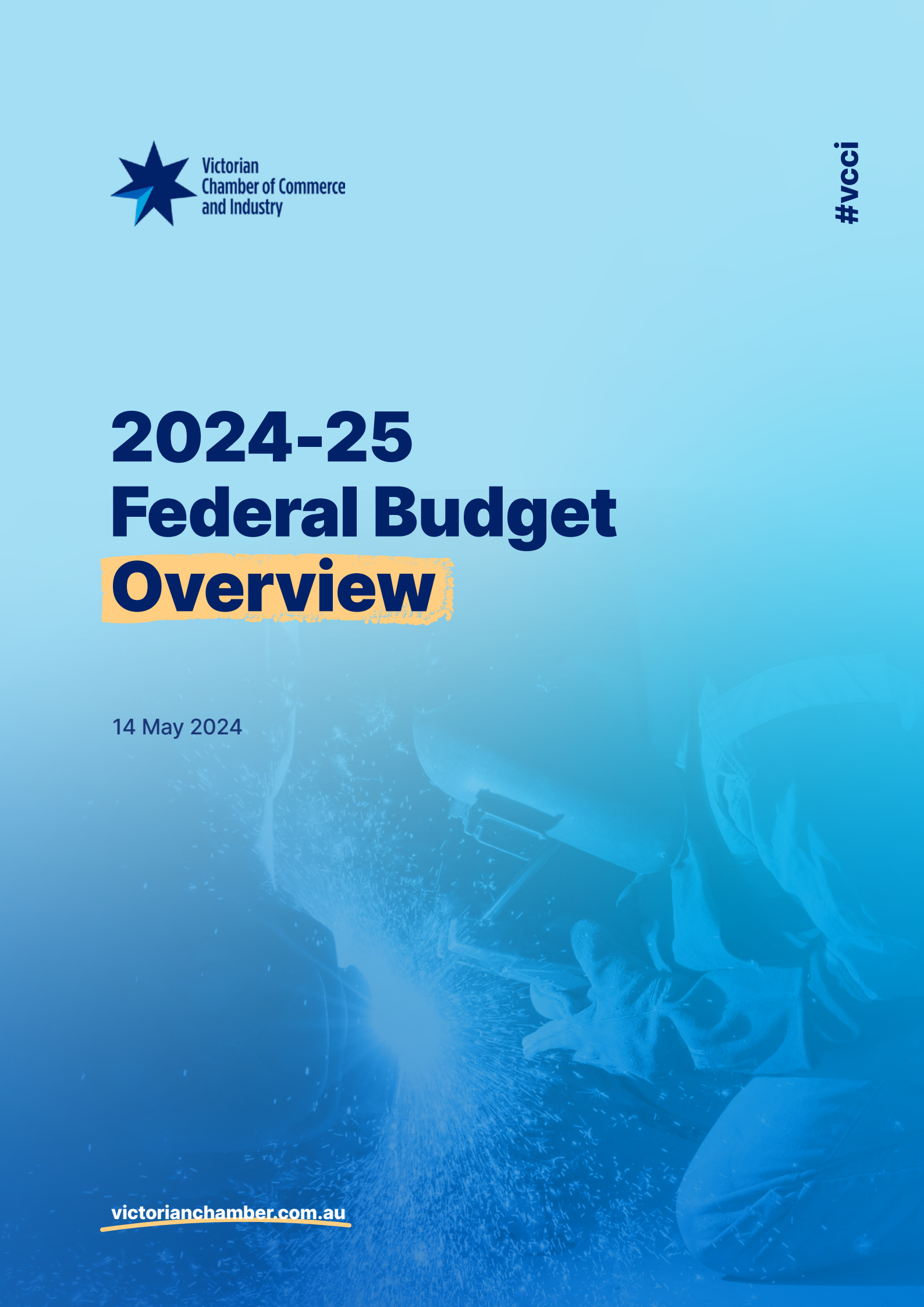
Victorian Chamber of Commerce and Industry

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2024-25 Federal Budget Overview

14 May 2024



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Glass half-full Budget

The Victorian Chamber of Commerce and Industry welcomes initiatives in the 2024-25 Federal Budget to stimulate business growth.

However, there are missed opportunities in the areas of tax reform, fiscal strategy to address future debt and a plan for Regional Australia.

We are pleased that the Federal Budget committed to 17 of our 19 recommendations, either fully or partially.

Budget highlights

Taxation and reduction of business expenses

- $290 million to extend the $20,000 instant asset write-off for small businesses.

Future Made in Australia

- $566.1 million to support Geoscience Australia to map all of Australia's critical minerals, strategic materials, groundwater and other resources essential for the transition to net zero.
- $1 billion in subsidies, grants and other forms of support will go towards boosting the production of solar panels in Australia.
- $7.1 billion over 11 years from 2023–24 to support refining and processing of critical minerals, including a Critical Minerals Production Tax Incentive from 2027–28.
- $8 billion over ten years from 2024–25 to support the production of renewable hydrogen, including a Hydrogen Production Tax Incentive from 2027–28.
- $1.7 billion to develop new industries like green metals and low-carbon fuels.
- $549.0 million over eight years from 2023–24 to support battery manufacturing.
- $15.7 million to deliver a stronger, more streamlined and more transparent approach to foreign investment to help attract foreign capital.

Energy

- $330 million to fund decarbonisation projects, from the already announced Powering the Regions Fund.
- $325 energy rebate for around one million small businesses on their electricity bills.
- $65 billion for initiatives to support Australia becoming a renewable energy superpower.
- $8 billion to accelerate renewable hydrogen programs.

Skills

- $90.6 million to boost the number of skilled workers in the construction and housing sector, including:
  - $88.8 million for up to 20,000 new Fee-Free training places (locations to be negotiated between states and territories) over two years from 1 January 2025. These places may be offered by both TAFEs and RTOs. The funding will include:
    - $62.4 million for 15,000 Fee-Free TAFE and VET places; and
    - $26.4 million for approx. 5,000 pre-apprenticeship programs.
  - $1.8 million for Trades Recognition Australia (TRA) to streamline skills assessments for around 1,900 potential migrants from countries with comparable qualifications and prioritise the processing of around 2,600 TRA skills assessments.
- $10.0 million in 2025–26 to establish a National Hydrogen Technology Skills Training Centre, in partnership with the Victorian Government, to promote hydrogen workforce development to support the skilled workforce needs of the growing domestic hydrogen industry.
- $265.1 million over four years from 2024–25 to adjust previously scheduled Phase Two Incentive System payments to provide further support for apprentices, trainees and their employers in priority occupations, while the Government undertakes the Strategic Review of the Australian Apprenticeships Incentive System.

Approval Processes and Regulation

- $19.9 million over four years from 2024–25 to develop a national priority list of renewable energy-related projects and streamline approval processes.

Budget highlights (continued)

Infrastructure

- $3.3 billion for North East Link in Victoria.

Housing

- $1 billion for the states towards infrastructure needed for the construction of homes.

Education

- Caps on the number of international students enrolled by each of the 1400 universities and colleges.

Regions and Agriculture

- $519.1 million over four years for the Future Drought Fund to support farmers and regional businesses.
- $107 million transition support package for industry to phase out live exports of sheep by May 2028.
- $101.9 million over five years from 2024–25 to extend the Remote Airstrip Upgrade Program and the Regional Airports Program for two additional rounds.

Defence

- $330 billion to build long-range missiles, new warships and landing craft, drones and undersea warfare.
- $101.8 million over seven years from 2024–25 to continue to build the Australian industrial workforce required to support the delivery of Australia's conventionally-armed, nuclear-powered submarines.

Digital transformation

- $288.1 million for the Government's Digital ID scheme over four years designed to reduce the amount of personal information stored by businesses. The digital identity verification scheme will be used by banks, credit card operators and Australia Post.

Mental health

- $10.8 million to support the mental and financial wellbeing of small business owners.



The Victorian Chamber's successful budget asks

The Victorian Chamber welcomes the cost-of-doing-business relief in the 2024-25 Federal Budget.

We advocated for this Federal Budget to build our economy through business growth. In our 2024-25 Federal Pre-Budget Submission, the Victorian Chamber urged the Government to focus on seven key pillars:

1. Ensure affordable and reliable energy
2. Develop global industries and invest in digital tech and cyber security
3. Unleash business growth through a competitive tax system
4. Invest in nationally coordinated enabling infrastructure
5. Create a competitive and smart regulatory environment
6. Unlock the competitive advantage of our regions
7. Elevate the role of business in education and create a world class education and training system.

We are pleased to report that the majority of our pillars were addressed in this year's Budget.

Key

Adopted | Partially actioned | Not adopted | On-going advocacy

Pillar 1: Ensure affordable and reliable energy		
01	Ensure alignment of the Future Gas Strategy between all states and territories and include a comprehensive renewable energy transition roadmap that gives certainty to business for investment and reliability and affordability of supply in line with our national economic interests and sustainability goals.	Partially actioned
02	Set hydrogen production targets and incentives to kick start the commercialisation of low carbon hydrogen and the decarbonisation of supply chains.	Partially actioned
03	Make programs such as Energy Efficiency Grants for Small and Medium Enterprises and the forthcoming Small Business Energy Incentive, recurrent.	Not adopted

Pillar 2: Develop global industries and invest in digital tech and cyber security		
04	Fund development of an Industry policy which includes agreed actions to be undertaken by the States' sectors that are critical to our competitive advantage such as agriculture, advanced manufacturing, artificial intelligence, quantum computing and critical minerals.	Partially actioned
05	Match the $23.2 million allocated in the 2023-24 Victorian Budget for resources initiatives to support projects in the critical minerals industry.	Partially actioned
06	Allocate funding for programs such as the Technology Investment Boost and Skills Training Boost to help small businesses improve their digital capability and upskill their workforce.	Not adopted

The Victorian Chambers' successful budget asks (continued)

Pillar 2: Develop global industries and invest in digital tech and cyber security		
07	Provide funding to the Victorian Chamber of Commerce and Industry to run the Small and Medium Business (SMB) Cyber Program so that small, medium and family businesses can access affordable cyber security products and services.	→

Pillar 3: Unleash business growth through a competitive tax system		
08	Undertake a comprehensive review of the taxation system including consideration of pressures on state budgets due to service systems and debt positions; reducing reliance on personal tax and company tax; and harmonisation and reform of state taxation to better drive economic growth and business investment. Aligned to this, the Victorian Chamber supports performance-based bonus funding directed to Victoria on the proviso that the Victorian Government removes recent taxes and reformed regulations applied to business such as the mental health levy and COVID levy.	→
09	Revisit the parameters of instant asset write-offs and associated depreciation schedules. Extend instant asset write-off to a higher threshold value for eligible depreciable assets to $30,000. Larger investments should also be eligible for instant asset write-off to the first $30,000 with normal depreciation schedules applying for the remainder, over subsequent years. Introduce a broad-based investment allowance for larger scale capital investments (i.e., plant, equipment, machinery) of more than $100,000.	−

Pillar 4: Invest in nationally coordinated enabling infrastructure		
10	Investment in enabling infrastructure to build our cities and regions must continue. This can be achieved through revitalising and expanding City Deals and Regional Deals, bringing together the Federal and State Government to stimulate and better coordinate investment in our cities and regions. This should include tasking Infrastructure Australia or related body with further refining national priority assessment prior to inclusion on the Infrastructure Priority List.	→
11	Urge Victoria to develop an integrated transport plan for the next two decades to provide market certainty. Clearly lay out strategic priorities for forward investment over the next ten years in Victoria on road and rail projects relating to freight routes and terminals, Melbourne Airport Rail Link, connections to Avalon Airport, the Geelong Rail line upgrade, upgrades to rail lines to Ballarat, Bendigo, Traralgon and Shepparton, the Suburban Rail Loop, and associated commercial and residential development opportunities. This is essential so that business investment can proceed with a level of assurance about the future of these projects.	✕

The Victorian Chambers' successful budget asks (continued)

Pillar 5: Create a competitive and smart regulatory environment		
12	Ensure business bodies such as the Victorian Chamber of Commerce receive funding to provide resource materials, including education to assist small business to meet new reporting requirements as per changes to legislation such as Privacy Act 1988, the Fair Work Legislation Amendment (Closing Loopholes) Act 2023, Respect@Work changes, new gender pay gap reporting and phasing in of the climate-related financial disclosures framework.	
13	Unleash the capacity of business to innovate and invest by replicating a national competition policy approach to the removal of regulatory barriers on business.	
Pillar 6: Unlock the competitive advantage of our regions		
14	Set aside funds for the development of a national regional policy that includes a focus on Victoria given the competitive advantage in a range of sectors. The policy should identify regional locations with the greatest potential to contribute to the nation's economy and targets investment accordingly, including on infrastructure, coordination and support to those regions.	
15	Establish a regional university precincts infrastructure fund that embeds large and small businesses on regional campuses to deliver skills, scale up and adopt new technologies.	
Pillar 7: Elevate the role of business in education and create a world class education and training system		
16	Drive business engagement with our education and training system. This could be included in the remit of the Tertiary Education Commission and enables business to provide expert advice to Federal Government on the policy settings to embed best practice, including industry-led training to meet future workforce needs.	
17	Extend the Australian Apprenticeships Incentives System, including providing 30 per cent in wage subsidies across the first two years. Enhance commencement and completion employer incentives under this program including for part-time apprentices and ensure incentives are available at completion.	
18	Develop early, strategic partnerships and associated funding arrangements with the Victorian Chamber of Commerce and Industry and large employers to allow matching candidates to jobs at scale, bridging the gap between supply and demand and providing access to job-ready employees.	
19	Reintroduce and expand small business programs such as the Employment Parity Initiative to address employment of under-represented cohorts. The Victorian Chamber of Commerce and Industry is a critical partner to the Federal Government to help drive success of this important initiative, arrangements for which can be underpinned by an MoU with the Government.	

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This paper was prepared by the Victorian Chamber of Commerce and Industry. While the Victorian Chamber has endeavoured to provide accurate and reliable research and analysis, it will not be held liable for any claim by any party utilising this information.

The Victorian Chamber of Commerce and Industry,
150 Collins Street, Melbourne, Victoria 3000
Phone: (03) 8662 5333 victorianchamber.com.au May 2024

victorianchamber.com.au