

RESPONSE TO QUESTIONS TAKEN ON NOTICE PAEC – Inquiry into the 2023-24 Budget Estimates – Treasurer

Friday 2 June 2023

1. How many companies will be liable for payroll tax by 2032?

(Asked by Bev McARTHUR Page 16 of the transcript)

Transcript extract:

Bev McARTHUR: Secretary, can I ask: how many Victorian companies will be liable for increased payroll tax this year, and how many companies will be liable by 2032?

David MARTINE: If you are referring to the payroll component of the COVID debt levy, that is around 11,000 businesses above the \$10 million threshold.

Bev McARTHUR: So how many companies will be liable by 2032?

David MARTINE: I would need to –

Bev McARTHUR: Take that on notice?

David MARTINE: I would probably need to take that on notice.

Response

The Department of Treasury and Finance (DTF) does not forecast estimates of the number of businesses beyond the forward estimates due to data availability. DTF estimates around 11 000 businesses, or roughly the largest 5 per cent of Victorian businesses would be liable for the payroll component of the COVID Debt Levy when initially introduced in 2023-24. This increases to around 12 000 businesses estimated to be liable for the COVID Debt Levy by the end of the forward estimates in 2026-27.

2. Where is the \$1.7 billion Myki Public Transport Ticketing contract reflected in the budget? Is the Public Transport Ticketing Asset renewal on page 185 of BP4 included in the \$1.7 billion Myki Public Transport Ticketing contract?

(Asked by Bev McARTHUR Pages 16-18 of the transcript)

Transcript extract:

Bev McARTHUR: Treasurer, the \$1.7 billion Myki public transport ticketing contract, which was awarded – is that reflected in the budget?

Tim PALLAS: I think we struck commercial arrangements before the budget was settled, so it should be. I will have to take that on notice, and I will get back to you with the arrangements.

Bev McARTHUR: I would be very grateful, Treasurer, to know where it is referred to. Treasurer, budget paper 4, page 185, is an existing capital project worth \$543 million for public transport ticketing asset renewal. Given it is an existing project, is this in addition to or part of the \$1.7 billion contract?

David MARTINE: Is that page one hundred and –

Bev McARTHUR: 185 – I think this could be the soft copy number, is it? Anyway, if it is not, it is 184 or 186, because the soft copy seems to be different to the hard copy.

Tim PALLAS: It probably is best that you direct the specifics of any particular capital project to the relevant minister, but –

Bev McARTHUR: It is surely part of the budget.

Tim PALLAS: Member, I cannot see where that particular entry is. Can you direct me to whereabouts on the page it sits?

Bev McARTHUR: Page 185 – is that where we have got it? Budget paper 4.

Tim PALLAS: I have got 'train maintenance'. I have got 'Suburban Rail Loop'. I have got 'Sunshine master plan', 'V/Line train fleet', 'radio system upgrade', 'infrastructure upgrades', 'V/Line fleet sustainability' and the 'Western Rail Plan'. They are the only entries.

Danny O'BRIEN: Page 184, Treasurer, and just for the record, there is a discrepancy of a couple of pages between the PDF online and the hard copy. I am not sure how that happened, but that is the issue. It is at the top – the third one down on page 184.

Tim PALLAS: Great. Thanks. The footnote –

Bev McARTHUR: The question was: given it is an existing project, is this in addition to or part of the \$1.7 billion contract?

Tim PALLAS: I might throw to Mr Loos, if he is able to shed any light on that. My general assessment would be that that is part of the broader project.

Jason LOOS: Yes. Can we confirm that and take that on notice?

Bev McARTHUR: Yes.

Jason LOOS: Thanks.

Bev McARTHUR: Good. That is fine. I will throw to Mr O'Brien.

Danny O'BRIEN: Just as part of that, Mr Loos, perhaps as you are checking that, if it is not part of the existing project, or not part of the \$1.7 billion, what ticketing asset renewal will take place as part of this project?

Jason LOOS: As part of this one?

Danny O'BRIEN: Yes, as part of the new \$1.7 billion contract that has been let.

Jason LOOS: The new contract will look at upgrading the ticketing system.

Danny O'BRIEN: Yes. The question is: there is \$1.7 billion being paid to the new company; is there 400-odd on top of that?

Jason LOOS: Yes. That is what I will confirm.

Danny O'BRIEN: You will check that?

Jason LOOS: Yes. That is a part of that information.

Danny O'BRIEN: Thank you.

Tim PALLAS: And perhaps to give you some greater clarity, I can confirm that the amounts contained in that budget paper are in fact a part of the \$1.7 billion for the entire project.

Danny O'BRIEN: Okay, so it is \$1.7 billion in total, including the money that is already in the budget.

Tim PALLAS: Including those moneys.

Danny O'BRIEN: Okay. Thank you, Treasurer. Can I just move on to North East Link. You have both in your presentation and in BP2, page 5, the budget fiscal aggregates, and there is a note that says that government infrastructure investment:

Includes the estimated private sector construction-related expenditure associated with the North East Link held in the public non-financial corporations ... sector.

Response

This question was answered by the Treasurer near the end of the transcript extract outlined above.

3. What is the reason for the 22% reduction in the total output cost for Environment and Biodiversity?

(Asked by Ellen SANDELL Page 31-32 of the transcript)

Transcript extract:

Ellen SANDELL: Okay. Thank you. I will move onto another topic. Treasurer, you talked in your presentation about this being a budget that looks after the future. It is obviously a budget that does include a number of cuts. It includes a number of cuts to programs in the environment and climate change areas. For example, we are seeing a 22 per cent cut. If we look at budget paper 3, page 145, we are seeing a 22 per cent cut to the environment and biodiversity section of DEECA – the Department of Energy, Environment and Climate Action. Treasurer, the latest state of the environment report showed all our biodiversity indicators –

every single one of them – are poor and declining. We have also seen revealed that we have over 2000 threatened species and ecosystems in Victoria, which has been a sharp increase on previous years. How do we think this government is going to arrest the decline of our biodiversity crisis if we are seeing a 22 per cent cut to that area in the budget?

Tim PALLAS: I thank you very much for the opportunity to turn my mind to this issue, because I did see some commentary from the Greens about the so-called cut to DEECA. Can I be very clear. There are two principal areas where the reduction in allocations occurred. One was the almost \$2 billion that the state put in place effectively to deal with flood-affected communities. Of course you put the money in to DEECA –

Ellen SANDELL: That is not what I am referring to. I am referring specifically to 22 per cent cuts to specifically the biodiversity section, which does not include flood and it does not include the power saving bonus – any of that.

Tim PALLAS: Okay. Can you take –

Ellen SANDELL: Budget paper 3, page 145. It is called 'Environment and biodiversity'. There is a 22 per cent cut on the previous year.

Tim PALLAS: I will have to take the issue on notice, but I would make the point that you would appreciate that there is a specific commitment from the government, around some \$200 million, that we are putting into forestry to assist with the transition out of forestry in an accelerated sense. That is on top of something like \$700 million that we have already put into this industry to support it. That will, as part of that contribution – which might not be included here – include efforts around better forestry management, better servicing and provision for our forest reserve going forward. It may well be that what we have got here is a disparity between budget items where one allocation has been put under the heading of forestry and forestry transition but it will have a dramatic benefit upon biodiversity, and I am sure you would be the first to acknowledge that.

Response

The 2023-24 Environment and Biodiversity output cost is lower than the 2022-23 output cost predominately due to fixed-term initiatives ending in 2022-23, including recovery works to respond to natural disasters.

The Bushfire Response and Recovery: Supporting economic growth initiative provided funding to address the impact of the 2019-20 bushfire and enable biodiversity to recover. The final year of the initiative was 2022-23, with \$8.0 million of funding in this year.