

December 2015

2015-16 MYEFO Review

The 2015-16 Mid- Year Economic and Fiscal Outlook (MYEFO) showed that since the May budget, growth forecasts have been downgraded in line with Reserve Bank of Australia estimates, the deficit has blown out by \$26 billion over four years, and the forecast return to balance has been pushed out by at least another year, to 2020-21 at the earliest.

The MYEFO provided recognition that the economy is transitioning from strong resource investment-led growth to broader-based drivers of economic activity. The transition is being supported by historically low interest rates, the fall in the Australian dollar and low oil prices.

Economic Outlook

The Commonwealth deficit for the 2015-16 year has been revised up from \$35.1 billion to \$37.4 billion. At current projects, the Budget will reach surplus in 2020-21, one year later than projected in the 2015-16 budget, a result of weaker tax receipts, lower commodity prices and lower wages growth.

The Government estimates suggest that Australia's real gross domestic product (GDP) growth will increase from 2.5 per cent of GDP in 2015-16 to 2.75 per cent in the 2016-17 year.

Employment forecasts are positive, with employment predicted to grow by 2 percent by June 2016, and by 1.75 per cent in the following 12 months. Unemployment is forecast to remain at approximately 6 per cent over June quarters of 2016 and 2017.

Specific Tourism and transport decisions since the 2015-16 Budget

There has been no impact on the funding for Tourism Australia. However the Government will achieve savings of \$8.9 million in 2015-16 by not proceeding with design and scoping work for new Information Communications Technology platforms to manage travellers' biometric data. The Department of Immigration and Border Protection is undertaking further analysis of the current biometric platform and exploring opportunities for future solution designs.

- **Australia Week Events**

The Government will provide \$18.0 million over four years from 2015-16 to Austrade to expand its current programme of Australia Week events. The events will be held in China, India, ASEAN countries and the United States to build Australia's reputation as a tourism destination and as a trade and investment partner.

The Department of Foreign Affairs and Trade, the Australian Trade Commission and Tourism Australia will redirect \$8.8 million of existing funding over four years to support these events.

- **Free Trade Agreement Promotion**

The Government will provide \$24.6 million over two years from 2015-16 to promote business understanding of the recently concluded Free Trade Agreements in North Asia and to assist businesses to access and maximise their benefits under these agreements. Advocacy and outreach activities will take place in both Australia and in target offshore markets.

- **Strengthening Australia's ability to attract foreign investment**

The Government will provide \$30.0 million over four years to attract major job creating investment in each of the Government's five investment priority areas: infrastructure; tourism; resources and energy; agribusiness and food; and advanced manufacturing, services and technology.

This funding will establish five senior investment specialists posted offshore, and a new investment promotion and attraction office in Boston, United States of America. This funding will also provide for investment attraction events, detailed market research and analysis to support attracting investment, and provide additional staff dedicated to investment promotion within Australia and overseas.

- **Development of Northern Australia.**

The Government will provide \$77.0 million over four years from 2015-16 to support the development of northern Australia as a gateway to business, trade and investment in the broader region. This includes \$26.9 million for the Department of Immigration and Border Protection for reforms to tourism visas, generating estimated revenue of \$37.7 million, to grow the tourist economy in the north. Reforms include: expanding online lodgement of visitor visa applications in China and India; trialling visitor visa online lodgement in simplified Chinese; a visa with ten years validity for Chinese nationals; and a visa fast-track service for a fee.

- **Transport and Infrastructure Investment.**

The Government will provide an additional \$1.1 billion over two years from 2015-16 for the Roads to Recovery Programme which supports local governments across Australia to deliver vital services.

The Government will also provide \$999.0 million for the construction of new infrastructure to reduce congestion and boost productivity, including the Northern Connector in Adelaide (\$788.0 million), the Armadale Road duplication project in Perth (\$116.0 million), and Stage 2 of the Gold Coast Light Rail (\$95.0 million). The cost of these projects will be met from within the Infrastructure Investment Programme.

The Government will provide \$604.9 million over five years from 2015-16 to build and make better use of transport infrastructure in northern Australia. Announced in the 2015-15 budget.

- **Western Sydney – site preparatory works**

The Government will provide \$32.7 million over two years from 2014-15 to ready the Badgerys Creek site with no encumbrances for further development as a Western Sydney Airport.

The funding will enable the site to be secured, demolition of buildings as they are vacated, and the design, costing and approval of preparatory earth works to enable them to proceed in 2016.

- **HMAS Platypus site redevelopment**

\$20.0 million will be provided to contribute to the redevelopment of the Sydney Harbour Federation Trust's HMAS Platypus site in North Sydney.

For further queries please contact:
Carol Giuseppi, CEO, Tourism Accommodation Australia