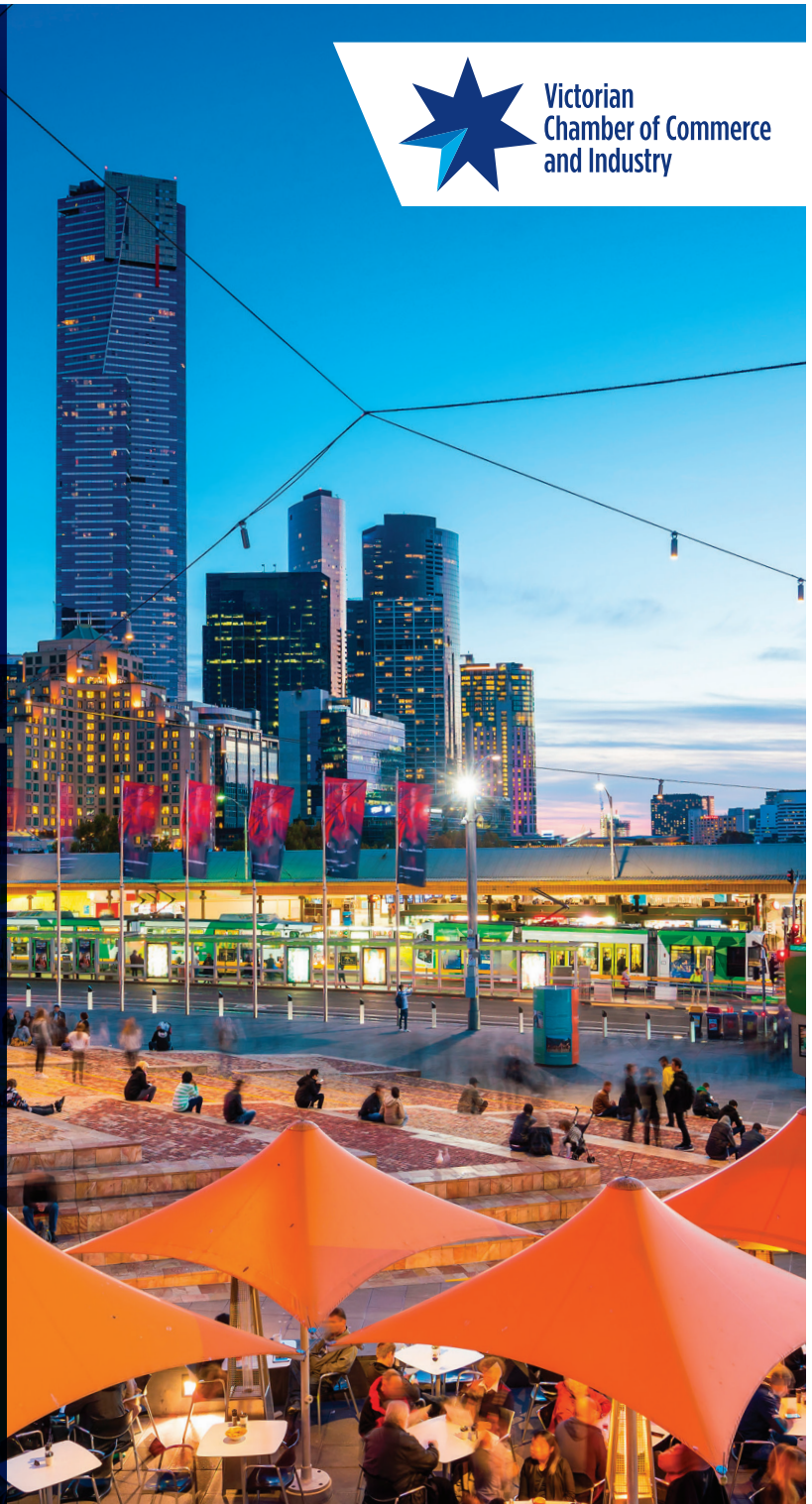


VICTORIAN CHAMBER SECURES TAX CUTS FOR BUSINESS IN 2019-20 STATE BUDGET

- > Payroll tax threshold increased to \$700,000 by 2022-23
- > Regional payroll tax rate reduced to 1.2125 per cent by 2022-23
- > 50 per cent stamp duty concession for commercial and industrial property transactions in regional Victoria
- > Record infrastructure spend averaging \$13.4 billion per year
- > Full funding of the \$15.8 billion North East Link, but no funding for the East West Link
- > \$6.6 billion to remove an additional 25 level crossings
- > Budget surpluses averaging \$3.4 billion per year
- > Net debt increasing to 10 per cent of GSP by 2023 while maintaining a AAA credit rating



Initiatives in this year's Victorian Budget directly reflect the influence of our pre-budget submission and advocacy on behalf of members.

The 2019-20 budget focuses on responsible financial management, continued strong infrastructure investment and steps to lower business costs. It will provide a much needed boost to business confidence and encourage private sector investment and jobs growth.

Increasing the payroll tax threshold to \$700,000 and reducing the regional payroll tax rate to 1.2125 per cent by 2022-23 will help keep Victorian business competitive. However, even after the payroll tax relief takes effect, Victoria's payroll tax threshold will remain the lowest in the nation,

meaning more businesses must pay this tax rather than hire more staff.

A 50 per cent stamp duty concession for commercial and industrial property transactions in regional Victoria will save regional businesses \$70 million over the next four years and encourage business investment in regional Victoria.

The Government will spend a record \$13.4 billion per year over the next four years on a significant infrastructure program, including the North East Link and the Melbourne Metro project. The budget provides an extra \$6.6 billion to remove an additional 25 level crossings and makes significant investments in the State's public transport network.

Despite a significant decline in property tax revenue, the budget delivers surpluses averaging \$3.4 billion per annum across the forward estimates. However, the projected increase in debt to 10 per cent of Gross State Product by 2023 must be carefully managed to ensure Victoria maintains its AAA credit rating.

The budget position is supported by a range of new and increased taxes including on luxury vehicles, gold mining, land banking and foreign landholders.

The table overleaf compares the Victorian Chamber's pre-budget recommendations with the key initiatives announced in the 2019-20 State Budget.

Victorian Chamber recommendation	State Budget outcome
<p>Maintain responsible economic and fiscal management</p> <ul style="list-style-type: none"> > Ensure that expenditure growth does not exceed revenue growth over the forward estimates > Maintain Victoria's AAA credit rating > Ensure public sector wages are kept in line with private sector benchmarks 	<ul style="list-style-type: none"> > \$1 billion surplus in 2019-20 and surpluses averaging \$3.4 billion over the next 4 years > Government spending to rise at an average annual rate of 3.1 per cent, with revenue growth of 4.3 per cent > Net debt increasing to 10 per cent of GSP by 2023 while maintaining the State's AAA credit rating
<p>Lower business costs</p> <ul style="list-style-type: none"> > Increase the payroll tax threshold to \$850,000 to grow jobs and lower the cost of doing business in Victoria > Expand support for business energy efficiency > Lift the moratorium on onshore conventional gas exploration > Support business through the implementation of new environmental protection laws to ensure they do not add an unnecessary burden on industry 	<ul style="list-style-type: none"> > Payroll tax threshold increased by \$50,000 to \$700,000 by 2022-23, reducing the number of payroll tax paying businesses by 1,400 and saving business \$87 million > Regional payroll tax rate reduced to 25 per cent of the metropolitan rate or 1.2125 per cent, saving business \$173 million > 50 per cent stamp duty concession for commercial and industrial property transactions in regional Victoria > \$27 million to strengthen regulation of energy retailers and reduce energy prices
<p>Deliver priority infrastructure projects</p> <ul style="list-style-type: none"> > Better integrate land use and infrastructure planning > Build an East West Link as well as the North East Link > Deliver existing infrastructure commitments on time and on budget > Extend funding for the Mode Shift Incentive Scheme > Invest in freight infrastructure > Plan for regional infrastructure needs 	<ul style="list-style-type: none"> > Average annual infrastructure spend of \$13.4 billion per year over the next four years > \$6.6 billion to remove an additional 25 level crossings > Full funding for the \$15.8 billion North East Link > \$1.1 billion to plan for the Airport Rail Link, Suburban Rail Loop and Western Rail Plan > \$4.3 million to extend the Mode Shift Incentive Scheme for an additional year
<p>Invest in education, training and apprenticeships</p> <ul style="list-style-type: none"> > Launch a public awareness campaign to boost the profile and reputation of apprenticeships and traineeships > Stem apprenticeship and traineeship attrition rates > Assist businesses who have never engaged an apprentice > Strengthen recognition of employers who have demonstrated long term support to employing apprentices 	<ul style="list-style-type: none"> > More free TAFE courses and \$57 million to upgrade and rebuild TAFE facilities > \$4.7 million for Apprenticeship Support Officers to help improve apprenticeship completion rates > \$5.6 million to develop a new suite of 'higher apprenticeships' > \$7.2 million to upgrade agricultural college facilities > 17 new schools and major upgrades for 109 schools
<p>Boost industry, innovation and trade</p> <ul style="list-style-type: none"> > Help SMEs and regional businesses access government procurement opportunities more). > Encourage large companies to work with SMEs in their supply chain to help them export > Extend the number of Victorian economic growth zones offering investment incentives 	<ul style="list-style-type: none"> > \$35 million to strengthen Victoria's waste and recycling industry > \$150 million to create the Victorian Jobs and Investment Fund to attract investment and jobs > \$142.5 million boost to Victoria's biosecurity system > \$15.2 million to support Victorian wine and produce exports
<p>Make our regions even stronger</p> <ul style="list-style-type: none"> > Develop a comprehensive decentralisation plan to manage population growth in regional areas > Further relocation of key government departments and agencies > Tax incentives to drive regional investment and business growth > Transport, health and education infrastructure upgrades 	<ul style="list-style-type: none"> > Regional payroll tax rate reduced to 25 per cent of the metropolitan rate or 1.2125 per cent > 50 per cent stamp duty concession for commercial and industrial property transactions in regional Victoria > \$804 million for regional roads > \$340 million for new VLocity trains > \$100 million towards for the Western Rail Plan to separate metropolitan and regional services on the Geelong and Ballarat lines