

Committee for Melbourne Briefing Note

2013-14 Victorian State Budget

Overview of Key Announcements

Strong and secure finances

- In 2013-14, the Coalition Government will deliver an estimated operating surplus of \$225 million, which is projected to rise to \$2.5 billion by 2016-17
- Net debt is estimated to be 6.4 per cent of GSP at June 2014, and begins to decline on this basis after June 2015 to 5.4 per cent by 2016-17
- The economy is projected to grow by 2.25 per cent in 2013-14, rising to 2.75 per cent in 2014-15

Medium-term fiscal parameters

- Infrastructure investment of 1.3 per cent of GSP (calculated as a 5-year rolling average)
- Reduced general government net debt as a percentage of GSP over the period to 2022
- Fully funded superannuation liability by 2035
- Net operating surplus of at least \$100 million and consistent with the infrastructure and debt parameters

The Coalition Government's productivity agenda

- \$6-8 billion East West Link (Stage 1) project
- \$515 million for new trains, infrastructure and station upgrades and early works on level crossing removal
- \$110 million for planning to expand the Port of Hastings
- \$170 million in additional funding for arterial road maintenance and restoration
- Establishing a \$200 million TAFE structural adjustment fund
- \$112 million in initiatives for Victorian business innovation and international engagement in the tourism, international education, health exports, aviation, and screen sectors
- Significant investment in the future of the Macalister Irrigation District through \$16 million in support, to be matched by irrigators, for on-farm infrastructure upgrades

East West Link (Stage 1)

The Coalition Government has allocated funding in the *2013-14 Budget* for further planning to commence Stage 1 of the East West Link.

The total East West Link project is intended to connect the Eastern Freeway to CityLink, CityLink to the Port of Melbourne, and the Port of Melbourne to the Western Ring Road. Stage 1 of the East West Link will connect CityLink at Parkville to the Eastern Freeway at Hoddle Street.

The East West Link will be delivered as a public private partnership (PPP), including some private sector financing. As a nation-building piece of major infrastructure, a \$1.5 billion funding contribution from the Commonwealth will be required.

Note the Gillard Labour Government is yet to announce any plans to provide funding for the East West Link project. The Abbott Opposition have indicated they will support the project should they win Government.

East-West Link Stage 1 Investment

- Total capital cost of the program of works for the first stage is estimated at between \$6-8 billion
- The first stage of the project is the Eastern Section, a 6 kilometre link from the Eastern Freeway in Clifton Hill to CityLink in Parkville
- The section will be predominantly in tunnel to minimise social, visual, noise and other environmental impacts
- The *2013-14 Budget* makes provision for delivery of the first stage, allowing for some private financing and \$1.5 billion of Commonwealth funding
- Funding of \$294 million has been released over the next 2 years to complete detailed planning, and commence procurement and early works construction

It has been noted by the Coalition Government that the project road will be tolled, however tolling revenue will not recover the full cost, therefore significant investment is required by the State, Commonwealth and private sector.

The Coalition Government has also indicated they will engage with communities regarding the preferred corridor and the needs and concerns of local communities.

Melbourne Metro

\$10 million to be spent in 2013-14 to progress detailed planning on Melbourne Metro.

Port of Hastings

\$110 million over the next 4 years for the Port of Hastings Development Authority to progress planning and approvals. This initiative complements the Port of Melbourne redevelopment, which is undergoing a \$1.6 billion expansion of container and automotive capacity at Webb Dock.

Maintaining the road network

\$280 million in additional funding for the restoration, maintenance and upgrade of key sections of Victoria's road network, including:

- \$90 million for targeted road restoration, focusing first on high priority roads on strategic economic routes
- \$80 million for arterial road maintenance
- \$32 million to repair fatigue defects on the West Gate Bridge
- \$53 million for the upgrade of Cardinia Road, High Street Road, Omeo Highway, implementation of a managed motorway system on the Monash Freeway, and planning for the Kilmore-Wallan Bypass
- \$28 million for targeted road upgrades in regional Victoria to address key transport bottlenecks.

Level crossing grade separations

\$52 million package of early works will progress the removal of railway level crossings at:

- Main Road (St Albans)
- North Road (Ormond)
- Blackburn Road (Blackburn)
- Mountain Highway and Scoresby Road (Bayswater)
- Further planning and business case development for the Burke Road (Glen Iris) and Murrumbeena Road (Murrumbeena) level crossings.

Expanding rail capacity

- \$177 million for eight new X'Trapolis trains and associated stabling and signalling
- \$100 million to improve passenger services on the Frankston line, and provide infrastructure to enable X'trapolis trains to be deployed on the Frankston, Werribee and Williamstown lines
- \$4.5 million to develop the High Capacity Signalling project on the Sandringham line
- \$78 million to build and maintain facilities for Protective Services Officers at railway stations
- \$10 million to construct a four storey carpark at Syndal Station on the Glen Waverley line
- \$64 million upgrade to the Ringwood Station precinct
- \$25 million for additional train services on the Dandenong rail line to support growing demand

Transport hubs

Funding of \$14 million has been provided to the transit interchange precinct in central Frankston to upgrade lighting, shelters and amenities, improving safety and comfort for travellers.

Bus services

\$25 million to increase the number of bus services in key growth areas, improving transport coordination for commuters. Precincts include St. Albans, Caroline Springs, Wyndham, Bacchus Marsh and Warrnambool.

Health infrastructure

- \$197 million in 2013-14 for delivery of the new Bendigo and Monash Children's Hospital – and redevelopment of the Victorian Eye and Ear hospital
- \$420 million for elective surgery funding pool and \$238 million for doctor, nurse and health professional training

Education

- \$580 million for the future of Victoria's education system, with \$11.6 billion in total towards education in 2013-14 including \$203 million for new and rebuilt schools
- A \$200 million TAFE Structural Adjustment Fund to support TAFE institute initiatives that promote innovation, collaboration, structural reform and business transformation

Promoting investment in our natural resources

- \$19 million package to attract new exploration, reduce barriers to investment and promote Victoria as an investment destination in the earth resources sector

Building employment opportunities

- A \$33 million initial investment to upgrade roads and the associated transport infrastructure to accommodate new developments and connect the East Werribee Employment Precinct to regional and state transport networks
- An employment start-up program to assist businesses with their recruitment requirements and support young job seekers to enter sustainable employment
- A screen jobs, business and skills package designed to support the screen sector and provide development and employment opportunities for practitioners with demonstrated creative skills

Victorian tourism industry

- \$16 million over four years including funding of \$8 million to implement the *China Tourism Strategy*, which aims to increase the number of international visitors to Victoria from China

Enhancing Victoria's competitiveness

- \$18 million to an international education strategy for Victoria to deliver a package of initiatives to build on Victoria's globally competitive position as a quality provider of international education in the Asia Pacific region
- \$16 million to establish the Office of State Development to identify and capture investment opportunities domestically and internationally
- \$16 million to support collaboration between Victorian public sector agencies and Victorian small businesses to develop innovative products and services for use in the public sector, and create new business and export opportunities for businesses with high growth potential

Planning for better cities

- \$12 million for engineering works at Federation Square and to assess the commercial viability for development east of the current location
- \$4.1 million to assess the development potential of the 23 hectare E-Gate site in West Melbourne and develop options to expand the Melbourne Convention and Exhibition Centre

Targeting housing affordability

- The First Home Owner Grant for new homes will be increased to \$10 000 from 1 July 2013
- The 40 per cent First Home Buyer land transfer duty concession will be brought forward by six months, from 1 January 2014 to 1 July 2013
- The \$7 000 First Home Owner Grant for established homes will conclude from 1 July 2013

A vibrant arts scene

\$29 million to support the arts sector, including:

- \$5.3 million to create a new grants program to support independent arts organisations across Victoria, including regional Victoria
- \$5.3 million over the next four years for the Melbourne International Film Festival
- An additional \$4 million for the Arts Centre to bring world-class cultural and artistic programs to Melbourne
- \$4.5 million to stage a new state-wide National Gallery of Victoria summer program.
- \$4 million to refurbish the National Gallery of Victoria International and the Ian Potter Centre.