




THE VICTORIAN BUSINESS AGENDA OVERVIEW

A close-up photograph of a bicycle's rear drivetrain. The image shows a silver-colored cassette with multiple sprockets and a matching silver chain. The bicycle frame is a dark green color. The background is dark and out of focus. The text is overlaid in the center of the image.

VICTORIA HAS MADE
MANY POSITIVE
ADVANCES OVER THE
PAST DECADE. THE NEXT
STATE GOVERNMENT OF
VICTORIA MUST CONTINUE
THIS MOMENTUM INTO
THE NEXT DECADE.

VICTORIA: 2018 AND BEYOND

Victoria has benefited from strong population and economic growth. Infrastructure spending has been strong. Business has welcomed regulation reform and payroll tax relief.

Budget operating surpluses have been maintained and debt and state financial liabilities kept to prudent levels.

We have become a modern State with an increasingly diverse, resilient and export-oriented industry base.

Our education and training system continues to transform, building new capacity and capability.

Our tourism and events industries successfully showcase the many attributes that make Victoria a great place to visit and do business. 'Liveability' is high.

Our regions have played a key role in absorbing Victoria's fast growing population, creating new employment and investment opportunities that will benefit all Victorians for years to come.

Small business remains as important as ever as the engine of State economic growth and innovation.

As a State, we have a good base to work on but we need to press on with the reform tasks. We need a positive vision for Victoria's future that provides for continued sustainable growth and enables business to invest with confidence and certainty.

A top-down view of two athletes on a rowing machine. The athlete at the top is wearing a black tank top and a black cap, while the athlete at the bottom is wearing a white t-shirt with a colorful graphic. Both are holding the blue rowing handles. The machine's white frame and orange cables with pink floats are visible against a dark background. The text "CHALLENGES TO BE OVERCOME" is centered in white, bold, sans-serif font.

CHALLENGES TO BE OVERCOME

New challenges are already upon us in the form of uneven economic growth, rising energy prices, intensifying international competition, slowing labour productivity, high youth unemployment, rising congestion, increasing pressure on resources, infrastructure and essential services, and demographic change, most notably an ageing workforce.

If, at the end of the next decade, we are still talking about rather than doing something about:

- > the skills of our workforce and the ageing of our workforce;
- > getting greater efficiency and connectivity from our infrastructure;
- > accelerating business tax reform and deepening cuts to business regulation;
- > meeting our energy needs competitively and sustainably;
- > building a stronger export culture and more innovative industry base; and
- > ensuring our regions share the prosperity associated with population growth.

Then we will have missed the opportunity to remain competitive.

To remain prosperous, we need a vision for Victoria's future linked to a new reform agenda. This agenda must focus on overcoming our energy and resource challenges, accelerating small business and jobs growth, strengthening Victoria's

liveability and visitor economy performance, and meeting the diverse needs of our growing regions.

The comprehensive series of Victoria Summit 2017 workshops and forums held over the past year has enabled the Victorian Chamber of Commerce and Industry to tap into the ideas and experiences of over 700 individual businesses across the State.

This engagement has been pivotal to the development of a series of policy papers designed to guide the reforms and actions needed to ensure continuing economic and business success. These are detailed on the following pages.

The recommendations accompanying each of these policy papers have been developed by business for business. Taken together, they create a new reform agenda that, if acted on by the next State Government, will build an even stronger, more outward looking Victorian economy with higher living standards for all.



THE ENERGY AND RESOURCES AGENDA

Energy security, reliability and affordability is a priority for Victorian business, many of which are facing unsustainable energy price increases that are threatening their competitiveness and, in some cases, their ongoing operation.

Rising gas prices are being driven by significant exports of natural gas out of Queensland that are placing pressure on the supply of gas for local markets. Electricity prices are being pushed up by the lack of investment in new electricity supply.

All sides of politics have acknowledged the importance of tackling high energy prices but there is a lack of clear direction on how to do so. Bipartisan action is now required.

Priority actions must include more transitional support for business, an increase in energy supplies, better functioning and more transparent energy markets, and more help for business to improve their resource and energy efficiency.



THE LIVEABILITY AND VISITOR ECONOMY AGENDA

Liveability and the visitor economy are highly connected themes. Our liveability strengths make Victoria an attractive and internationally competitive visitor destination; while visitation adds to the vibrancy and economic life of cities and towns across the state.

With Victoria's population set to double in just 30 years, we must ensure we are prepared to manage this growth and lift our share of the international tourism market.

Priority actions must include measures to better plan for population growth, improve the Melbourne Airport experience, revitalise our waterways, ensure public transport is visitor-friendly, and improve our regional visitation yield.



THE SMALL BUSINESS AND JOBS AGENDA

Small businesses are major employers and key drivers of economic activity, investment and trade. Small businesses are not big businesses on a smaller scale. The nature of their operations and the way they interact with governments, customers and other businesses means they face unique challenges in growing their operations and workforces.

Reforms that champion small business will be rewarded with faster rates of business start-up and expansion, accelerated investment and jobs growth.

Priority actions must focus on reducing small business taxes, improving access to skills, cutting red tape and providing more targeted programs to support small business growth.



THE REGIONAL AGENDA

Victoria's regions have demonstrated resilience in the face of changing economic circumstances. The potential for further economic growth is strong. Regional populations are growing. Regional tourism is strong and regional liveability is high.

However, further growth cannot be taken for granted. Economic and employment growth rates differ between geographic locations. Regional populations are ageing and service demands are rising. Rising energy prices are reducing regional industry competitiveness. The quality of physical and social infrastructure varies widely across regions.

Priority actions to meet these challenges must include measures to lower regional business costs, improve regional infrastructure, strengthen regional education and training outcomes and foster regional trade and investment.

WHAT THE NEXT STATE GOVERNMENT MUST DO – PRIORITY RECOMMENDATIONS



ENERGY AND RESOURCES

- > Lift the moratorium on onshore conventional gas exploration. Assess individual gas supply projects on a case by case basis.
- > Implement an emissions reduction mechanism (such as the National Energy Guarantee) ensuring that the final design does not compromise business competitiveness, provides policy certainty and encourages investment in new electricity generation that will help place downward pressure on prices.
- > Provide a clear and affordable pathway to meet Victoria's Renewable Energy Target of 40 per cent by 2025.
- > Work through the Council of Australian Governments (COAG) to establish an integrated national energy policy.
- > Ensure that water efficiency and re-use forms a core part of Victoria's ongoing water management strategy. Allied initiatives need to include:
 - > Reinvigorate the target 155 campaign.
 - > Increased investment in integrated water cycle management.
 - > Increased support for business and household water efficiency programs.
 - > Promoting water efficiency and re-use through building and planning laws.



LIVEABILITY AND THE VISITOR ECONOMY

- > Complete the North East Link to support the transport of products across the State.
- > Commence the planning process for a dedicated rail link to Melbourne Airport.
- > Build the full East West Link, including a connection between the Eastern Freeway and CityLink. The East West Link has been identified as a near term high priority by Infrastructure Australia and a medium term priority by Infrastructure Victoria. It has been a long term priority for the Chamber.
- > Expand university opportunities in Melbourne's outer southeast, including through new campuses or an expansion in existing facilities to support future growth.
- > Upgrade Eastern Freeway bus services to and from Doncaster to support increased demand and faster travel times.
- > Develop a 'Bay Plan 2050' to examine opportunities to develop new shared commercial, recreational, event and tourism uses for Port Phillip Bay into the future.
- > Adopt the key recommendations of the Emergency Management Victoria 'Victoria Preparedness Plan'.



SMALL BUSINESS AND JOBS

- > Increase the payroll tax threshold to \$850,000 from 1 July 2019. This will save business around \$150 million per annum.
- > Repeal the Grand Final eve Public holiday and do not proceed with plans to make Christmas Day a public holiday when it falls on a weekend.
- > Reintroduce payroll tax exemptions for eligible new trainees and apprentices, as currently exists in NSW, QLD, TAS and WA.
- > Conduct a review of State taxes that identifies options to shift the State's revenue base toward more efficient and competitive taxes.
- > Work with the Federal Government to continue to reform penalty rates to better reflect the 24/7 economy.
- > Deliver an 'Export Ready' program for all businesses participating in a government funded trade mission. The program will include pre and post-mission support to build longer term, trusted business relationships.
- > Fund a small business Supply Chain Development Program to facilitate connections between more established small businesses and Victoria's start-up sector.



REGIONAL VICTORIA

- > Further decentralise key State Government departments and agencies to regional locations and implement a 5-10 year reform timetable.
- > Finalise a site for Melbourne's third major airport in the southeast, maximising opportunities for private sector investment.
- > Investigate the construction of a new fast rail service between Geelong and Melbourne and Ballarat and Melbourne.
- > Develop an overarching Regional Victoria Growth Strategy that ensures Victoria's regions share the prosperity associated with the growth of the State's population.
- > Investigate establishing an Enterprise Zone at Avalon Airport, unlocking a key development site, consolidating infrastructure, attracting business and creating jobs.
- > Encourage state and local government investment in existing food clusters, and new ones, including the Bunyip Food Bowl, the Geelong Seafood Cluster and the East Gippsland Food Cluster.
- > Support the implementation of the Shipwreck Coast Masterplan.





Written and authorised by the
Victorian Chamber of Commerce and Industry

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