

## 2015-16 NSW Budget Analysis

23 June 2015

### BACKING OUR STRENGTHS – TTF'S NSW TOURISM POLICY AGENDA

The visitor economy is a significant contributor to NSW, with tourism expenditure in 2013/14 coming to \$34.86 billion. Tourism was also responsible for 158,800 jobs in the state.

In its [tourism and transport pre-election agenda](#), TTF advocated for the NSW government to:

- Grow demand for travel
  - Substantially increase tourism marketing funding
  - Increase investment in business, sporting and cultural events
- Boost investment in tourism infrastructure
  - Build supporting transport infrastructure for a second airport in western Sydney
  - Campaign for shared cruise ship access to Garden Island
  - Adopt a whole-of-government strategy for the delivery and ongoing management of urban precincts
  - Deliver sporting and cultural infrastructure which attracts events and tourism

### GETTING AHEAD OF THE GAME – TTF'S TRANSPORT PLAN FOR SYDNEY

Improving Sydney's transport network and making public transport more accessible and attractive for residents and visitors are key priorities for TTF. With the costs of congestion rising and Sydney's population expected to grow by 1.2 million people by 2031, investing in better transport infrastructure is critical to the economy and the liveability of Sydney.

In its [transport agenda for Sydney](#), TTF advocated for the NSW government to:

- Proceed with the partial lease of 'poles and wires' to help fund critical transport infrastructure
- Build a second harbour rail crossing and new CBD line and incorporate a new station at Barangaroo as part of that project
- Commence planning and funding for a rail line to the planned western Sydney airport
- Complete the CBD and Parramatta light rail projects
- Franchise Sydney's STA buses
- Complete the missing links in Sydney's motorway network
- Develop a tourism and transport strategy for NSW and introduce a specific tourist Opal card.

## BUDGET HIGHLIGHTS

The Baird Government has delivered a record budget for both tourism and transport in 2015-16.

Tourism, business events and major events were allocated \$176 million, raising the bar nationally for state funding of the sector.

Total investment in public transport and roads amounted to \$16.5 billion in 2015-16, with the delivery of key projects across the state, including a new train station at Barangaroo as part of the Sydney Metro project.

Other budget highlights include:

- Budget surplus of \$2.6 billion in 2015-16
- \$68.6 billion infrastructure spend over four years
- \$590 million to fast-track 'vital infrastructure projects', including roads, schools, health services, the Walsh Bay Arts Precinct and relocating the Powerhouse Museum to Parramatta
- NSW AAA-rating maintained
- Rebuilding NSW: long-term lease of 49 per cent of electricity assets will fund a \$20 billion infrastructure spend, including \$6 billion in regional NSW
- Over the next two years, employment is forecast to grow by 1.75 per cent, supported by strong activity in employment-intensive sectors such as construction, retail and tourism

## ECONOMIC FORECASTS

- By 2035-36, it is projected there will be an additional 2.2 million people living in NSW compared to 2013-14, including an extra 1.8 million people living in Sydney
- NSW economy is expected to grow strongly over the next two years, with GSP predicted to rise by 3 per cent for both 2015-16 and 2016-17, well above long-run trend
- The strength of the NSW economy is helping to pull labour and capital to the state. NSW net interstate departures have fallen to their lowest level since the late 1970s and strong population growth of 1.5 per cent a year over the next two years will contribute to strong labour force growth

## KEY BUDGET FACTS AT A GLANCE

|  | 2013-14<br>Actual | 2014-15<br>Estimate | 2015-16<br>Forecast | 2016-17<br>Projections | 2017-18<br>Projections | 2018-19<br>Projections |
|--|-------------------|---------------------|---------------------|------------------------|------------------------|------------------------|
| Surplus (\$ billion) post introduction of transport asset holding entity (TAHE)* | 1.2               | 2.1                 | 2.5                 | 3.2                    | 2.6                    | 2.3                    |
| Surplus (\$ billion) pre-TAHE*   | 1.2               | 2.1                 | 0.7                 | 0.8                    | 0.8                    | 0.9                    |
| Gross State Product (GSP)  | 2.1               | 2.5                 | 3.0                 | 3.0                    | 2.75                   | 2.75                   |
| Unemployment rate (%)  | 5.7               | 6.0                 | 5.75                | 5.75                   | -                      | -                      |
| Net debt (\$ billion)  | 6.9               | 6.6                 | 9.9                 | 12.3                   | 13.1                   | 15.8                   |

\* The establishment of a Transport Asset Handling Entity (TAHE), which will eventually hold all NSW public transport assets, will improve the budget result by \$1.8 billion in 2015-16

## BUDGET MEASURES

| BUDGET MEASURE                                    | ANALYSIS  |
|---|---|
| <b>GROWING DEMAND FOR TRAVEL</b>                  |   |
| <b>Tourism, major events and business events</b>  | <p><b><i>\$176 million in 2015-16</i></b></p> <p>This includes:</p> <ul style="list-style-type: none"> <li>- \$93 million to secure major events, entertainment and sports events</li> <li>- \$51 million to grow tourism across NSW</li> </ul> <p>The funding allocation also includes an additional \$40 million over four years for regional tourism and \$9 million to target visitors from key international markets.</p> <p>This budget allocation incorporates the additional \$127 million over four years the NSW Government earmarked for the sector as part of its election commitments.</p> |
| <b>International trade</b>                        | <p><b><i>\$9.7 million in 2015-16</i></b></p> <p>Funding will be allocated to expanding the state's international trade office network and supporting high-profile business and trade missions to key priority markets. A portion of this funding - \$1.1 million – will be used for the continued promotion of StudyNSW.</p>   |
| <b>BOOST INVESTMENT IN VISITOR INFRASTRUCTURE</b> |   |
| <b>Sports infrastructure</b>                      | <p><b><i>\$175 million in 2015-16</i></b></p> <p>Key investments include:</p> <ul style="list-style-type: none"> <li>- \$12 million over three years, with an \$8 million allocation in 2015-16, to assist with the development of the Western Sydney Sport and Community Centre in Penrith</li> <li>- \$5.8 million to support the Sydney Cricket and Sports Ground Trust to develop their masterplan</li> </ul> <p>The Government will reserve \$600 million from the leasing of poles and wires for sporting infrastructure, focusing on Moore Park and Western Sydney.</p>                          |
| <b>Cultural and arts infrastructure</b>           | <p><b><i>\$316 million in 2015-16</i></b></p> <p>Key initiatives as part of this funding include:</p> <ul style="list-style-type: none"> <li>- Almost \$51 million for the Arts and Cultural Development Program to support artists and organisations</li> <li>- \$30 million over four years for arts in Western</li> </ul>  |

|                                    |  |
|------------------------------------|--|
|                                    | <p>Sydney, including \$10 million over two years for the relocation of the Powerhouse Museum to Parramatta and an additional \$7.5 million to support local artists and cultural organisations</p> <ul style="list-style-type: none"> <li>- \$11 million over two years for planning, design and approvals of the new Walsh Bay arts precinct</li> <li>- Additional \$4 million to progress design and planning of the Art Gallery of NSW's Sydney Modern Project</li> <li>- \$2.9 million to upgrade infrastructure at the Art Gallery of NSW</li> <li>- \$2.1 million to allow free access for children under 16 to the Powerhouse and Australian Museums</li> </ul> <p>The Government will also reserve \$600 million from the leasing of poles and wires for arts and culture infrastructure.</p>  |
| <p><b>Nature-based tourism</b></p> | <p><b><i>\$1.66 billion in 2015-16</i></b></p> <p>This funding represents a 3.9 per cent increase on last year's budget allocation and will be invested in protecting the state's precious national parks as well as preserving and protecting significant heritage assets.</p> <p>Funding includes:</p> <ul style="list-style-type: none"> <li>- \$120 million over four years for the improvement of parklands in Western Sydney – Western Sydney Parklands and Parramatta Park</li> <li>- \$22 million to upgrade facilities and infrastructure at the Royal Botanic Gardens, Mount Annan and Mount Tomah Botanic Gardens</li> <li>- Close to \$13 million capital investment in Centennial Parklands to upgrade facilities</li> <li>- \$20 million over four years, including \$13 million new funding, to preserve and refurbish heritage properties under the care of the Historic Houses Trust</li> </ul> |
| <p><b>Taronga Zoo</b></p>          | <p><b><i>\$57.4 million in 2015-16</i></b></p> <p>Funding will go towards an integrated 10-year program of capital works and improvements at the Zoo.</p>  |

**INVEST IN TRANSPORT**

|  |  |
|--|--|
| <p><b>Public transport and roads</b></p>               | <p><b><i>\$16.5 billion in 2015-16</i></b></p> <p>This represents total investment in public transport and roads.</p>  |
| <p><b>Metro North West (North West Rail Link)</b></p>  | <p><b><i>\$977 million in 2015-16</i></b></p> <p>Funding has been allocated to continue construction of the \$8.3 billion 23-kilometre Metro North West, which will commence operations in 2019. The rail link will provide metro-style rail services from Rouse Hill to Chatswood.</p>  |
| <p><b>Sydney CBD and South East Light Rail</b></p>     | <p><b><i>\$120 million in 2015-16</i></b></p> <p>Funding is provided for the construction of the \$2.1 billion Sydney light rail project, which will connect Circular Quay to Randwick and Kingsford, via George Street. Construction of the project will commence in October 2015.</p>  |
| <p><b>Sydney Metro</b></p>                             | <p><b><i>\$84 million in 2015-16</i></b></p> <p>Funding has been provided to commence work on the Sydney Metro project which will connect the Metro North West project at Chatswood with a new 30-kilometre metro line under the Harbour, through the CBD and ultimately to Bankstown.</p> <p>The government has announced that the project will include a new station at Barangaroo along with previously announced stations at St Leonards/Crows Nest, North Sydney, Martin Place and Pitt Street.</p> <p>The government is currently consulting the community on its alignment between Central and Sydenham, with Waterloo and University of Sydney options being considered.</p> |
| <p><b>Wynyard Station Upgrade and Wynyard Walk</b></p> | <p><b><i>\$43 million in 2015-16</i></b></p> <p>Funding will support a major upgrade of Wynyard station. Construction commenced this year and will complement the construction of the Wynyard Walk, which will provide a pedestrian link from the station to Barangaroo. Ongoing construction funds of \$79 million have been allocated for the \$306 million Wynyard Walk project.</p>  |
| <p><b>Parramatta Light Rail</b></p>                    | <p><b><i>\$19 million in 2015-16</i></b></p> <p>Funding will support further planning for the Western Sydney Light Rail Project. The government is currently</p>   |

|                                |   |
|--------------------------------|---|
|                                | <p>investigating four possible routes for the project, which will be centred on Parramatta. The government has committed \$1 billion for the project.</p>   |
| <b>Newcastle Light Rail</b>    | <p><b><i>\$103 million</i></b></p> <p>Funding has been allocated to progress the government's commitment to build a light rail line in the Newcastle CBD, replacing the heavy rail line between Wickham and Newcastle and allowing the urban renewal of the Newcastle waterfront.</p>                                   |
| <b>Bus replacement program</b> | <p><b><i>\$92 million in 2015-16</i></b></p> <p>Funding will support the acquisition of 189 new replacement and additional buses.</p>   |
| <b>New ferries</b>             | <p><b><i>\$12 million in 2015-16</i></b></p> <p>Funding has been allocated for the acquisition of the new First Fleet style ferries. The total replacement program for the First Fleet ferries will be \$50.6 million.</p> <p>\$2 million has also been allocated for four new Parramatta River ferry vessels.</p>      |
| <b>Intercity Train Fleet</b>   | <p><b><i>\$94 million</i></b></p> <p>Funding has been allocated to progress the government's plans to replace the intercity rail fleet with new rolling stock. The \$2.8 billion project will deliver 440 new carriages for services from Sydney to the Central Coast, Newcastle, Blue Mountains and the Illawarra.</p> |
| <b>WestConnex</b>              | <p><b><i>\$1.7 billion in 2015-16</i></b></p> <p>Funding will support the construction of the WestConnex project which includes the widening and extension of the M4 and M5 and a link which will join the two motorways.</p>   |
| <b>NorthConnex</b>             | <p><b><i>\$275 million in 2015-16</i></b></p> <p>Funds have been allocated to support the construction of the \$3 billion NorthConnex project which will link the M1 and M2 by twin tunnels under Pennant Hills Road.</p>   |