

# 2016-17 Victorian Budget Review

Thursday, 28 April 2016

## TTF'S VICTORIAN BUDGET AGENDA FUTURE ECONOMY FUTURE JOBS

In the lead up to the Victorian Budget, TTF released a comprehensive [submission](#) outlining key budgetary and policy recommendations related to tourism, transport and aviation.

### KEY RECOMMENDATIONS:

#### 1. Grow Demand for Travel

- Ensuring competitive funding for Visit Victoria over the forward estimates

#### 2. Boost investment in tourism infrastructure

- Provide timetable commitments for the MCEC expansion
- Increase funding for Parks Victoria
- Commit funding to key regional tourism and cultural tourism infrastructure projects

#### 3. Improve the visitor transport experience

- Enhance access between the CBD, Melbourne Airport and Avalon Airport
- Improve public transport access, including rail access, and bus and tram networks
- Work to increase visitor accessibility
- Improve the visitor retail experience

## BUDGET HIGHLIGHTS

The second Andrews Government budget is heavy on resourcing for transport and visitor economy infrastructure, but could be stronger on longer term funding provisions for driving tourism demand in Victoria.

The Government has a record level spending package for both road and rail development and upgrades, including \$2.86 billion for the Melbourne Metro project and \$980 million for acquiring new rolling stock.

The \$109 million allocation for tourism, major events and international education in 2016-17 is a welcome increase from the \$40 million allocated in last year's budget, however still lacks the longer term tourism funding commitment TTF has been calling for.

## KEY BUDGET FACTS AT A GLANCE

	2014-15 Actual	2015-16 Revised	2016-17 Budget	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast
Surplus (deficit) (\$ billion)	\$0.7	\$1.6	\$2.6	\$1.8	\$1.8	\$2.2
Real Gross State Product (%)	2.50	3.00	3.00	2.75	2.75	2.75
Unemployment (%)	6.40	6.00	5.75	5.75	5.50	5.50
Net debt per GSP (%)	6.2	5.9	4.7	5.0	5.1	4.8

## VISITOR ECONOMY AND TRANSPORT BUDGET MEASURES

BUDGET MEASURE	ANALYSIS
<b>GROWING DEMAND FOR TRAVEL</b>	
<b><i>Tourism Marketing</i></b>	<p><b><i>\$109 million for Tourism, Major Events and International Education output in 2016-17</i></b></p> <p>While this is a 167% increase on the funding output from the 2015-16 Budget, only \$38 million has been allocated over two years (\$19m per annum) for marketing activities by Visit Victoria. Further, this represents a consistent decline in tourism funding from \$182 million in 2014-15.</p> <p>The additional funding has been provided for major events and the International Education Sector Strategy. Consistent with past years, this output will be supplemented by major events funding held centrally until contractual arrangements are finalised.</p> <p>Additional funding is provided for tourism and events activities from the Premier's Jobs and Investment Fund and the Regional Jobs and Infrastructure Fund.</p>
<b><i>Premier's Jobs and Investment Fund Extension</i></b>	<p><b><i>\$50 million over two years</i></b></p> <p>The Premier's Jobs and Investment Fund has received additional funding of \$50 million over the 2016-17 and 2017-18 period. The Government aims to help innovative businesses develop business cases, deal with government and attract investment and will be available to the tourism industry.</p>
<b><i>Investment Attraction and Assistance Program</i></b>	<p><b><i>\$116 million over four years from 2016-17</i></b></p> <p>The Government will establish a dedicated investment attraction and assistance fund to attract strategic and footloose investment, including a new business centre for potential foreign investors to build a presence and scale up operations in Victoria.</p>

<b>Regional Development</b>	<b>\$20 million over four years</b>  Additional funding will be provided to Regional Development Victoria to assist in delivering initiatives in the 2015 Victorian Government Regional Statement, aimed at implementing a regional development policy, including stimulating new investment, improving the visitor experience and helping with marketing and product development.
<b>Cultural tourism</b>	<b>\$50 million over four years</b>  The Government will support core activity at the state-owned cultural agencies, Melbourne Recital Centre, Arts Centre Melbourne and State Library Melbourne.
<b>Business Events</b>	<b>\$9 million over two years from 2016-17</b>  The government has allocated \$4.5 million each for the 2016-17 and 2017-18 financial year.
<b>Regional Events</b>	<b>\$20 million investment over four years</b>  Government is investing \$20 million in a Regional Events Fund to support a strong and sustainable calendar of regional events to attract visitors to regional events.
<b>Nature-based tourism</b>	<b>\$321.8 million in 2016-17</b>  This output includes Parks Victoria and represents a 0.7% increase on the expected outcome for 2015-16. The Government has allocated a small amount of separate additional funding for parks infrastructure (see below).

## BOOSTING INVESTMENT IN VISITOR INFRASTRUCTURE

<b>Melbourne Convention and Exhibition Centre</b>	<b>Funding provision for the upgrade has been set aside but has not been detailed in the budget, subject to further negotiations.</b>  The Melbourne Convention and Exhibition Centre – Stage 2 development will construct an additional 9 000 square metres of flexible exhibition space including a multi-purpose facility with 900 retractable seats and 200 additional moveable seats, concourse, exhibitor and support areas. This expansion will provide additional capacity to the Melbourne Convention and Exhibition Centre. Negotiations are progressing to deliver the expansion as a modification under the current PPP contract.
<b>Sports infrastructure</b>	<b>A range of funding allocations for local projects including:</b> <ul style="list-style-type: none"> <li>• \$22 million for the Better Indoor Stadiums Fund</li> <li>• \$14 million for the Kardinia Park Stadium Trust</li> <li>• \$8 million for the Country Football Netball Program</li> <li>• \$2 million to continue the Significant Sporting Events Program, which secures more than 70 events for Melbourne and regional Victoria each year</li> <li>• \$4 million for an upgrade of St Kilda Football Club</li> <li>• \$3 million to transform Elsternwick Park</li> </ul>

<b>Regional Tourism Infrastructure Fund</b>	<p><b>\$101 million</b></p> <p>Funding has been provided to support regional tourism infrastructure initiatives to boost jobs and employment in the regional tourism sector by enhancing visitor experiences, increasing visitor nights and regional tourism yield. The Fund includes an ‘Enhancing Victoria’s world class nature based tourism destinations’ initiative, the Penguin Parade Visitor Centre at Phillip Island Nature Parks.</p>
<b>Museum Victoria exhibition renewal</b>	<p><b>\$18 million over four years</b></p> <p>\$6.6 million will be expended in 2016-17 and the project’s estimated completion date is in the fourth quarter of 2018-19.</p>
<b>Royal Exhibition Building Protection and Promotion Project</b>	<p><b>\$20 million over two years</b></p> <p>\$11.2 million will be expended in 2016-17, with the project’s estimated completion date being the fourth quarter of 2016-17.</p>

## INVESTING IN TRANSPORT

<b>Melbourne Metro project</b>	<p><b>\$2.86 billion over four years</b></p> <p>The Government will fully fund the Metro Tunnel and has guaranteed \$10.9 billion, including \$2.86 billion over the forward estimates.</p> <p>Melbourne Metro is the biggest overhaul to Melbourne’s train network since the construction of the City Loop. In peak hours it will allow 20,000 more passengers to use the rail system.</p>
<b>Regional rail services</b>	<p><b>\$1.3 billion over four years</b></p> <p>The Government has committed \$1.3 billion to improve the regional rail network and increase reliability and connectivity. This includes:</p> <ul style="list-style-type: none"> <li>• \$517 million over four years for the Ballarat line upgrade project, to duplicate the line from Deer Park West to Melton, build additional platforms and introduce new peak services.</li> <li>• \$141 million for regional rail maintenance, and a further \$198 million for V/Line to better meet service standards.</li> <li>• Over \$186 million for extra services, track and station upgrades on the Ballarat, Bendigo, Geelong, Gippsland, North East, Shepparton and Warrnambool lines.</li> <li>• \$280 million for 27 new VLocity carriages to deliver extra services.</li> </ul>
<b>High capacity metro trains and new X’Trapolis trains</b>	<p><b>\$980 million over four years</b></p> <p>The Government has committed funding for an extra 28 high capacity trains to prepare for the Metro Tunnel, and \$105 million over three years to purchase an extra five X’Trapolis trains.</p>

<p><b>Mernda Rail Project</b></p>	<p><b>\$575.3 million over three years</b></p> <p>The Mernda Rail Project is now fully funded with \$587.7m to build the 8km extension from South Morang to the Mernda-Doreen growth corridor, including construction of new tracks, a new station at Mernda, a new station near Marymede College and provision for a possible third new station.</p>
<p><b>Hurstbridge line upgrade</b></p>	<p><b>\$140.2 million over four years</b></p> <p>To duplicate the line between Heidelberg and Rosanna, with the aim of improving reliability and increasing peak services for the north-eastern suburbs.</p>
<p><b>Frankston Station Precinct Upgrade</b></p>	<p><b>\$50 million over four years</b></p> <p>The Frankston Station precinct will be redeveloped to improve Frankston station and Young Street and provide better pedestrian and transport connections.</p>
<p><b>Western Distributor</b></p>	<p><b>\$1.46 billion over four years</b></p> <p>The Government will contribute \$1.46 billion over four years towards funding the Western Distributor (providing an alternative to the West Gate Bridge). The Government is negotiating with Transurban under the Market-led Proposals Guideline to build the \$5.5 billion Western Distributor, including the Monash Freeway Upgrade and upgraded connections to Webb Dock at the Port of Melbourne.</p> <p>The Government will include \$400 million for the Monash Freeway upgrade to add an extra lane between Eastlink and Clyde Road, and provide better access to the West Gate Freeway and Bolte Bridge from Webb Dock, reducing congestion along the M1 corridor.</p>
<p><b>Suburban roads</b></p>	<p><b>\$675 million over four years</b></p> <p>Includes upgrade to suburban roads to reduce congestion:</p> <ul style="list-style-type: none"> <li>• \$437 million to meet election commitments to upgrade Thompsons Road, Yan Yean Road, O’Herns Road, Hoddle Street, and Bolton Street in Eltham</li> <li>• \$228 million to duplicate sections of Dohertys Road and Hallam Road and widen Plenty Road.</li> <li>• \$10 million to plan the next stage of expanding the outer suburban arterial road network.</li> </ul>
<p><b>Regional roads</b></p>	<p><b>\$260 million over four years</b></p> <p>A total of \$260 million in road improvements for regional Victoria, including:</p> <ul style="list-style-type: none"> <li>• More than \$107 million to improve safety and reduce travel times by providing extra overtaking lanes, improved road conditions and plans for future road upgrades</li> <li>• \$107 million to build the Drysdale Bypass, with the aim of reducing congestion on the Bellarine Peninsula</li> <li>• Over \$30 million to duplicate Napier Street in Bendigo between Weeroona Avenue and Hall Street</li> </ul>