Victorian Chamber of Commerce and Industry

Committee for Melbourne

Maximising Victoria's **Potential** and **Competitiveness**

A business-led plan for the Victorian Election 2026

POLICY SNAPSHOT



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THE CASE FOR ACTION

Victoria is capable.

The settings need to change.

Victoria is not a failing economy — but it is underperforming. On the measures that matter most to business, the state now ranks last or near last nationally. This is fixable.

– 0.8%
Economic growth per capita 2024–25 — second weakest state nationally

$199b
Net state debt forecast by 2029-30. Highest state debt in the country.

+44%
Real state tax growth since 2019–20

1 in 4
Victorian businesses considered closing in past 12 months

Last
place to do business — BCA, consecutive years

Behind every statistic of a cancelled expansion or a business considering closure is a Victorian community losing a local employer, a family losing an income, and a young person losing a local career path

A growing and heavy tax burden

State tax revenue has grown rapidly, by 44 per cent in real terms since 2019-20, and Victoria has the highest taxes as a share of the economy of all the states. Victoria's payroll tax is now the highest of any state, locked in until at least 2033.

State finances are under pressure

Net debt is forecast to reach $199.3 billion in 2029-30. Rising interest costs risk crowding out investment in services and infrastructure.

Energy system under pressure

Wholesale prices swung from $37/MWh to $138/ MWh within a year. Gas supply is forecast to fall more than 27% by 2029. Three major industrial plants have closed.

Regulatory accumulation stifling growth

More than 60% of businesses report the regulatory burden has increased. Compliance costs nationally are close to 6% of GDP. One in three businesses cancelled expansion plans.

New businesses aren't setting up in Victoria at the rates they once used to

Victoria's business conditions are weaker than other states whilst business confidence was the weakest nationally prior to the Middle Eastern conflict. New employing businesses aren't setting up shop at the same rate prior to the pandemic in fact the number of employing businesses went backwards in every category in 2024-25.

Investment flowing to other states

Victoria's share of foreign commercial property investment fell from 42% to 15% in five years.



THE REFORM AGENDA

Four interconnected levers

— *a system, not a list.*

Each lever reinforces the others. Energy reform without tax competitiveness won't attract the capital the transition requires. Skills without industry demand signals produce the wrong workforce.

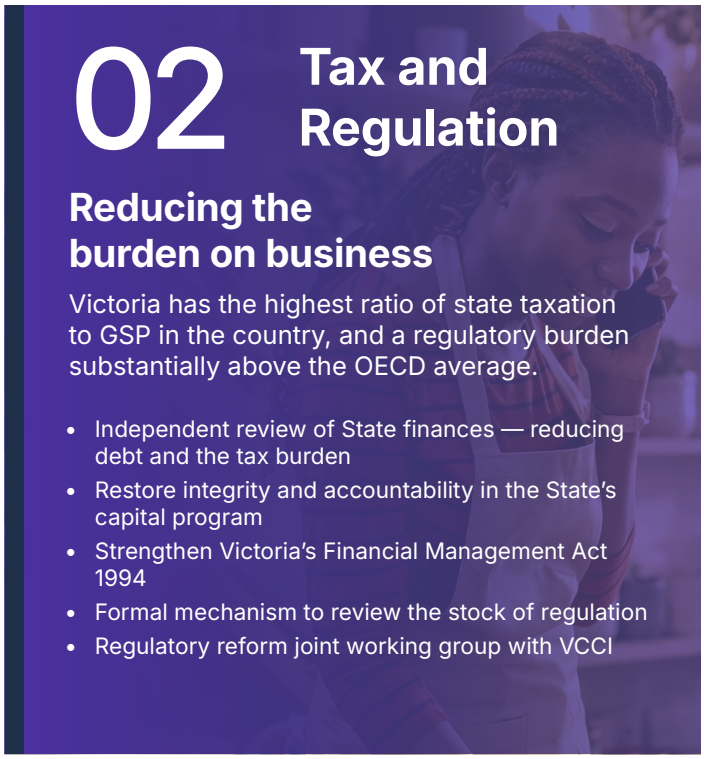


01 Energy

Completing the transition the right way

Victoria's energy system — once a competitive advantage — is now a cost and reliability burden on business.

- Annual Victorian System Adequacy Statement tabled in Parliament
- Annual Energy Affordability Report (ESC)
- Address binding constraints on renewable project delivery
- Clarify Victoria's position on gas and firm capacity
- Fast-track approvals for system-critical energy infrastructure
- Offshore wind accountability as public infrastructure
- Support all decarbonisation pathways



02 Tax and Regulation

Reducing the burden on business

Victoria has the highest ratio of state taxation to GSP in the country, and a regulatory burden substantially above the OECD average.

- Independent review of State finances — reducing debt and the tax burden
- Restore integrity and accountability in the State's capital program
- Strengthen Victoria's Financial Management Act 1994
- Formal mechanism to review the stock of regulation
- Regulatory reform joint working group with VCCI



03 Global Industries

Competing for new investment

Victoria's share of foreign commercial property investment has fallen from 42% to 15% in five years. Foundation industries are underperforming.

- Establish Industry Deals as the primary delivery mechanism
- Connect energy supply to industrial strategy explicitly
- Community benefit and regional value capture frameworks
- Foundation industries: agriculture, advanced manufacturing, freight & logistics, tourism
- Enabling industries: critical minerals, data centres, defence & aerospace



04 Education and Skills

Building the workforce Victoria needs

One third of assessed occupations are in shortage. Apprentice completion rates are falling. Students are slipping in foundation skills.

- Industry Skills Pacts as the workforce arm of Industry Deals
- Reform apprenticeship system — payroll tax exemption for directly-hired apprentices
- Invest in foundation skills as economic infrastructure
- Build a lifelong learning architecture (stackable, modular training)
- Equity as an economic imperative — targeted programs for underrepresented groups

THE INVITATION

The 9 urgent actions

Victoria has been good. It can be great.

The fundamentals are real and the assets are strong.
What has drifted are the settings— and those can be reset.

1 Commission a 2027 Victorian System Adequacy Statement

Identify the firming, storage and network capacity that must be operational before Victoria's second-largest electricity source — Yallourn Power Station closes in 2028.

2 Clarify Victoria's position on gas-fired generation

Articulate policy support for gas-powered generation within the Federal Government's Capacity Investment Scheme before it concludes in 2027, to ensure adequate firm capacity is built ahead of coal's exit.

3 Commission an independent fiscal review immediately

Announce review within the first 30 days of the new government; complete within six months. Terms of reference made public; findings tabled in Parliament with government accountable for implementation.

4 Launch the regulatory stock review in the first budget

Establish and fund the regulatory reform mechanism, with the first priority area review commencing within six months. Annual public reporting on the regulatory burden to begin from year one.

5 Commence the first Industry Deal (critical minerals)

Progress the first co-designed Industry Deal as soon as practicable following the 2026 election, focused on resolving the approvals, infrastructure, energy, skills and community benefit settings required to convert Victoria's mineral endowment into investment commitments.

6 Address the energy–manufacturing nexus as a matter of urgency

Make tangible progress on gas supply, firming capacity and transmission sequencing before major industrial investment decisions are taken. Investors are making location decisions now.

7 Reform approvals for industrial investment

Establish a fast-track approvals pathway for major projects in foundation industries — clear timeframes, single-point accountability and explicit recognition of industrial competitiveness as a public interest consideration.

8 Launch the first Industry Skills Pact alongside the first Industry Deal

Cover training places, apprenticeship targets, employer incentive reform, regional provider capacity and skilled migration settings for critical minerals — creating a replicable model for subsequent sectors.

9 Introduce a payroll tax exemption for apprentice and trainee wages

Provide payroll tax exemption or rebate for apprentice and trainee wages to make it easier for employers who directly hire to provide more training opportunities, in line with other states, such as Queensland and New South Wales.

A full copy of **Maximising Victoria's Potential and Competitiveness** can be found at victorianchamber.com.au

Victoria is ready for its next phase of growth
Business is ready to lead — we need a government ready to partner.

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