

VICTORIAN CHAMBER 2021-22 STATE BUDGET SNAPSHOT



Victorian
Chamber of Commerce
and Industry

- > **Jobs growth:** 38,000 jobs each year over the next 4 years.
- > **Payroll tax reductions for 42,000 Victorian business:** Threshold increased from \$650,000 to \$700,000 for all Victoria and the regional rate moving to 1.2125 per cent.
- > **Infrastructure and manufacturing:** \$3.2 billion for public transport including maintenance and new trains to be manufactured in Ballarat.
- > **Skill businesses need:** \$384 million for TAFE training and infrastructure, and the establishment of the Victorian Skills Authority.
- > **Win for the visitor economy and creative industries:** \$288 million for creative industries and \$160 million for the visitor economy will help make Victoria a major destination once again.
- > **Support for international education sector:** \$51 million to support recovery in international education including expanding the Global Education Network and Offshore Study hubs.



Victorian Chamber Recommendation

Skills and training

- > Provide \$100 million to create a taskforce to help international students re-engage with the Victorian higher education sector remotely and through financially assisting their return to Victoria.
- > Develop a COVID Safe arrival plan to enable the return of international students and researchers to Victoria.
- > Provide \$100 million in short-term funding for university research and development in targeted sectors, to compensate for lost revenue from the absence of international students.
- > Increase investment in pre-apprenticeship programs that provide full-time, one-year training programs that count towards an apprenticeship.
- > Provide eligible students wishing to study priority courses, including pre-apprenticeships, with 'entitlement funding' that enables them to choose their preferred provider.
- > \$80 million over four years to best position Victorian businesses to adapt in a post-COVID-19 environment and provide businesses with grants of up to \$10,000 to improve management capabilities in line with organisational objectives.

Energy

- > Provide increased funding for the development of research into new and emerging energy technologies and projects to ensure Victorian businesses have access to diversified and innovative energy solutions.
- > Establish a \$150 million fund to provide investment into alternative energy sources, such as hydrogen and battery storage. The fund could also facilitate investment in industry to produce batteries made with local content.

Infrastructure

- > \$20 million over four years to fund the development of a dedicated nature-based tourism strategy to better leverage and invest in Victoria's world-class, nature-based assets.
- > Continue to provide Parks Victoria with a significant increase in capital funding to build new assets and experiences that support the visitor economy.
- > Integrate infrastructure planning in partnership with councils to identify infrastructure priorities. The State and Federal Governments should adopt regional and municipal masterplans (North & West City Deal) to form the basis of identifying infrastructure investment priorities.

State Budget Outcome

Skills and training

- > \$51 million to support recovery in international education, including expanding the Global Education Network and Offshore Study hubs.
- > \$393.8 million investment in skills, training and higher education including:
- > \$85.9 million to establish a new Victorian Skills Authority.
- > \$88.8 million to provide subsidised VET to eligible students.
- > \$99.2 million to boost funding rates for TAFES.
- > \$72.4 million to upgrade TAFE campuses, including Bendigo Kangan Institute Broadmeadows campus and \$10.7 million to redevelop the GOTAFE Shepparton campus.
- > \$12 million to make sure TAFEs have the modern equipment and tools to teach apprentices and trainees.
- > \$14.9 million for placement officers to better coordinate mandatory practical placements for TAFE students.
- > \$6.2 million to increase places for pre-accredited digital literacy and employability training courses.

Energy

- > \$2.1 million in funding provided to the Essential Services Commission (ESC) to support trials of innovative energy products and services.
- > \$600,000 to support for the expansion of the Victorian Energy Upgrades program.

Infrastructure

- > \$31.7 million for Parks Victoria
- > \$1.6 billion for school infrastructure, including upgrades at 52 schools, building 13 new schools and additional stages at three further schools, and expanding six more across Victoria.
- > \$265 million to plan, upgrade and maintain suburban, rural and regional roads.
- > \$349.6 million to deliver an additional 82 secure mental health beds and supporting infrastructure through major works at Thomas Embling Hospital.
- > \$101.1 million investment to build a purpose-built Home of the Matildas with a state-of-the-art facility for La Trobe University's Bundoora Sports Park in a major advancement for women's sport in Australia.

Victorian Chamber Recommendation

Innovation and commercialisation

- > Establish a defence manufacturing support fund to leverage the Federal \$450 billion, 10-year commitment.
- > Establish a \$1 billion Victoria Commercialisation Fund that can complement the established Breakthrough Fund and accelerate and build on the Business Growth Fund (BGF).
- > Establish a \$10 million over four years entrepreneurship fund to provide support and training to new and early-stage entrepreneurs. Create a network of established entrepreneurs to help mentor those who are provided support.

Industry support and development

- > Upwards of \$17million per annum over four years to support Melbourne Convention Bureau (MCB) operations and the Business Events Fund. The funding would be used to secure more than 140 business events per annum, including higher yielding business events that require sponsorship from the Business Events Fund.
- > Provide targeted information, centralised, hands-on support, and a consistent and transparent process for SMEs to benefit from Victoria's Social Procurement Framework. This should include support for SMEs to complete the relevant sections of the tender documentation (e.g., advice lines and access to professionals [free of charge] to help implement audits, implement reporting processes and completing plans in a format that would meet tender requirements).
- > Further develop and harmonise Victoria's local content policies to stimulate Victorian manufacturing. The current local content requirements are complicated, confusing and resource intensive, instead acting as a barrier to boosting local content. As a priority, health sector procurement should be de-mystified and opened to create more opportunities for small local suppliers to tender for contracts.
- > Establish an \$80 million Industry COVID-19 Recovery Fund providing grants of up to \$50,000 to assist businesses to transform their operations to become more competitive in a COVID Normal operating environment. These grants will help build capability and capacity of SMEs in growth industries.

Export support

- > The Victorian Government's Global Gateway, Virtual Trade Missions and eCommerce programs must continue to provide the vital services to Victorian export businesses throughout the 2021-2022 financial year and up until international travel can safely resume. This should include funding to industry institutions who can help facilitate Government programs.
- > The continuation of the Mode Shift Incentive Scheme (MSIS) for Victorian regional exporters. This \$4million per-year scheme helps promote the use rail rather than road. Government has renewed the MSIS on a year-by-year basis over recent times. The Victorian Chamber calls on the State Government to commit long-term to the scheme.
- > \$20 million over four years for industry associations to help deliver training programs to assist new businesses in entering exporting and assisting established exporters to grow and enter new markets.

State Budget Outcome

Innovation and commercialisation

- > \$179.4 million to support stage one of the Fishermans Bend Innovation Precinct development at the former General Motors Holden site – four kilometres from the city centre.
- > \$1 million for digital infrastructure upgrade: Cremorne.
- > \$5.4 million for a Defence Capture Plan.

Industry support and development

- > \$42.9 million for the Business Events Program.
- > \$10 million for the Morwell Food Manufacturing Precinct to enable the centre to manage greater water and energy demands.
- > \$31 million in small business and industry guidance for COVID-19.
- > \$288 million investment in the creative economy.
- > \$107 million for a Melbourne central business district economic package.
- > \$986 million to build 25 brand-new X'Trapolis 2.0 trains and the infrastructure they need to modernise the state's train fleet.
- > \$788 million to reduce the impact of bushfires on Victorian communities, the economy and the environment.
- > \$11.2 million for Puffing Billy to protect local jobs and support its operations as it recovers strongly and draws tourists and day-trippers by the thousands.
- > \$55 million to Visit Victoria for crucial new campaigns to draw visitors to Melbourne and across the state.
- > \$10 million distillery door grant scheme.
- > \$40.6 million to ensure that opportunities for local businesses and workers associated with government procurement are maximised.
- > \$60 million for Victoria's med and bio tech sector.

Export support

- > Funding for the continuation of the Mode Shift Incentive Scheme (MSIS) for only one year and at a reduced rate of \$3.6 million. VCCI will continue to lobby government for a longer-term commitment to encourage more freight mode shift in Victoria.
- > No specific funding included in the budget for rail infrastructure at Webb Dock. However, an announcement of \$179.4 million for stage 1 of the Fisherman's Bend Innovation Precinct, VCCI will be seeking clarification from government as any of this funding relates to freight rail corridor funding.
- > \$4.2 million to continue the operation of the Victorian Government Trade and Investment Network and the appointment of new investment professionals in strategic markets.
- > \$5 million for the Trade Mission Program.

Environment

- > Through the Circular Economy Business Innovation Centre (CEBIC) create further incentives for businesses to invest in circular economy programs, promote innovative solutions and sustainable markets and work with businesses to set up repurposing facilities.
- > \$20 million over four years for industry associations to deliver outreach and engagement, grants, and support programs so that SMEs can get the greatest economic benefits from waste management. This will ensure high level business engagement and uptake in the programs and provide businesses with the resources that they need.
- > Provide \$10 million in funding to support projects that create new markets for recycled materials which includes a \$5million education fund dedicated to promoting innovation on waste. Not only will this create new manufacturing opportunities, but it will drive action in procurement.

Environment

- > \$10 million to enhance capability to drive progress towards Victoria's emissions reduction targets and support job creation in clean and competitive industries in Victoria.
- > \$8.4 million for resilient water markets, regional communities and infrastructure.
- > \$24.5 million supporting regional communities through healthy waterways.
- > \$2.8 million for the Port Phillip EcoCentre redevelopment.
- > \$8.8 million for the Port Phillip Bay Fund to rehabilitate Port Phillip Bay ecosystems.
- > \$76.6 million for the Environment Protection Authority.

EASE

Victorian Chamber Recommendation

Taxation

- > Payroll tax reform: increase the payroll tax threshold to \$1million and reduce the payroll tax rate to four per cent for metropolitan Victorian employers and one per cent for Regional Victorian employer to make Victoria the competitive State in for doing business in Australia.
- > Stamp duty tax reform: follow NSW and the ACT and switch stamp duty for land tax for all property purchases to improve efficiency and remove a market distorting tax.
- > Waive existing COVID-19 business payroll and land tax deferrals still owed by employers with Victorian payrolls of up to \$10 million (based on their 2019-20 financial year annual reconciliation returns).

State regulation and planning

- > Further funding to councils that improve their regulatory processes.
- > Increase funding by \$60 million over four years for Better Regulation Victoria to extend the Better Approvals Project and develop a framework for regulators that will decrease the backlog of regulation, with a particular focus on Consumer Affairs Victoria, Local Government and WorkSafe.

State Budget Outcome

Taxation

- > The Government will bring forward increases in the payroll tax-free threshold, which will increase from \$650 000 to \$700 000 from 1 July 2021.
- > To support regional Victorian jobs the Government will bring forward reductions in the regional employer rate of payroll tax. The regional employer rate will reduce from 2.02 per cent to 1.2125 per cent from 1 July 2021.
- > From 1 January 2022, the tax-free threshold for general land tax rates will increase from \$250 000 to \$300 000.
- > For contracts entered into from 1 July 2021, a new land transfer duty threshold for high-value property transactions will be introduced. For property transactions with a dutiable value above \$2 million, the land transfer duty payable will increase to \$110,000 plus 6.5 per cent of the dutiable value in excess of \$2 million.

State regulation and planning

- > \$14 million to continue the Streamlining for Growth program administered by the Victorian Planning Authority (VPA) to assist local government authorities to plan and manage growth.
- > \$6.6 million for ongoing implementation of Plan Melbourne.