Revenue

Significant initiatives

- COVID debt levy
  The Covid-debt levy is designed as a targeted and temporary measure to reduce the Government debt burden accumulated during the pandemic. The levy is expected to deliver $2 billion of revenue in 2023-24. It will end on 30 June 2033. There are two components:
    - Payroll: an additional payroll tax on large businesses with national payrolls above $10 million a year.
    - Landholdings: a decrease on the tax-free threshold for general land tax rates, and changes to fixed charges and land tax rates. Family homes are exempt from these charges.
- **Remove the payroll tax exemption for high-fee non-government schools**
  From 1 July 2024, the payroll tax exemption for high-fee non-government schools will be removed. The top 15% of schools by fee level will be affected (approximately 110 schools), and it's expected to raise $422.2m over 3 years.
- **Harmonise the absentee owner surcharge rate with New South Wales**
  From 1 January 2024, the absentee owner surcharge rate will increase from 2 per cent to 4 per cent and the minimum threshold for non-trust absentee owners will decrease from $300 000 to $50 000. This measure aligns the rate with New South Wales and is expected to increase the contribution to government service provision made by overseas property investors by $1.17 billion over the next 4 years.

What's good

Victoria's economy is strong and growing. It's critical that the Government ensures this growth is sustainable and fair. Managing government debt – particularly in an uncertain global economic environment and with interest rates rising – is important, as is ensuring continued provision of high-quality and accessible services for all Victorians. The Government's revenue measures place the burden on those who can best afford it – and who benefit the most from Victoria's strong economic growth: big businesses and landlords.

What's missing

More investment is needed to ensure that all Victorians benefit from the state's prosperity. Victoria needs more than 60,000 new social housing properties over the next 10 years. To fund this construction requirement, the Government can introduce a mechanism for big developer contributions. This secure revenue stream would help create a pipeline of new community and public housing beyond 2024, and enable a focus on groups who have historically been locked out or under-serviced, such as young people.