

Budget Summary

NECA Victoria

Overview

This week, the Honourable Tim Pallas, Treasurer of Victoria, delivered the 2023-24 State Budget.

A range of announcements under the 2023-24 Victorian Budget provide welcome and much needed support to progress initiatives such as renewable energy opportunities, skills and training for the electrotechnology sector and future workforces, and support to address the gender inequality in the state.

While NECA commends the state government on these significant investments, NECA also believes that more needs to be done to address the current challenges experienced by workers in electrotechnology and the broader building and construction sector.

This summary is designed to provide an overview of the key announcements under the 2023-24 budget that impact the electrotechnology sector.

Covid Debt Levy

The Government announced the Covid Debt Repayment Plan which contains a temporary and targeted levy that will apply for 10 years, until 30 June 2033. The levy has two components.

Whilst the payroll tax free threshold will be lifted from 1 July 2024 from \$700,000 to \$900,000, it is intended to be phased out in future for larger business.

From 1 July 2023, large businesses with national payrolls above \$10 million a year **will pay additional payroll tax.**

A rate of 0.5 per cent will apply for businesses with national payrolls above \$10 million, and businesses with national payrolls above \$100 million will pay an additional 0.5 per cent.

The additional rates will be paid on the Victorian share of wages above the relevant threshold.

Revenue from the levy on large business payroll is expected to be \$836 million in 2023-24, and grow by an average of 8.6 per cent per year over the forward estimates.

Under the Covid Debt Levy, the landholdings component will decrease the tax-free threshold for general land tax rates, while fixed charges and land tax rates will also be adjusted.

The Levy will end on 30 June 2033.

Construction

The Victorian 2023-24 Budget acknowledges that higher input costs and ongoing material and labour shortages continue to constrain construction activity in the state.

Funding of **\$24 million** is allocated to set up a **dedicated government monitoring and enforcement unit for the construction sector** within WorkSafe including the hire of new inspectors from the construction industry.

Support measures such as **allowing a longer land tax exemption** where construction or renovation of a principal place of residence is delayed due to

builder insolvency will commence from 1 January 2024.

The Commissioner of State Revenue will have discretion to extend the land tax exemption for principal places of residence under construction or renovation, for up to an additional two years.

It is understood that this will apply where additional time is required to complete construction due to builder insolvency and in line with the current exemption, the owner must not be entitled to another principal place of residence exemption.

State Electricity Commission (SEC)

As announced in the 2022-23 Budget, the Victorian Government is bringing back the SEC – re-establishing government-owned energy, in an effort to drive down power bills, provide cleaner, cheaper energy and create jobs.

An initial investment of **\$1B is allocated to replace coal with renewable energy.**

To meet the 95% renewable energy target by 2035, the Government estimates it will require 59,000 jobs, of which a guaranteed 10% (6,000) will be apprentices.

The 2023-24 budget further allocates:

- **\$19 million for 10,000 students** to undertake work experience placements in the clean energy sector and other priority sectors.
- **\$16 million to deliver two new clean energy worker training centres** – one for hydrogen and one for wind to prepare workers for our emerging industries.
- **\$12 million to establish a SEC Centre of Training Excellence** to coordinate

and accredit courses in clean energy – and attend career nights across government schools.

- **\$7.5 million to create a new clean energy pathway for schools** which includes introducing clean energy as a VCE Vocational Major from 2024.

The Victorian government will also develop the **Victorian Energy Jobs Plan** to identify skills and training needed to support the renewable energy ambitions, committing to also support training providers prepare the skilled workforces.

- **\$116 million is allocated to build and operate six new Tech Schools** across the state, and establish a Clean Energy Equipment fund to improve hands-on learning.
- **Local procurement guidelines** will be enhanced to ensure workers are guaranteed a long-term pipeline of work on government-owned projects.

Other skills and training

- **\$186 million to expand the eligibility criteria for subsidised training courses**, including Free TAFE, to make it more widely available for Victorians to get the skills they need for the job they want, in an effort to support local jobs and boost the state's economy with a pipeline of highly-skilled, in-demand workers.
- **Support apprentices and trainees with \$1.5 million to establish and deliver the Apprenticeships Taskforce.** This builds on the work of Apprenticeships Victoria and Apprenticeship Support Officers in championing the fair treatment of all apprentices and trainees.

Gender equality

The 2023-24 Budget invests **\$2.7 billion in initiatives that directly address women's needs** and work toward improving outcomes for women, including support for the existing Women in Construction Strategy, which aims to increase women's participation in building, construction, and infrastructure sectors, as a part of the Government's broader Building Equity agenda.

This includes:

- Investing in health and wellbeing services used mainly by women.
 - Aiming to increase women's participation in male-dominated industries.
 - Providing support to female-dominated workforces affected by the pandemic.
 - Improving public safety, particularly for women.
 - Improving economic and employment opportunities for women.
 - Improving the participation of women and girls in STEM.
- \$141 million to install air conditioners across more than 40 high-rise public housing towers, keeping homes cool for thousands of Victorians.
 - \$90 million to digitise essential government services, streamlining the way people interact with government to make sure Victorians can get the information and support they need faster.
 - \$42 million to install 100 neighbourhood batteries across the state at targeted locations to drive down power bills, increasing the number of homes with access to a battery and providing crucial extra storage capacity for local communities.

For more information

To access the full suite of 2023-24 Budget papers, including the Treasurer's speech please visit:

<https://www.budget.vic.gov.au/budget-papers>

Cost of Living

- \$400 million for another round of the Power Saving Bonus, providing another \$250 to households that use the Victorian Energy Compare website to search for the cheapest electricity deal.
- \$190 million for fairer public transport fares for regional Victorians – capping regional public transport fares at the metro rate to make it easier for families and commuters in regional Victoria to leave the car at home and get around by train and bus.



For member support or clarification please contact NECA's Member Experience team on 1300 300 031 or via email at necavic@neca.asn.au.