

VACC Member Overview – Victorian State Budget 2022/23

Dear member

Today, the Victorian Treasurer Tim Pallas handed down the State Budget for 2022/23.

VACC has lobbied hard to ensure no new taxes are imposed on the business community and will continue to do so in the ensuing period. Whilst VACC supports the education and training measures announced in the Budget, there is a lack of focus on emerging skills and training needs associated with the uptake of electric vehicles. Business and business support packages are also limited in this Budget, instead, there is a heavy focus on health and education.

VACC also advises that the government maintain fiscal prudence so that Victoria's net debt levels are contained and reduced over the forward estimates.

A summary of the key measures contained in the Budget are provided below.

Fiscal overview

- The 2022/23 Budget provides \$22.2 billion over five years in new output initiatives and \$6.7 billion in new capital investment. This includes a pandemic repair plan which will cost \$12 billion over the next 4 years, including \$4.2 billion for COVID-19 health support, \$1.1 billion for rapid antigen tests, \$698 million for healthcare in the home.
- A Victorian Future Fund will be established to manage the fiscal impact of COVID-19. Using proceeds from the VicRoads Modernisation Joint Venture, the funds will be invested so that they can grow over time to assist with repaying COVID-19 borrowings. The Fund is projected to have a balance of around \$10 billion in the medium term.
- Net debt will rise from \$101.9 billion or 19.8 per cent of Gross State Product (GSP) this financial year, to \$167.5 billion or 26.5 per cent of GSP in 2025-26
- The Budget forecasts economic growth of 5.5 per cent this year and 3.5 per cent growth over the forward estimates. An operating surplus of \$650 million is expected to be reached by 2025-26.

Education and Training

- The Head Start apprenticeships and traineeships program will be expanded to all government secondary schools at a cost of \$69.3 million over the forward estimates.
- Excellence in vocational and applied learning - \$87.9 million over the forward estimates to expand and support suitably qualified VET teachers and trainers.
- Expansion of primary mathematics and science specialist initiatives - \$17.2 over the forward estimates to train an additional 100 government primary teachers as mathematics specialists.
- Improved vocational and applied learning pathways - \$34 million over the forward estimates to support the introduction of the new Victorian Certificate of Education (VCE), Vocational

Major and Victorian Pathways Certificate in 2023 to foster vocational and applied learning pathways.

- Improving teacher quality - \$778.2 million over the forward estimates to hire up to 1,900 primary and secondary school teachers at government schools.
- Lifting student literacy and numeracy outcomes - \$131.1 million over the forward estimates for targeted literacy and numeracy support to students who do not meet minimum standards.
- Next Generation Victorian Curriculum F-10 - \$2.7 million over the forward estimates to align the Victorian Curriculum with the Australian Curriculum.
- Universal access to VET for government school students - \$86.1 million over the forward estimates to support improved access to a core offering of Vocational Education and Training Delivered to Secondary Schools (VDSS) pathways and certificates.
- Co-ordinating an efficient TAFE system – \$67.5 million to strengthen the Office of TAFE Coordination and Delivery within the Dept of Education.
- Apprenticeship Support Officers - \$12 million over two years until 2023-24, for targeted support for Victorians to finish their training through the Apprenticeship Support Officers program.

Taxes/Revenue

- No changes to motor vehicle duty for the 5th year in a row.
- No changes to payroll tax or other business taxes.
- From July 2022, the sale or transfer of wheelchair accessible commercial passenger vehicles that provide unbooked services will be exempt from motor vehicle duty. This will apply to eligible vehicles that are less than two years old.
- Motor vehicle tax revenue is expected to increase by an average of 4.6 per cent per year over the forward estimates due to rising stamp duty revenues from increased new and used vehicle prices and consumer demand.

Business and Industry

- \$120 million Victorian Industry Fund package to support sovereign capability, advanced manufacturing and attract business investment. This includes \$40 million in grants to support growing businesses and a Low-Carbon Manufacturing Grant Program. \$4.5 to fund 300 digital jobs for manufacturing internships.
- Supporting small and medium businesses through the pandemic – \$31.5 million in funding for 2022-23 only.
- Transforming small business - \$8.9 million (2022-23 only).
- Victorian Innovation Industry Partnerships – \$0.9 million (2022-23 only).
- Sick Pay Guarantee - \$212.8 million (until 2024).
- Skills solutions partnerships - \$9.6 million (until 2024).
- Home of Victorian Motorsport – design and planning - \$0.8 million (2022-23 only).
- Compliance with Wage Theft laws - \$6 million funding for 2022-23 only.

- Business Acceleration Fund - \$10 million (2022-23 only)

Women in Automotive

- Investing in Victoria's new Gender Equality Strategy - \$6.8 million over the forward estimates.

Environment

- Sustaining the EPAs regulatory functions - \$60 million over the forward estimates.

Transport and infrastructure

- Decarbonising freight with hydrogen - \$11.4 million over the forward estimates.
- Centralised fleet management – accelerating transition to Zero Emissions Vehicles - \$0.6million (2022-23).

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