

The Transformation Budget

2024 – 25 State Budget Submission

February 2024

Table of Contents

Acknowledgement of Country	1
Foreword	3
Introduction	4
Top 12 Recommendations	6
Summary of Recommendations	8
Transform and Reduce Business Expenses	13
Transform Foundations for Success	16
Strategic Spending	21
Transform and Prioritise Growth	31
Regional Transformation	35





Acknowledgement of Country

The Victorian Chamber of Commerce and Industry acknowledges the Aboriginal and Torres Strait Islander peoples of this nation. We acknowledge the Traditional Custodians, the Wurundjeri people of the Kulin Nation, of the lands on which the Victorian Chamber head office is located and extend this respect to all lands across the country.

We pay our respects to ancestors and elders, past and present, and support the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples. We endeavour to develop stronger and enduring partnerships with First Peoples and work together to achieve economic, social and cultural equity and prosperity across Victoria.

We are committed to honouring Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

“ Business growth must be at the heart of the Budget. A commerce and confidence-led recovery is essential if we want Victoria to be the best place to live, work, learn and operate a business.”

– Paul Guerra, Chief Executive, Victorian Chamber





Foreword

2024-25 State Budget Submission, Chief Executive Paul Guerra



Economic prosperity is the key driver for the well-being of all Victorians. But the financial health of our great state is under pressure, and it's time to transform our approach to growth, while containing costs.

Business growth must be at the heart of the Budget. A commerce and confidence-led recovery is essential if we want Victoria to be the best place to live, work, learn and operate a business.

As the Chief Executive of Victoria's largest business advocacy body, I welcome the opportunity to provide this submission on the 2024-25 State Budget on behalf of our 85,000 members, stakeholders and clients. Through our meticulous collection of data, analysis and consultation, the Victorian Chamber is putting forward 44 policy recommendations. If Victoria is to thrive, we need to better enable, ease and grow business in our great State.

No problem in the world can be solved without the contribution of business. Partnership between the public and private sectors needs to be our focus. The private sector is motivated and ready to grow and this in turn will help Government get Victoria back on track. We need to engage small, medium, family and large businesses that make up the sector. Collaboration will be key, and our submission calls for more co-operation and participation from both sectors to achieve maximum productivity and liveability.

Sluggish productivity is a major concern nationwide. Productivity and efficiency of our regulatory system go hand in hand. Time is money. We need a regulation re-think and more efficient and easier-to-use administration of the regulatory system.

Victoria's escalating debt will discourage investment and impact community sentiment if business is continually wearing the burden of debt repayment via taxes or levies. We need to offer an ease – rather than an effort – of doing business to continue to retain existing businesses, while attracting new industries to our state.

With Melbourne set to overtake Sydney as Australia's biggest city within a decade, and match London's current population this century, preparing for the challenges ahead can seem insurmountable: housing and city planning, cyber security, innovation and commercialisation, all while meeting net-zero energy targets. But with purposeful planning, more streamlined regulation processes, and a growth-focused mindset, we can ensure a bright future for the generations to come.

It's time to take Victoria to the world in an even more deliberate way. Leveraging Victoria's international offices and Commissioners to help facilitate export opportunities for Victorian companies is a must. It starts with backing businesses domestically through the export process and establishing buyer relationships. As we do this, we will invest in growing Victoria.

As a kid, people would say we lived in "the Lucky Country." I am reminded of the philosopher Seneca who taught us that "luck is when preparation meets opportunity". For Victoria to be the most attractive place to host an event, establish a business, build a home or create a family, we must prepare a solid foundation to meet that opportunity of productivity, connectivity and prosperity for all.

Introduction



The Victorian Chamber of Commerce and Industry welcomes the opportunity to provide a submission on the 2024-25 State Budget. As Victoria's leading industry body, the Victorian Chamber is the voice of more than 85,000 members, stakeholders, customers and clients. We represent the gamut of sectors and businesses: small, medium, family and large.

The Victorian Chamber has developed this State Budget Submission employing a multi-method approach. The 44 nominated policy recommendations are shaped by continuous consultation with industry to uncover current business challenges and opportunities, ongoing survey data that pinpoints industry trends, and priorities from previous budget submissions that are yet to be addressed.

There is no denying business and the economy are experiencing tough economic headwinds. This year's Budget must not impose any further costs on business. It must take a transformational approach that sets Victoria up for a positive future for everyone. It must deal with debt sensibly to create headroom for future investment and create an environment that promotes Victorian private sector growth with both local and international opportunities.

This is why the Victorian Chamber continues to strongly advocate for no new or increased taxes and levies. If businesses cannot comfortably absorb rising rates and premiums, employers will need to consider either dismissing employees or terminating their business. They cannot absorb increases in taxes. It is incumbent on decision makers to create an economic environment that is sustainable and fosters our economy.

Put simply, enabling businesses to prosper translates into more jobs, more opportunities and better economic outcomes for all. Skilled workers are an essential part of this equation. To prepare future and current workers for the modern-day workforce, Victoria must focus on developing paid internships, women in business programs, ongoing career development services, and reskilling and upskilling employees transitioning industries. Equipping the right people for the job, with the right skills, will inevitably increase productivity.



To further supply businesses with the tools and capability to combat the challenges of today, Victoria must prioritise carbon reduction strategies. Businesses need guidance to navigate the transition to net zero, growing expectation to meet Environmental, Social and Governance (ESG) requirements and mitigation of climate change.

Industry performance depends on reliable planning, infrastructure and investment. Housing directly correlates to productivity outcomes. Victoria must ensure it has sufficient supply of affordable and appropriate housing options close to business centres to accommodate workforces. Accompanying this is the need to secure transportation of freight and supply chains to enable business operations. Simplifying government procurement processes also plays into this.

Growing business stimulates investment in industry, boosts workforce capacity and enhances economic prosperity. We must accept that businesses face specific hurdles when striving to expand and creating pathways to success. Assistance is required for marketing on digital platforms, uplifting their cyber security, turning innovative ideas into commercial opportunities and exporting goods and services to overseas markets.

Workplace wellbeing is also of increasing importance. Mentally healthy workplaces are essential to high-performing staff and, therefore, businesses. Equipping employers with the tools to establish healthy workplace practices is crucial to business development. Additionally, a thriving visitor economy replete with world-class business events will drive visitation to the State, further enhancing business growth.

Easing the cost of doing business in Victoria must be at the forefront of government reforms. Victoria is currently the most expensive state to do business in Australia.¹ This naturally deters investment in our local industries and discourages international companies from setting up in our state. The regulatory and tax environment needs to be relaxed and re-imagined to entice business operations, trade and investment.

Further, regional businesses face unique challenges. Skills shortages are rampant, housing is scarce, procurement opportunities are limited, and public transport and digital connectivity are below par. Victoria must nurture our regional communities to ensure we all have equal opportunities for growth and success.

The following submission is divided into four sections: Transform and Reduce Business Expenses, Transform Foundations for Success, Transform and Prioritise Growth, and Regional Transformation.

Each section provides targeted recommendations to enable businesses to thrive, ease the overall business environment, grow business productivity, and propel regional businesses into the future.



¹ Victorian Chamber (2022). *Cost and Ease of Doing Business in Victoria Taskforce*. <https://www.victorianchamber.com.au/policy-and-advocacy/taskforces/cost-and-ease-of-doing-business-in-victoria-taskforce>

Top 12 Recommendations

TOP	Recommendations
01	Recommendation 1: Ensure no new or increased taxes and levies are applied to Victorian businesses to prevent business conditions deteriorating further.
02	Recommendation 2: Raise the payroll tax-free threshold to \$1.2 million and change Regional Victoria's payroll tax rate to zero.
03	Recommendation 35: Develop a new 'Export Victoria' strategy to increase Victoria's share of Australia's total exports to 50 per cent.
04	Recommendation 36: Develop a detailed 10-year tourism strategy to attract more local and international visitors to our great state and propel our local economy.
05	Recommendation 37: Develop a state-wide business event acquisition plan that supports State Government strategies to increase Victoria's export opportunities and attract investment in key sectors and capabilities central to the future growth and competitiveness of the Victorian economy.
06	Recommendation 4: Develop a comprehensive renewable energy roadmap that details industry's transition to renewables and provides energy certainty and security to the business community.
07	Recommendation 20: Develop next generation Public Private Partnership (PPP) models that leverage capital and capability available in the private sector to address the demands on existing infrastructure.
08	Recommendation 08: Establish subsidies or tax incentives for employers that provide work experience and internships to boost the labour pipeline.
09	Recommendation 23: Allocate \$10 million over two years to subsidise and enable businesses in Victoria (including in Regional Victoria and Suburban Melbourne) to participate in the Carbon Compass Program and benefit from its tailored carbon audit and management solutions.
10	Recommendation 31: Provide \$1 million of funding over two years for small businesses in Victoria to participate in the Small Business Marketing Program.
11	Recommendation 30: Provide \$3 million of funding over one year for the establishment of a Cyber Safe Squad program to take cyber safe advice and assistance to small businesses across Victoria and provide students with practical work experience in the cyber industry.
12	Recommendation 33: Provide seed capital funding for a joint-State-and-private-sector venture (working name 'CommercialiseVic') to develop a comprehensive innovation and commercialisation ecosystem (i.e., like that of Silicon Valley and Boston), with wrap-around services to ensure start-ups thrive.



Regional businesses face unique challenges. Victoria must nurture our regional communities to ensure we all have equal opportunities for growth and success.



Summary of Recommendations

Transform and Reduce Business Expenses

01

Ensure no new or increased taxes and levies are applied to Victorian businesses to prevent business conditions deteriorating further.

02

Raise the payroll tax-free threshold to \$1.2 million and change Regional Victoria's payroll tax rate to zero.

03

Enhance funding for Better Regulation Victoria and Services Victoria to spearhead an uplift in regulator capability, establish a unified portal for State and Local Government regulation, and serve as a resolution centre for issues within Victoria's regulatory system.





Summary of Recommendations (continued)

Transform Foundations for Success	
04	Develop a comprehensive renewable energy roadmap that details industry's transition to renewables and provides energy certainty and security to the business community.
05	Offer energy intensive industries grants, subsidies and incentives to lower energy usage and transition to renewable energy.
06	Increase commercial subsidy schemes to incentivise commercial property owners to install renewable energy infrastructure.
07	Establish a Local Careers Development Fund to enable a place-based approach to careers development activities and current, successful place-based careers development activities to be scaled up and replicated. Ensure employers and business groups can access the Fund.
08	Establish subsidies or tax incentives for employers that provide work experience and internships to boost the labour pipeline.
09	Include careers development in school curriculums from Year 7 by inserting one career education subject in the curriculum as a compulsory unit of work.
10	Develop a consistent, efficient and transparent infrastructure contribution system that better reflects the true cost of infrastructure in different development settings and supports use of existing infrastructure.
11	Enable and incentivise wider uptake of innovative construction technologies and methods to increase housing supply.
12	Task the Victorian Economic Growth Commissioner with devising a plan to enhance the efficiency of the Victorian supply chain to cultivate a thriving community of local exporters with increased volumes.
13	Legislate 24/7 operations and access to the Port of Melbourne to drive economic prosperity.
14	Invest in airline attraction to Victoria's airports to increase global connectivity, speed up movement of people and goods, and support the visitor economy's growth.
15	Provide sustained funding for the Mode Shift Incentive Scheme to provide regional exporters and logistics companies more certainty in the transition from road to rail.
16	Prioritise a decision on the Victorian Intermodal Freight Terminal's site at the WIFT location as soon as possible to provide certainty to operators and industry.
17	Connect the Western Intermodal Freight Terminal (WIFT) directly to the Port of Melbourne via a dedicated train line to the Swanston Dock in the short-term and Webb Dock in the longer-term to build productivity in the Australian Supply Chain and improve capacity through the Port of Melbourne.

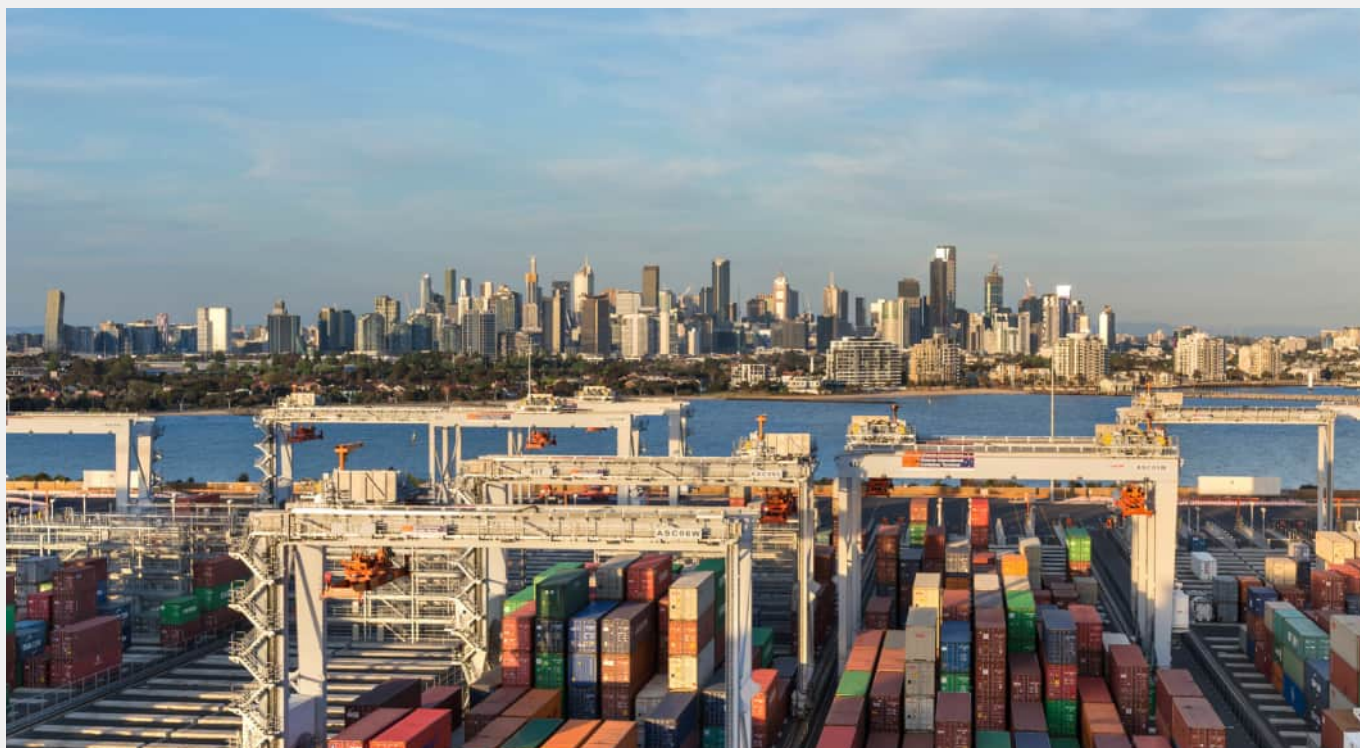
Summary of Recommendations (continued)

18	Commit funding to a Melbourne Airport rail connection to increase attractiveness and capacity of the Victorian visitor economy.
19	Allow businesses seeking to pre-qualify as suppliers to the Victorian Government to fulfil screening requirements via a single form to streamline procurement processes.
20	Develop next generation Public Private Partnership (PPP) models that leverage capital and capability available in the private sector to address the demands on existing infrastructure.
21	Fund the next iteration of the successful SummerTech Live program to increase the digital skills and work experience of the future workforce.
22	Deliver the previously announced multicultural business scholarships program to increase capability within diverse business communities.
23	Allocate \$10 million over two years to subsidise and enable businesses in Victoria (including in Regional Victoria and Suburban Melbourne) to participate in the Carbon Compass Program and benefit from its tailored carbon audit and management solutions.
24	Fund \$4 million over two years for small, medium and family businesses in Victoria (including in Regional and Suburban Victoria and Suburban Melbourne) to participate in the ESG Enablement Program to improve their environmental, social and governance impact.
25	Allocate \$460,000 for the Victorian Company Directors Certificate to develop governance skills in small and medium businesses, not for profits and public boards.
26	Provide \$300,000 in the next financial year to continue the Chamber Change women in business program to bolster female representation in senior business leadership positions.
27	Fund the extension of the successful Youth Activating Youth Placement Program to continue providing internships and ongoing work opportunities to multicultural Victorians.
28	Provide \$10 million of funding over two years for small, medium and family businesses to access credits for workplace wellbeing programs.
29	Provide \$5 million of funding over two years for a Small and Medium Business (SMB) Cyber Program so that small, medium and family businesses in Victoria can access affordable cyber security products and services.
30	Provide \$3 million of funding over one year for the establishment of a Cyber Safe Squad program to take cyber safe advice and assistance to small businesses across Victoria and provide students with practical work experience in the cyber industry.
31	Provide \$1 million of funding over two years for small businesses in Victoria to participate in the Small Business Marketing Program.



Summary of Recommendations (continued)

Transform and Prioritise Growth	
32	Boost early-stage venture capital investment into Victoria's start-up ecosystem to ensure more companies survive the challenges of starting a business.
33	Provide seed capital funding for a joint-State-and-private-sector venture (working name 'CommercialiseVic') to develop a comprehensive innovation and commercialisation ecosystem (i.e., like that of Silicon Valley and Boston), with wrap-around services to ensure start-ups thrive.
34	Fund a provisional steering group and networking service for small exporters to grow their capability.
35	Develop a new 'Export Victoria' strategy to increase Victoria's share of Australia's total exports to 50 per cent.
36	Develop a detailed 10-year tourism strategy to attract more local and international visitors to our great state and propel our local economy.
37	Develop a state-wide business event acquisition plan that supports State Government strategies to increase Victoria's export opportunities and attract investment in key sectors and capabilities central to the future growth and competitiveness of the Victorian economy.



Summary of Recommendations (continued)

Regional Transformation	
38	Take a 'Team Victoria' approach to managing migration changes to ensure Victorians are represented and educated about migration changes.
39	Develop a dedicated planning strategy for Regional Victoria, which includes medium-density housing, to ensure housing and supporting infrastructure meet regional population demands.
40	Continue investing in regional roads to increase safety and connectivity.
41	Streamline support for Victorian businesses (particularly SMEs and regional businesses) to be able to access procurement opportunities. This should be coordinated through a central body such as the Industry Capability Network (ICN).
42	Allocate funds for the development of a four-year business case to build a high-speed train service to Regional Victoria via dedicated lines from Southern Cross Station, starting with Ballarat. Initiate a partnership with the Federal Government to establish a joint funding model for the project.
43	Fund Public Transport Victoria to roll out upgrades to facilitate free Wi-Fi access on trains that travel to rural Victorian areas to enhance productivity for commuters.
44	Partner with Internet service providers to encourage the development of regional Internet infrastructure to ensure the delivery of consistent, reliable and fast digital services in Regional Victoria.





Transform and Reduce Business Expenses

Easing the cost of doing business and regulatory settings, especially during hard economic times, is critical to encourage business development. Eighty-four per cent of employers believe not enough is being done to make Victoria a competitive place to do business.²

Improvements to administration, taxation and the regulatory environment, saving businesses time and money, would allow them to focus on activities that foster business growth. This would have positive ripple effects throughout society by providing more jobs and enhancing Victoria’s economy.

Taxation

State taxes and duties significantly impact business investment and, therefore, job growth. Victoria’s current payroll tax is counterinitative to promoting job growth, higher wages and a competitive business environment. Payroll tax disincentivises job creation and increased wages. The Victorian Chamber strongly advocates for no new or increased taxes and levies to be applied to businesses to prevent business conditions from deteriorating further.

A comprehensive review of Victoria’s tax collection and levy system is needed to address this issue. When surveyed, 92 per cent of Victorian businesses support a comprehensive review of state taxes to identify ways of making Victoria a more competitive place to operate a business.³ This is an increase of nine per cent from last year.

Starting 1 July 2024, the tax-free threshold will be raised from \$700,000 to \$900,000 with a further increase to \$1 million forecast for 1 July 2025.⁴ The Victorian Chamber welcomes this policy change however, more can be done.

To further encourage economic growth and job creation, the State should raise the payroll tax-free threshold to \$1.2 million, aligning it with New South Wales’ thresholds.⁵ Additionally, the payroll tax rate in Regional Victoria should be reduced from 1.21 per cent to zero.⁶

It is crucial that the Victorian Government continues to monitor and improve the State’s debt position. Business taxes and levies cannot to rise. This may mean the State will need to reconsider how much is invested in new or existing programs.

01

Ensure no new or increased taxes and levies are applied to Victorian businesses to prevent business conditions deteriorating further.

02

Raise the payroll tax-free threshold to \$1.2 million and change Regional Victoria’s payroll tax rate to zero.



2 Victorian Chamber. (2023). *Business Voice survey – October 2023*.

3 Ibid.

4 State Revenue Office Victoria. (2023). *State Budget 2023-24 announcement*. <https://www.sro.vic.gov.au/state-budget-2023-24-announcement>

5 NSW Government. (2023). *Payroll tax*. <https://www.revenue.nsw.gov.au/taxes-duties-levies-royalties/payroll-tax>

6 State Revenue Office Victoria. (2023). *Payroll tax rates from 1 July 2021 onward*. <https://www.sro.vic.gov.au/payroll-tax-current-rates>

Business-friendly regulation in Victoria is key to retaining existing businesses while attracting new ones to the State.





Transform and Reduce Business Expenses (continued)

Regulatory Reform

Business-friendly regulation in Victoria is key to retaining existing businesses while attracting new ones to the State. Almost 40 per cent of business owners report that time is a bigger cost to doing business than money, largely due to unproductive activities.⁷ Furthermore, 55 per cent of businesses report that it is more difficult to do business in Victoria compared to other states.⁸

Despite government efforts to reform regulations, more can be done to ease business compliance processes. The successful Better Approvals Project, which uses digital infrastructure, an active issue resolution mechanism, and a system for handling large projects, should be expanded.

The State Government should create a Business Approvals Coordination Unit (BACU) within Better Regulation Victoria to simplify the escalation and management of regulatory reform for business in Victoria. The BACU would handle business queries, identify and address common issues and drive regulatory improvements. The BACU, within Better Regulation Victoria, would be pivotal in educating regulators and fostering positive change in Victoria.

The Victorian Chamber has previously advocated for these changes in our Regulatory Reform Policy Paper and is supportive of changes to foster a more business-friendly regulatory environment in Victoria.⁹ Additionally, 93 per cent of employers think that the administration of any new regulation on businesses should be designed with best practice and simple implementation in mind.¹⁰

03

Enhance funding for Better Regulation Victoria and Services Victoria to spearhead an uplift in regulator capability, establish a unified portal for State and Local Government regulation, and serve as a resolution centre for issues within Victoria's regulatory system.



7 Victorian Chamber. (2022). *Cost and ease of doing business in Victoria*. <https://www.victorianchamber.com.au/policy-and-advocacy/taskforces/cost-and-ease-of-doing-business-in-victoria-taskforce>

8 Ibid.

9 Victoria Chamber of Commerce and Industry. (2023). 'Regulatory Reform Policy Paper', <https://www.victorianchamber.com.au/policy-and-advocacy/initiatives/regulatory-reform-policy-paper>

10 Victorian Chamber. (2023). *Business Voice survey – October 2023*.

Transform Foundations for Success

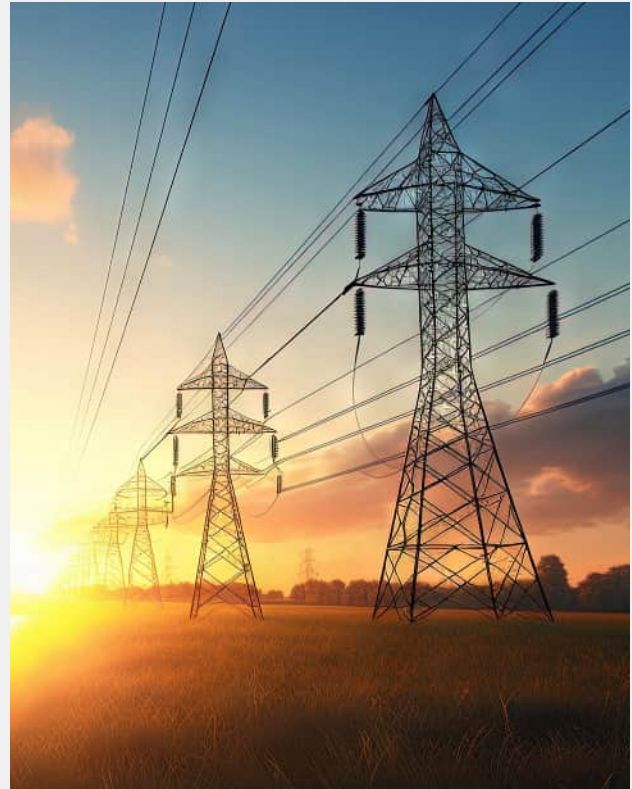
Enabling businesses to thrive is at the forefront of the Victorian Chamber's advocacy. Businesses achieve their full potential when the right policy settings are in place. We know that Victorian businesses face significant challenges compared to other states. Previous work by the Victorian Chamber has found the State is the least competitive place to do business in Australia.¹¹

To set businesses up for success, the Victorian Chamber is advocating for more investment in energy, support for jobs and skills, prioritisation of infrastructure and housing, facilitation of engagement in government procurement processes and extended budget forward estimates.

Energy Transition

The transition to renewable energy is one of the greatest challenges of our time. For business, it is particularly difficult given the surging energy prices and lack of a comprehensive strategy outlining industry's transition to renewables. Without addressing these concerns, Victoria will struggle to meet our mandated net zero target by 2045.¹²

The business community remains concerned about energy prices and carbon reduction targets. In a recent Victorian Chamber study, 53 per cent of businesses surveyed indicated that the Government is not doing enough to invest in renewable energy and energy infrastructure to meet our net zero goals.¹³ Seventy-five per cent of businesses also feel insufficiently supported to pay for the augmented energy prices.¹⁴ Targeted government investment is needed to equip businesses with the tools to overcome these concerns.



Building off the Victorian Chamber's recent report *Achieving a Net-Zero Economy: Roadmap for Victorian Businesses*,¹⁵ the State Government must develop a clear roadmap detailing industry's transition to provide certainty to business. Energy security and certainty is critical for business success. Victoria needs clarity over how it will transition to renewables without increasing costs for users or interrupting energy supply.

We encourage the Government to be open-minded to multiple energy sources, including low emission hydrogen. Diverse energy sources are needed for us to reach our carbon reduction targets and this includes electricity and gas from various sources – wind, solar, hydrogen, biomethane and, initially, fossil fuels.

11 Victorian Chamber. (2022). *Cost and Ease of Doing Business in Victoria Taskforce*. <https://www.victorianchamber.com.au/policy-and-advocacy/taskforces/cost-and-ease-of-doing-business-in-victoria-taskforce>

12 Victorian Government (2023). *Climate action targets*. <https://www.climatechange.vic.gov.au/climate-action-targets>

13 Victorian Chamber. (2023). *Achieving a Net-Zero Economy: Roadmap for Victorian Businesses*. <https://www.victorianchamber.com.au/policy-and-advocacy/initiatives/netzero>

14 Ibid.

15 Ibid.



Transform Foundations for Success (continued)

Significant government investment is also required to ease the upfront costs associated with upgrading energy infrastructure and business assets to more energy-efficient technologies. This is where business needs the most support to decarbonise swiftly. Lowering energy usage translates into a reduction in costs for business and carbon in the economy. In such a scenario, everyone wins. Energy intensive industries and commercial property owners should be offered grants, subsidies and incentives to invest in more energy-efficient technologies and transition to renewable energy.

- 04** Develop a comprehensive renewable energy roadmap that details industry’s transition to renewables and provides energy certainty and security to the business community.
- 05** Offer energy intensive industries grants, subsidies and incentives to lower energy usage and transition to renewable energy.
- 06** Increase commercial subsidy schemes to incentivise commercial property owners to install renewable energy infrastructure.

Career Services

A workforce with the necessary skills to perform jobs is at the core of any business and successful economy. According to the Victorian Chamber’s recent annual Business Pulse survey,¹⁶ some of the top challenges for business are skill shortages and staff availability, respectively. Equipping employers and employees with the skills they need to get the job done benefits all of society.

Businesses value careers services as they play a vital role in empowering individuals to make informed and well-considered career decisions. This is showcased in the Victorian Chamber’s 2023 Career Services Policy Paper.¹⁷ A lack of adequate career services for students, graduates and workers impacts the labour market and decreases productivity.¹⁸

Widely available career information and services about a broad range of industries and occupations will help build pipelines of staff as well as prepare people for navigating their careers. Information and exposure about real workplaces and jobs is a key part of effective careers services. Businesses need to easily be able to share their workplace information and provide access to workplace experiences.

- 07** Establish a Local Careers Development Fund to enable a place-based approach to careers development activities and current, successful place-based careers development activities to be scaled up and replicated. Ensure employers and business groups can access the Fund.
- 08** Establish subsidies or tax incentives for employers that provide work experience and internships to boost the labour pipeline.
- 09** Include careers development in school curriculums from Year 7 by inserting one career education subject in the curriculum as a compulsory unit of work.

¹⁶ Victorian Chamber. (2023). *Business Pulse survey*.

¹⁷ Victorian Chamber. (2023). *Career Services Policy Paper*. <https://www.victorianchamber.com.au/policy-and-advocacy/initiatives/career-services-policy>

¹⁸ OECD. (2016). *Labour market outcomes*. <https://gpseducation.oecd.org/revieweducationpolicies/#!node=41763&filter=all>



Transform Foundations for Success (continued)

Housing

Victoria, and Australia more broadly, is experiencing a severe housing crisis. A sufficient supply of housing for workers and visitors alike is essential to the economic prosperity of Victoria.

Housing supply is impacted by several factors including taxation, planning, local government, skilled labour, innovation and supporting infrastructure. Acting on Victoria's Housing Statement,¹⁹ the State Government should progress changes to ensure that Victoria's housing system is set up for success.

The Housing Statement backs several strategies to increase housing supply such as clearing the approval backlog and committing to social and affordable housing. In addition to this, the State Government should implement specific recommendations from the Victorian Chamber's recently released Housing Taskforce Report²⁰ to deliver its housing objectives.

One of the Housing Taskforce Report's key recommendations is to redesign the infrastructure contributions system. Adequate infrastructure investment and planning is vital to provide sufficient housing stock. A more just balance that reflects the true value of infrastructure needs to be struck between developer and Local Government contributions when funding supporting infrastructure.

One approach could be for Local Government contributions to go towards essential infrastructure, such as roads and water, while developer contributions could go towards social infrastructure projects, including hospitals and schools, to support lifestyle requirements of growing populations.

Another Housing Taskforce Report recommendation that should be adopted is innovative building and construction methods. Incentivising the wide uptake of innovative construction technologies and methods (e.g., prefabs, timber cassettes, 3D printing) and fast-tracking the approval of housing builds that use these techniques can deliver new housing stock quickly. If implemented, these initiatives will help ease the housing crisis.

10

Develop a consistent, efficient and transparent infrastructure contribution system that better reflects the true cost of infrastructure in different development settings and supports use of existing infrastructure.

11

Enable and incentivise wider uptake of innovative construction technologies and methods to increase housing supply.

19 Victorian Government (2023). *Victoria's Housing Statement*. <https://www.vic.gov.au/housing-statement>

20 Victorian Chamber (2023). *Housing Taskforce Report*. <https://www.victorianchamber.com.au/policy-and-advocacy/taskforces/housing-taskforce>



Transform Foundations for Success (continued)

Transportation and Supply Chains

Efficient transportation of people and goods is critical for a thriving state. Mobility of products and people around Victoria must be seamless, without delays and congestion, to ensure our state's economic growth into the future.

The Port of Melbourne has the highest freight volumes in Australia,²¹ significantly contributing to economic development. The State Government should protect the Port of Melbourne's 24/7 operations through legislation, providing the certainty required to encourage investment and further port efficiencies.

Freight movement and increasing the productivity of the supply chain network is dependent on building capacity now for future demands, including through the increased use of rail freight. This capacity can be created through providing certainty with the Intermodal Freight Terminal location, increased commitment to the Mode Shift Incentive Scheme (MSIS)²² and shoring up planning requirements for rail connections to the Port of Melbourne and Melbourne Airport.

Aviation is also important for transportation of people and goods. Building connectivity to Victorian airports is extremely important. Funding for this purpose should be allocated to ensure Victoria is using every opportunity to grow our domestic and international connections. Avalon Airport, located in Australia's fastest growing residential corridor, is a 60-minute commute from Melbourne's CBD and home to a catchment of 3.3 million people, predicted to grow to 4.6 million by 2036.²³ Investment in Avalon should include connection to Melbourne Water Werribee wastewater treatment, as well as roads, bus and rail services to the CBD.

Connection to Melbourne Airport by rail is needed. The vast majority of the world's busiest airports have a rail connection – but not Melbourne Airport.²⁴

Sydney, Brisbane and Perth have rail links, as do large international airports. As Victoria's buoyant visitor economy continues to grow, the arrival experience must be world-class and on par with the expectations of international travellers.

12	Task the Victorian Economic Growth Commissioner with devising a plan to enhance the efficiency of the Victorian supply chain to cultivate a thriving community of local exporters with increased volumes.
13	Legislate 24/7 operations and access to the Port of Melbourne to drive economic prosperity.
14	Invest in airline attraction to Victoria's airports to increase global connectivity, speed up movement of people and goods, and support the visitor economy's growth.

Recommendations continued on next page.



21 Port of Melbourne (2021). *Container Logistics Chain Study*. <https://www.portofmelbourne.com/news-publications/publications/2020-logistics-study/>

22 Victorian Department of Treasury and Finance (2023). *Mode Shift Incentive Scheme*. <https://dtp.vic.gov.au/ports-and-freight/key-freight-projects/mode-shift-incentive-scheme#:~:text=Under%20the%20scheme%2C%20four%20freight,at%20the%20Port%20of%20Melbourne.>

23 Australian Financial Review. (2023). *Western Sydney 'not the centre of the universe', says Avalon Airport*. <https://www.afr.com/companies/tourism/western-sydney-not-the-centre-of-the-universe-says-avalon-airport-20231005-p5ea1q>

24 The Age (2015). *Melbourne airport 50th busiest in the world but among only six without rail*. <https://www.theage.com.au/national/victoria/melbourne-airport-50th-busiest-in-the-world-but-among-only-six-without-rail-20151028-gkkndo.html>

Transform Foundations for Success (continued)

Transportation and Supply Chains (continued)



- 15** Provide sustained funding for the Mode Shift Incentive Scheme to provide regional exporters and logistics companies more certainty in the transition from road to rail.
- 16** Prioritise a decision on the Victorian Intermodal Freight Terminal's site at the WIFT location as soon as possible to provide certainty to operators and industry.
- 17** Connect the Western Intermodal Freight Terminal (WIFT) directly to the Port of Melbourne via a dedicated train line to the Swanston Dock in the short-term and Webb Dock in the longer-term to build productivity in the Australian Supply Chain and improve capacity through the Port of Melbourne.
- 18** Commit funding to a Melbourne Airport rail connection to increase attractiveness and capacity of the Victorian visitor economy.

Procurement

Government procurement positively impacts business growth and increases government access to quality goods and services. Importantly, it creates local jobs and supports local businesses while driving economic growth.

The process of selling to government needs to be simplified. The Victorian Chamber continues to advocate for government procurement to be as accessible as possible to all businesses.²⁵ Minor changes to current procurement policies, together with minimal targeted government funding, could help grow local jobs and businesses.

Public Private Partnerships (PPPs) have a substantial role to play in the delivery of infrastructure projects. PPPs involve collaboration between a government agency and a private-sector company that can be used to finance, build, and operate projects, or provide service delivery.

Through PPPs, Victoria can leverage capital (including superannuation funds) and capability available in the private sector to deliver infrastructure priorities and address the demands on existing infrastructure due to a growing population. We need to reimagine PPPs in Victoria and the role they play in transforming how we build for the future. New PPP models should provide greater flexibility for them to evolve and respond to changing user and stakeholder needs over the contractual terms.

- 19** Allow businesses seeking to pre-qualify as suppliers to the Victorian Government to fulfil screening requirements via a single form to streamline procurement processes.
- 20** Develop next generation Public Private Partnership (PPP) models that leverage capital and capability available in the private sector to address the demands on existing infrastructure.

²⁵ Victorian Chamber. (2022). *Victorian Chamber 2023-24 Budget Submission*. <https://www.victorianchamber.com.au/cdn/jim91q8oq9s0sock>



Strategic Spending

Victoria needs to invest where it will pay off. Spending needs to be strategically targeted to programs that boost business.

The advancement of businesses will translate into economic growth, which is good for the State as a whole. In challenging market conditions, targeting spending towards programs that enhance business performance – by giving businesses that tools and information they need to make good business decisions – will lead to widespread economic benefits.

Transform Foundations for Success Strategic Spending (continued)

SummerTech Live

Targeted employment and work experience programs have long been recognised as an important tool for achieving employment and labour market goals. The business community also highly values these programs: 72 per cent of employers think that the Government should renew existing government-funded internship and studentship programs.²⁶

SummerTech Live²⁷ is a current government-funded studentship program available to Victorian-based technology tertiary students and recent graduates. It aims to provide businesses with digital capabilities and students with job-ready skills to increase their employment opportunities. Studentships are worth \$5,000 and last 10 to 12 weeks over the summer holidays with no cost to businesses. To date, the program has placed more than 575 students in approximately 300 businesses.²⁸

With the continual advancement of digital technologies in the workplace, and therefore increased need for digital skills in the workforce, the Victorian Chamber urges the State Government to continue this program. The next iteration of SummerTech Live could be delivered for another three years with increased business and student participation for an investment of \$4,514,300, or for a four-year program for an investment of \$6,019,066.

21

Fund the next iteration of the successful SummerTech Live program to increase the digital skills and work experience of the future workforce.

Skills Scholarships for Multicultural Business

Multicultural businesses are an important part of Victoria's economic growth and contribute to the vibrancy of our state. They foster economic activity, job opportunities and showcase entrepreneurial spirit.

The 2023-24 State Budget included \$5 million for scholarships to help upskill staff in multicultural precincts, with the funding yet to be allocated.²⁹ Multicultural businesses should have the opportunity to upskill their staff through \$10,000 grants to boost capability in areas such as digital skills, marketing and cashflow management. As a Registered Training Provider that runs more than 700 training courses annually, the Victorian Chamber is well placed to deliver these scholarships.

22

Deliver the previously announced multicultural business scholarships program to increase capability within diverse business communities.



²⁶ Victorian Chamber (2023). *Business Voice survey – October 2023*.

²⁷ Victorian Government. (2023). SummerTech LIVE. <https://djsir.vic.gov.au/priorities-and-initiatives/summertech-live>

²⁸ Ibid.

²⁹ Victorian Department of Treasury and Finance. (2022). *2023-24 State Budget*. <https://www.dtf.vic.gov.au/state-budget/2023-24-state-budget>



Transform Foundations for Success Strategic Spending (continued)

Carbon Compass Program

Carbon reduction is the cornerstone of Australia's ambition to reach net zero. The Victorian Chamber continues to advocate for additional funding mechanisms to support industry's decarbonisation and the transition to a net zero economy in our state.

The Victorian Chamber previously delivered the government-funded Carbon Down project,³⁰ which included the Carbon Compass Program – a comprehensive service that helped small, medium and family businesses to measure, manage and reduce their greenhouse gas (GHG) emissions. Through their GHG reduction, businesses saved money while simultaneously enhancing their competitiveness and sustainability. To support the business sector to achieve net zero by 2045, the program should be reinstated.

A revitalised Carbon Compass Program would consist of three main components. Firstly, carbon accounting and auditing, which provides businesses with the tools and guidance to calculate their GHG emissions and conduct independent verification and assurance assessments of emission data.

Secondly, carbon management and reduction, which helps businesses identify and achieve cost-effective opportunities for emission reduction.

Thirdly, carbon innovation and collaboration, whereby businesses find new ways to reduce their carbon footprint through peer learning, knowledge sharing and best practice exchange at workshops, webinars and networking events.

23

Allocate \$10 million over two years to subsidise and enable businesses in Victoria (including in Regional Victoria and Suburban Melbourne) to participate in the Carbon Compass Program and benefit from its tailored carbon audit and management solutions.



30 Sustainability Victoria. (2009). *Annual Report*. <https://assets.sustainability.vic.gov.au/susvic/Report-Sustainability-Victoria-Annual-report-2009-10.pdf>

Transform Foundations for Success Strategic Spending (continued)

Environmental, Social and Governance (ESG) Enablement Program

The ESG Enablement Program is a proposed initiative to support small, medium and family businesses to navigate the complexities of ESG philosophies and how ESG can be leveraged for business growth.

Companies that participate in the program gain an understanding of what is material to their business and which areas to focus on. It would provide them with a clear plan of action to help them comply with pending regulation requirements for Climate-Related Financial Disclosures, Modern Slavery and Closing the Gender Pay Gap. The program will enable Victorian SME businesses to prepare and position their business to adopt ESG requirements successfully.

A key component of this program would be an individualised ESG materiality assessment via a digital platform, as well as personalised support for each participating business. Consultancy services would provide tailored guidance on priority focus areas. Upon completion of the program, businesses would receive an ESG scorecard and action plan.

24

Fund \$4 million over two years for small, medium and family businesses in Victoria (including in Regional and Suburban Victoria and Suburban Melbourne) to participate in the ESG Enablement Program to improve their environmental, social and governance impact.

Victorian Company Directors Certificate

Together with Victorian Trades Hall Council (VTHC), the Victorian Chamber proposes the establishment and pilot of a Victorian Company Directors Certificate course.

The co-developed certificate will equip participants with the skills and understanding they need to help their companies and government enterprises be successful, accountable and grounded in good governance. With Victorian Government seed funding, the VTHC and Victorian Chamber propose to establish and pilot a trial program. The Certificate will educate directors and aspiring directors about their governance obligations with a specific focus on ensuring directors understand their responsibilities under both Victorian and Australian laws.

Victoria is home to 21 per cent of the country's not-for-profits³¹ and 3,500 public entity boards.³² There is strong demand for an affordable course, accessible to diverse communities to drive up board participation across a variety of demographic cohorts.

It is important that company directors in the small, medium and family business space are well-versed in governance. For this group, governance is rarely a high priority due to the daily requirements of running a business. The Victorian Chamber, with our network of 85,000 members and clients, is well placed to increase awareness among the business owner demographic and not-for-profit organisations.

25

Allocate \$460,000 for the Victorian Company Directors Certificate to develop governance skills in small and medium businesses, not for profits and public boards.

31 Australian Charities and Not-for-profits Commission (2021). *Australian Charities Report – 7th Edition*. <https://www.acnc.gov.au/tools/reports/australian-charities-report-7th-edition>

32 Victorian Public Sector Commission (2023). *Victorian Board and board member profile*. <https://discover.data.vic.gov.au/dataset/victorian-board-and-board-member-profile>



Transform Foundations for Success Strategic Spending (continued)

Chamber Change Women in Business Program



Empowering women in business to take on leadership roles is vital to cultivating more gender diversity at the senior leadership level. The Victorian Chamber's Chamber Change program³³ provides women in business with the opportunity to mentor, network, empower and grow alongside each other.

Launched in mid-2022 as a pilot, Chamber Change is guided by a select group of 'Champions' – inspiring female leaders – along with our in-house Victorian Chamber experts who present on subjects such as Media and Presentation skills, Workplace Health and Safety, Human Resources and ESG.

Chamber Change participants are made up of female business owners and senior managers from a broad range of industries. The feedback from our first three programs has been outstanding: 100 per cent of participants said their organisation had benefitted from their involvement, 100 per cent said they had increased their networking circle and 95 per cent said the program has empowered them and helped set them up for business success.

The Program was a finalist in the World Chambers Competition in 2023 and has attracted global and national acclaim and interest. To date, the program has been free for Victorian Chamber members, but this is not sustainable in the long term. The Victorian Chamber is seeking government funding to continue this celebrated program.

26

Provide \$300,000 in the next financial year to continue the Chamber Change women in business program to bolster female representation in senior business leadership positions.

Youth Activating Youth Placement Program

In the 2023-24 budget cycle, \$800,000 was allocated for the Youth Activating Youth (YAY) Placement Program³⁴ delivered by the Victorian Chamber and the YAY organisation.³⁵ This successful program offered 63 culturally diverse and/or disadvantaged tertiary graduates a foot into the workplace through an internship.

To date, it has led to ongoing employment for 20 interns. The current levels of funding makes it financially unviable for the Victorian Chamber to run the program going forwards in its current state. We strongly urge that the program is renewed and expanded. There are three options for its extension in 2024: 50 internships delivered for \$841,200, 75 internships delivered for \$1,179,800 or 100 internships delivered for \$1,909,00.

27

Fund the extension of the successful Youth Activating Youth Placement Program to continue providing internships and ongoing work opportunities to multicultural Victorians.

³³ Victorian Chamber. (2023). *Chamber Change*. <https://www.victorianchamber.com.au/services/programs-and-grants/chamber-change>

³⁴ Victorian Chamber. (2023). *Youth Activating Youth (YAY) Placement Program*. <https://www.victorianchamber.com.au/services/programs-and-grants/youth-activating-youth>

³⁵ Youth Activating Youth. (2023). <https://yay.org.au/>

Transform Foundations for Success Strategic Spending (continued)

Wellbeing Support Services

During the COVID-19 pandemic, mental health and wellbeing in the workplace rose to prominence. This has translated to an increased focus on workplace wellbeing of all employees. When surveyed, 65 per cent of Victorian businesses request support to improve mental health and wellbeing in the workplace.³⁶ Positive work environments equate to healthier minds, which in turn leads to enhanced productivity.³⁷

The Victorian Chamber proposes delivering a matrix of wellbeing support services to improve business awareness and understanding of wellbeing in their organisation, as well as develop and implement wellbeing strategies. These wellbeing services would be accessible via a voucher system available to businesses to use for the following:

- An annual subscription to an employee wellness and crisis support platform;
- Attendance at a selection of mental health and wellbeing training;
- Business-wide mental health survey and analysis;
- Business owner, leader and manager coaching to support a variety of issues including resolving workplace conflict, identifying and managing staff with poor mental health, developing workplace strategies and policies, and measuring and improving workplace culture; and
- Subsidised implementation of a corporate wellbeing platform that gathers aggregated and non-personally identifiable insights from employees, which offers tailored resources to improve their wellbeing both in and out of work and creates a culture and environment where people can naturally thrive.

With government support, these wellbeing programs can be scaled to reach more than 3,000 small, medium and family businesses across Regional and Metropolitan Victoria.

28

Provide \$10 million of funding over two years for small, medium and family businesses to access credits for workplace wellbeing programs.



³⁶ Victorian Chamber. (2023). *Business Voice survey – October 2023*.

³⁷ Forbes. (2020). *Wellbeing Positively Impacts Firm Performance*. <https://www.forbes.com/sites/colleenreilly/2020/06/09/wellbeing-positively-impacts-firm-performance/?sh=73dc793e7cc9>



Transform Foundations for Success Strategic Spending (continued)

Small and Medium Business (SMB) Cyber Program

The prevalence of cyberattacks and online scams is escalating, posing a significant risk to the Australian business sector. In 2022, there was a notable increase of 14 per cent in the average cost incurred by businesses due to cybercrimes, compared to the previous year.³⁸

In our recently released Cyber Security and Scams Policy Position,³⁹ the Victorian Chamber advocates for a raft of bold policy measures that governments should implement to protect small, medium and family businesses from cyber threats. According to a recent Victorian Chamber survey, 73 per cent of businesses would uplift their data security if they received government support.⁴⁰ This underscores the critical role of government assistance in enhancing cyber security measures across supply chains.

Other state governments around Australia are backing cyber security solutions for small and family businesses. The South Australian Government has partnered with the Australian Cyber Collaboration Centre to develop a grant program of \$500,000 that delivers affordable cyber security education to small businesses through their Cyber Uplift Step Program (CUSP).⁴¹ The Victorian Government should take inspiration from partnerships like these when developing cyber solutions.

Most effective cyber security products and services are too expensive for small businesses to access. The SMB Cyber Program is designed to support businesses to strengthen their cyber defences by providing them with affordable cyber security products and services.

Through partnering with reputable local and international cyber security organisations (e.g., Fortinet), this program will consist of:

- Developing a *Cyber Awareness Hub* with educational material and dedicated marketing campaign to attract businesses to the Hub.
- Establishing a voucher system that provides each individual business access to:
 - *Cyber Awareness Training* delivered monthly in a relatable and engaging format to upskill all employees. This would be delivered by the Victorian Chamber's accredited cyber awareness training partners.
 - *Cyber Concierge* service aimed specifically at SMBs that helps to measure risks, build strength in cyber capabilities, and generate cyber compliance reporting. The Victorian Chamber's cyber concierge partners would deliver this program, which would be similar to the previous Business Recovery and Resilience Mentoring program⁴² that the Victorian Chamber delivered in partnership with the State Government.

With government support, these cyber initiatives could be scaled to reach at least 2,000 small, medium and family businesses across Victoria, including vulnerable communities in regional and remote areas.

29

Provide \$5 million of funding over two years for a Small and Medium Business (SMB) Cyber Program so that small, medium and family businesses in Victoria can access affordable cyber security products and services.

38 ACSC. (2022). *ACSC Annual Cyber Threat Report, July 2021 to June 2022*.

<https://www.cyber.gov.au/about-us/reports-and-statistics/acsc-annual-cyber-threat-report-july-2021-june-2022>

39 Victorian Chamber. (2023). *Cyber Security and Scams Policy Position: Protecting Small, Medium and Family Businesses*.

<https://www.victorianchamber.com.au/policy-and-advocacy/initiatives/cyber-security-and-scams-policy-position>

40 Ibid.

41 Australian Cyber Collaboration Centre. (2023). <https://www.cybercollaboration.org.au/>

42 Victorian Government. (2022). *Business recovery and resilience mentoring*.

<https://business.vic.gov.au/grants-and-programs/business-recovery-and-resilience-mentoring>



Transform Foundations for Success Strategic Spending (continued)

Cyber Safe Squad

Small businesses and vulnerable communities are often unaware of their cyber risks and do not have time to conduct research to find solutions to their cyber problems. To address this, the Victorian Chamber is proposing partnering with the State Government to take cyber safe advice and assistance to small, medium and family businesses to uplift their cyber security and cyber threat awareness.

This would be delivered through a Cyber Safe Squad, similar to the COVIDSafe Squad⁴³ that the Victorian Chamber ran in partnership with DJSIR during the pandemic. The Victorian Chamber would partner with education institutions to service the Cyber Safe Squad by leveraging their local and international student talent to take cyber safe tips to small businesses and CALD communities.

The services delivered would include:

1. Cyber Safe Squads deployed in both regional and metro areas (including a virtual option).
2. Business engagement forums (via workshops, webinars and events).

3. Awareness raising of the need for improved cyber security among the business community.
4. Two resources to support delivery of the grant contract, and the delivery of the series of iconic, flagship business leadership events.

Elements One, Two and Three would be complemented by a tailored marketing and communications strategy, as well as project management and a delivery team.

The Cyber Safe Squad would have the added benefit of providing students with valuable, practical work experience in the cyber security industry. This would make them more employable upon completion of their studies and see them in jobs faster.

30

Provide \$3 million of funding over one year for the establishment of a Cyber Safe Squad program to take cyber safe advice and assistance to small businesses across Victoria and provide students with practical work experience in the cyber industry.

⁴³ Victorian Chamber. (2021). *COVIDSafe Squad primed and ready to help Victorian business operate safely, and stay open*. <https://www.victorianchamber.com.au/news/covidsafe-squad-primed-and-ready-to-help-victorian-business-operate-safely-and-stay-open>



Transform Foundations for Success Strategic Spending (continued)

Small Business Marketing

Marketing is an important area of focus for the business community. In a recent Victorian Chamber survey, increasing brand presence was the second priority for businesses after growing revenue. In the age of social media, small, medium and family businesses would benefit greatly from help to navigate the fast-paced, ever-evolving digital environment when developing and executing marketing growth strategies.

In today's era of social media, e-commerce and AI, small businesses are expected to be digital marketers as well as employers. They grapple with promoting their business on social media platforms such as Instagram, Facebook, LinkedIn, X and YouTube. To assist time and resource poor business owners, the Victorian Chamber is launching a transformative *Small Business Marketing* program. This program offers three key pillars that will enhance business marketing:

- **Education:** Bite-sized video content that conveys essential marketing knowledge for small businesses.
- **Playbook:** Tailored marketing plans based on size, industry and life-cycle stage.
- **Black Book:** A network of trusted suppliers for fixed-priced and discounted marketing support, alongside mentorship services.

Through a voucher system, the program will target small business owners, office managers and start-ups/scale-ups in Professional Services, Trades, Retail, Hospitality and Manufacturing. Supporting this initiative will equip small, medium and family businesses with the tools to promote their brand, products and services in the evolving digital economy.

31

Provide \$1 million of funding over two years for small businesses in Victoria to participate in the Small Business Marketing Program.



Victoria would benefit from focusing on opportunities to strengthen innovation, commercialisation, trade, export, visitor economy and business events.





Transform and Prioritise Growth

In a recent Victorian Chamber survey, 63 per cent of businesses said that growing revenue was their top priority.⁴⁴ With the rising costs of doing business in Victoria, nurturing business growth is more important now than ever to help our state flourish.

To future-proof business development, Victoria would benefit from focusing on opportunities to strengthen innovation, commercialisation, trade, export, visitor economy and business events.

Innovation and Commercialisation

Innovation and commercialisation (I&C) are central to propelling our state into the future. Without I&C, we will not keep up with emerging technologies and our productivity will fall behind global levels. At present, Australia's capacity to innovate and commercialise is limited, with gross domestic spending on research and development (R&D) on the decline since 2012.⁴⁵

Melbourne is home to some of the world's best universities and research institutions with enormous potential for even greater levels of commercialisation. Australia is well behind global standards in terms of our expenditure on R&D. According to 2020 figures, our country's expenditure on R&D is 1.8 per cent of GDP, well below the OECD average of 2.67 per cent of GDP.⁴⁶ If Australia wants to compete globally, we need to play at the same level as leading research nations such as Germany, Japan and the US, which all spend more than three per cent of GDP on R&D.⁴⁷

When we look to other countries around the world such as the US, their largest companies by market capital were created in the last 20 to 40 years.⁴⁸ Most of them are tech firms. Whereas in Australia, our top listed enterprises were established in the early 1900s or even 1800s.⁴⁹ The majority of them are banks or minerals companies. Australia's innovation ecosystem needs investment in novel technologies to confront modern-day societal challenges.

The State Government has been progressive with investment for LaunchVic and Breakthrough Victoria. However, more needs to be done. Based on models from international jurisdictions, there is an opportunity to adopt and develop best practices here in Victoria to harness further commercialisation opportunities.

We need to create a new entity that sits in the middle of LaunchVic and Breakthrough Victoria. This entity would provide next-stage support to start-ups coming out of the LaunchVic process and further their development to provide a deal flow pipeline into Breakthrough Victoria. This would sure up Breakthrough Victoria investments.

One possible name for this new entity could be 'CommercialiseVic'. It would take start-ups that show promise for success and provide them with wrap-around services including HR, financial and other support services. This would allow start-ups to continue to focus on commercialisation instead of getting weighed down by administrative processes.

In turn, this would help to amplify Victoria's reputation as the State driving innovation and creating an attractive ecosystem for new businesses and industries.

44 Victorian Chamber. (2023). *Business Pulse survey*.

45 OECD Data. (2022). *Gross domestic spending on R&D*. <https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>

46 InnovationAus. (2023). *Australian science still crying out for more R&D funding*. <https://www.innovationaus.com/australian-science-still-crying-out-for-more-rd-funding/>

47 Ibid.

48 CompaniesMarketCap. (2023). *Largest American companies by market capitalization*. <https://companiesmarketcap.com/usa/largest-companies-in-the-usa-by-market-cap/>

49 CompaniesMarketCap. (2023). *Largest Australian companies by market capitalization*. <https://companiesmarketcap.com/australia/largest-companies-in-australia-by-market-cap/>

Transform and Prioritise Growth (continued)

By doing this, the State Government would provide a dedicated focus on the different stages of the start-up lifecycle. In such a scenario, the stimulation of early-stage VC investment into the Victorian start-up ecosystem will likely follow. This would ensure there is enough capital in the market for start-ups to grow and send a signal to investors that the sector is a foundational part of our economy.

The establishment of CommercialiseVic would address feedback from industry indicating that Australia lacks a comprehensive I&C ecosystem like that of Silicon Valley. Universities and TAFE institutions could also access CommercialiseVic and any commercialisation training it offers. CommercialiseVic could drive better coordination and collaboration among research institutions, the private sector and venture capital to ensure businesses startup, thrive and continue to survive in Victoria.

32

Boost early-stage venture capital investment into Victoria's start-up ecosystem to ensure more companies survive the challenges of starting a business.

33

Provide seed capital funding for a joint-State-and-private-sector venture (working name 'CommercialiseVic') to develop a comprehensive innovation and commercialisation ecosystem (i.e., like that of Silicon Valley and Boston), with wrap-around services to ensure start-ups thrive.

Export and Trade

The Victorian Chamber is a strong advocate for a thriving export community. Exports are a crucial part of the State's economic growth, current and into the future. Exports increase wages, standards of living and create more jobs. While our exporting performance is good, it can be better. Seventy-eight per cent of businesses believe more needs to be done to grow Victoria's exporting community and number of exporters.⁵⁰

We should be specifically targeting growth in our exports through increase export volumes, export markets and number of Victorian exporters. The Victorian Chamber recommends a target to grow Victoria's share of Australia's total exports (goods and services) to 50 per cent. A clear target, supported by a new 'Export Victoria' strategy, would speed up government and industry action to assist businesses to commercialise their products for international markets.

Exporters could benefit and grow through access to strategic advisory and networking functions. A provisional steering group that could act as mentors would enable experience exporters to help others. This would be aimed at small exporters who want to take the next step.

34

Fund a provisional steering group and networking service for small exporters to grow their capability.

35

Develop a new 'Export Victoria' strategy to increase Victoria's share of Australia's total exports to 50 per cent.

⁵⁰ Victorian Chamber. (2023). *Business Voice survey – October 2023*.



Exports increase wages, standards of living and create more jobs. While our exporting performance is good, it can be better.

Transform and Prioritise Growth (continued)

Visitor Economy and Business Events

Tourism is a critical component to Victoria's culture and economy. As of June 2023, there were 90 million visitors to or within Victoria, enriching our society and spending \$36.1 billion in our state.⁵¹ This was a visitor return rate of 96 per cent of pre-pandemic times and total tourism spend of 16 per cent above end-of-2019 results.⁵² Despite these positive return rates, the increased cost of living in Australia⁵³ make our country less attractive to visit than it once was.

To boost visitation beyond pre-pandemic times, Victoria needs to invest in tourism, events and our experience economy in general. We must focus on reputation rebuilding to regain Melbourne's status as the most liveable city in the world. The development of a 10-year tourism strategy, which has dedicated focuses on Metropolitan Melbourne and Regional Victoria, would attract more local and international guests to our great state. Boosting our experience economy through local events would also further drive visitation numbers to Victoria.

Victoria is the global events capital of the country. The State holds a plethora of experiences spanning sport, the arts, music, food and wine, attracting people from all over the world. It is also home to hundreds of world-class business events across a broad range of industries and disciplines. With the right strategic foresight, Victoria can expand its reputation as a knowledge and innovation hub on a global stage and foster economic growth and job creation opportunities across Victoria's priority sectors.

Long-term planning and investment are required to further strengthen Melbourne's position as the premier business event destination in Australia and Asia-Pacific.

This will help leverage government investment in infrastructure, including new developments such as a Nyaal Banyul Geelong Convention and Event Centre. It will also support whole-of-government trade and investment strategies across a broad spectrum of emerging and growth industries.

Additionally, it will enable private businesses and venue operators to plan for infrastructure upgrades to support event growth. It is essential that the Melbourne Convention Bureau, as Victoria's lead agency for strategic business event acquisitions, and Business Events Victoria are adequately resourced to maintain Victoria's competitive position on the global stage and pursue a long-term pipeline of business events.

Business events create lasting legacies and are of significant economic and social value for Victoria, which spans far beyond tourism. Attracting curious and creative thinkers, doers and investors from all around the world at these events would not only inspire innovations locally, but forge partnerships globally.

36

Develop a detailed 10-year tourism strategy to attract more local and international visitors to our great state and propel our local economy.

37

Develop a state-wide business event acquisition plan that supports State Government strategies to increase Victoria's export opportunities and attract investment in key sectors and capabilities central to the future growth and competitiveness of the Victorian economy.

51 Victorian Government. (2023). *Tourism and Events*. [https://tourism.vic.gov.au/research-and-insights#:~:text=Total%20tourism%20visitors,result%20\(year%20ending%20June%202019](https://tourism.vic.gov.au/research-and-insights#:~:text=Total%20tourism%20visitors,result%20(year%20ending%20June%202019)

52 Ibid.

53 ABS. (2023). *Selected Living Cost Indexes, Australia*. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/selected-living-cost-indexes-australia/latest-release>



Regional Transformation



Regional Victoria is the lifeblood of our state. It is home to our agriculture and food basins that nourish the population, our critical minerals that service industry and our solar and wind farms that will power us into the future. Stimulating economic activity in the regions benefits all Victorians.

Targeted industry investment and procurement levers should be used to ensure sustainable development in Regional Victoria. To achieve further economic growth in the regions, a multi-faceted approach to policy development is best.

Strategic planning is required to provide Regional Victoria with the skills and migration, housing and connectivity needs to service the expanding population in our regions.


Migration

One of the obstacles confronting businesses is bringing in personnel through the migration system, despite the clear need for additional labour. This is felt state-wide but is of particular interest for regionally-located employers.

As changes come down the line in the migration system, uncertainty and implementation challenges will follow. The Victorian Government should ensure that any issues identified are escalated through their channels to decision makers, as well as assist in educating Victorian employers and workers about how to navigate the changes. While migration is not the direct remit of the State Government, it is an important issue that needs to be managed through a 'Team Victoria' approach.

38

Take a 'Team Victoria' approach to managing migration changes to ensure Victorians are represented and educated about migration changes.



Regional Victoria is the lifeblood of our state. It is home to our agriculture, our critical minerals and our solar and wind farms that will power us into the future.



Regional Transformation (continued)



Regional Housing and Roads

Regional Victoria cannot accommodate tourists and workers without appropriate places for them to live. This is why housing, skills, migration and tourism go hand in hand. Tackling the housing crisis in Regional Victoria would give certainty to regional businesses to further invest in their companies knowing that staff and customers will have sufficient roofs over their heads.

The State Government's recently released Housing Statement recognises the importance of housing in regional areas. In the implementation of the Statement, specific regional planning should be undertaken. Regional Victoria needs to be explicitly considered in an interconnected plan for the whole state. A dedicated housing strategy should be developed for Regional Victoria to address the current crisis and prevent any future crises.

Adequate, well-maintained roads are a high priority for regional businesses. The Government recognised this in last year's budget by allocating funds for roading upgrades. This funding should be continued to ensure connectivity and safety of residents.

39

Develop a dedicated planning strategy for Regional Victoria, which includes medium-density housing, to ensure housing and supporting infrastructure meet regional population demands.

40

Continue investing in regional roads to increase safety and connectivity.

Regional Transformation (continued)

Procurement

Enhancing access to procurement opportunities will enable Victoria work towards the goal of being the best state to do business. Streamlining procurement processes can help to stimulate and support businesses and generate local employment.

The State Government should undertake a comprehensive review of local content procurement processes across Victoria to ensure efficiency and productivity in our regional areas. There is a need for greater transparency regarding procurement targets to boost productivity. The State Government should mandate that departments and agencies provide quarterly reports on their progress towards local procurement targets.

41

Streamline support for Victorian businesses (particularly SMEs and regional businesses) to be able to access procurement opportunities. This should be coordinated through a central body such as the Industry Capability Network (ICN).

Public Transport

Facilitating the flow of goods, services and people around Victoria, Australia and abroad is what drives our economic success. Central to this is the latest developments in public transport.

Well-designed and serviced public transport enables mobility and propels productivity. High-speed trains like the TGVs in France provide rapid means of transport across vast distances. The development of rapid rail links between Regional Victoria and Melbourne would reduce travel time and enhance labour supply in Victoria's rapidly expanding regional centres.

Given the lengthy commute times to regional areas in Victoria, the introduction of free Wi-Fi on trains could enable commuters to use this time more productively.



This change would enable passengers, particularly those commuting in and out of regional areas, to work during their commute, effectively transforming transit time into work hours.

42

Allocate funds for the development of a four-year business case to build a high-speed train service to Regional Victoria via dedicated lines from Southern Cross Station, starting with Ballarat. Initiate a partnership with the Federal Government to establish a joint funding model for the project.

43

Fund Public Transport Victoria to roll out upgrades to facilitate free Wi-Fi access on trains that travel to rural Victorian areas to enhance productivity for commuters.



Regional Transformation (continued)

Digital Connectivity

Digital connectivity between rural areas and metropolitan cities is important to whole-of-state prosperity. This enables the seamless transfer of information, ideas and knowledge.

Internet connectivity is a critical component for business operations. However, in rural areas, the quality of Internet connectivity is often subpar. Currently, rural areas have access to a mix of fixed and Wi-Fi connections. However, these services provide insufficient coverage, leading to slow speeds and unreliable connections.

While commercial Internet within more urban rural areas such as Bendigo are adequate, the quality deteriorates significantly as you move away from built up areas. The disparity in Internet connectivity between urban and rural areas can lead to higher overheads for regional businesses and decreased economic development.

The State Government should partner with Internet service providers to encourage investment in infrastructure development to deliver higher quality Internet services to rural areas. Additionally, subsidies for novel technologies such as Starlink⁵⁴ could be explored to bring affordable and portable Internet coverage to rural areas that do not have reliable Internet connection. This would not only improve the quality of life for rural residents, but also stimulate economic activity by attracting businesses and industries that rely on robust Internet connectivity.

44

Partner with Internet service providers to encourage the development of regional Internet infrastructure to ensure the delivery of consistent, reliable and fast digital services in Regional Victoria.



54 Starlink. (2023). <https://www.starlink.com/>

There is no denying
business and the economy
are experiencing tough
economic headwinds.
Easing the cost of doing
business in Victoria must
be at the forefront of
government reforms.







Victorian
Chamber of Commerce
and Industry

© The Victorian Chamber of Commerce and Industry 2023.

This paper was prepared by the Victorian Chamber of Commerce and Industry. While the Victorian Chamber has endeavoured to provide accurate and reliable research and analysis, it will not be held liable for any claim by any party utilising this information.

The Victorian Chamber of Commerce and Industry,
150 Collins Street, Melbourne, Victoria 3000
Phone: (03) 8662 5333 victorianchamber.com.au Feb 2024

#vcci

victorianchamber.com.au