our economy and it is more important than ever that Government prioritises business conditions as Australia continues to face multiple economic constraints, both domestic and abroad.

As a shareholder of the Australian Chamber of Commerce and Industry (ACCI), the Victorian Chamber contributed to their submission which articulates our nation-wide priorities and has our full support. The Victorian Chamber's localised and specific asks for Victoria are contained in this document. Victoria's economic prosperity and the health of our business community must be a central priority which will propel our broader national success.

This submission recommends funding and policy changes tailored to our members' priorities. We have validated these priorities through roundtable discussions, member surveys and via independent focus groups involving a cross-section of Victorians.

The Government's immediate focus must be on supporting Victoria's major industries to cope with the increased price of inputs as well as addressing the skill and labour shortages. Victorian businesses have experienced tough conditions throughout the past few years and, while our economy has started to roar back, our key industries need a leg up.

We ask the Federal Government to prioritise increasing access to a competitive international skilled labour force and address the acute cost of living constraints

affecting our economy. Taxation relief is also one of the most effective and efficient mechanisms available to resolve the skills crisis plaguing Victoria and several other jurisdictions. Favourable tax treatment will encourage more workers to take on a second job, while enabling businesses to address staffing shortfalls and remain open. A consistent, national payroll taxation threshold will also create a fairer playing field for Victorian businesses.

Other critical priorities for building our nation's skilled workforce include a dedicated campaign to re-attract international students, expansion of existing vocational and education and training support measures and funding parity for vocational education and training. Apprenticeships and traineeships unlock skills, opportunity and rewarding career outcomes for tens of thousands of Australians. Supporting an increased apprenticeships scheme will help more Australians to benefit from a structured vocational pathway to work and will give business owners the confidence to hire a training worker.

We need to see long-term investment in the critical infrastructure to support Victoria's economic growth and prosperity. Our two infrastructure priorities are a new Intermodal Freight Terminal in Victoria and less restrictive requirements for development of our airports.

Demand for clean energy is rising across the globe and here at home. Secure, affordable, clean energy is a priority for trade-exposed Victorian industries, and we recommend exploring the opportunity to produce hydrogen in Victoria for domestic use. Not only will this create secure access to clean fuel for Australians, but it will boost advanced manufacturing jobs for Victorians. It will also put Australia at the forefront of an emerging industry.

Finally, an industry-led export mentoring program and continuation of the Export Development Grant scheme would support more businesses to take their products to international markets.

To prosper, Victoria must continue to diversify and modernise our economy. These outcomes are only possible in the setting of a thriving private sector. The Victorian Chamber will work hard to play our part and help build a stronger future for our State and nation, together.

Summary of priorities

Activating Victorian business

P1	Allow more flexibility in the visa conditions for migrant workers, so they can work in other areas of need when there is a pressing demand (e.g., allowing a migrant nurse employed to work on the ward of a hospital to also work in an aged care facility).
P2	Recognise more foreign qualifications, work experience and training of migrant workers, particularly in areas with critical skills shortages, to allow skilled migrants to work in their fields of expertise.
P3	Reward international workers who have worked in Australia on employee sponsored and priority migration skilled occupation visas to have direct pathways to permanent residency.
P4	Create an Agriculture Passport to allow seasonal employees to work across different growers and farms according to seasonal demand.
P5	Restore Victoria's mantle as the number one study destination for international students by implementing a campaign promoting the quality of Australia's higher education system and our lifestyle offer.
P6	Improve the employability of international students by providing more work opportunities during and after their studies to attract more international students to Australia (e.g. internships in businesses, PhD research in industry).
P7	Change post-study visa duration for international students from between two to four years to a minimum of four years to encourage industry to invest in international talent.
P8	Allow all international students to work up to 25 hours per week throughout their study so that they can afford the high cost of living in Australia and help provide local businesses with the staff they need to fill job vacancies.
P9	Provide more temporary humanitarian visa holders with permanent residency to give employers the certainty they need to invest in training and upskilling migrant workers.
P10	Provide interim income tax relief to incentivise more Australians to work a second job and keep more businesses operating.
P11	Negotiate a national approach to payroll taxation to create a consistent, employment-friendly payroll tax threshold.
P12	Support the creation of more apprenticeships and traineeships by recommencing the Boosting Apprenticeships Commencement Scheme.
P13	Establish a framework for micro-credentials, including consideration of timing, funding, accreditation, and flexibility in their requirements, to rapidly upskill and reskill the workforce to address the constant evolution of skills in industry.

P14	Allow more Australians to access VET Student Loans by restoring the Student Loan Fee exemption and broadening eligibility to Certificate III and IV qualifications to Victoria's skilled labour pool.
P15	Create a Tourism Resilience Fund to assist tourism, accommodation, events and creative businesses to remain viable and operate at full capacity by the end of 2024.
P16	Fund the Western Interstate Freight Terminal to revitalise industry, create Victorian jobs and cement Victoria's place as Australia's principal freight point.

Building for our future

P17	Victorian Government set aside and gift the required land to Federal Government for Truganina and connections into Port of Melbourne. Pre-approve associated planning provisions to fast track the process once Federal funding is committed.
P18	Maximise the strategic opportunities of Australia's airports by amending the Airports Act 1996 (Cth) to streamline arrangements for major development plan approvals, including raising the monetary trigger to \$75 million.
P19	Scale the Hydrogen Energy Supply Chain Project or invite a similar public-private ventures to boost Victoria's advanced manufacturing sector and produce a secure, reliable, domestic supply of hydrogen.
P20	Provide a national roadmap on how Australia effectively transitions towards renewable energy to businesses so that they can plan for and commence the transition to clean energy.
P21	Introduce a subsidy for industries transitioning to clean hydrogen as a primary energy source to kickstart the transition to clean energy.
P22	Fund more ultra-rapid electric vehicle charging stations or provide further support for the charging vehicle network to encourage more Australians to transition to electric vehicles.
P23	Fund an industry-led mentoring program to help more Australian businesses become export-ready.
P24	Expand funding and eligibility for the Export Market Development Grant (EMDG) scheme to help more SMFEs enter new export markets.

Activating Victorian business

"We neglect to realise that there has been migration of international labour back for other countries but the conditions have not been right to attract migrants back to Australia and Victoria."

Female, 37yo, Focus Group participant

Skilled Migration

The chronic worker shortage is the biggest obstacle holding back our economic recovery. The Federal Government must prioritise making Australia a compelling and attractive place to work and build a career for foreign workers. In conjunction with addressing the backlog of visa applications, the Federal Government must implement incentives to not only bring back skilled workers but keep them in Australia. We must incorporate pathways for employer sponsored visas to have direct pathways to permanent residency. This would encourage foreign workers to have the capacity to envision long-term opportunities to live and work in Australia.

The Federal Government needs to urgently relax visa conditions to enable fast-tracked migration. A clear and efficient process for migrant workers can create flexibility and help deploy skills efficiently within an organisation. The healthcare industry is an example of where this change would help address shortages and alleviate constraints within the migration system.

Australia needs to maximise the experience and skills of our migrant workers. To do this, the Federal Government needs to ensure that prior education, qualifications, experiences, and skills are recognised to streamline migrant workers straight into the Australian workforce. This can be done through the extended recognition of qualifications and training in areas of skill shortage, alongside the use of microcredentials to fill any gaps and bring them up to Australian industry standard.

P1

Allow more flexibility in the visa conditions for migrant workers, so they can work in other areas of need when there is a pressing demand (e.g., allowing a migrant nurse employed to work on the ward of a hospital to also work in an aged care facility).

P2

Recognise more foreign qualifications, work experience and training of migrant workers, particularly in areas with critical skills shortages, to allow skilled migrants to work in their fields of expertise.

Welcoming back international students

International students are a vital contributor to Australia's position as a world-leading advanced economy. International students' fees secure the financial viability of our tertiary institutions and position higher education as one of Australia's key export markets.

Beyond their direct contribution to higher education, international students also support other sectors in our economy. In 2019, more than 57 per cent of international students' \$40 billion economic contribution consisted of consumption of other goods and services.¹

International students play an important role on the supply side of our labour market. More than 35 per cent of Victorian businesses in the tourism, visitor services, events and hospitality sectors were at least partially reliant on international students to fill skills shortages before the COVID-19 pandemic.² As of August 2022, the cumulative impact of almost three years of disincentivising students to come to Australia as well as border closures have caused movement of workers away from hard-hit sectors and acute skills shortages. Skills shortages have continued to hamper business growth and cannot be resolved through domestic supply in the short to medium term.

¹ Australian Bureau of Statistics. (2021). *International Trade: Supplementary Information*, Calendar Year, available at <<https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-calendar-year/latest-release>>.

² Victorian Chamber of Commerce and Industry. (2021). *Visitor Economy Survey*, December

In October 2021 only 30 international students arrived in Victoria: a 99.8 per cent decrease compared with October 2019.³ Students who would have chosen Australia pre-pandemic may, however, continue to shift toward competitor nations such as Canada and the United Kingdom for their higher education needs.⁴ This is a critical risk for the Victorian economy, which relies on international education as its largest services export industry.

It is critical Australia invests in a targeted campaign to continue to re-attract international students to Australia, delivered in partnership with the jurisdictions.

The Federal and State Governments must also provide post-work opportunities and pathways to attract international students as well provide opportunities for international students to work full-time throughout their study. This would enable them to be able to afford the increasing cost of living and, crucially, supply local businesses with the staff they need to keep the doors open and operate at full capacity.

Temporary humanitarian visa holders

There is the opportunity to provide certainty and incentivise employers to invest in training people who have recently arrived in Australia on humanitarian visas. Temporary humanitarian visa holders, while permitted to work, face an uncertain future in Australia and employers are consequently reluctant to invest in their long-term training and skills development. This can be remedied by fast-tracking more temporary humanitarian visa holders for permanent residency

P3

Reward international workers who have worked in Australia on employee sponsored and priority migration skilled occupation visas to have direct pathways to permanent residency.

P4

Create an Agriculture Passport to allow seasonal employees to work across different growers and farms according to seasonal demand.

P5

Restore Victoria's mantle as the number one study destination for international students by implementing a campaign promoting the quality of Australia's higher education system and our lifestyle offer.

P6

Improve the employability of international students by providing more work opportunities during and after their studies to attract more international students to Australia (e.g. internships in businesses, PhD research in industry).

P7

Change post-study visa duration for international students from between two to four years to a minimum of four years to encourage industry to invest in international talent.

P8

Allow all international students to work up to 25 hours per week throughout their study so that they can afford the high cost of living in Australia and help provide local businesses with the staff they need to fill job vacancies.

P9

Provide more temporary humanitarian visa holders with permanent residency to give employers the certainty they need to invest in training and upskilling migrant workers.

³ Australian Bureau of Statistics. (2021). *Overseas Arrivals and Departures, Australia*, available at <<https://www.abs.gov.au/statistics/industry/tourism-and-transport/overseas-arrivals-and-departures-australia/latest-release>>.

⁴ IDP Connect. (2021). *The impact of new student entry policies on international student destination demand*, July, available at <<https://www.idp-connect.com/usa/articles/international-market-trends/the-impact-of-new-student-entry-policies-on-international-students>>.

Taking on Tax

Interim tax relief to unlock Australia's workforce

Skills shortages have emerged as a global issue. The COVID-19 pandemic has resulted in an unprecedented shock, with Australia's peers internationally experiencing a mismatch between workforce demand and supply.

Skills shortages are acute in Victoria and our members report the lack of access to skilled workers as their most significant barrier to recovery. A combination of factors is driving the shortfall of workers, including the two-year closure of Australia's international borders, structural change in the economy and the permanent exit of a significant minority of Australians from the labour market. This demands a mix of policy solutions to address the gap between demand and supply in hard-hit sectors of the economy.⁵

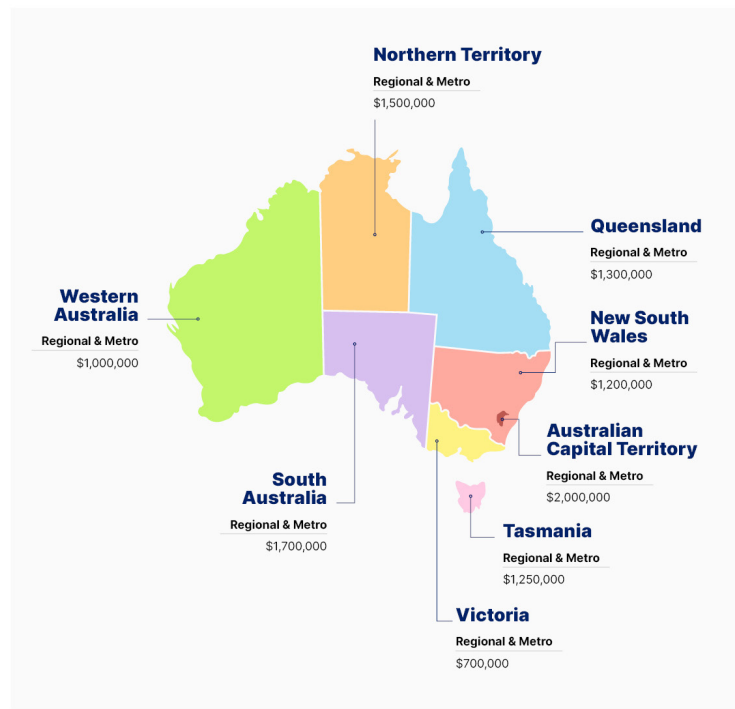
Tax relief may be an effective short-term mechanism to help resolve Australia's skills shortage issue. Favourable tax treatment could incentivise more workers to take on a second (or third) job, while allowing employers to access the labour they need to remain open. The Federal Government could consider a variety of income taxation measures to provide this relief, while ensuring that there is no disadvantage to, or unintended consequences for workers who wish to increase their hours of employment with their primary employer.

P10

Provide interim income tax relief to incentivise more Australians to work a second job and keep more businesses operating.

Taking on payroll tax

Payroll Tax Threshold Per State



The Federal Government should take the opportunity to reform Australia's policy settings to accelerate economic activity and secure our nation's future. While consensus has not always been possible, the National Cabinet has demonstrated the capacity of the Federal Government to negotiate effectively with the jurisdictions.

Tax reform must be on the national agenda. We strongly support the Australian Chamber's recommendation that payroll tax is a top priority for change. Payroll tax negatively affects job creation and businesses cite it as their highest reform priority in comparison with other government taxes and charges.⁶ Inconsistencies between the payroll tax regimes are

⁵ OECD. (2021). 'Designing active labour market policies for the recovery', *OECD Policy Responses to Coronavirus*, July, available at <<https://www.oecd.org/coronavirus/policy-responses/designing-active-labour-market-policies-for-the-recovery-79c833cf/>>

⁶ Nous Group. (2021). *Cost and ease of doing business in Victoria*, report prepared for the Victorian Chamber of Commerce and Industry, January.

also driving competition between states and territories and creating market distortions.

Victoria is Australia's highest cost jurisdiction to do business and has the lowest payroll tax threshold in the nation at \$700,000. The elevated incidence of bunching in Victoria in comparison with other jurisdictions with higher thresholds demonstrates the need for a consistent national approach.⁷

A national approach should start with a consistent, employment friendly payroll tax threshold. The eventual aim should be to abolish payroll tax and replace it with a more efficient mechanism that is not linked to job creation.

P11

Negotiate a national approach to payroll taxation to create a consistent, employment-friendly payroll tax threshold.

Vocational pathways to work

"It's important to retain and always improve your skills. But no one can afford to do that at the moment. I'm already working two jobs and my wife is working too and we are only just getting by."

Male, 55 yo, focus group participant, July 2022

Strong participation in apprenticeships and traineeships – structured vocational pathways to work – is essential to building the future workforce of our nation.

Apprenticeships and traineeships allow training workers to develop skills while earning a wage and they produce a pipeline of workers for some of Australia's most in-demand sectors. Australia must continue to support apprenticeships and traineeships to develop a pipeline of workers to resolve skills shortages, provide more young and mature workers with employment opportunities and continue our economic recovery.

"Good business is a means to an end, not the end itself. I want a good economy for my kids that create well-paying jobs."

Focus group participant, July 2022

The demand-driven Boosting Apprenticeships Commencement (BAC) scheme created tens of thousands of apprenticeships and traineeships across Australia. Targeting employer incentives at commencement and/or the early stage of an apprenticeship is linked with higher rates of retention and completion.⁸ Early-stage incentives recognise that training workers' employability skills and competence are lower at the outset of the employment relationship. The BAC wages subsidy expired in June 2022. Recommencement of a similar scheme, at slightly lower rates, will help resolve skills shortages in the trades and services sectors.

More broadly, the vocational education and training system is the incubator for Australia's trades and services sectors and should be as attractive to access as the higher education system. This is unfortunately not the case. In 2020, the Australian Government provided \$273.4 million for VET Student Loans, a decrease of \$2.6 million (0.9 per cent) compared with 2019.⁹

Two factors hamper access to the scheme: it is limited to diploma level qualifications and a 20 per cent student loan fee applies for full fee-paying students. The 20 per cent student loan fee was relaxed as part of the COVID-19 Higher Education Relief Package. The exemption ended on 1 July 2021. Restoring the VET Student Loans fee exemption will attract students to vocational pathways and should be a priority for the Government. Expanding VET Student Loans to lower-level qualifications, including Certificates III and IV qualifications, will also encourage more Australians to enter vocational pathways to work.

⁷ Commonwealth Treasury. (2020). *Payroll tax and firm behaviour*, online article, available at <<https://research.treasury.gov.au/treasurys-two-cents/information-note-2>>.

⁸ Deloitte. (2012). *Econometric Analysis of the Australian Apprenticeships Incentives Program*, produced for the Department of Education, Employment and Workplace Relations, March, available at <<https://www.voced.edu.au/content/ngv%3A64341>>.

⁹ NCEVR. (2021). *Government Funding of VET 2020*, online report, available at <<https://www.ncver.edu.au/research-and-statistics/publications/all-publications/government-funding-of-vet-2020#2heading2>>.

Australia needs a plan to provide certainty for the future of microcredentials programs, to both educators and industry. In terms of addressing the constant evolution of technology and skills in industry, micro-credentials have long been touted as a solution to rapidly reskill and upskill the workforce. Australia needs to establish a national framework for microcredentials including a definition, accreditation requirements, and funding mechanisms to provide both educators and industry certainty, alongside assurances that accreditation timelines will not be at odds with the agility industry requires.

P12

Support the creation of more apprenticeships and traineeships by recommencing the Boosting Apprenticeships Commencement Scheme.

P13

Establish a framework for micro-credentials, including consideration of timing, funding, accreditation, and flexibility in their requirements, to rapidly upskill and reskill the workforce to address the constant evolution of skills in industry.

P14

Allow more Australians to access VET Student Loans by restoring the Student Loan Fee exemption and broadening eligibility to Certificate III and IV qualifications to Victoria's skilled labour pool.

Supporting the visitor economy to recover

"I'm from a regional community, and [tourism] is important. Those smaller communities have less options. When tourism closes, the whole town may close. It is not like you can just go and pick up an office job having been employed at the local cafe for the last 10 years. And there's flow on impacts: it is the bus drivers, it's the people who run the laundry, who do the laundry for the local hotel. It's the cleaning staff, it's the cafe staff, it's the food suppliers, it's down to the farmers and primary producers."

Female, 45 yo, focus group participant

Australia needs to reimagine our visitor economy and recover our reputation as the destination that has it all. Since March 2020, our tourism sector has been heavily affected by the public health response to COVID-19, especially businesses reliant on inbound markets.

While demand has bounced back, the tourism, events, accommodation, and hospitality sectors are reporting acute skills shortages. This issue is multifactorial. More than a third of businesses responding to the Victorian Chamber's Visitor Economy Survey reported that they had relied on international workers to fill skills shortages pre-COVID-19 and seven in ten reported current skills shortages.

Visitor economy businesses and the wider community are united on the need to support the visitor economy. Participants in the Victorian Chamber's independent voter focus groups, without prompting, cited tourism as a sector which has experienced unavoidable damage due to COVID-19. Victorians were concerned about the future of Australia's visitor economy sector, sharing examples from their own communities of operators who had experienced hardship or who had exited the industry altogether.

A new resilience package for the visitor economy should be designed in a way that promotes industry resilience when faced with new and existing challenging economic conditions. The aim should be to provide interim





financial protection to assist organisations to survive to the end of 2022 and prepare to return to full capacity by the end of 2023. We cannot allow such an important part of our economy to fall behind the rest of the world.

This approach is modelled on the United Kingdom Government's Cultural Recovery Fund, which has supported the United Kingdom's cultural, heritage and creative sectors to reopen. The Fund has assisted culturally significant organisations to remain operating, with the £220 million third and final round of the package supporting the United Kingdom's cultural, heritage and creative sectors to re-open at full capacity.¹⁰ Organisations supported through the scheme include globally significant enterprises such as the Royal Shakespeare Company, as well as entities such as the Black Country Living Museum and Sage Gateshead.

A tourism collaboration fund for Australia could also prioritise and/or target joint ventures, activity clusters

or collaboration between operators in the tourism, events, accommodation, and hospitality industries. A fund designed along these lines will encourage businesses to regain ambition, pool their talents and build partnerships. The model recognises that a holiday experience involves multiple operators who, if supported, could grow their businesses through a joined-up approach.

P15

Create a Tourism Resilience Fund to assist tourism, accommodation, events and creative businesses to remain viable and operate at full capacity by the end of 2024.

P16

Fund the Western Interstate Freight Terminal to revitalise industry, create Victorian jobs and cement Victoria's place as Australia's principal freight point.

¹⁰ Department for Digital, Culture, Media and Sport. (2021). *Culture Recovery Fund*, online article, available at <<https://www.gov.uk/government/groups/culture-recovery-board>>.

Building for our future

An intermodal freight terminal for Melbourne

“Our customers are in the West. The biggest problem today is congestion, and the immediate need is the Western Interstate Freight Terminal in order to get volume through.”

Victorian Chamber Member and Roundtable participant, November 2021

Victoria needs a new Intermodal Freight Terminal to increase freight capacity for imports and exports for the post-COVID-19 economy. This requires funding and a commitment to begin the project in 2022-23. While the Federal Government has set aside a \$2 billion envelope as seed funding, starting work is dependent on Federal-State agreement on the location.

The Victorian Chamber supports the call to develop the proposed site in Truganina (the Western Interstate Freight Terminal (WIFT) first as this option will best address immediate pressures on the network. Once the WIFT is operational, work should then begin on a freight terminal at Beveridge.

Our members expressed a clear preference for prioritising a WIFT in focus group discussions and in response to surveys. More than half of our members in the transport and logistics sector are based within 15km of the proposed WIFT site, in line with published estimates of the clustering of activity in the freight node in Melbourne’s West.¹¹

The WIFT site is located close to Victoria’s critical supply chain infrastructure, making it easier for goods to be transported between the terminal, Port of Melbourne and Melbourne Airport. The convenience of this location will also reduce transport costs for transport customers compared with alternative sites. This is a significant

benefit for business when nearly 75 per cent report cost pressures as the most significant barrier to growth.¹²

The WIFT will revitalise the transport and logistics industry and create jobs for Victorians. The business case for the Terminal reports creation of approximately 2000 Victorian jobs, without accounting for jobs indirectly created through the multiplier effect of the initiative. The project will improve access for port-related freight and relieve congestion by reducing the truck trips from the existing Dynon precinct by up to 2000 per day. Beyond the benefits specific to the Truganina site, there are significant risks associated with further delays to a new intermodal freight terminal for Victoria. International supply chain issues are impacting retailers, manufacturers and the construction industry, with one in four Australian business reporting changes to their supplier arrangements due to global delays.¹³

In Victoria, our members report that the impact of global supply chain disruptions is intensified by domestic supply chain disruption. While public health measures have been a major factor in this disruption, local supply chain congestion and limited warehousing space is compounding the costs and pressures on industry.

Victoria’s freight volumes are expected to grow to from approximately 400 million tonnes in 2021 to around 900 million tonnes annually by 2050.¹⁴ A WIFT operational by 2025, followed by an interstate freight terminal at Beveridge, will ensure our supply chain can manage this projected growth, ease cost pressures on business and generate economic benefit for Victoria and the nation.

¹¹ Infrastructure Victoria. (2021). *Major transport program strategic assessment report*, available at <<https://www.infrastructurevictoria.com.au/wp-content/uploads/2021/08/Major-Transport-Program-Strategic-Assessment-Report.pdf>>.

¹² Victorian Chamber of Commerce and Industry. (2021). *Costs on business report*, December, unpublished.

¹³ Australian Bureau of Statistics. (2021). *Business Conditions and Sentiments: Insights into Australian business conditions and sentiments*, June, available at <<https://www.abs.gov.au/statistics/economy/business-indicators/business-conditions-and-sentiments/latest-release>>.

¹⁴ Infrastructure Victoria. (2021). *Major transport program strategic assessment report*, available at <<https://www.infrastructurevictoria.com.au/wp-content/uploads/2021/08/Major-Transport-Program-Strategic-Assessment-Report.pdf>>.

Planning requirements for airports

Major airports are the gateway to our economy. There should be minimal barriers to their development and potential to deliver jobs, visitors, and goods to our nation.

The Airports Amendment Bill 2018 amended the *Airports Act 1996* (Cth) to streamline arrangements for major development plans, including increasing the monetary 'trigger' or threshold for requiring the major development plan (MDP) approval process to \$25 million. The \$25 million trigger is too low especially within the context of the value of infrastructure projects in the current economic environment. This is hampering the strategic development and use of our airports, particularly Melbourne Airport.

The requirements of the MDP process add significantly to project costs and time, and the current threshold applies to some projects that do not warrant the MDP process. While the Victorian Chamber understands the intent of the requirement, the monetary threshold acts as a 'catch all' and goes against the intent offering a flexible, proportionate, efficient approach to major development planning.

A stronger model for MDP assessments would involve a multi-criteria matrix with a \$75 million threshold and criteria based on the environmental and community impacts of a proposed development. If a monetary threshold is required, this should equate to \$75 million or greater. The Victorian Chamber also supports Melbourne Airport's proposal to reduce the public exhibition period for projects that are assessed as less contentious, in line with standard local government approvals of 14 to 28 days.

P17

Victorian Government set aside and gift the required land to Federal Government for Truganina and connections into Port of Melbourne. Pre-approve associated planning provisions to fast track the process once Federal funding is committed.

P18

Maximise the strategic opportunities of Australia's airports by amending the Airports Act 1996 (Cth) to streamline arrangements for major development plan approvals, including raising the monetary trigger to \$75 million.

Boosting our energy security and advanced manufacturing capability

Business requires access to affordable, secure, and reliable energy. As outlined in ACCI's Pre-Budget Submission, ensuring business access to affordable clean energy requires an integrated approach to embracing carbon emission reduction policy with energy policy.

Our members report the cost of energy as a key risk to their competitiveness and growth, while also accepting the need to reduce emissions and achieve Australia's net zero target. The need for cost effective, clean energy is particularly important for businesses involved in energy intensive, trade-exposed sectors.

The Victorian Chamber's position is that creating reliable domestic sources of clean hydrogen is a critical, underexplored need for Australia's energy market. Hydrogen must be a principal component of our emissions reduction strategy, as recognised in the Australian Government's *Low Emissions Technology Statement*.¹⁵ Victoria is Australia's most highly skilled state with deep manufacturing history and expertise and is well placed to lead the way on clean energy production and technology development.

The Federal and State Governments have co-funded the Hydrogen Energy Supply Chain Project. The initiative is producing hydrogen in Victoria for export: an objective that is unlocking opportunity for our State's burgeoning clean energy industry and which we support.

The Victorian Chamber believes there is opportunity to either further scale the Hydrogen Energy Supply Chain project or fund a new public-private initiative to develop clean hydrogen for domestic consumption.

¹⁵ Department of Industry, Science, Energy, and Resources. (2021). Available at <<https://www.industry.gov.au/data-and-publications/technology-investment-roadmap-low-emissions-technology-statement-2021>>.

This will support high emitting, trade exposed industries (such as the steel industry) to reduce their emissions in a sustainable way. It will further develop Victoria's advanced manufacturing capability and leadership in clean energy technology, a key concern for our members and for Victorians. This initiative could be supported by a subsidy for high emitting industries using hydrogen such as heavy transport and logistics.

Electric vehicles are no longer an emerging technology and are fast becoming an affordable mode of transport, particularly in metropolitan areas. Adoption of electric vehicle technology in regional Australia, and by larger vehicles, however, has been slow. This is due to the lack of a reliable, national electronic vehicle network. The Government needs to urgently fund more ultra-rapid electric vehicle charging stations to encourage more Australians to transition to electric vehicles.

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| P19 | Scale the Hydrogen Energy Supply Chain Project or invite a similar public-private ventures to boost Victoria's advanced manufacturing sector and produce a secure, reliable, domestic supply of hydrogen. |
| P20 | Provide a national roadmap on how Australia effectively transitions towards renewable energy to businesses so that they can plan for and commence the transition to clean energy. |
| P21 | Introduce a subsidy for industries transitioning to clean hydrogen as a primary energy source to kickstart the transition to clean energy. |
| P22 | Fund more ultra-rapid electric vehicle charging stations or provide further support for the charging vehicle network to encourage more Australians to transition to electric vehicles. |

Trade and investment

Victoria is a significant exporter of goods and services. In 2022-23, however, the market must shift toward export growth as a central economic recovery strategy. The Federal and State Governments should commit to grow Victoria's share of Australia's total exports to 25 per cent, in line with its share of the population, by 2025. A clear target will speed up Government and industry action to assist businesses to commercialise their products for international markets.

Our members, particularly smaller enterprises, consistently report a lack of confidence in their ability to bring products and services to global markets as a key barrier to becoming an exporter.

The Federal Government should consider funding an industry-led business mentoring and support program for potential exporters to improve their capability.

The scheme would involve practical support and tools to assist potential exporters to get export ready. Ideally, industry would develop and deliver the scheme, with an industry body providing practical training sessions, materials and matching experienced operators with prospective exporters for peer support.

The Victorian Chamber also supports the reformed Export Market Development Grant (EMDG) scheme. EMDGs have assisted thousands of small to medium enterprises seeking to build new markets. The Federal Government funded the EMDG scheme to \$223.4 million, with an additional \$65.5 million announced in the 2021-22 Federal Budget. The Victorian Chamber supports further expansion of the EMDG in the 2022-23 Federal Budget. This could include raising the \$20 million eligibility ceiling to \$30 million.

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| P23 | Fund an industry-led mentoring program to help more Australian businesses become export-ready. |
| P24 | Expand funding and eligibility for the Export Market Development Grant (EMDG) scheme to help more SMFEs enter new export markets. |





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