



Committee for Mornington Peninsula Response to Victorian Budget 2021-22

16 June 2021

The Committee for Mornington Peninsula is disappointed that in this year's State Budget, the Mornington Peninsula received just 0.09 per cent of the funding announced for our neighbours in greater Geelong.

The total new funding committed to the Mornington Peninsula in the 2021-22 Victorian Budget equalled \$424,000 for new projects by the Port of Hastings Development Authority. By contrast, \$463.43 million was announced for specific initiatives in greater Geelong, as well as a range of other yet unfunded initiatives announced in this year's Budget.*

The Mornington Peninsula's metropolitan classification frequently disadvantages our residents, businesses and communities without providing the standards that metropolitan designation should confer.

For example, reduced levels of payroll and property taxes are available to regional areas, but are denied to the Mornington Peninsula, whereas the Peninsula does not benefit from metropolitan standards state government funding for education providers, public transport links or hospital services.

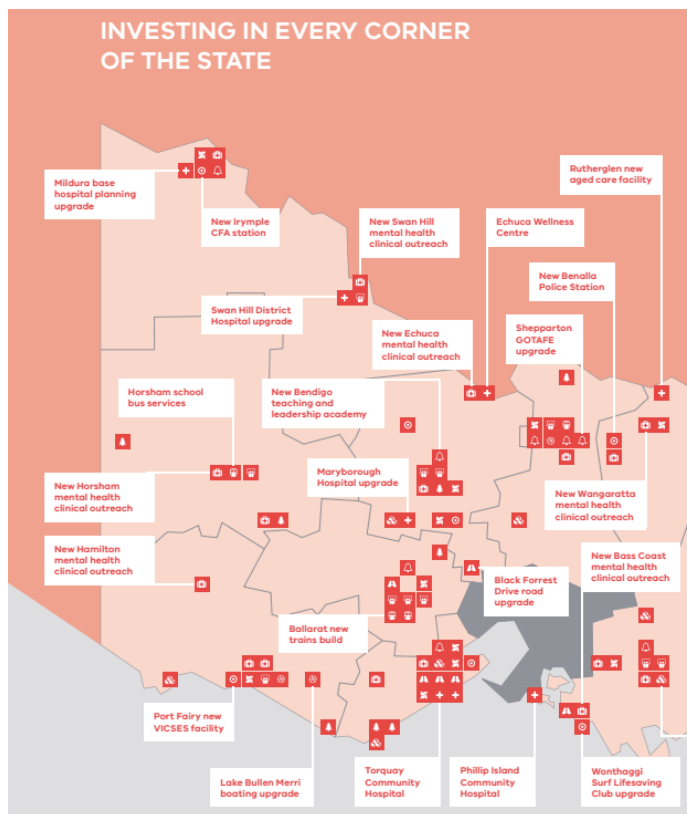
Since 2019, the Committee for Mornington Peninsula has been advocating for the chronic disparity in public funding between the Mornington Peninsula and our regional neighbours to be addressed.

This year's Victorian Budget has not only seen the usual funding shortfall between the Mornington Peninsula and our regional neighbours, but our metropolitan neighbours as well.

*\$424,000 of new funding was announced across the three state districts of Nepean, Mornington and Hastings in this year's State Budget compared with \$463.43 million of new funding announced across the three state districts of Geelong, South Barwon and Bellarine, which has the same enrolled population as the Mornington Peninsula.



Extract from Victorian Budget 2021-22– Suburban Budget Information Paper



Extract from Victorian Budget 2021-22– Rural and Regional Budget Information Paper

Despite the paucity of direct investment in the Mornington Peninsula as part of this State Budget, the CfMP acknowledges the state-wide funding programs that are likely to benefit Mornington Peninsula communities as part of this Budget.

Local Jobs

At a time when Mornington Peninsula employers in various industries are struggling to fill job vacancies, we welcome the \$619 million Jobs for Victoria initiative to deliver new services for people looking for work, including the \$250 million Jobs Victoria wage subsidy for organisations to hire new employees in priority groups. Similarly, we are pleased to see the extension of the New Jobs Tax Credit to support small and medium businesses to rehire staff, restore hours and create new jobs as they emerge from the economic impacts of the pandemic.

The Committee for Mornington Peninsula is concerned however that businesses with payrolls of more than \$10 million will be subjected to a new 0.5 per cent Mental Health Levy, and that those with payrolls of more than \$100 million will pay an additional 0.5 per cent from 2022.

There are some major employers on the Mornington Peninsula which provide a large share of local jobs, who will be disadvantaged by this levy at a time when they are seeking to recover from the economic impacts of the extensive and ongoing metropolitan Melbourne lockdowns.

To assist businesses to recover after a severely interrupted 18 months of trading, we welcome this Budget's increase of the state-wide payroll tax-free threshold from \$650,000 to \$700,000. If the Mornington Peninsula was classified regional at a state level, our businesses would further benefit from a decrease in the regional employer payroll tax rate from 2.02 per cent to 1.21 per cent in the Victorian Budget 2021-22.

Tourism

According to REMPLAN Economy, tourism supports an estimated 3,564 jobs on the Mornington Peninsula, representing 6.8 per cent of total employment. Many of our major tourism destinations suffered huge losses as a result of the extended metropolitan Melbourne lockdowns, including some operators going into administration.

Considering the hardship faced by our local tourism sector, which underpins a large portion of the Mornington Peninsula's economy, the Committee for Mornington Peninsula welcomes the ongoing support for the Victorian tourism industry as part of this Budget. We specifically welcome the \$55 million announced for Visit Victoria to draw visitors to greater Melbourne and across the state, the \$10 million distillery door grant scheme to support jobs and the visitor economy and \$8 million for Regional Tourism Boards to transition to the new Visitor Economy Partnerships, including the Mornington Peninsula Regional Tourism Board.

Agriculture and Viticulture

One of the key reasons the Mornington Peninsula is such a popular tourist destination is because of our local agricultural and viticultural production industries. According to REMPLAN Economy, agriculture supports over 1,000 Mornington Peninsula jobs, including in non-tourism based production. In recognition of this significant element of our municipality, we welcome the \$19.3 million in this budget to attract seasonal workers to farms.

In addition to restrictions on trade due to lockdowns, some of the key current barriers facing our local viticultural and agricultural industries are international wine and beef tariffs. As such, the Committee for Mornington Peninsula welcomes the \$4.2 million budgeted for the Victorian Government Trade and Investment Network and \$5 million for the Trade Mission Program to help our local producers diversify into new international markets.

Health

We acknowledge the Victorian Government's commitment to mental health as part of this Budget, including the increased investment of \$3.8 billion in this area to improve service delivery across Victoria. We remain concerned however that this will be funded through additional levies on businesses as they rebuild from the economic effects of the pandemic amid ongoing lockdown restrictions.

We acknowledge the Victorian Government's \$3.7 billion investment in hospital services as part of this Budget, but note that no funding was announced for the only public hospital on the Mornington Peninsula, Rosebud Hospital, as part of this package. We hope that funding will flow to Rosebud Hospital to improve and expand services at that hospital, and that paramedics on the Mornington Peninsula will also receive a share of the \$759 million in funding for Ambulance Victoria.

Transport Infrastructure and Services

According to the Mornington Peninsula Shire's *Better Buses* campaign, the Mornington Peninsula has the second lowest provision of public transport per person in metropolitan Melbourne. At present, 82 per cent of the Peninsula is not serviced by public transport, and as a result, a mere three per cent of local residents take public transport to work, compared with 15 per cent across greater Melbourne.

It is perplexing why, when faced with a Budget that includes a record \$3.2 billion investment in public transport services and infrastructure in Victoria, no funding has been allocated to improving public transport services on the Mornington Peninsula for road or rail.

The Committee for Mornington Peninsula is of the view that the Frankston rail line should be extended to Baxter or as far onto the Mornington Peninsula as possible and acknowledges the \$225 million commitment from the Federal Government for this project has remained a budgeted commitment 2019.

It is disappointing that this year's State Budget again excludes a commitment to this project, which would bring access to a metropolitan train service onto the Mornington Peninsula for the first time in decades.

We note that despite State Government's \$265 million commitment to plan, upgrade and maintain suburban, rural and regional roads, there has been no funding announced for improving roads on the Mornington Peninsula, including major bottlenecks such as the Jetty Road intersection with the Mornington Peninsula Freeway.

The Federal Government has maintained a budgeted commitment of \$60 million for the Jetty Road Overpass project since 2019, and no funding has been committed to this project again in this year's State Budget, which is disappointing for local commuters and visitors to the Mornington Peninsula.

Education & Training

There are several significant state-wide initiatives in this Budget to support education and training, including \$88.8 million for subsidised VET Training, \$99.2 million to boost funding rates for TAFEs, \$14.9 million to support TAFE placements, \$12 million for TAFE equipment upgrades and \$6.2 million for TAFE digital literacy and employability training courses.

One of the key barriers that young people on the Mornington Peninsula face is access to tertiary education. The only TAFE institute on the Mornington Peninsula is located in Rosebud and offers a small handful of courses to students. We hope that some of this state-wide tertiary education funding will flow to expanding course delivery and providing infrastructure upgrades to Rosebud TAFE, despite no specific initiatives being announced for this campus as part of this State Budget.

Whilst a significant investment of \$1.6 billion was committed to Victorian schools, including upgrades at 52 schools, building 13 new schools, and expanding six more across the state, the Committee for Mornington Peninsula was disappointed that no funding was announced for schools on the Peninsula as part of this funding package.

The Environment

There are several state and national terrestrial and marine parks on the Mornington Peninsula that conserve unique ecosystems and provide environments for residents and visitors to recreate and discover what makes the Mornington Peninsula special. Our parks became particularly important for residents during lockdown, who spent their allocated outdoor exercise time at their local parks, which resulted in many residents reconnecting with their local terrestrial and marine parks.

The Committee for Mornington Peninsula welcomes the \$31.7 million for Parks Victoria and hopes that some of this funding will go to supporting important conservation programs and the maintenance of Mornington Peninsula parks, which local rangers are often under-resourced to manage, resulting in significant invasion of pest species into native ecosystems and the loss of indigenous flora and fauna.

We also welcome the \$8.8 million for the Port Phillip Bay Fund in grants to local government authorities to rehabilitate marine ecosystems, and hope that some of this funding will be allocated to the Mornington Peninsula Shire Council to assist with beach renourishment works. Many of the Peninsula's Port Phillip Bay beaches have experienced significantly accelerated coastal erosion in recent years, including Portsea Front Beach and Mount Martha North Beach.

Property Taxes

Soaring property prices are making property unaffordable for many buyers on the Mornington Peninsula due to State and Federal Government incentives inflating property values. In few places in Victoria has this phenomenon been more dramatic than on the Mornington Peninsula, where Mornington Peninsula properties have risen by an average 30 per cent in one year, as published by Domain on 2 May 2021.

As such, we welcome the temporary increase of the eligibility thresholds to \$1 million for all home buyers off-the-plan purchases and the two-year extension of the vacant residential land tax exemption for new developments, which is expected to support first home owners and mum and dad investors on the Mornington Peninsula, who are taking advantage of current government incentives to build a new home.

We acknowledge however that as part of this State Budget, the land transfer duty will increase to \$110,000 plus 6.5 per cent of the dutiable value of properties sold in excess of \$2 million. There will also be a 0.25 per cent increase for taxable landholdings exceeding \$1.8 million, and a 0.3 per cent increase for taxable landholdings exceeding \$3 million from 1 January 2022.

The CfMP is concerned that these land tax increases will impact on many self-funded retirees on the Mornington Peninsula whose properties are their pensions, especially considering the exponential price hikes Mornington Peninsula properties have experienced in the past year. We are also concerned that commercial property owners who will soon be subjected to these increased land taxes will be forced to pass on these costs to consumers.

We note that in addition to these land tax increases, which are expected to raise a combined tax revenue of \$2.26 billion, the Victorian Government has announced \$102 million of land tax concessions. From 1 January, the tax-free threshold for general land tax rates will increase from \$250,000 to \$300,000 at a cost of \$102 million, which is not expected to benefit many Mornington Peninsula properties in the current market.

On the Whole

We're disappointed that as in previous years, this year's Victorian Budget lacks any meaningful direct investment in the Mornington Peninsula.

Some state-wide funding programs are likely to be of benefit to our communities, including an increase in the metropolitan payroll tax-free threshold, funding for Visit Victoria, a new initiative to attract seasonal workers to Victorian farms and tax relief for new residential developments.

Disappointingly, new taxes will be imposed on major employers on the Mornington Peninsula and our residential and commercial properties will be taxed at a higher rate as businesses and property owners attempt to recover from the economic impacts of COVID-19.

After extended and repeated metropolitan Melbourne lockdowns, the CfMP would have expected more support for our local businesses and public assets and services to help the Mornington Peninsula to recover, however no new funding has been announced for our local hospitals, schools, TAFE, parks, roads or public transport services.

We remain hopeful that over the coming months, the Victorian Government will announce local funding initiatives for the Mornington Peninsula from the funding programs in this State Budget.

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