

# 2016-17 NSW Budget Review

Tuesday, 21 June 2016

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

In the lead up to the NSW 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

- Maintain DNSW and Business Events Sydney funding
- Provide an update on the NSW Visitor Economy Industry Action Plan
- Finalise and release the NSW Regional Conferencing Strategy

#### 2. Boost investment in tourism infrastructure

- Finalise and release the NSW Cruise Development Plan, and the Western Sydney Visitor Economy and Events Strategy
- Continue to progress the Walsh Bay arts precinct, Sydney Opera House renewal and the Art Gallery of NSW's Sydney Modern Project

#### 3. Improve the visitor transport experience

- Develop a Tourism and Transport Strategy for NSW
- Improve the ferry and rivercat services between Parramatta and the CBD
- Reform the Opal card, extending it to private ferry operators and business event delegates

## BUDGET HIGHLIGHTS

The Baird Government has identified tourism and transport as sectors that can help boost growth and employment in NSW. The 2016-17 Budget includes strong commitments to public transport, roads, regional infrastructure, tourism, sport and cultural infrastructure. Of note is the \$129 million over four years for the Walsh Bay Arts Precinct redevelopment and \$12 million for Stage One of the Sydney Opera House’s renewal.

The Government has also provided substantial support for nature-based tourism, including funding for Taronga and Western Plains Zoo, and increased support for regional tourism by establishing a \$300 million Regional Growth – Environment and Tourism Fund.

The Baird Government is also pushing ahead with an ambitious \$41.5 billion capital works program, providing a further \$2.7 billion for the Sydney Metro rail project, \$2.9 billion for major road works for the WestConnex project and \$1.8 billion over four years for roads providing access to the new Western Sydney Airport. Fleet and asset upgrades are also occurring with \$1.9 billion allocated for bus services across NSW and \$518 million over four years for the Next Generation Rail Fleet.

## 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) (\$ millions)  | 2,058          | 3,409           | 3,713          | 1,326            | 1,382            | 1,613            |
| Real Gross State Product (%)     | 2.4            | 2.75            | 3.0            | 2.75             | 2.5              | 2.5              |
| Unemployment Employment Rate (%) | 5.9            | 5.5             | 5.25           | 5.0              | N/A              | N/A              |
| Net Debt (\$ billions)           | 1.1%           | 0.1%            | 1.3%           | 2.6%             | 3.5%             | 3.7%             |

## VISITOR ECONOMY AND TRANSPORT BUDGET MEASURES

| BUDGET MEASURE                   | ANALYSIS   |
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| <b>GROWING DEMAND FOR TRAVEL</b> |  |
| <b>Tourism and Events</b>        | <p><b>\$175 million in 2016-17</b></p> <ul style="list-style-type: none"> <li>\$89 million will go towards securing and supporting major entertainment, lifestyle, sporting, arts and business events</li> <li>\$52 million will go towards supporting the growth of tourism in Sydney and regional NSW.</li> </ul> <p>The Government’s four-year investment announced in 2015-16 for regional tourism continues in 2016-17.</p> |

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| <b>International Trade</b> | <p><b>\$10 million in 2016-17</b></p> <p>This represents a funding increase from 2015-16 and will support small and medium businesses in exporting their goods and services overseas. Key initiatives include:</p> <ul style="list-style-type: none"> <li>• Promoting investment opportunities through international offices</li> <li>• Delivering trade missions and reaching more businesses with the right tools and insights to successfully enter international markets</li> <li>• Establishing an integrated whole-of-government approach to international trade and investment.</li> </ul> |
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**BOOSTING INVESTMENT IN VISITOR INFRASTRUCTURE**

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| <b>Nature-based tourism</b> | <p><b>\$1.7 billion in 2016-17</b></p> <p>This represents an increase on last year’s budget, and includes:</p> <ul style="list-style-type: none"> <li>• Additional \$3.7 million in upgrades over the next 12 months for the iconic Royal Coast Track, plus \$5.3 million over the following three years, which includes installing a viewing platform at Wedding Cake Rock and expanding Wattamolla car park</li> <li>• \$46 million in capital expenditure is being set aside to deliver new visitor experiences at both Taronga Zoo and Western Plains Zoo, and to develop the Taronga Institute of Science and Learning</li> <li>• \$5 million to the 200h Bungarribee super park as part of a \$22 million capital program for Western Sydney Parklands</li> <li>• \$17 million towards upgrading park facilities at Centennial Park</li> <li>• \$4.7 million for Royal Botanic Garden and Mount Annan and Mount Tomah Botanic Gardens to upgrade amenities and infrastructure, and create an online booking and CRM system</li> <li>• \$48 million to conserve and protect Aboriginal and other cultural and historic heritage</li> <li>• \$8.7 million to improve public safety, amenities and other infrastructure under the care of the Historic Houses Trust</li> </ul> |
| <b>Arts and Culture</b>     | <p><b>\$365 million in 2016-17</b></p> <p>This is an increase from last year’s funding allocation, and includes:</p> <ul style="list-style-type: none"> <li>• \$129 million over four years for Walsh Bay Arts Precinct redevelopment</li> <li>• \$12 million for Stage One of the Sydney Opera House’s renewal</li> <li>• \$3.4 million over three years for building upgrades at the Arts Gallery of NSW.</li> </ul>  |
| <b>Mobile coverage</b>      | <p><b>\$15 million for Round 2 of the Mobile Black Spots Program</b></p> <p>This is in addition to the \$24 million committed in Round 1 of the Program, which will go towards fixing 795 mobile phone black spots and deliver 144 new or upgraded mobile base stations that will cover more than 14,000 square kilometres.</p> <p>The new funding for Round 2 will add to funding already committed by the Commonwealth and contributions expected from mobile phone carriers.</p>   |

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| <b>Regional Tourism Infrastructure Fund</b>           | <p><b>Continued roll-out of the \$110 million Fund</b></p> <p>This Fund supports regional airports, cruise terminals and rail infrastructure. It includes \$68.4 million of upgrades to regional airports and \$27.5 million for the Port of Eden Wharf extension to attract more cruises to Eden.</p>   |
| <b>Regional Growth – Environment and Tourism Fund</b> | <p><b>\$300 million</b></p> <p>The Government is establishing a Regional Growth – Environment and Tourism Fund from funding under the Rebuilding NSW Plan to deliver on its election commitment. The Fund will go towards a wide range of environment and tourism infrastructure projects in regional NSW.</p>   |
| <b>Sporting Infrastructure</b>                        | <p><b>\$207 million in 2016-17</b></p> <p>This includes an undisclosed amount for the commencement of demolition works at Parramatta Stadium (the Western Sydney Stadium Project) and \$56.5 million in grants and subsidies for a range of sporting initiatives including local high-performance sporting assets and regional sports development.</p> |

## INVESTING IN TRANSPORT

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| <b>Bus networks</b>  | <p><b>\$1.9 billion in 2016-17</b></p> <p>This funding includes \$1.4 billion for bus services across NSW, incorporating \$108 million for around 218 new buses to replace old buses and expand the public and private fleets across NSW.</p> <p>A further \$234 million will be spent on priority works, including \$210 million for planning and infrastructure development of the B-Line between the Northern Beaches and Sydney CBD.</p>   |
| <b>Accessibility</b> | <p><b>\$100 million in 2016-17</b></p> <p>This funding will go towards community access to services measures, including:</p> <ul style="list-style-type: none"> <li>• \$16 million to ensure wheelchair accessible taxis are available for those who rely on them</li> <li>• \$84 million for community transport and home &amp; community care services for people who cannot catch public transport</li> </ul> <p><b>A further \$280 million in 2016-17</b> has been allocated for improving transport access, including access upgrades at train stations, commuter wharves and additional car parking.</p> |
| <b>Sydney Metro</b>  | <p><b>Up to \$12.5 billion over four years</b></p> <p>Including \$2.7 billion to provide the final stage of funding for the Sydney Metro rail project:</p> <ul style="list-style-type: none"> <li>• \$1.3 billion for Sydney Metro Northwest; and</li> <li>• \$1.4 billion for the second stage of Sydney Metro City &amp; Southwest</li> </ul>  |

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| <p><b>Next Generation Rail Fleet</b></p>                                       | <p><b>\$518.4 million over four years</b></p> <p>Funding allocation of \$402 million for the Next Generation Rail Fleet acquisitions.</p> <p><b>A further \$1 billion</b> has been earmarked for new suburban trains – subject to market engagement to determine the size and timing of any orders.</p>   |
| <p><b>Light Rail</b></p>   | <p><b>\$277 million in 2016-17</b></p> <p>The Government has provided further funding for a range of light rail projects:</p> <ul style="list-style-type: none"> <li>• \$71 million for construction works on CBD and South East Light Rail (total cost of \$1.9 billion)</li> <li>• \$64 million for planning and preparation works on Parramatta Light Rail; and</li> <li>• \$142 million for Newcastle Light Rail</li> </ul>   |
| <p><b>Train protection and operations</b></p>                                  | <p><b>\$190 million in 2016-17</b></p> <p>This includes:</p> <ul style="list-style-type: none"> <li>• \$100 million to continue delivery of Automatic Train Protections to further boost rail safety</li> <li>• \$90 million to progress the Rail Operations Centre</li> </ul>  |
| <p><b>Sydney Trains and NSW TrainLink network upgrades and maintenance</b></p> | <p><b>\$1.7 billion in 2016-17</b></p> <p>The Government has allocated \$1.3 billion to renew and maintain Sydney Trains and NSW Trainlink networks, alongside a further \$407 million for planning enhancements to infrastructure and train fleet.</p>   |
| <p><b>Transitional assistance for point-to-point reforms</b></p>               | <p><b>\$250 million over three years</b></p> <p>The Government has allocated funding for a range of transitional assistance measures by consequence of the point-to-point reforms, including:</p> <ul style="list-style-type: none"> <li>• \$142 million over three years for taxi licensees</li> <li>• \$10 million over three years for a buy-back scheme for perpetual hire-car license holders</li> <li>• \$98 million for payments to taxi license holders that purchased plates before July 2015</li> </ul> |
| <p><b>Major Roads</b></p>  | <p><b>\$2.9 billion in 2016-17</b></p> <p>This allocation is primarily for WestConnex and related projects, including:</p> <ul style="list-style-type: none"> <li>• continue widening and upgrading the M4;</li> <li>• building a New M5;</li> <li>• getting the M4-M5 link ‘shovel ready’; and</li> <li>• road integration works across the road network</li> </ul> <p><b>A further \$283 million in 2016-17</b> has been allocated to continue construction of NorthConnex.</p>                                 |

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| <b>Access to Western Sydney Airport</b>            | <b>\$1.8 billion over four years</b><br><br>This includes \$338 million in 2016-17 to continue building and upgrading roads to support Western Sydney Airport at Badgerys Creek.   |
| <b>Congestion remedies</b>                         | <b>\$125 million in 2016-17</b><br><br>This funding will be directed towards fixing notorious pinch points in Sydney's road network.   |
| <b>Sydney Ferries Fleet &amp; Commuter Wharves</b> | <b>\$87 million in 2016-17</b><br><br>This funding is for both fleet upgrades and wharve construction and upgrades, including: <ul style="list-style-type: none"> <li>• \$30 million to continue delivery of six new inner harbour ferries</li> <li>• \$8 million for four new ferries for Parramatta River</li> <li>• \$32 million for upgrades to Sydney commuter wharves</li> <li>• \$17 million to continue construction of the new ferry wharf at Barangaroo</li> </ul> |
| <b>Public Transport Fares</b>                      | <b>\$560 million in 2016-17</b><br><br>This funding covers the cost of public transport concessions.   |

## IMPROVING THE INDUSTRY'S COMPETITIVENESS

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| <b>Foreign investor surcharges</b>      | <p>The NSW Government is introducing surcharges for foreign investors in residential real estate. These are expected to generate more than \$1 billion in revenue over four years:</p> <ul style="list-style-type: none"> <li>• A transfer duty surcharge of 4% will apply to new purchases</li> <li>• A land tax surcharge will also apply at a rate of 0.75% from the 2017 land tax year, with no tax-free threshold, including on a principal place of residence.</li> </ul> <p>TTF is concerned about the definition of "residential real estate" to ensure it does not include commercial short-term accommodation such as hotels, motels and serviced apartments. TTF is also wary of the impact this surcharge will have on foreign investor perceptions of investing in NSW.</p> |
| <b>Smart, Skilled and Hired Program</b> | <p><b>\$100 million over two years</b></p> <p>This is a new program that will work with businesses to provide greater opportunities for young people to find a job and get the skills they need to advance their careers. The program will also assist young people looking for opportunities such as apprenticeships and traineeships.</p> <p>TTF encourages the NSW Government to include tourism and transport work pathways and operators as part of this Program.</p>   |