

BULLETIN

Industry Divisions



Reference No: State Budget/ir-5-21

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Dear members

The Victorian State Treasurer, Mr Tim Pallas, today handed down the 2021-22 State Budget.

VACC has prepared a Snapshot document outlining its implications for automotive. Please access the document [HERE](#).

In summary, VACC makes the following observations:

- The Government has committed large scale spending on mental health (\$3.8 billion over the forward estimates) and education.
- No new motor vehicle duties announced. A major win stemming from VACC's ongoing advocacy to discourage further regulatory and financial imposts to the sector.
The Government is expecting increased tax revenue from the higher sales and price of motor vehicles over the forward estimates.
- The Budget offers very little for business. No new business support initiatives have been announced to facilitate growth and employment.
- VACC is concerned and is seeking clarification from government on the application of its new Mental Health and Wellbeing Levy. The Levy, which is designed to create additional government income in the order of \$2.9 billion over the forward estimates, and \$900 million a year by 2024-25, for mental health services, is expected to have negative ramifications for many Group Training Organisations (GTO) in Victoria.
Essentially, a GTO in Victoria would pay 0.5 per cent for every \$1 of wages they pay above \$10 million. Businesses with a national payroll above \$100 million will pay double that amount. VACC for example, with 500 automotive apprentices in its GTO, would have to find an additional \$75,000 annually to make up the loss. This would ultimately be passed onto employers who host GTO apprentices – making the employment of apprentices even more precarious.
- Planned increases to Land Tax.
- Reduced Payroll Tax for regional businesses. Metro Payroll Tax threshold to increase from \$650,000 to \$700,000 as of 1 July. Victorian Payroll tax threshold remains one of the lowest in Australia.
- New Victorian Skills Authority.

We hope you find the attached [snapshot](#) document and [media release](#) useful and should you have any questions, please contact Dr Imogen Reid ireid@vacc.com.au or 0428 334 128.

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