

VICTORIAN CHAMBER SECURES WINS FOR BUSINESS IN 2017–18 STATE BUDGET

- > A reduction in the payroll tax rate of 25 per cent for businesses that have at least 85 per cent of their employees in regional areas
- > An increase in the payroll tax threshold to \$625,000 from 1 July 2017 and to \$650,000 from 1 July 2018
- > \$100 million for design and planning of North East Link
- > \$90 million to create and retain jobs in priority industry sectors including manufacturing
- > \$2 million to strengthen Victoria's presence in fast growing Asian markets
- > \$1.45 billion for regional rail upgrades
- > Initiatives to decentralise government jobs to Victoria's regions
- > \$25 million for Visit Victoria to promote tourism and major events
- > Surpluses totalling \$8.3 billion over 4 years

Many of the initiatives contained in this year's Victorian Budget directly reflect the influence of our pre-budget submission and associated advocacy on behalf of our members, customers and clients.

With a focus on reducing business costs, regional growth and productive infrastructure investment, the Victorian Chamber of Commerce and Industry has welcomed the 2017-18 Budget. It will boost business confidence and encourage private sector investment and jobs growth.

Funding for planning, design and pre-construction works for the North East Link will progress the Victorian Chamber's number one infrastructure priority. This vital project will address growing freight truck traffic and relieve congestion in Melbourne's north-eastern suburbs.

Significant regional rail and road investment will help ensure key industries like agribusiness get their goods to market safely and efficiently. It will also help people get to where the jobs are.

Victorian liveability will be strengthened through significant investments in community safety, law and order, family violence prevention, multiculturalism and the environment.

Economic and financial management remains responsible overall with strong surpluses and prudent levels of debt, protecting Victoria's AAA credit rating.

The table overleaf compares the Victorian Chamber's pre-Budget recommendations with the key measures announced in the 2017-18 State Budget.

Victorian Chamber recommendation	State Budget outcome
<p>Keep Victoria competitive</p> <ul style="list-style-type: none"> > Ensure expenditure growth does not exceed revenue growth > Maintain the State's AAA credit rating > Use the State's balance sheet to fund key infrastructure investments by allowing net debt to increase to 6 per cent of gross state product > Pursue further asset sales to fund infrastructure 	<ul style="list-style-type: none"> > Operating surpluses totalling \$8.3 billion over 4 years > Government spending to rise at an average annual rate of 3.2 per cent, with revenue growth of 3.7 per cent > Net debt increasing to 6 per cent of gross state product to fund infrastructure > \$1.35 billion in public service efficiency savings
<p>Strengthen infrastructure</p> <ul style="list-style-type: none"> > Commit to building the North East Link > Improve regional road and rail services and infrastructure > Support agribusiness infrastructure > Fund ongoing development and upgrades to the Great Ocean Road > Progress regional road bypasses, including Shepparton > Undertake a detailed planning and feasibility study for the airport rail link 	<ul style="list-style-type: none"> > \$100 million for the design and planning of the North East Link > \$1.45 billion for regional rail upgrades, including \$435 million for the Gippsland line upgrade > \$530 million for the regional road network, including \$11.5 million to upgrade local roads used by agribusiness > Upgrades to the Great Ocean Road > \$10 million towards the Shepparton bypass > \$10 million to progress the airport rail link
<p>Lower business costs</p> <ul style="list-style-type: none"> > Increase the payroll tax threshold to \$850,000 by July 1 2018 > Do not introduce any new taxes or charges, or raise existing taxes > Lower the rate of duty on insurance > Strengthen agribusiness competitiveness, including biosecurity 	<ul style="list-style-type: none"> > The payroll tax threshold will increase to \$625,000 from 1 July 2017 and to \$650,000 from 1 July 2018, saving business \$48 million over two years > A 25 per cent payroll tax rate cut for businesses that have at least 85 per cent of their employees in regional areas, saving business \$173 million over four years > \$44 million for agricultural biosecurity, reducing costs and risks for agribusiness > Removal of stamp duty on agricultural insurance products, saving agribusiness \$16 million > However, changes to motor vehicle duty and stamp duty, and a new vacant residential property tax will increase tax revenue by \$1.4 billion over the next four years
<p>Improve education and training</p> <ul style="list-style-type: none"> > Strengthen apprenticeship support and continue to improve training quality 	<ul style="list-style-type: none"> > \$8.2 million for Apprenticeship Support Officers to support apprentices under 25 > \$685 million for school buildings, including STEM facilities > \$34 million to improve teacher training and performance
<p>Strengthen international engagement</p> <ul style="list-style-type: none"> > Establish a \$5 million Export Insights program to help new exporters enter priority markets 	<ul style="list-style-type: none"> > \$90 million for an expanded Investment Attraction and Assistance Program > \$2 million to strengthen Victoria's presence in fast growing Asian markets
<p>Grow small business and tackle red tape</p> <ul style="list-style-type: none"> > Make agribusiness the next priority in the Government's small business regulation review > Reverse the decision to impose three new public holidays on Victorian business 	<ul style="list-style-type: none"> > \$3.5 million to reduce retail small business red tape by improving SME access to information, streamlining approvals processes and making retail leases easier and fairer
<p>Foster tourism and events industry success</p> <ul style="list-style-type: none"> > Allocate \$23 million per annum in new funding to support Visit Victoria activities (regional, domestic and international tourism marketing) 	<ul style="list-style-type: none"> > \$271 million to complete the third stage of the Melbourne Park redevelopment > \$193 million to extend all night public transport on weekends > \$25 million for Visit Victoria to promote tourism and major events > \$28 million to support the continued growth of the National Gallery of Victoria as a key tourist destination