

2017-18
NSW
PRE-BUDGET
STATEMENT

FUTURE ECONOMY FUTURE JOBS



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Executive Summary

The 2017-18 NSW State Budget presents an opportunity for the NSW Government to future-proof the tourism and transport sectors. Targeted investment in tourism and transport infrastructure will ensure that NSW remains a great place to live and to visit into the future.

The Tourism & Transport Forum Australia (TTF) will continue to work with the NSW Government to support this goal into the future and encourages the NSW Government to give consideration to the following tourism and transport priorities as part of the 2017-18 State Budget:

1. Maintain funding for Desintation NSW

2. Maintain business events funding

3. Enhance nature-based tourism experiences

4. Support cultural and heritage tourism

5. Support the growth of NSW cruise shipping

6. Maintain funding to grow regional tourism

7. Invest in critical transport infrastructure projects

8. Investigate options to extend bus franchising

9. Grow ferry services

10. Improve transport access to Sydney Airport

11. Relax operating restrictions imposed on Sydney Airport

12. Support transport innovation

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Tourism:

Tourism is crucial to the NSW economy, generating \$37.1 billion in consumption as well as directly contributing \$15 billion to total Gross State Product and employing more than 171,000 people across the state. Continued investment by the NSW Government in destination marketing, as well as support for major sporting, cultural and business events, has led to significant growth of the NSW tourism industry. To ensure that NSW remains in a position to capitalise on domestic and international tourism into the future and harness the potential of tourism as a super-growth industry, TTF encourages the NSW Government to continue to prioritise tourism and the visitor economy by considering the following recommendations as part of the 2017-18 NSW Budget:

1. Maintain funding for Destination NSW

Destination NSW plays a critical role in generating visitation to NSW through tourism marketing and major events. Destination NSW is also responsible for leading the delivery of the NSW Visitor Economy Industry Action Plan, which outlines the State's strategy for achieving its target of doubling overnight visitor expenditure to \$36.6 billion by 2020. It is noted that NSW outpaces the rest of the nation in terms of international visitors and international spend, with more than 3.9 million visitors spending \$9.8 billion in NSW to the year ending March 2017. To ensure that NSW remains competitive as a destination in a crowded global market it is important that Destination NSW continues to be sufficiently funded so it can continue to build a compelling destination brand for NSW. To this end, TTF recommends that the NSW Government maintains funding for Destination NSW in real terms over the forward estimates.

2. Maintain business events funding

Business events are critical to Australia's visitor economy. Targeted government funding that supports bids to secure high-yield business and major events is a sound investment decision that helps to grow local jobs and encourages domestic and international visitation and tourism opportunities. As noted by the Business Events Council of Australia report 2015 Report, *The Value of Business Events to Australia*, business events held in NSW in 2014-15 generated \$7.5 billion in direct expenditure, \$3.9 billion in direct valued add and supported more than 46,000 jobs. It is noted that this report was released during construction of the International Convention Centre Sydney. To continue to grow the business events sector across NSW, TTF urges the NSW Government to maintain funding for Business Events Sydney in real terms over the forward estimates. TTF also encourages the NSW Government to consider opportunities to leverage business event opportunities in regional NSW.



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3. Enhance nature-based tourism experiences

NSW's destination brand is greatly enhanced by its natural beauty and incredible destinations such as the Blue Mountains, Byron Bay, the Hunter Valley, Jervis Bay and Lightning Ridge. TTF research shows that nature-based visitors stay longer and spend more. International visitors spend around 15 per cent more and stay 20 per cent longer, while domestic visitors tend to spend around 40 per cent more and also stay 40 per cent longer. On this basis, it is important that the NSW Government maintains funding for NSW Parks & Wildlife Services to support visitor infrastructure and to promote new visitor experiences. TTF also recommends that the NSW Government consider working with the private sector to develop visitor facilities and accommodation in and around national parks to grow domestic and international visitation.

4. Support cultural and heritage tourism

Cultural events and exhibitions held at these institutions are critical demand drivers for the visitor economy. One of the defining characteristics of a modern city is that it places a strong value on arts, culture and heritage. The NSW Government is to be commended for its recent announcement that it will provide \$244 million to complete the Art Gallery of NSW Sydney Modern project. This investment, along with the Sydney Theatre Company's \$60 million Wharf Renewal Project and the incredible growth of cultural festivities such as Vivid will help to increase the 12 million cultural and heritage visitors NSW welcomes each year. To support the continued growth of cultural and heritage tourism, TTF recommends that the NSW Government to maintain funding for key cultural tourism infrastructure projects and precincts including the Sydney Living Museums. Additionally, TTF urges the NSW Government to allocate funding to plan and deliver a new world-class museum for Parramatta.

5. Support the growth of the NSW cruise shipping

Cruise travel is one of the fastest-growing markets in Australia. According to the Cruise Lines International Association (CLIA) *Economic Impact Statement* for 2015/16, the cruise industry's total national contribution grew to \$4.6 billion, an increase of 27 per cent. In 2015/16, 63 per cent of Australia's total economic contribution from the cruise industry flows directly to NSW, however this has decreased from 68 per cent in 2014/15. While Sydney remains one of the world's most popular cruising destinations, port congestion during peak seasons has impacted on future growth of the sector. To facilitate growth and mitigate the decline of economic activity generated from cruise activity, TTF urges the NSW Government to work with the Australian Government to provide long-term access for large cruise ships to Garden Island, and allow for the ability to process passengers through Customs at Garden Island. Additionally, TTF urges the NSW Government to finalise and release the NSW Cruise Development Plan to provide long-term certainty around planning and investment for the cruise industry.



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6. Grow regional tourism

Growth in tourism is critical to the future of regional economies in NSW. The challenge for the NSW Government is to encourage and promote regional tourism dispersal, particularly in relation to international visitors. TTF supports the NSW Government's \$300 million commitment to boost regional tourism attractions through the *Regional Growth Environment and Tourism Fund*. The fund will expand the NSW tourism product by supporting the growth of regional attractions including food and wine experiences, national parks and heritage buildings. To this end, TTF urges the NSW Government to maintain funding over the forward estimates for the *Regional Growth Environment and Tourism Fund*. Targeted investment in road and transport infrastructure connections is also required to grow and support regional tourism into the future.

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Transport:

Targeted investment in road and public transport infrastructure projects is critical to ensuring that NSW is able to meet the challenge of future population growth, particularly in Western Sydney, and is able to minimise the future costs of congestion. The NSW Government is to be commended for its track-record in funding and delivering long-overdue transport infrastructure projects including Sydney Metro, Sydney CBD and South East Light Rail, Newcastle Light Rail, Parramatta Light Rail, the Northern Beaches B-Line, WestConnex and NorthConnex. Additionally, the NSW Government is also to be commended for its substantial investment in additional bus, ferry and train services across NSW, including the recent announcements of additional weekend train services to the Blue Mountains and increased rail services to Sydney Airport.

The record investment made by the NSW Government noted above will address critical capacity issues and reduce congestion. In addition, on-going investment in transport infrastructure, as well as integrated, reliable and efficient public transport services is required to reduce travel times, maximise economic productivity, transform urban environments and support the continued growth of the NSW visitor economy. TTF recommends that the NSW Government invests in critical road and public transport infrastructure projects and continues to increase transport services across NSW.

7. Invest in critical transport infrastructure projects

Infrastructure Australia estimates that the cost of congestion in Greater Sydney will increase from \$5.5 billion in 2011 to \$14.7 billion by 2031 without greater investment in integrated and higher capacity transport infrastructure projects that address future capacity constraints and anticipated population growth. It is critical that the NSW Government invests in the following transport infrastructure projects to ensure that commuters and visitors are able to access safe, efficient and reliable roads and passenger transport services into the future:

Western Sydney Airport Rail Link

The recent decision made by the Australian Government to build Western Sydney Airport will turbo-charge economic growth in Western Sydney and provide an additional gateway for domestic and international tourists into the future. To ensure that Western Sydney Airport reaches its full potential, TTF strongly urges the NSW Government to work with the Australian Government to secure funding to ensure that a rail connection linking the airport with Parramatta and the Sydney CBD is constructed prior to the commencement of operations at the Western Sydney Airport in 2026. TTF would also welcome moves by the NSW Government to preserve land corridors in Western Sydney to support the future construction of rail links or alternative forms of transport including Bus Rapid Transit.



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Parramatta Light Rail Stage 2

TTF acknowledges the NSW Government's commitment to Stage 1 of the Parramatta Light Rail project, connecting Westmead to Carlingford via Parramatta. This project will fast-track the growth of a future health and education super-precinct and improve liveability across Western Sydney. However, TTF urges the NSW Government to fast-track funding and an ironclad timeline for Stage 2 of the project, linking Camellia to Strathfield via Sydney Olympic Park. This critical link, in conjunction with the proposed Sydney Metro West, will ensure that Sydney Olympic Park is able to reach its full potential as the heart of Western Sydney and as a world-class entertainment and employment precinct into the future.

Sydney Metro West

To support Sydney's growing population, particularly within and around Greater Parramatta, frequent and reliable rail services that increase capacity are required. Sydney Metro West is listed by Infrastructure Australia as a *high priority initiative* and will provide greater connectivity between Parramatta and the Sydney CBD, effectively doubling the rail capacity of the Parramatta to Sydney corridor. Importantly Sydney Metro West will support the economic growth of critical precincts within the developing Central including Parramatta, Sydney Olympic Park and the Bays Precinct. For these precincts to reach their full potential and to provide access to the jobs of the future, TTF recommends that the NSW Government expedite planning for Sydney Metro West and provide clear timeframes for its proposed construction in the second half of the 2020s.

Regional Rail Services

Regional and intra-city rail services have experienced significant underinvestment over many years. As a result, rail journeys from regional areas of NSW to Sydney are unviable for many commuters and visitors. Similarly, inter-city services between Wollongong and Sydney, Newcastle and Sydney and Canberra and Sydney can take longer than a private vehicle trip. To support growth in our regions and to encourage regional dispersal within the tourism sector, it is critical that the NSW Government provides greater investment to improve regional rail infrastructure and services. TTF acknowledges that the NSW Government has fast-tracked the replacement of regional XPT trains to improve comfort and reliability of journeys. However, TTF also recommends that the NSW Government work with the Australian Government to develop a business case to upgrade existing regional rail corridors for consideration as part of the *National Rail Program*. Increased investment along with better facilities and additional services, would reduce travel times, revitalise regional communities and provide commuters and visitors with a more reliable and affordable method of travel between Sydney and regional and inter-city destinations.

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8. Investigate options to extend bus franchising

TTF supports the NSW Government's recent announcement that it would put Inner-West bus services out to a competitive tender process. This will provide enormous financial and services benefits to both commuters and government. The management of bus networks and services is an area of transport policy in which the private sector has proven time and again that it can deliver quality services at best value for taxpayers' money. TTF's 2016 report *On the Buses: The Benefits of Private Sector Involvement in the delivery of Bus Services* found that the NSW Government could save up to \$500 million in savings over five years if all remaining publicly operated bus regions in Sydney, including the Inner-West, were subject to customer focused franchising. TTF encourages the NSW Government to continue to investigate options to progress customer focused franchising options for regions that are currently operated by Sydney Buses.

9. Grow ferry services

Sydney Harbour and the Parramatta River are unique assets that have traditionally been underutilised as a transport option. The NSW Government is to be congratulated for adding increased services and new ferry routes between the North Shore, CBD and the Eastern Suburbs. It is acknowledged that the NSW Government has also made a significant investment in new Inner Harbour ferry vessels that are capable of carrying up to 400 passengers. To increase usage of commuter and tourist ferry services, and to take advantage of new ferry hubs such as Barangaroo, TTF recommends that the NSW Government work with the private sector to ensure that adequate berth spaces are made available to private ferry operators. Additionally, TTF encourages the NSW Government to progress the proposed redevelopment of Circular Quay, which is currently at capacity, and to involve private operators in the planning and design stage of its redevelopment.

10. Improve transport access to Sydney Airport

Sydney Airport is the primary gateway to Australia for international visitors. Journeys between the Airport and the CBD are often a visitor's first and last experience of Australia. It is critical that visitors and locals alike are able to access Sydney Airport in comfort and in a timely manner. To this end, TTF congratulates the NSW Government for adding an extra 200 rail services each week to and from Sydney Airport on the T2 Airport Line. Providing additional rail services will provide a real alternative for travellers to access the airport and will lead to a reduction in road congestion. To complement additional rail services to the CBD, TTF recommends that the NSW Government also consider increasing bus services to and from the airport to support areas currently without direct rail access, including the St George-Sutherland Shire area. Additionally, TTF encourages the NSW Government to support additional investment for road and active transport infrastructure around the airport precinct.



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11. Relax operating restrictions imposed on Sydney Airport

Constraints on aircraft movements at Sydney Airport are a significant and growing impediment not only to the NSW economy, but also to the national aviation network. In addition to a legislated limit of 80 aircraft movements per hour, the nation's largest airport is further constrained by a 15 minute 'rolling hour,' which effectively limits aircraft movements to a maximum of 20 per hour. This prevents airlines from effectively recovering from delays. In the interests of greater efficiency and a better experience for air travellers, TTF urges the NSW Government to actively support industry calls for the removal, by the Australian Government of the 15 minute 'rolling hour' cap, enabling more flexibility in aircraft movements each hour without increasing the number of flights.

12. Support transport innovation

The NSW Government is leading the way in embracing technology and innovation in the transport and mobility sector. The creation of the Smart Innovation Centre was an important first step to ensuring that NSW remains the number one choice for trialling and implementing new technologies that have the potential to reduce travel times, provide greater mobility options and promote a greater customer experience for commuters. TTF encourages the NSW Government to progress private sector proposals to trial autonomous vehicles and services on NSW roads. TTF also encourages the NSW Government to trial innovative transport-on-demand services, particularly in regional and suburban areas, to address the 'first last mile' problem by providing turn up and go services between private nodes and transport hubs. Additionally, TTF encourages the NSW Government to expand seamless open-loop ticketing solutions to provide commuters and visitors with the option of using their credit or debit card to pay for and access public transport services.