

# 2023-24 State Budget Overview

23 May 2023



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## Foreword



**The 2023-24 Budget contains both positives and negatives. It is positive for small businesses that will benefit from paying less payroll tax and the abolition of insurance duties over the next 10 years. It is negative for medium businesses that will have a higher payroll tax bill, which only serves to discourage more jobs in Victoria, and people who own more than one property will either receive a new land tax bill or their current bill will increase. And it is negative for big business with turnovers of more than \$100 million, that once again face an even higher payroll tax and land tax rate.**


The Victorian Chamber welcomes the State Government's fiscal discipline with the Budget forecasting a surplus of \$1 billion in 2025-26, after a deficit of \$4 billion in 2023-24 and \$1.1 billion in 2024-25. Real Gross State Product (GSP) is forecast to grow at only 1.5 per cent in 2023-24 trending up to 2.75 per cent in 2026-27. There is an opportunity for GSP to be increased with the Government enabling business to help grow the economy and improve productivity. Business needs to be encouraged to grow and invest, as employment growth is forecast to be weaker over the next four years. In addition, the unemployment rate is expected to increase from 3.75 per cent in 2023-24 to 4.75 per cent in 2024-2025.

The Victorian Chamber was pleased to work with the State Government on the switch from stamp duty to land tax for commercial and industrial properties. This is a significant productivity reform that will mean businesses have more money to invest in capital and people.

The Victorian Chamber was also encouraged to see \$34 million invested in regulation over four years to help make the process of owning and operating a business easier. From a skills and training perspective an increase in TAFE capacity is welcomed and necessary to ensure that we have the skilled workforce business needs. While modest, the targeted manufacturing funds to encourage more sovereign manufacturing will be good news for Victorian manufacturers. An additional \$55 million for tourism and major events will help Victoria maintain our position as the number one destination in Australia. The increased investment in supporting exports, while welcomed, could have been much higher with a focus on growing our regional exports.

Moving forward there needs to be a greater focus on productivity enhancing measures, in a similar vein to the stamp duty and land tax swap. Improving productivity is the best way to help grow the economy and increase Victorian GSP.

We've structured our overview into areas of interest for Victorian businesses.



**Paul Guerra**  
Chief Executive  
Victorian Chamber of Commerce and Industry

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## PAUL GUERRA'S BUDGET REVIEW

Watch the  
video here



Victorian  
Chamber of Commerce  
and Industry



# Overview

## Skills and training

- \$7.5 million over five years from 2022-23 to 2026-27 to introduce a clean energy Vocational Education and Training (VET) pathway to the VCE Vocational Major from 2024. This will support students to develop job-ready skills in the renewables sector.
- \$3.2 million over two years from 2023-24 to 2024-25 to support the delivery of an expanded state nomination visa program. This will aim to attract a wider range of skills and talents to Victoria and increase Victoria's capacity to meet demand for skilled migrants.
- \$18.6 million over four years from 2023-24 to 2026-27 to provide support for 10,000 students to undertake work experience placements in clean energy and other priority pathways.
- \$3.9 million over four years from 2023-24 to develop and deliver an apprentice mental health training program for apprentices. This includes support for apprentices at smaller employers to access assistance programs and for employers to improve their mental health literacy.
- \$1.5 million in 2023-24 to establish an Apprenticeships Taskforce with employee, union, and industry representatives. The Taskforce will consider measures to improve safety and fairness and assess existing regulation and options for reform.
- \$170 million over four years from 2023-24 to 2026-27 for TAFE assets and infrastructure for five TAFE projects through the Building Better TAFE Fund.
- \$90.5 million over two years from 2023-24 to 2024-25 for expanded free TAFE.
- \$35.1 million over two years for Jobs Victoria to support unemployed Victorians into employment.



## Regulation

- \$45.2 million over four years from 2023-24 to 2026-27 in regulatory reform to make Victoria an easier place to do business, through a Whole-of-Victorian-Government approach across regulators and councils. This includes funding to establish an Economic Growth Commissioner and further funding for the Business Acceleration Fund.
- \$90 million over two years to Service Victoria to increase digital services.

## Procurement

- \$2.7 million in 2023-24 for priority social procurement reforms to strengthen social procurement compliance and improve process efficiency.

## Overview



### Tax reform

- The establishment of the COVID Debt Repayment Plan includes a temporary levy over 10 years to 30 June 2033. From 1 July 2023, a temporary levy, with a rate of 0.5 per cent, with an additional payroll tax on large businesses with national payrolls of more than \$10 million per year. Businesses with national payrolls of more than \$100 million will pay an additional 0.5 per cent.
- Increases to the payroll tax-free threshold. From 1 July 2024, the payroll tax-free threshold will increase from \$700,000 to \$900,000, and further increase to \$1 million from 1 July 2025.
- The abolition of business insurance duties over 10 years by 2033. These will be reduced by one percentage point each year from 1 July 2024.

- The tax-free threshold for general land tax rates will decrease from \$300,000 to \$50,000. A temporary fixed charge levy of \$500 will apply for taxpayers with landholdings between \$50,000 and \$100,000, and a temporary fixed charge levy of \$975 for taxpayers with landholdings between \$100,000 and \$300,000. For general taxpayers with property landholdings of more than \$300,000 (and trust taxpayers with property holdings above \$250,000) land tax rates will temporarily increase by \$975 plus 0.1 per cent of the value of their landholdings of more than \$300,000. Existing land tax exemptions, including for primary places of residence, primary production land and land used by charities, will continue to apply.

### Planning

- \$3.7 million across two years from 2023-24 to 2024-25 for continuation of the Building System Review to grow the capacity of the building sector.

### Manufacturing and industry development

- \$12.3 million over three years from 2023-24 to support the delivery of sovereign mRNA manufacturing facilities and the ecosystem in Victoria.
- \$21.2 million over two years from 2023-24 to establish a Manufacturing and Industry Sovereignty Fund to support the development, expansion and retention of strategic sovereign manufacturing capability in Victoria.
- \$4 million over four years from 2023-24 to support Victoria's defence and space industry to secure major defence contracts through advocacy, advisory and capability development.



## **Overview**

### **Innovation and commercialisation**

- \$15 million in 2023-24 to establish an Industry R&D Infrastructure Fund to incentive and leverage private industry investment in research and development.

### **Clean energy and climate change**

- \$44.5 million over two years from 2022-23 to establish the State Electricity Commission to accelerate investment in renewable energy in partnership with industry, deliver benefits to households through lower energy bills and assist in meeting Victoria's renewable energy targets.
- \$20 million over four years from 2023-24 to deliver the Government's climate action agenda, including legislating the 2030 and 2035 interim targets and net-zero emissions by 2045, delivery of the next Climate Change Strategy, sector pledges and Climate Science Report, as well as continued analysis and advice on Victoria's transition to net-zero by 2045.
- \$16 million over four years from 2023-24 for the establishment of two Clean Energy Worker Training Centres to support the emerging offshore and onshore wind industry, and the hydrogen industry.
- \$5.1 million over four years from 2023-24 for the continuation of the Government's Gas Substitution Roadmap to help lower energy bills for businesses and households to encourage electrification.
- \$12 million over three years from 2023-24 to develop a business case for a SEC Centre of Training Excellence to provide training in the latest energy skills.
- \$20.6 million over two years from 2023-24 for VicGrid to coordinate transmission planning and investment in Victoria for a fit-for-purpose framework.



## Overview



### Infrastructure

- \$620 million over four years for Flood Recovery, including \$54.0 million for small business relief and \$44.7 million for a range of business recovery support services.
- \$34.5 million over four years to deliver Victoria's Bus Plan to deliver bus service improvements across Victoria and support other community and public transport services.
- \$400 million over four years from 2023-24, and a total of \$1250 million in the next 10 years for road pavement work, including maintenance and renewal, across Metropolitan and Regional Victoria.
- \$50.2 million over four years from 2023-24 to deliver better local roads across Victoria for motorists, pedestrians, and cyclists.
- \$59.3 million over four years from 2023-24 to prepare the tram network for Next Generation Trams.
- \$206 million in 2023-24 to prepare the Metro Tunnel.

- \$642.5 million over three years from 2023-24 to 2026-27 for a 'road blitz' to upgrade key roads and intersections.
- \$3.5 million in 2023-24 for the Mode Shift Incentive Scheme to be renewed for another year.

### Visitor economy

- \$32.5 million in 2023-24 for the rollout of the Victorian Masterbrand framework through Visit Victoria destination marketing activities and the development of an international tourism strategy.
- \$23 million in 2024-25 to boost the Major Events Fund to attract the best creative and sporting events to Victoria.

### Exports

- \$12 million over two years from 2023-24 to support exporters to expand and strengthen their connection to international markets, including through the delivery of inbound and outbound trade missions.



# Growing Regional Victoria

2023-24 State Budget Overview

# Regional Victoria



## Employment

- \$6 million over two years from 2023-34 to support the delivery of planning works and build enabling infrastructure in the Bendigo Regional Employment Precinct.
- \$204.8 million over four years from 2023-24 to 2026-27 to attract, retain and develop quality teachers in Victorian schools.

## Agriculture

- \$31.1 million over four years from 2023-24 for programs to support the agriculture sector and promote opportunities in the food and beverage industry. Including \$3 million for farm safety programs, \$10 million for the Distillery Door Program, \$5 million for the Wine to the World program and \$5 million for hospitality scholarships.
- \$17.5 million in skills, training and equipment to prepare for a rapid response to emergency animal disease detection.

## Transport and infrastructure

- \$620 million over four years for flood recovery, including \$245.2 million for primary producer support through flood recovery grants, concessional loans and transport support programs, and \$71.6 million in financial support through business and not-for-profit concessional loan programs and rural landholder grants.
- \$219 million over four years from 2023-24 to 2026-27 for an uplift in weekend train timetable services across Regional Victoria.
- \$578.7 million over four years from for 23 new V/Line VLocity trains to enable capacity uplifts on the Melton line through running nine-car services, as well as improving the Geelong and Melton corridors.
- \$400 million over four years from 2023-24, and a total of \$1250 million in the next 10 years for road pavement work, including maintenance and renewal, across Metropolitan and Regional Victoria.
- \$50.2 million over four years from 2023-24 to deliver better local roads across Victoria for motorists, pedestrians, and cyclists.
- \$179.9 million over two years from 2022-23 to provide cheaper public transport in and reduce the cost of regional public transport across Victoria.
- \$9.1 million over two years from 2022-23 to implement Plan Melbourne to support housing growth and existing infrastructure, including funding for the Geelong Authority to revitalise central Geelong.
- \$642.5 million over three years from 2023-24 to 2026-27 for a 'road blitz' to upgrade key roads and intersections.
- \$3.5 million in 2023-24 for the Mode Shift Incentive Scheme to be renewed for another year.









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