

Victorian Industry Policy

Acknowledgement

We acknowledge and respect the Traditional Owners of Country throughout Victoria, their ongoing connection to lands and waterways upon which we depend, and we pay respects to their culture and their Elders past, present, and future.

We acknowledge that Aboriginal self-determination is a human right enshrined in the United Nations Declaration on the Rights of Indigenous Peoples, and we are committed to working towards social, economic, and cultural equity for Aboriginal Victorians.

We acknowledge the diversity of Aboriginal Victorians, and we acknowledge all other people of Aboriginal and Torres Strait Islander descent living in Victoria.



Dixon Patten, Yorta Yorta and Gunai

This artwork depicts the department, its people and its commitment to developing the economy by helping to create Aboriginal employment opportunities, supporting inclusion and economic prosperity and thriving Aboriginal communities. The bigger circle in the middle represents the broad work of the department and its eight different Groups working together to achieve this. The pathways represent the opportunities for the Aboriginal community to achieve personal and economic prosperity and improved employment outcomes. The various smaller circles represent the different mobs within the Aboriginal community and the footprints represent the diversity of knowledge, skills and resources the community have. The artefacts represent our traditional economy and are a reminder of our trade/barter system(s) and the connection to our cultural practices and ceremonies. The emu and kangaroo tracks represent the department's commitment to moving forward, as these animals can't walk backwards.

Cover photo:

Wilson Transformer Company, Glen Waverley and Wodonga

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Minister's message

Victorian industry has stood the test of time, thanks to our world-class workforce, leading research institutions and innovative enterprises.

We know that economic and market conditions are proving challenging for businesses everywhere. But here in Victoria, we've seen businesses demonstrate a resilience and adaptability that has helped keep our economy strong.

Since 2014, Victoria has led the nation in both economic and employment growth. The state's Gross State Product has increased by 31% to \$580 billion, while total employment has also risen by 31% to 3.77 million people.

However, in an era of rapid change and shifting global dynamics, we need to keep pushing forward; we need a strategic plan that leverages our existing strengths and capitalises on emerging opportunities, nurturing and growing Victorian industry to keep Victoria an economic powerhouse.

The *Victorian Industry Policy* sets a new direction for the Victorian Government's relationship with industry, focusing on competitiveness, productivity and economic resilience.

Aligning with the five priority sectors outlined in the *Economic Growth Statement* – advanced manufacturing and defence, health technologies and medical research, clean and circular economy, digital technologies, and agribusiness – it will drive innovation and conditions that will see Victorian businesses and workers thrive.

By empowering our industries to innovate and grow, we can generate wide-reaching benefits for our state, creating opportunities and improving people's lives.

This includes shoring up our supply chains, ensuring we have the essential goods we need and more alternatives for local sourcing.

It is the role of governments to provide the right conditions for industry to prosper. We recognise that energy supply and certainty is a non-negotiable for economic resilience and growth and are committed to working with industry to ensure reliable and affordable gas supply while renewable options continue to be developed.

We are continuing to support industry and improve business outcomes by ensuring we have a skilled and diverse workforce. Our world-class skills and education system will continue to support women and gender-diverse people to enrich male-dominated sectors, and create opportunities for First Nations businesses to thrive.

Victoria's regions have been undergoing a long-term transformation as traditional industries and population patterns change, presenting new opportunities to see regional economies grow.

Our industries play a key role in addressing broader issues, such as more efficient and effective housing production, strengthening participation in renewable energy supply chains and developing innovative solutions to transform how we care for one another.

The *Economic Growth Statement* is a catalyst to drive changes that will secure Victoria's economic future, and our industry policy sets out the role of industry in helping us get there.

Government, together with industry, can address the barriers to growth and shape a prosperous, sustainable future for all Victorians.

A future where industry not only drives economic growth but also plays a central role in achieving broader objectives for our state.

I'm excited to continue this journey with you.



The Hon. Colin Brooks MP

Minister for Industry and Advanced Manufacturing

Victorian Industry Policy

A new direction for industry to drive innovation and economic growth, creating higher living standards for all Victorians.

The global landscape has shifted dramatically since the Victorian Government released the *Future Industries Strategies* in 2016, with rapid changes in technology, geopolitics and economic conditions affecting how industry operates.

To ensure business conditions are primed for growth, the *Victorian Industry Policy* provides a new framework focusing on industry competitiveness, productivity and economic resilience.



Positioning Victoria for success

Victoria's approach to industry policy seeks to grow the economy and place industry at the heart of achieving better social, environmental and regional outcomes.

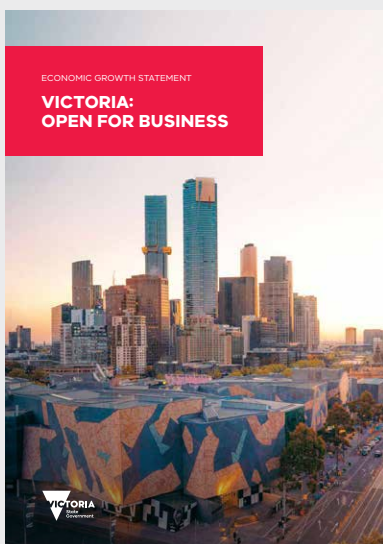
Importantly, this will not only protect existing strengths, it positions Victoria to seize emerging opportunities, such as critical minerals processing, renewable energy supply chains and circular production.

Building on 4 key principles, this policy sets out a path that will see our industries thrive, propelling our economy forward and improving the lives of all Victorians. These principles are:

- **Skills for an evolving economy:** Victorian industry requires a workforce with the right skills, agility and resilience to drive inclusive job creation, long-term productivity and economic growth.
- **Growing our industrial base:** faster adoption and diffusion of technology and innovation, and improved business conditions, are critical to safeguarding essential capabilities and maintaining competitiveness.
- **Strategic industry development:** Victoria can capitalise on existing strengths and emerging opportunities to drive maximum economic and social value; and capture a larger share of Commonwealth funding.
- **Energy security and transition:** ensuring affordable and reliable energy supply is essential so Victorian industry remains globally competitive throughout the energy transition.

Victoria's economic growth agenda

Victoria's economic growth agenda is guided by **complementary releases** which outline the state's priority sectors, initiatives, reforms and policy approach.



Economic Growth Statement
provides a suite of high-impact initiatives to make it easier to do business, invest, and innovate in Victoria, with a focus on 5 key priority sectors.



Victorian Industry Policy
provides the policy framework to drive competitiveness and productivity, build economic resilience, and seize emerging opportunities to drive better outcomes for all Victorians.



Shaping Victoria's future together

Government must play a critical role in providing the stability and direction needed to protect and expand Victoria's competitive advantages, particularly during unpredictable times.

Through collaboration, government and industry must also work together to pursue emerging opportunities and foster an environment where innovation thrives, and bold ideas become reality.

Economic resilience

The vibrancy of Victoria's industrial base underpins living standards and can deliver broader benefits for all Victorians, such as more inclusive job opportunities, higher wages, and thriving regions, along with secure access to essential goods and services, housing, food and healthcare.

Adopting advanced technologies, supporting skills development, and encouraging innovation, are crucial to driving productivity gains so industry can effectively support our growing population and compete in global markets. This is particularly important in major employing and evolving sectors such as manufacturing, construction, freight and the care economy.

Strengthening supply networks, diversifying sources of goods, and boosting skills and workforce agility can enhance economic resilience – mitigating risks from increasing geopolitical instability.

Economic resilience also requires a focus on the future – government and industry can partner to capture opportunities associated with emerging supply chains, such as defence, health technologies and renewable energy.

Industry must play a central role in the state's transition to net zero, seizing on significant opportunities to develop new energy sources and energy efficient technologies. Innovation and skills development will support local industry's participation in new industries such as wind, hydrogen, biomethane, and associated transmission and storage, strengthening regional economies.

Energy security

As the transition to renewable energy accelerates, industry needs to remain operational and have the means to expand. Stable and reliable electricity and gas supply is critical to protecting Victoria's economy and ensuring the viability of industries.

The Victorian Government is committed to ensuring stable and consistent electricity supply for industry throughout the energy transition. While gas will play a key role in this transition, it is a finite resource. Noting significant supply risks are projected from 2029, the Victorian Government is taking decisive steps to secure gas supply for industry.

In 2018, Victoria enacted laws preventing petroleum production licensees from supplying gas to LNG exporters unless they have first made all reasonable efforts to meet domestic demand.

In 2024, the first new gas extraction application since 2014 was approved and legislation was introduced to support offshore gas storage projects to strengthen supply security. The Victorian Government has also committed to fast-track new gas projects through the Development Facilitation Program. This builds on the existing supply and infrastructure proposals under development, spanning domestic offshore gas exploration, storage projects, pipeline infrastructure upgrades and gas import terminal projects.

To ensure gas supply remains available for industries that need it most, the Victorian Government has been supporting households and commercial buildings to switch to electric appliances and alternatives for many years.

Securing gas supply is a national challenge. The Victorian Government is actively working with the Commonwealth, other states and regulators to ensure a national, integrated response to deliver supply certainty at a price that ensures businesses remain competitive.

Australian gas should go to Australians first. The Victorian Government supports a national domestic gas reservation with expanded powers for the Australian Energy Market Operator, to deliver a solution to the east coast structural gas shortage forecast in 2029.

Looking to the future, the Victorian Government is paving the way for a thriving renewable gas sector. The Industrial Renewable Gas Guarantee will accelerate the development of biomethane and renewable hydrogen. This will not replace gas in the short or medium term, and does not diminish the need for urgent, significant and national reforms to shore up our supply of gas.

Victoria's strategic advantages



Nation-leading skills and training sector that is paving the way to meaningful, well-paid careers, with initiatives like Free TAFE providing greater access to Victoria's world-class TAFE Network and the Skills Solutions Partnerships Program aligning training directly with industry needs.



Australia's **leading state for advanced manufacturing**, with a \$36.9 billion industry supporting more than 283,000 jobs, bolstered by outstanding research and development capabilities.



Global recognition as a hub for medtech and medical research, with **40% of all ASX-listed medtech and pharma** companies headquartered in Victoria. Home grown companies, such as CSL, Ego Pharmaceuticals and Leica Biosystems have achieved success on a global scale.



Global leading research and development ecosystem, which includes **18 major medical research institutes**, 10 universities (including four dual sector universities) and 11 teaching hospitals.



Thriving **\$10.9 billion defence, aerospace and space sector** that supports exports of \$1.7 billion and employs 29,000 people.



With 62 ASX-listed digital technology companies valued at \$203 billion, Victoria is a national driver of innovation and tech capability.



Birthplace of more than 3,500 startups with a thriving startup ecosystem valued at \$132 billion. Also home to 19 'unicorns' (startups valued at more than one billion).



Extensive and established infrastructure, including the Port of Melbourne, **Australia's largest port**, and the **curfew-free Melbourne Airport** and Avalon Airport linked to a modern integrated system of road networks connecting people and Victorian-made goods with markets around the world.



Victoria has the **lowest power prices** of any state in the nation and a growing renewable energy industry.

Backing Victorian industry

The Victorian Government has a strong track record of supporting local business and developing industry across the state.

Local content requirements under our **Local Jobs First Policy** have ensured a pipeline of work for local businesses across supply chains, from construction materials to medical equipment. Since 2014, we have set requirements for 382 Strategic Projects with a combined value of over \$184 billion, supporting over 60,000 local jobs.

Through the **Free TAFE and Skills First programs**, students are getting the skills needed for high-demand industries. We have provided training to more than 200,000 students since 2019.

Victoria's **network of 23 international offices** strategically positions us as a global leader in international markets. Every dollar invested in the Victorian Government Trade and Investment Network has returned \$40 to the Victorian economy.

Since December 2014, the Victorian Government has facilitated **\$24.5 billion in projects, creating over 52,000 full-time jobs**.

We are implementing **Yuma Yirramboi**, the Victorian Government and Aboriginal Victorians' shared vision to address inequality, move towards self-determination and achieve economic parity within a generation.

With **Making it equal: Victoria's women in manufacturing strategy**, we are supporting initiatives to increase the participation and equity of women and gender diverse people in this male-dominated sector.

Since 2016, the **Major Projects Skills Guarantee** has been applied to 459 projects (122 in regional Victoria), employing 17,239 apprentices, trainees and cadets (2,534 in regional Victoria).

Through the \$68 million investment into the **Digital Jobs** program, we have supported over 5,500 Victorians to develop digital skills since 2021, equipping mid-career workers with industry-backed training and employment opportunities.

Our **universities and innovation entities** propel Victoria's commercialisation success. Victoria's startup ecosystem has grown 26 times larger since 2016, while more than \$350 million of venture capital has been deployed by the Victorian Government.

Since 2009, over 180,000 businesses have undertaken an energy efficiency upgrade through the **Victorian Energy Upgrades** program. The program has reduced greenhouse gas emissions into the atmosphere by 90.3 million tonnes.

The commercial and industrial property tax reform is **progressively abolishing stamp duty** and replacing it with a more efficient Commercial and Industrial Property Tax. Over the initial 4 years of this reform, businesses are estimated to pay \$266 million less in stamp duty.

We are the **first state to abolish business insurance duty**, saving businesses more than \$516 million over the next 4 years.

The Victorian Industry Policy framework

Vision

The overarching purpose of the Victorian Industry Policy.

Industry and innovation drive economic growth and higher living standards for all Victorians

Principles

Addressing the identified industry opportunities and challenges.

Skills for an evolving economy

Growing our industrial base

Strategic industry development

Energy security and transition

Priority sectors

Represent the backbone of Victoria's economy and focus for future growth.

Advanced manufacturing and defence

Manufacturing is a cornerstone of Victoria's economy, with globally integrated supply chains and a highly skilled workforce.

Health technologies and medical research

Victoria is a global leader in health technologies and medical research with world renowned universities, institutes and companies.

Clean and circular economy

Heading towards net zero emissions by 2045, Victoria is primed to be a clean and circular economy leader.

Digital technologies

Digital and enabling technologies are crucial to the transformation and advancement of the Victorian economy.

Agribusiness

Victoria has the nation's largest primary production and food manufacturing industries, accounting for over half the state's goods exports.

Framework conditions

The policy contains an action plan to create conditions essential for industry dynamism and competitiveness.

SUPPLY-SIDE CONDITIONS

These enablers primarily enhance the ability of producers to create and deliver goods and services.

DEMAND-SIDE CONDITIONS

These enablers primarily stimulate domestic and international demand for goods and services.

CORE

Reliable and affordable energy
Land and infrastructure
Industry aligned training and workforce

Leverage government's purchasing power

Trade and investment facilitation*

GROWTH

Technology, innovation, R&D support
Finance and equity*

Economic, fiscal and regulatory settings*

**Denotes enablers that can be both supply and demand-side in nature*



Ego Pharmaceuticals, Braeside and Dandenong South

The Victorian Government Trade and Investment office network

Our network of 23 international offices strategically positions Victoria as a global leader in international markets. They unlock new opportunities for Victorian businesses and drive investment into our priority sectors, and we proactively engage with foreign governments, international partners and businesses.

Our coordinated global engagement strengthens Victoria's position as a partner of choice, promotes Victorian capabilities, and creates opportunities and jobs for all Victorians.



Focus for impact

The *Victorian Industry Policy* provides guidance to government and industry by nominating ‘focus for impact’ segments and technologies under the policy’s principles. This highlights where action is necessary to seize emerging opportunities, grow existing strengths and build industry resilience.

Skills for an evolving economy

Achieving government’s industry development agenda requires skills development across the Victorian economy, with an emphasis on all ‘focus for impact’ areas and major employing and evolving industries

Growing our industrial base

Modernising Victorian industry through technology adoption and innovation



Manufacturing

Food product
Chemical
Composites, polymers and rubber
Machinery and transport equipment



Agriculture



Building construction and services

Modern Methods of Construction



Health and digital technologies

Strategic industry development

Developing emerging industries and assessing the potential of enabling technologies



Critical minerals



Wind

Onshore and offshore component manufacturing



Hydrogen and biomethane



Circular production



Emerging and enabling technologies

Artificial intelligence
Quantum technologies
Additive manufacturing
Carbon capture and storage
Agtech



Defence



Low carbon products

Green metals
Green materials
Liquid fuels



Health technologies and medical research

Advanced therapies
Diagnostics
Digital health
Radiotherapies
Genomics

Energy security and transition

Supporting industry through the energy transition



Manufacturing

Food product
Machinery and transport equipment
Fabricated metal
Composites, polymers and rubber
Pulp and converted paper



Agriculture



Freight transport



Skills for an evolving economy

We will improve skilled workforce alignment with current and future industry needs, and increase overall workforce agility, diversity, resilience and inclusion.

The *Victorian Industry Policy* aligns with the *Yuma Yirramboi Strategy* to maximise business development and employment opportunities for Aboriginal Victorians. It also aligns with the *Women in Manufacturing* and *Women in Energy* strategies, to foster more gender inclusive workplaces, and support women and gender diverse people to thrive in male-dominated industries.

A more agile, inclusive, and industry-aligned workforce that meets the evolving needs of the Victorian economy requires stronger connections between education, training and industry. This will address skill needs and unlock new opportunities for Victoria's key industry sectors.

Victoria's nation-leading TAFEs and universities can be a powerful tool to support this vision by accelerating course innovation and industry partnerships. Collaboration between industry, government, university, TAFE and unions is essential to seize new opportunities, driving growth and productivity gains.

To meet ambitious energy and housing goals, there is a unique opportunity to reshape perceptions around industries like construction and manufacturing, attracting fresh talent to fuel future growth. With workforce development programs tailored for critical areas, fulfilling career pathways are being created for young people and mid-career workers alike.

Embedding industry input in training programs builds a workforce with adaptable skills, ready to thrive in sectors with high demand. To maximise workforce participation, efforts are focused on expanding access to childcare, especially in regional areas, and removing structural barriers that affect underrepresented groups, including women and Aboriginal Victorians. These steps will enrich businesses by bringing people with broad experiences and diverse backgrounds into priority sectors.

Strategic opportunities

- ✓ Enhance the role of industry in designing and delivering vocational training to ensure training meets industry needs.
- ✓ Deliver a targeted workforce development package in construction to help address an acute need in the sector.
- ✓ Educate students on the importance of manufacturing and available career pathways, to ensure Victoria retains a future workforce for our key producing industry.
- ✓ Work with the Aboriginal community and businesses to build strong, positive partnerships, priming industry for social changes expected from Treaty and supporting commitments in the *Yuma Yirramboi Strategy*.
- ✓ Release the Victorian Energy Jobs Plan to help skill, up-skill and train Victoria's workforce to enable the energy transition.
- ✓ Boost mid-career programs to support retraining and improve mobility across the economy.
- ✓ Evaluate how new government projects might affect the labour market to guide priorities and prevent large-scale job displacement.
- ✓ Continue to deliver Victoria's *Women in Manufacturing and Energy Strategies* to encourage more girls and women to pursue a career in manufacturing and energy sectors, while supporting industry to create inclusive and accessible workplaces for everyone.
- ✓ Encourage more girls and women to pursue a career in digital technologies, while supporting industry to create inclusive and accessible workplaces for everyone.

Key initiatives

- **Continue building a connected, world-class training system with \$459.3 million for skills and training**, including boosted access to Free TAFE, to deliver the essential skills and specialist trades needed for our industries and economy to grow.
- **Invest in a Future of Housing Construction TAFE Centre of Excellence** at Melbourne Polytechnic to train workers in modern construction technologies, such as prefabricated and modular construction.
- **Extend the Digital jobs** program to rapidly upskill and reskill workers.
- **Create a First Peoples Leadership Academy** to support the development of the next generation of leaders.
- **Help more Aboriginal businesses to compete locally and globally** by providing more support for domestic and overseas trade initiatives.
- **Support the establishment of more Skills Solutions Partnerships** to design and pilot new short courses and on-the-job training.
- **Establish the Boosting Business Skills Mentoring** program to provide small business owners across the priority sectors with mentoring from an experienced professional.
- **Pilot the use of AI to improve recognition of prior learning** in partnership with the Victorian TAFE network, led by Bendigo Kangan Institute.
- **Continue to strengthen industry's role in shaping the state's training system** by expanding feedback channels such as the Victorian Skills Authority's Advisory Board and through the development of the annual Victorian Skills Plan.

CASE STUDY: AUTO TECHNICIANS FOR FUEL CELL ELECTRIC VEHICLES

The emergence of hydrogen powered heavy vehicles requires Victoria's automotive sector to develop new skills.

The Victorian Government's Skills Solutions Partnerships (SSP) program is bringing Kangan Institute's Automotive Centre of Excellence together with one of Australia's leading suppliers of hydrogen trucks and buses, Foton Mobility Distribution, to develop the new training courses that businesses and workers in this emerging industry need.

Through this project, Kangan Institute and Foton Mobility will co-design and pilot new clean energy training courses to upskill workers and business owners with the unique technical and safety skills required to service and maintain hydrogen fuel cell electric vehicles.

The Automotive Centre of Excellence sets the standard for automotive training in Australia. It is the largest purpose-built automotive training facility in the southern hemisphere, skilling more than 5,000 students each year across more than 26 specialised course areas in world-class workshops with industry-leading diagnostic and testing facilities.

The \$1.4 million EV Lab is home to the latest training technology, including training boards, simulators, and computerised teaching.

The additional investment awarded through SSP to develop hydrogen vehicle training courses and facilities will enable more Victorian automotive sector workers to develop expertise to service and maintain the trucks and buses of tomorrow, today.



Growing our industrial base

We will grow our existing industrial base by supporting skills and applied innovation, and improving the cost and ease of doing business, which will safeguard essential capability and unlock economic growth.

Providing industry with the right conditions, skills and tools is essential to driving growth and fostering global competitiveness.

A renewed focus on innovation and technology adoption, and associated skills, will maintain essential industry capability and unlock new strategic industry development opportunities.

For many years, Victoria's economic growth has been supported by population growth and workforce participation. It is now time to focus on boosting productivity to create the foundation for sustainable, long-term economic growth. Industry has a key role to play in solving this challenge.

This renewed approach will create a vibrant and innovative business landscape, doubling down on Victoria's status as the nation's leading state for investment, job creation and sustainable economic growth.

Focus for impact

Facilitate the adoption and spread of technology and innovation to boost competitiveness and productivity, safeguard essential economic activity, drive new growth and reduce costs for consumers, including by leveraging government procurement.

-  Modernising our **manufacturing** industry through applied innovation and technology adoption will provide businesses with a competitive advantage. Enhanced competitiveness will secure manufacturing's vital role in supplying essential inputs across Victoria's supply chains, generating stable, long-term jobs and underpinning economic resilience, with an emphasis on:
 - **Food manufacturing** relies on a thriving agriculture sector and has a long history in making and exporting high quality products across the state. Local food production capability is critical for reducing reliance on global supply chains and ensuring food security.
 - **Chemical manufacturing**, which includes pharmaceutical and medical product manufacturing, is an area of significant comparative advantage for Victoria. Leveraging this base to grow Victoria's MedTech capabilities will have flow-on benefits to the broader care economy.
 - **Composites, polymers and rubber manufacturing** form an important supply chain link, which feeds high-quality and reliable products into a range of sectors including construction and transport.
 - **Machinery and transport equipment manufacturing** is vital to enabling innovation, supply chain resilience, and spillover benefits in construction, logistics, and across advanced manufacturing.
-  Strengthening Victoria's **agriculture** industry is essential to meeting the demands of a growing population, capitalising on export opportunities and strengthening our resilience to global supply chain disruptions. A more productive agriculture sector will drive growth across regional Victoria and ensure a sustainable future for Victoria's farmers and communities.
-  **Building construction and services** are foundational to Victoria's economy, providing the essential capacity to house our growing population. Modern Methods of Construction, which includes advanced manufacturing techniques, has the potential to boost capacity to deliver more homes, more quickly, and more affordably, for more Victorians.
-  Adopting **health and digital technologies** is key to easing workforce pressures and improving service delivery across Victoria's care economy, our largest employing sector. These advances not only support better living standards for a growing and ageing population, but also contribute to a more flexible labour market – enabling greater participation in sectors that drive value-add and export growth.

Strategic opportunities

- ✓ Drive innovation and the adoption of productivity-boosting technologies and digital platforms through skills initiatives (see page 17), investment attraction and industry programs.
- ✓ Improve the cost and ease of doing business to encourage economic growth and competitiveness by simplifying regulation and approvals processes and providing facilitation services for priority projects.
- ✓ Deliver cross-cutting reforms to address industrial land supply challenges.
- ✓ Streamline industrial land application processes to unlock strategically located land for new developments.

Key initiatives

- **Establish a \$150 million Victorian Investment Fund**, including a dedicated regional stream, to provide domestic and international investors support to secure business investment that creates jobs, supports innovation, and underpins Victoria's long term economic growth in priority sectors.
- **Deliver a 10-year plan to unlock industrial land** to give business more certainty – and more room – to grow.
- **Unlock trunk infrastructure** to open up more industrial land in regional Victoria.
- **Halve the number of business regulators by 2030**, combining regulators and streamlining systems for industry.
- **Make it simpler and faster to do business here through the Investment Front Door**, which provides a single entry point for business on all investment-related engagements within the Victorian Government.
- **Fast-track strategic investments via the new Investment Coordinator-General** as an escalation point to ensure agencies, regulators and statutory authorities meet all required approvals deadlines.
- **Speed up Environmental Effects Statement processes**, targeting assessment review of no longer than 18 months.
- **Set a business regulatory burden reduction target** of \$500 million by 2030.
- **Deliver new priority assessment teams within key regulators** to fast-track the assessment of priority projects.
- **Introduce additional pathways for Market-led Proposals** to help unleash the creativity and capital of the private and superannuation sectors for major residential development and other projects.
- **Deliver simpler, smarter regulation in regional Victoria** to make it easier for regional businesses to set up, operate and grow.

CASE STUDY: MODSCAPE, ESSENDON FIELDS

Modscape uses innovative modern construction methods to build architecturally designed, sustainable buildings across multiple sectors, including residential, education, health and aged care and commercial.

Since 2006, Modscape has harnessed the benefits of offsite construction and cutting-edge manufacturing technology, including Modbotics, Australia's first robotic manufacturing line.

Modbotics technology rapidly produces building components such as walls, floors and roof cassettes, delivering efficiency and sustainability at a competitive price.

This technology ensures precision and durability, while significantly reducing their carbon footprint. Modscape's approach has resulted in up to 30% cost savings, 50% faster delivery times and a 70% reduction in landfill waste. The success of this approach is evident in more than 600 completed projects, including the Northern Hospital in Epping and Morwell TAFE in Gippsland.

Modscape has expanded fivefold due to demand for faster construction and is projected to become a \$1 billion company within the next 5 years. Building on this success, the company plans to replicate its robotic manufacturing facility in Victoria across the rest of Australia.



Strategic industry development

We will develop new industries aligned with evolving high-impact technologies, Victoria's existing comparative advantages and national priorities.

Victorian industry is well-positioned to drive future growth and enhance economic complexity by advancing and adopting emerging technologies. Our unique strengths organically align with Commonwealth Government objectives such as national security and supply chain resilience.

Victoria's shift toward circular production also presents an exciting opportunity for industry to innovate and boost resource efficiency. While this transformation requires complex cross industry collaboration, it opens doors to sustainable growth and productivity gains across the state.

With deep skills and expertise in design, engineering, and business services, Victoria can continue to lead as the nation's knowledge capital – the destination where emerging industries are shaped by ideas, not just inputs.

A coordinated approach will help to strengthen areas where Victoria already holds a competitive edge to secure a robust future for Victoria's economy.

Focus for impact

Whole of government coordination and trade and investment facilitation to deliver projects aligned with high impact technologies, leveraging Victoria's comparative advantages and related national priorities where Commonwealth funding is available.

-  Leveraging Victoria's **critical mineral** resources to expand value-added processing can boost the local supply chain, providing high quality materials for clean energy technology producers aligned with the *Victorian Critical Minerals Roadmap*.
-  Developing capabilities in **wind energy manufacturing** will strengthen and diversify Victoria's renewable energy sector and Victoria's climate action while creating opportunities for local manufacturing and provision of services.
-  Advancing **hydrogen** and **biomethane** production as gas substitutes in targeted applications, and longer-term diesel substitutes, can help reduce emissions, preserve industry capability and offer an export opportunity as the world moves towards clean energy alternatives.
-  A robust **circular economy**, where waste is minimised and resources are repurposed, will have compounding benefits for Victoria. The environmental effects from landfill diversion and increased input material availability will improve both the lives of Victorians and the efficiency of industry.
-  Developing **emerging and enabling technologies** will strengthen Victoria's economic resilience, foster innovation and keep the state competitive in fast-evolving global markets. Victoria is well-placed to be a leader in artificial intelligence, quantum technologies, additive manufacturing, carbon capture and storage, and AgTech.
-  **Defence** can build Victoria's production capabilities in critical infrastructure and advanced technologies including cyber security, enhancing both national security and economic development.
-  Leveraging low-cost renewable energy generation can make Victoria a leader in making and exporting **low carbon products** including green metals such as aluminium and steel, green materials such as ammonia, and liquid fuels such as sustainable aviation fuels and green methanol. These products are vital to achieving net zero emissions locally as well as globally through exports.
-  Investing in **health technologies and medical research** including advanced therapies, diagnostics, digital health, radiotherapies, and genomics will strengthen Victoria's position as a global health innovation hub, improving care economy outcomes and driving economic value.

Strategic opportunities

- ✓ Build on Victoria's strategic advantages, such as health technologies and medical research, including supporting our companies to secure Commonwealth industry incentives.
- ✓ Facilitate the growth of our startup and scaleup sector, and access to new markets for our world leading products.
- ✓ Work with industry to embrace circular production and reduce barriers for practices that improve resource efficiency, waste reduction and innovation, contributing to sustainable growth and access to new input streams.
- ✓ Position the state to secure more defence opportunities by actioning the *Victorian Defence Vision Statement*, which outlines key focus areas to maximise defence industry uplift and flow on benefits to adjacent sectors.
- ✓ Seize the quantum opportunity by strategically positioning Victoria as a thriving quantum technology hub and driving innovation and adoption across high-value industries. Opportunity areas include infrastructure, talent, research translation, business readiness and industry collaboration across quantum computing, sensing and communications.

Key initiatives

- **Boost exports by Victorian SMEs with \$34.9 million** to support small and medium-sized businesses to identify new markets and diversify their customer base.
- **Back Victoria's defence-oriented supply chain** to win work, grow, and support AUKUS.
- **Drive growth in Victorian clinical trial activity** enabling industry sponsored clinical trials via specialised networks and delivering a new statewide fellowship program.
- **Support Victoria's independent medical research institutes through the Operational Infrastructure Support Program**, to help them continue to generate lifesaving treatments and support jobs for Victorians.
- **Expand the Recycled First policy** to major Government projects in non-transport sectors.
- **Develop research into agricultural applications of mRNA technology** and manufacturing feasibility.
- **Help attract and retain talent through the Global Talent Attraction Fund**, giving businesses in priority sectors certainty to invest, expand and innovate.
- **Extend the Resources Victoria Approval Coordinator and provide dedicated support** to develop the critical minerals industry.

CASE STUDY: Umps HEALTH, CARLTON

Umps Health is a pioneering Victorian company, revolutionising aged care with thoughtful technology designed to empower older adults, their family and clinicians.

From modern personal alarm pendants to AI driven health insights, Umps Health is innovating to offer Australians more proactive care, keeping people healthier at home for longer.

The Umps Link, a state-of-the-art smart home platform, is the culmination of 6 years of dedicated research and development. Launched in 2023, Umps' technology has already been installed in more than 3,000 households across Australia and New Zealand. The platform's thoughtful design and impact were recognised with a prestigious Good Design Award.

With the support of investors like Breakthrough Victoria, the company plans to expand its reach, both domestically and globally into the UK and European markets. By 2026, Umps' goal is to be supporting more than 100,000 households. To do this, 40 new jobs will be created, more than doubling the company's workforce over the next 2 years.



Energy security and transition

We will ensure affordable and reliable energy supply so Victorian industry remains globally competitive as we transition to net zero.

The Victorian Government is committed to ensuring stable and consistent electricity and gas supply for industry throughout the energy transition. We are fast-tracking approvals for new gas projects, preserving supply for industry and calling on the Commonwealth Government to establish a national domestic gas reservation.

Industry support to adopt clean and efficient technologies will also help to sustain significant economic activity, including production of critical components as we progress through the energy transition. This will reduce Victoria's emissions as we head towards net zero by 2045, helping to ensure that Victoria's industries not only thrive but lead in a net zero emissions national and global economy.

Victoria's gas-using industrial sectors have tremendous potential for innovation and progress in the journey towards net zero emissions, including from hydrogen and biomethane. While current technological and commercial challenges exist, addressing these proactively will pave the way for a stronger, more sustainable industrial landscape. Until renewable energy options are commercialised at scale, reliable and affordable conventional gas and electricity supply will be needed as we transition towards net zero.

Focus for impact

Work collaboratively with industry and the Commonwealth Government to address short-term commercial challenges to reducing emissions and fast-track new energy technologies and solutions.

-  Shifting Victoria's **manufacturing** industry to low and zero emissions equipment and processes will increase efficiency, strengthen strategic capability and future-proof businesses as the global economy reduces emissions, with an emphasis on:
 - **Food manufacturing**, which is closely linked to the importance of our leading agriculture industry, ensures high quality and reliable staples for Victorians. Food manufacturers also employ more people than any other sub-sector.
 - High value-added **machinery and transport equipment manufacturing**, employs over 60,000 Victorians, making products and technologies that enable other sectors to provide essential services to the community.
 - **Fabricated metal product manufacturing**, a priority for its benefits for the Victorian economy, providing a pivotal input to the construction of homes and infrastructure.
 - **Composites, polymers and rubber manufacturing**, as Victoria is the leading Australian state by employment, business numbers and exports, making it strategically important to the state.
 - Energy-intensive **pulp and converted paper manufacturing** to make household goods, corrugated boxes and packaging materials, including sustainable options which service significant demand in ecommerce, food manufacturing and construction.
-  Adopting sustainable farming practices and technologies in Victoria's **agriculture** sector to cut emissions can contribute to environmental health and secure the industry's future.
-  Reducing **freight transport** emissions will improve efficiency, and support Victorian supply chains to be net zero compatible. While essential for connecting Victoria's regional industries to the world, freight transport is also a significant source of transport emissions.

Strategic opportunities

- ✓ Call on the Commonwealth Government to introduce a national domestic gas reservation and powers for the Australian Energy Market Operator to ensure reliable and affordable gas for essential industries, while emissions reductions pathways are developed.
- ✓ Provide clear and long-term direction and information to guide industry in the energy transition, to continue the path to net zero.
- ✓ Work with industry on short-term commercial challenges to industry's emissions reduction where technologies, like energy efficient equipment and electrification, are already available.
- ✓ Continue progressing development of the renewable gas sector, including hydrogen and biomethane, to provide long-term solutions for industrial applications that cannot be electrified.
- ✓ Support the responsible development of Victoria's globally significant critical minerals resources, including opportunities to safeguard the energy transition by building downstream capability and improved supply chain resilience.
- ✓ Investigate the role for renewable energy industrial precincts to deliver efficient emissions reduction.
- ✓ Support innovative emissions reduction solutions, including in agriculture and the freight transport industry.

Key initiatives

- **Invest \$20 million to enable faster planning approvals for projects in Victoria's renewable energy zones**, by incorporating them in the State Planning Policy Frameworks.
- **Fast-track new gas projects** through the Development Facilitation Program.
- **Increase the waste-to-energy cap** to 2.5 million tonnes per annum, subject to a regulatory impact assessment, to enable more municipal, commercial and industrial waste to be used to generate energy rather than go to landfill.
- Use Victoria's **Renewable Gas Directions Paper** to work towards developing a strong renewable gas sector to support the long-term needs of industrial gas users.

CASE STUDY: MARS PETCARE, WODONGA

Mars Petcare is Australia's largest pet food maker, known for popular brands like Whiskas® and Pedigree®. It feeds half of all pets in Australia, including cats, dogs and birds.

Mars is set for further growth following a \$112.6 million investment to expand its Wodonga factory, supported by the Victorian Government. The expansion will enable the production of approximately 290 million pouches of cat food annually.

For more than 50 years, Mars has been a major employer in the region, supporting over 500 local jobs at its Wodonga factory. The factory is on track to become Australia's first large-scale steam-based manufacturing site fully powered by renewable energy within the next 2 years. This initiative is a significant step in Mars' commitment to reach net zero emissions by 2050.

Mars is dedicated to supporting both regional investment and Australia's clean energy future. Supported by the Australian Renewable Energy Agency, the company will install a \$39.3 million large solar thermal plant that stores energy to power the site, even when the sun isn't shining.

This smart thermal storage system will use solar heat to create and store renewable electricity during off-peak hours, and reduce Mars' reliance on traditional gas for steam production.

These combined efforts will enable the Wodonga site to operate entirely on renewable energy within two years. By implementing these innovative renewable energy solutions, Mars is setting a benchmark for sustainability in the manufacturing sector.



