



Victorian Tourism Industry Council

VTIC

The united voice of Victorian tourism

Victorian State Budget 2007-08 Tourism and Events Industry Overview

The 2007-08 State Budget is positive for operators in the tourism industry and Victorian businesses more broadly. The budget contains a range of specific tourism-related initiatives, including increased funding to attract major events, and a considerable commitment to tourism development in regional Victoria. In addition to this, there are a range of other positive initiatives for business, such as cuts to average WorkCover premiums and land tax, which will assist in reducing business costs.

The Budget outcomes follow active and ongoing lobbying efforts from VTIC and VECCL in order to secure improved conditions for business, and long-term support for the tourism industry.

Tourism Initiatives

The 2007-08 provides a funding increase of \$66 million for tourism related initiatives, including:

- \$34 million over four years for an increase to the major events cap and the Victorian Major Events Corporation operating budget.
- \$23 million over four years in additional funding to support regional tourism, including:
 - \$6.3 million for nature based tourism and car touring.
 - \$5 million for stage two redevelopment of the Ballarat Eureka Centre.
 - \$5 million Regional Aviation Fund to upgrade and improve regional airport infrastructure.
 - \$2 million for regional tourism events.
 - \$1.5 million to reopen the underground mine at the Historic State Coal Mine in Wonthaggi.
 - \$1.2 million to market regional wineries and food to interstate markets.
 - \$1 million for fly-drive holidays to regional centres.
 - \$1 million to expand the use of the internet by regional tourist operators.
- \$5.5 million for marketing international tourism.
- \$1 million in additional funding for the Tourism Excellence Program.

In addition to this, the tourism industry will benefit from a \$95 million plan to enhance Victoria's system of National Parks and Conservation Reserves, which includes upgrades to camping and recreation facilities, additional park rangers and extensions to bike and walking tracks.

VTIC had lobbied for an increase in Tourism Victoria's budget to \$80 million to enable competitive international and domestic marketing and investment in industry development. While funding has been provided for specific initiatives, the quantum of funding in these areas was disappointing, particularly in the area of international marketing.



Business Taxation Relief and Related Measures

WorkCover premiums will fall by an average of 10 per cent, saving business a total of \$668 million over the next four years. Depending on individual business and industry claims experience, this may result in savings to a small business with 40 staff of up to \$2,560 per annum, while a larger employer with 500 staff may save up to \$32,000. This is the fourth successive cut in WorkCover premiums over the past four years.

Land Tax will fall, with the top rate cut from 3.0 per cent to 2.5 per cent, and the middle rates cut by one third. The tax free threshold will also increase, from \$200,000 to \$225,000. These initiatives are valued at \$508 million, and mean a saving of \$1,240 on a land value of \$1.5 million, rising to a \$13,620 saving on a land value of \$4 million.

Infrastructure Measures

The 2007-08 Budget delivers and additional \$3.3 billion capital works program, bringing total investment in infrastructure over the next four years to \$13 billion. This includes:

- \$500 million for public housing.
- \$340 million for public transport.
- \$91 million to upgrade regional roads.
- \$103 million to upgrade key routes in Melbourne's outer suburbs.
- \$464 million for hospitals and health services.

Economic and Fiscal Management

An operating surplus of \$324 million is forecast for 2007/08, with surpluses averaging \$424 million over the following three years – this will assist in underpinning business and investor confidence going forward.

General Government net debt will increase to fund major infrastructure projects - from \$3.0 billion at June 2007 to \$7.9 billion at June 2011, which is equivalent to 2.9 per cent of Gross State Product (GSP). However, the level of net debt will remain below that experienced in recent times – 3.1 per cent in 1999 and 15.9 per cent in 1995.

Victoria's economy is expected to grow by 2.75 per cent in 2006-07, rising to 3.25 per cent in 2007-08. Employment is forecast to grow by 2.25 per cent in 2006-07, before slowing slightly to 1.25 per cent in 2007-08. The unemployment rate is expected to stabilise at 5.0 per cent over the next four years.

The Budget identifies a number of potential risks to the Victorian economy over the forward period, including drought conditions, oil price volatility, wage and inflationary pressures, exchange rate movements and global developments.

VTIC Lobbying Achievements

VTIC has secured significant wins for tourism in the 2007-08 State Budget, with a strong result for the tourism industry across Victoria. Tourism businesses will also benefit from broader pro-business initiatives, such as cuts to average WorkCover premiums and land tax.

The following table compares our key pre-Budget recommendations with the measures that were announced in the Budget.

VTIC RECOMMENDATION	STATE BUDGET OUTCOME
TOURISM VICTORIA Increase Tourism Victoria's budget to \$80 million to enable competitive international and domestic marketing and investment in industry development.	Funding for several specific initiatives including: <ul style="list-style-type: none"> • \$5.5 million for marketing international tourism • \$6.3 million for nature based tourism • \$1.2 million to market regional wineries and food.
MAJOR EVENTS Continue to invest in the attraction and development of major events.	\$34 million over four years for an increase to the major events cap and the Victorian major Events Corporation operating budget.
BUSINESS TOURISM Increase funding to the Melbourne Convention and Visitors Bureau by \$5 million per annum.	No additional funding for MCVB.
DROUGHT AND BUSHFIRE RECOVERY Provide funding of \$2.5 million per annum for two years in marketing and industry development to assist the tourism industry recovery from recent drought and bushfires.	\$4 million bushfire recovery package previously announced. A range of initiatives to support regional tourism more broadly, valued at \$23 million.
NATURE BASED TOURISM Implement and resource a Nature Based Tourism Strategy.	\$6.3 million over four years to develop and promote nature based tourism and car touring.
NATURAL ASSETS Increase investment in resources to manage Victoria's natural and cultural tourism attractions, and increase funding for National Parks.	A \$95 million plan to enhance National Parks and Conservation Reserves, including upgrades to camping & recreation facilities, \$21 million for the Royal Botanic Gardens' Australian Garden, extra park rangers and extensions to bike & walking tracks.
TOURISM EXCELLENCE Additional funding to accelerate the implementation of the Tourism Excellence program.	\$1 million addition funding for the Tourism Excellence Program.

VTIC's LOBBYING RESULTS:	
TOURISM VICTORIA	✓
MAJOR EVENTS	✓
BUSINESS TOURISM	✗
DROUGHT AND BUSHFIRE RELIEF	✓
NATURE BASED TOURISM	✓
NATURAL ASSETS	✓
TOURISM EXCELLENCE	✓