

Standing Committee on State Development

Regional development and a global Sydney

Ordered to be printed 7 June 2018

New South Wales Parliamentary Library cataloguing-in-publication data:

New South Wales. Parliament. Legislative Council. Standing Committee on State Development.

Regional development and a global Sydney / Standing Committee on State Development. [Sydney, N.S.W.] : the Committee, 2018. – [xiv, 136] pages ; 30 cm (Report no. 42 / Standing Committee on State Development)

Chair: Hon. Taylor Martin, MLC.

“June 2018”

ISBN 978192258496

1. Regional planning—New South Wales—Sydney—Economic conditions.
2. Economic development—New South Wales—Sydney.
3. Sydney (N.S.W.)—Economic conditions.
4. Sydney (N.S.W.)—Industries.
- I. Martin, Taylor.
- II. Title.
- III. Series: New South Wales. Parliament. Legislative Council. Standing Committee on State Development. Report ; no. 42

711.4099441 (DDC22)

Table of contents

	Terms of reference	vi
	Committee details	vii
	Chair’s foreword	viii
	Recommendations	x
	Conduct of inquiry	xiii
Chapter 1	Global Sydney and regional New South Wales	1
	Sydney: a global city	1
	Regional New South Wales	4
	A global Sydney: stimulus for growth in regional New South Wales	7
Chapter 2	Promoting better alignment, collaboration and targeted funding	9
	Tier classification model	10
	Regional boundaries	13
	Committee comment	14
	Proposals on how to define regional New South Wales	15
	Promoting better alignment for regional planning priorities	16
	2036 Regional Plans	17
	Regional Economic Development Strategy and Functional Economic Regions	18
	City Deals	20
	Committee comment	21
	Funding applications and benefit cost ratios	22
	NSW Treasury’s cost benefit analysis and benefit cost ratio	23
	Improving interaction between local and state government	24
	Committee comment	27
	Destination NSW	28
	Destination Networks	28
	Destination NSW funding framework	31
	Committee comment	33
	Future of Regional Development Australia Committees	33
	Committee comment	34
Chapter 3	Growing opportunities in regional New South Wales	35
	Forecasting growth in regional New South Wales	35
	Committee comment	36
	Tourism	37
	Committee comment	40

	Health and support services sector	40
	Future workforce needs	41
	Promoting local service delivery organisations with local expertise	43
	Committee comment	45
	Small to medium enterprises and start-ups	46
	SMEs and startups in regional areas	47
	Co-location	49
	Committee comment	51
	Agriculture and food production	51
	Committee comment	53
	Economic regional development in Aboriginal communities	53
	Standing Committee on State Development report 2016	54
	Benefitting from a global city	54
	Connectivity	55
	Education and employment	55
	Economic and regional development aspirations	56
	Committee comment	57
Chapter 4	Connecting the regions to global Sydney	59
	Road and rail freight corridors	59
	Blue Mountains	60
	Central West and Orana	61
	Far West	62
	The Hunter	62
	Illawarra Shoalhaven	63
	Access to key ports	66
	Air freight	67
	Committee comment	68
	Incentivising business relocation to regional New South Wales	68
	Payroll tax threshold and stamp duty tax	69
	Public-private partnerships	70
	Committee comment	71
	Decentralisation of government and private sector services	71
	Committee comment	73
	NBN and telecommunications	73
	Opportunities and the NBN	73
	Investment in digital connectivity	73
	Limitations of the NBN and telecommunications	74
	Committee comment	76

	Regional living	77
	Promoting regional relocation	78
	Impacts of regional relocation	79
	Committee comment	80
Appendix 1	Submissions	83
Appendix 2	Witnesses at hearings	85
Appendix 3	Minutes	88

Terms of reference

1. That the Standing Committee on State Development inquire into and report on how Sydney's growing prominence as a global city enhances regional development in New South Wales, and in particular:
 - a. ensuring the regions benefit from the expansion of international trade, infrastructure, employment, tourism, innovation and research in the greater Sydney region
 - b. identify the sectors of the economy that can provide the greatest opportunities for regional development, including forecasts for jobs growth
 - c. how collaboration between levels of government, non-government and private sectors can assist the regions to benefit from Sydney's global position, and
 - d. any other related matter.
2. That the committee report by 7 June 2018.¹

The terms of reference were referred to the committee by the Hon Anthony Roberts MP, Minister for Planning, Minister for Housing, Special Minister of State on 9 March 2017.²

¹ The original reporting date was 28 April 2018 (*Minutes*, Legislative Council, 6 April 2017, p 1540). The reporting date was later extended to 7 June 2018 (*Minutes*, Legislative Council, 8 March 2018, p 2327).

² *Minutes*, NSW Legislative Council, 6 April 2017, p 1540.

Committee details

Committee members³

The Hon Taylor Martin MLC⁴	Liberal Party	<i>Chair</i>
The Hon Mick Veitch MLC	Australian Labor Party	<i>Deputy Chair</i>
The Hon Rick Colless MLC	The Nationals	
The Hon John Graham MLC	Australian Labor Party	
The Hon Paul Green MLC	Christian Democratic Party	
The Hon Natasha Maclaren-Jones MLC	Liberal Party	

Contact details

Website	www.parliament.nsw.gov.au/statedevelopment
Email	state.development@parliament.nsw.gov.au
Telephone	(02) 9230 2898

³ The Hon Natalie Ward MLC replaced the Hon Greg Pearce MLC as a substantive member of the committee from 30 November 2017.

⁴ The Hon Taylor Martin MLC replaced the Hon Natalie Ward MLC as a substantive member of the committee on 13 February 2018. The Hon Taylor Martin MLC replaced the Hon Greg Pearce MLC as Chair of the committee from 13 February 2018.

Chair's foreword

Sydney has a thriving economy, an enviable lifestyle, critical links with other major economic regions and is a world class centre for knowledge-based service industries such as financial services and banking, information and communications technology, legal and management services, accounting and education. Sydney's GDP is expected to grow from \$400.9 billion in 2015-16 to \$565 billion per year in 2031.

This inquiry was established to identify how Sydney's growing prominence as a global city can benefit regional New South Wales, whether through the expansion of mechanisms such as international trade, infrastructure, tourism and innovation and research, through better collaboration across levels of government, or through more targeted investment of resources in particular regions or industry sectors.

Regional New South Wales is the largest and most diverse regional economy in Australia home to 2.9 million people and is expected to grow to 3.3 million in 2036 and 3.6 million in 2056. Regional New South Wales is itself made of regions that each have different strengths that support local economies. It is these strengths that need to be leveraged to ensure that regional New South Wales can benefit from Sydney as a global city.

Stakeholders felt that there needed to be a more consistent approach to defining regional boundaries. Currently boundaries vary considerably between different state government departments and the Commonwealth. The committee believes that the NSW Government should work with local governments and the Commonwealth to improve consistency.

It emerged during the inquiry that there was a need to improve the interface between local councils and the NSW Government as well as local stakeholders to identify local priorities and see them through to completion. There is a significant amount of goodwill behind the Regional Economic Development Strategy and Functional Economic Regions that will improve the capacity of regional New South Wales to grow.

Payroll tax is a significant disincentive for New South Wales businesses to hire additional staff, increase staff hours and increase employee wages. A survey of 638 businesses by the NSW Business Chamber of its members found that these respondents incurred around \$10,700 in administration and compliance costs over and above their payroll tax liability. The survey also found that many businesses approaching the current threshold are particularly concerned about the prospect of paying payroll tax. Around 80 per cent of these businesses reported they would either be more likely to hire additional staff, or would do so immediately, if the payroll tax threshold were increased and 85 per cent indicated payroll tax impacted on their decisions on staffing levels.

The committee found that payroll tax in New South Wales is greater than Victoria and that this has reduced the competitiveness of businesses in New South Wales. Indeed, payroll tax rates are lower in Victoria, Queensland and South Australia. This is exacerbated in border communities where differences in taxation disadvantage businesses. The committee recommends that the NSW Government review

business taxes applicable in regional New South Wales with a view to lessen the burden on New South Wales businesses.

On behalf of the committee, I acknowledge the Honourable Greg Pearce who began this inquiry and presented the discussion paper to guide our final deliberations. I thank those that have contributed to our work by making submissions and the secretariat for their assistance, including Alex Stedman, Emma Rogerson, Stephanie Galbraith, Lauren Evans, Rebecca Main and Jenelle Moore.

A handwritten signature in black ink, appearing to read 'Taylor Martin', followed by a long horizontal flourish.

Hon Taylor Martin MLC
Committee Chair

Recommendations

- Recommendation 1** **14**
That the NSW Treasury further clarify whether border towns are subjected to a reduction in the projected benefits in assessing projects.
- Recommendation 2** **14**
That the NSW Treasury make such calculations public after projects are refused or contracts are let for all regional areas in order to allay community concerns.
- Recommendation 3** **16**
That the NSW Government work with local governments and the Australian Government to consider proposals through which greater consistency in defining the regions could be achieved.
- Recommendation 4** **22**
That the NSW Government:
- continue working with local government to produce Regional Economic Development Strategies as a means to promote the competitiveness of regional New South Wales economies
 - publically report on the establishment of completed Regional Economic Development Strategies and the subsequent development of Functional Economic Regions.
- Recommendation 5** **22**
That the NSW Government monitor the outcomes of the Western Sydney City Deal and, if successful, consider future City Deals in regional New South Wales.
- Recommendation 6** **28**
That the NSW Treasury consider amending the cost benefit ratio guidelines, particularly the emphasis on population size, in order to provide local government areas with small population bases greater opportunity to compete for funding and deliver projects, taking into account the social benefits as well as economic benefits.
- Recommendation 7** **28**
That the NSW Government review the discount rate that applies to benefit cost assessments to ensure that it is appropriate for the current low interest environment.
- Recommendation 8** **33**
That Destination NSW review the geographical boundaries of Destination Networks to ensure regions are appropriately grouped to deliver projects that reflect shared interests; provide for effective collaboration; and promote effective marketing.
- Recommendation 9** **33**
That Destination NSW review the allocation of funding and funding framework for Destination Networks and the Regional Tourism Fund.

- Recommendation 10** 37
That the NSW Government work with the Australian Government to explore how Australian Bureau of Statistics data can be released at more regular intervals to assist with population and employment projections for regional New South Wales.
- Recommendation 11** 40
That the NSW Government consider how infrastructure and public transport services can be improved for the purpose of increased access and connectivity in regional New South Wales.
- Recommendation 12** 40
That the NSW Government examine how further investment in infrastructure in both Sydney and the regions can better support cruise ship tourism.
- Recommendation 13** 46
That the NSW Government investigate further training and development opportunities to recruit and retain a skilled workforce for the health and support services sector.
- Recommendation 14** 46
That the NSW Government develop transition guidelines, applicable in instances where there is a change in the contracted service delivery organisation, so as to minimise impacts on clients and disruptions to services
- Recommendation 15** 57
That the NSW Government, in partnership with Aboriginal peoples and Aboriginal enterprises, invest in developing, delivering and promoting comprehensive Aboriginal tourism strategies.
- Recommendation 16** 57
That the NSW Government, when developing regional economic strategies for Aboriginal communities, include genuine consultation and involvement of local Aboriginal communities.
- Recommendation 17** 68
That the NSW Government explore options to bring forward construction of the Maldon to Dombarton railway line, and Blayney to Demondrille railway line, including seeking funding through the National Rail Program to develop a detailed business case for the construction of the links.
- Recommendation 18** 71
That the NSW Government review the applicability of all taxes it levies on businesses located in regional areas so as to minimise the competitive disadvantage these businesses face relative to Victorian businesses.
- Recommendation 19** 77
That the NSW Government advocate that NBN Co investigate actual internet speeds achieved at different regional locations and consider options for improved service delivery.
- Recommendation 20** 77
That the NSW Government immediately engage in a high level strategic dialogue with all three levels of government and NBN Co. to establish a working group to discuss the NBN rollout. This would focus on the strategic priorities for the New South Wales rollout, the speed of the rollout, and explore the practicalities of a national broadband network service guarantee.

- Recommendation 21** **80**
That the NSW Government develop a marketing strategy for small regional centres and communities not involved in Evocities to promote the benefits of regional living.
- Recommendation 22** **81**
That the NSW Government investigate the prevalence of seasonal evictions and if it is appropriate for any response by the Government.

Conduct of inquiry

The terms of reference for the inquiry were referred to the committee by the Hon Anthony Roberts MP, Minister for Planning, Minister for Housing, Special Minister of State, on 9 March 2017.

The committee received 38 submissions. The committee also received 10 discussion paper responses.

The committee held six public hearings: one at Parliament House in Sydney, and five in regional locations: Nowra, Orange, Tweed Heads, Armidale and Queanbeyan. The committee held a final public roundtable at Parliament House following the release of the discussion paper.

The committee also conducted three site visits to West Wyalong, Tweed Heads, and Armidale.

Inquiry related documents are available on the committee's website, including submissions, hearing transcripts, tabled documents and answers to questions on notice.

Procedural issues

The committee released a discussion paper on 14 November 2017, which provided an overview of the key issues and sought stakeholder views on various questions that had been developed in response to these issues. The committee received 10 discussion paper responses and held a final public roundtable on 27 March 2018. The purpose of the roundtable was to identify specific actions for leveraging Sydney's growing prominence as a global city to the benefit of regional New South Wales.

Chapter 1 Global Sydney and regional New South Wales

This inquiry was established on the premise that Sydney's profile as a 'global city' offers benefits and opportunities for both social and economic growth in regional New South Wales. This chapter briefly revisits the factors from the discussion paper that identify Sydney as a global city. It then details population and economic projections for Sydney and regional New South Wales.

Sydney: a global city

- 1.1** According to a Sydney Business Chamber report, entitled, *Sydney: Australia's global city*, prepared by Price Waterhouse Coopers, a 'global city' demonstrates power, sophistication, leadership, wealth, influence and global interconnectedness – 'to be called a global city means that activities and ideas stemming from the city have the ability to shape the world'.⁵
- 1.2** The *Sydney: Australia's global city* report notes that there is not a universally accepted set of metrics that can be used to define what a global city is. However, the report asserts that a global city should have the following attributes:
- business prowess
 - intellectual capital
 - adequate infrastructure to service business and social needs
 - enviable lifestyle characteristics.⁶
- 1.3** Possessing these attributes results in the integration of a city into the global network.⁷
- 1.4** The Loughborough University's Globalisation and World Cities Research Network, in the United Kingdom, measures the connectivity of cities in terms of position and influence. It considers Sydney as an 'alpha world city' – a 'city which has critical links with major economic regions and states that are linked to the world economy'.⁸
- 1.5** Sydney is also a world-class centre for knowledge-based businesses such as financial services and banking, information and communications technology, legal and management services, accounting and education.⁹

⁵ Sydney Business Chamber, *Sydney: Australia's global city*, prepared by Price Waterhouse Coopers, June 2010, p 4.

⁶ Sydney Business Chamber, *Sydney: Australia's global city*, prepared by Price Waterhouse Coopers, June 2010, p 5.

⁷ Sydney Business Chamber, *Sydney: Australia's global city*, prepared by Price Waterhouse Coopers, June 2010, p 5.

⁸ City of Sydney, *Our global city*, <http://www.cityofsydney.nsw.gov.au/learn/research-and-statistics/the-city-at-a-glance/our-global-city>.

⁹ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 1.

- 1.6** Over 93 per cent of international banks in Australia have their regional headquarters in Sydney. Over 60 per cent of Australia's information communications technology (ICT) headquarters and operations centres are located in Sydney. The city attracts high levels of tourism, trade and investment.¹⁰
- 1.7** Sydney is home to 4.3 million residents and more than 451,000 businesses.¹¹ According to the Greater Sydney Commission, in 2015 Sydney contributed \$378 billion to Australia's Gross Domestic Product (GDP). This is a figure that exceeds the combined value of Australia's manufacturing, mining and construction industries.¹²
- 1.8** SGS Economics and Planning estimated that in 2015-16, Sydney's GDP was \$400.9 billion and represented 24.1 per cent of national GDP.¹³ The following figure 1 demonstrates the key industry contributions to Sydney's GDP growth, with financial and insurance services (0.8 percentage points) and construction (0.7 percentage points) the largest contributors.¹⁴
- 1.9** According to the City of Sydney, the key industries that deliver the greatest contribution to jobs in the local economy include: retail, tourism, international education, the creative and digital sector, tech startups and finance and professional services.¹⁵
- 1.10** The NSW Government's *Plan for a Growing Sydney* notes that Sydney's forecasted economic output is expected grow to \$565 billion a year, by 2031.¹⁶
- 1.11** The Greater Sydney Commission predicts that some of this economic growth will be driven by Sydney moving from a centralised economic zone in the inner city to a three-city model: the Western Parkland City, the Central River City and the Eastern Harbour City. It is anticipated that under this model, a variety of industry hubs will drive growth in jobs and businesses, and also provide new housing and lifestyle opportunities.¹⁷
- 1.12** Complementing the city's economic growth, Sydney's population is projected to increase by 1.74 million people in the 20 years to 2036. The Greater Sydney Commission's 2016 draft amendment to update *A Plan for Growing Sydney* entitled *Towards our Greater Sydney 2056* estimated the city's population could increase to eight million people by 2056.¹⁸

¹⁰ Submission 27, NSW Government, p 4.

¹¹ NSW Planning and Environment, *A Plan for Growing Sydney*, December 2014, p 3.

¹² Greater Sydney Commission, *Towards Our Greater Sydney*, November 2016, p 1.

¹³ SGS Economics and Planning, *Sydney GDP 2015-2016*, (5 December 2016), <https://www.sgsep.com.au/publications/sydney-gdp-2015-2016>.

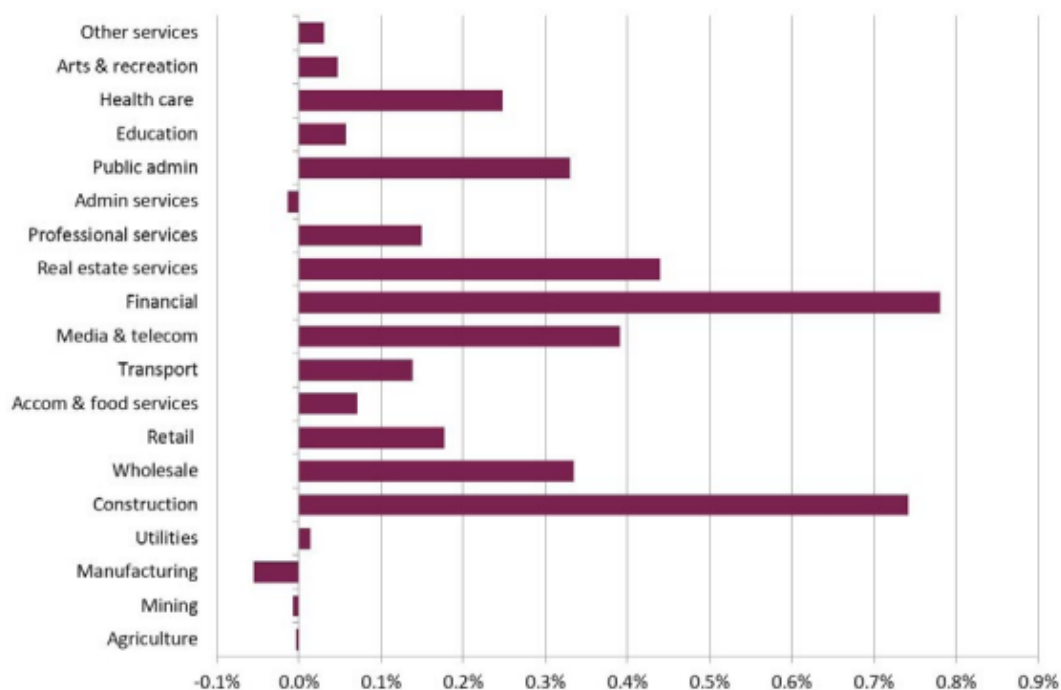
¹⁴ SGS Economics and Planning, *Australian Cities Accounts 2015-16*, p 11, https://www.sgsep.com.au/application/files/9914/8106/1313/GDP_by_major_capital_city_2015_16_-_high_res.pdf.

¹⁵ City of Sydney, *Key industries*, <http://www.cityofsydney.nsw.gov.au/business/business-support/business-in-your-sector/key-industries>.

¹⁶ NSW Planning and Environment, *A plan for growing Sydney*, December 2014, p 4.

¹⁷ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 4; Greater Sydney Commission, *Directions for a Greater Sydney 2017-2056*, 2017, p 7.

¹⁸ Greater Sydney Commission, *Towards our Greater Sydney 2056: A draft amendment to update A Plan for Growing Sydney*, November 2016, p 11.

Figure 1 Contribution to Sydney GDP growth 2015-16¹⁹

Source: SGS Economics & Planning

- 1.13** These population and economic projections underpin both the work of the NSW Government and the Greater Sydney Commission in planning for Sydney's future. Both the government and commission anticipate that Sydney will continue to grow as a key global city, an economic powerhouse, and a well-connected and highly liveable city.²⁰
- 1.14** A key feature of a global city is its transport network. The transport network must be reliable in servicing the entire city as well as improving a cities' the productivity and liveability.²¹ To that end, Sydney is working to deliver a new and improved transport hub as a result of the NSW Government's commitment to new road, rail and air infrastructure.
- 1.15** In 2014, the NSW Government announced 'Rebuilding NSW', a plan to invest \$20 billion in new productive infrastructure. This includes:
- the WestConnex northern and southern extensions which seek to ease congestion, connect communities, provide crucial support for Sydney's long-term economic and population growth, and make Sydney a more liveable city²²

¹⁹ SGS Economics and Planning, *Australian Cities Accounts 2015-16*, p 11, https://www.sgsep.com.au/application/files/9914/8106/1313/GDP_by_major_capital_city_2015_16_-_high_res.pdf.

²⁰ NSW Planning and Environment, *A plan for growing Sydney*, 2014; Greater Sydney Commission, *Directions for a Greater Sydney 2017-2056*, 2017.

²¹ The Committee for Sydney, *Transport Taskforce - An integrated transport network for a global city: from planning to delivery*, <http://www.sydney.org.au/?portfolio=transport-taskforce>.

²² WestConnex, *About WestConnex*, <https://www.westconnex.com.au/about>.

- the Western Harbour Tunnel which aims to improve Northern Beaches public transport, provide better east-west, north-south connectivity, reduce congestion, and plan for future population growth²³
- a second harbour rail crossing to improve the ease and speed of travelling across Sydney²⁴
- a Parramatta Light Rail to serve a growing Sydney by creating new communities and providing greater connectivity to the region²⁵
- a new motorway extension (F6) to the south with the objective of improving connections between Sydney and the Illawarra by ‘relieving congestion and providing a seamless, faster journey for the residents, businesses and freight operators of southern Sydney and the Illawarra’.²⁶

1.16 In addition, the announcement of a new Western Sydney Airport at Badgerys Creek has been identified as a ‘game changer’ which will create jobs, introduce new modes of freight and visitor gateways and ignite new economy activity in neighbouring precincts.²⁷ (The Western Sydney Airport is discussed in chapter 4).

1.17 Sydney is a gateway to the world for our regions through its ports and international airport which enables the export and import of goods and the arrival of international tourists.²⁸

Regional New South Wales

1.18 Regional New South Wales is home to 2.9 million people and comprises 41 per cent of the state’s population.²⁹ This is projected to grow by around 400,000 people by 2036 and then a further 300,000 by 2056.³⁰

1.19 Regional New South Wales is the largest and most diverse regional economy in Australia.³¹

²³ Roads and Maritime Services, *Western Harbour Tunnel and Beaches Link*, <http://www.rms.nsw.gov.au/projects/sydney-north/western-harbour-tunnel-beaches-link/index.html>.

²⁴ Media release, Transport for NSW, ‘New Harbour Metro crossing underway’, 22 June 2017.

²⁵ Transport for NSW, Parramatta Light Rail, *About Parramatta Light Rail*, <http://www.parramattalightrail.nsw.gov.au/>.

²⁶ Roads and Maritime Services, *Fact Sheet - Proposed F6 Extension*, May 2017, p 1. <http://www.rms.nsw.gov.au/documents/projects/sydney-south/f6/f6-corridor-fact-sheet.pdf>.

²⁷ Greater Sydney Commission, *Towards Our Greater Sydney*, November 2016, p 3; NSW Planning and Environment, *A Plan for Growing Sydney*, December 2014, p 6, 17 and 21.

²⁸ Evidence, Ms Elizabeth Livingstone, Regional Policy and Analytics, Department of Premier and Cabinet, 19 June 2017, p 2.

²⁹ Submission 30, NSW Business Chamber, p 1.

³⁰ Transport for NSW, *Future Transport Strategy 2056*, p 2.

³¹ Submission 30, NSW Business Chamber, p 1.

- 1.20** According to the Department of Industry, major industries in regional New South Wales include: agribusiness and food, tourism, energy, mining, and advanced manufacturing.³² The department anticipates that these industries will be supported by a number of other growing industries that offer opportunities for regional New South Wales in the future. These include:
- health and aged care due to an ageing population
 - forestry due to a significant global demand for softwood
 - professional and finance services as a result of broadband internet, lower costs and a skilled workforce making further investment in this sector in regional New South Wales possible
 - mining and resources due to regional New South Wales being a significant source of high-quality resources, with potential to serve industries of the future with lithium and rare earth deposits and significant reserves of coal, gold, copper, zinc, lead, silver, nickel and cobalt that enjoy high demand
 - agribusiness and food due to safe, high quality food products and an innovation-fuelled agribusiness sector that benefits from optimal growing conditions.³³

Case study – Agribusiness and food manufacturing in regional New South Wales³⁴

Bathurst is a practical example of the commercial possibilities of food manufacturing in regional New South Wales, as illustrated by three major players in the market; Devro, Mars and Simplot having facilities there.

Bathurst Regional Council advised that addressing freight-restricted bridges in the Blue Mountains, and making major roads easier to navigate would reduce the cost of transport: ‘the manufacturers, in particular, obviously use road freight regularly, but they believe there is a particular value of profit which is lost by the time it takes for them to get their freight from Bathurst to Sydney via road. They place numbers on that loss of profit’.

- 1.21** As noted in the discussion paper, the regions are a significant contributor to New South Wales’ economy, contributing 30 per cent of the state’s Gross State Product, while Gross Regional Product has grown by an average of 4.8 per cent each year since 2006.³⁵
- 1.22** In comparison, the Gross State Product for New South Wales since 2006 has increased on average by 2.2 per cent.³⁶

³² NSW Department of Industry, *Regional NSW*, <https://www.industry.nsw.gov.au/live-and-work-in-nsw/working-in-nsw/places-to-live-and-work/regional-nsw>.

³³ NSW Department of Industry, *Invest in regional NSW*, <https://www.investregional.nsw.gov.au/>.

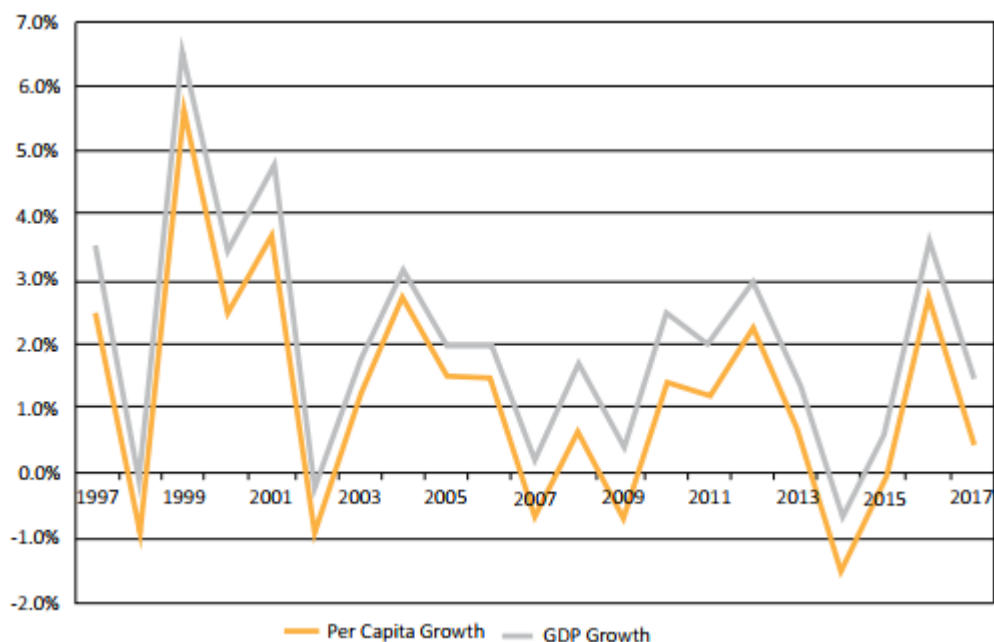
³⁴ Evidence, Mr Steven Bowman, Manager, Bathurst Regional Council, 14 August 2018, p 9.

³⁵ Submission 27, NSW Government, p 4; Submission 30, NSW Business Chamber, p 1; Standing Committee on State Development, NSW Legislative Council, *Regional development and a global Sydney: Discussion paper* (2017), p 7.

³⁶ Australian Bureau of Statistics, *5220.0 - Australian National Accounts: State Accounts, 2015-16, Analysis of results Growth in GSP volume measures*, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Previousproducts/5220.0Main%20Features22015-16?opendocument&tabname=Summary&prodno=5220.0&issue=2015-16&num=&view=>.

- 1.23 However, New South Wales' regional economy has experienced peaks and troughs over the last four years with a key factor being the economic decline in traditional manufacturing. In 2013-14, the regional economy contracted (-0.7 per cent). It then experienced very weak growth in 2014-15 (0.6 per cent).³⁷
- 1.24 In 2016-17, the regional economy experienced stronger growth with GDP growth at 3.6 per cent and per capita growth at 1.5 per cent, see figure 2.³⁸
- 1.25 Job creation in the regions remains a major challenge. The latest census figures show that in the five years between 2011 and 2016, 342,000 jobs have been created in Sydney, while outside Sydney the number of jobs has decreased by 17,000.³⁹

Figure 2 Regional NSW GDP and GDP per capita growth⁴⁰



³⁷ SGS Economics and Planning, *Economic performance of Australia's cities and regions 2016-17*, December 2017, p 36, https://www.sgsep.com.au/application/files/8415/1236/7941/Economic_Performance_of_Australia_Cities_and_Regions_2016-17_Compressed.pdf.

³⁸ SGS Economics and Planning, *Economic performance of Australia's cities and regions 2016-17*, December 2017, p 36, https://www.sgsep.com.au/application/files/8415/1236/7941/Economic_Performance_of_Australia_Cities_and_Regions_2016-17_Compressed.pdf.

³⁹ Matt Wade, 'Sydney jobs boom puts pressure on transport and house prices', *Sydney Morning Herald*, 9 November 2017, <https://www.smh.com.au/business/the-economy/sydney-jobs-boom-puts-pressure-on-transport-and-house-prices-20171108-gzhitj.html>; Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 8.

⁴⁰ SGS Economics and Planning, *Economic performance of Australia's cities and regions 2016-17*, December 2017, p 36, https://www.sgsep.com.au/application/files/8415/1236/7941/Economic_Performance_of_Australia_Cities_and_Regions_2016-17_Compressed.pdf.

- 1.26** In the year to March 2017, regional New South Wales provided 46 per cent of all jobs created in the state. This is above its share of the state's population (almost 40 per cent) and contribution to the state's labour force (more than 37 per cent).⁴¹
- 1.27** In addition, over the past decade regional New South Wales has recorded stronger wage growth than Sydney as identified in the following figure 3. However, it should be noted that these figures would likely be even higher if Newcastle, Lake Macquarie and the Illawarra were included.⁴² The challenges in defining regional New South Wales and whether Newcastle and the Illawarra can be classified as regions or as extensions of Sydney will be discussed in the following chapter.

Figure 3 Wage growth in New South Wales, 1996 to 2016⁴³

Region	Median Weekly Income, 1996	Median Weekly Income, 2016	Change (%)	Change (% p.a.)
Regional NSW	\$249.1	\$554.8	122.7%	4.1%
Sydney	\$350.9	\$702.2	100.1%	3.5%
Newcastle & Lake Macquarie and Illawarra	\$249.5	\$572.4	129.4%	4.2%
NSW	\$298.7	\$659.2	120.7%	4.0%

A global Sydney: stimulus for growth in regional New South Wales

- 1.28** Sydney, as a global city, provides growth opportunities for both the city and regional New South Wales. The following chapters focus on how this growth may be achieved.
- 1.29** Chapter 2 discusses ways to promote better alignment, collaboration and targeted funding for regional New South Wales.
- 1.30** Chapter 3 explores potential opportunities for promoting social and economic growth in regional New South Wales.
- 1.31** Lastly, chapter 4 considers proposals to improve the connectivity between the regions and a global Sydney.

⁴¹ Submission 27, NSW Government, p 4.

⁴² Answers to supplementary questions on notice, NSW Government, 21 July 2017, p 4.

⁴³ Answers to supplementary questions on notice, NSW Government, 21 July 2017, p 4.

Chapter 2 Promoting better alignment, collaboration and targeted funding

This chapter begins with a discussion of how to define regional New South Wales. It also considers ways local and state governments can promote better alignment and collaboration in identifying local priorities and infrastructure projects. The chapter then details stakeholder views on current funding application processes and considers potential improvements to achieve better targeted funding for projects. It also describes the effectiveness of the Destination NSW's Destination Networks to date and stakeholder proposals to improve the objectives of Destination Networks.

Defining 'regional New South Wales'

- 2.1** A common theme raised by stakeholders was how to best define regional New South Wales with many diverse views put forward to the committee. The inconsistency of definitions for regional New South Wales has far-reaching implications for funding, identity, tourism, and data collection.
- 2.2** According to the NSW Government, regional New South Wales is defined as 'locations outside of Greater Metropolitan Sydney, Newcastle and Wollongong'.⁴⁴
- 2.3** The NSW Government advised that there are currently ten regions across New South Wales. These regions are based on boundaries aligned with local government areas and were established in 2016 following significant stakeholder consultation to develop the 2036 Regional Plans. The purpose of the regional plans is to outline a region's future population needs for housing, jobs, infrastructure and a healthy environment.⁴⁵
- 2.4** The ten regions identified by the NSW Government are:
- Central Coast
 - Central West and Orana
 - Far West
 - Greater Sydney
 - Hunter
 - Illawarra-Shoalhaven
 - New England and North West
 - North Coast
 - Riverina-Murray
 - South East and Tablelands.⁴⁶

⁴⁴ Supplementary submission 27a, NSW Government, p 3.

⁴⁵ NSW Department of Planning and Environment, *Regional Plans*, <http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans>.

⁴⁶ Supplementary submission 27a, NSW Government, p 3.

- 2.5** Both the NSW Business Chamber and Hunter Business Chamber supported a review of the term regional, especially with ‘respect to eligibility of government funding programs and related initiatives’. The Chambers argued that current NSW government definitions are inconsistent across programs and in turn ‘restrict the potential of [businesses] securing Australian Government funding for programs requiring matching NSW Government funding’.⁴⁷
- 2.6** The Hunter Business Chamber added that defining regional New South Wales was not only a state government issue, noting that the Australian Government would need to be ‘on board’ to achieve consistency in definition across all levels of government.⁴⁸
- 2.7** Similarly, Cr Ben Shields, Mayor, Dubbo Regional Council and member of Orana Regional Organisation of Councils said that there needed to be a consensus on defining regional New South Wales which would then be consistently applied across all levels of government.⁴⁹
- 2.8** Albury City Council argued that a ‘broad-brush approach’ to defining regional New South Wales was counter-productive as ‘the economies, social fabric and environmental influences can be vastly different across regional areas of NSW’.⁵⁰

Tier classification model

- 2.9** As noted in the discussion paper, regional New South Wales could be said to comprise of two distinct districts or ‘tiers’ – those bordering Sydney comprising Newcastle/the Hunter, Wollongong/Illawarra and the Blue Mountains, and those further afield. The profile of these two tiers varies markedly, owing equally to their population density, proximity to Sydney, accessibility and workforce or industry composition.⁵¹
- 2.10** While some inquiry participants identified the bordering regions of the Hunter, Illawarra and Blue Mountains as an extension of Sydney⁵², others argued there was a clear three tier system of: Sydney; followed by the Hunter, Illawarra, and Blue Mountains; and then the broader regions, see figure 4.⁵³

⁴⁷ Supplementary submission 30a, NSW Business Chamber, p 1; Supplementary submission 29a, Hunter Business Chamber, p 3.

⁴⁸ Supplementary submission 29a, Hunter Business Chamber, p 3.

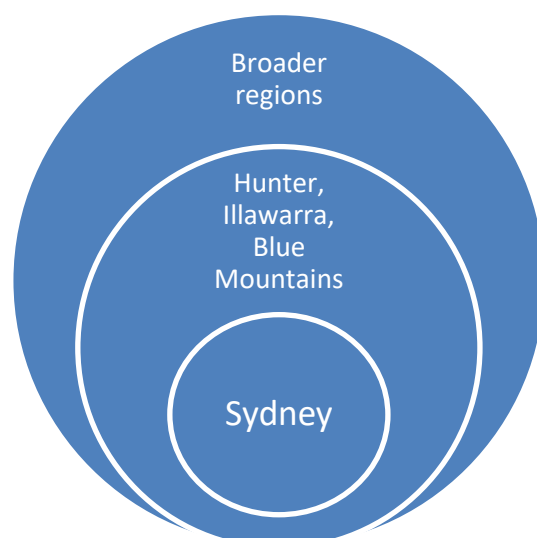
⁴⁹ Evidence, Cr Ben Shields, Mayor, Dubbo Regional Council and member of Orana Regional Organisation of Councils, 27 March 2018, p 17.

⁵⁰ Supplementary submission 1a, Albury City Council, p 1.

⁵¹ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), pp 8-9.

⁵² Submission 8, Illawarra Business Chamber, pp 6-7; Submission 10, Regional Development Australia – Illawarra, p 2.

⁵³ Standing Committee on State Development, *Discussion paper: Regional development and a global Sydney*, p 9.

Figure 4 One view of the classification of New South Wales

- 2.11** Inquiry participants who live beyond the perceived ‘second tier’ regions argued that the proximity of these ‘bordering’ regions to Sydney had seen them benefit from significant investment and the expansion of infrastructure and opportunities to the detriment of regions further afield, who do not receive the same levels of investment.⁵⁴
- 2.12** Albury City Council was of the view that no tier classification system should be based on a region’s ‘proximity to Sydney’. Instead, classification should recognise the role and responsibilities of regional cities in ‘supporting the growth and development of regional New South Wales and surrounding towns and villages’.⁵⁵
- 2.13** This position was supported by Mr Michael McMahon, General Manager, Dubbo Regional Council and member of Orana Regional Organisation of Councils who stated the definition of regional New South Wales ‘should include a regional centre, and that that regional centre should be part of that collaborative approach to getting better outcomes for the local regional area’.⁵⁶
- 2.14** Broken Hill City Council asserted there was a ‘complexity to regional NSW that is not adequately addressed in current boundaries and destination definitions’.⁵⁷ It suggested that if there was to be a tier classification of regions then it should be extended to four tiers.⁵⁸ This was important considering the current third tier was seen to be defined as ‘remainder of NSW’ which ‘assumes similarities between regions in regional NSW’ that do not exist. For that reason, Broken Hill City Council argued a fourth tier should be considered to recognise ‘the geographical remoteness of the Western areas of the State’.⁵⁹

⁵⁴ Evidence, Mr Jeff Stein, Senior Economic Development and Tourism Advisor, Bland Shire Council, 14 August 2017, p 28; Submission 1, Albury City, p 1.

⁵⁵ Supplementary submission 1a, Albury City Council, pp 1-2.

⁵⁶ Evidence, Mr Michael McMahon, General Manager, Dubbo Regional Council and member of Orana Regional Organisation of Councils, 27 March 2018, p 17.

⁵⁷ Supplementary submission 13a, Broken Hill City Council, p 2.

⁵⁸ Supplementary submission 13a, Broken Hill City Council, p 2.

⁵⁹ Supplementary submission 13a, Broken Hill City Council, p 2.

- 2.15** Cr Shields argued in order to define regions there first needs to be a ‘defined boundary between the major built-up capital and the regions’ followed by a process of deciding the subsequent tier levels.⁶⁰
- 2.16** The NSW Business Chamber did not support a tier classification system for the regions due to the vast differences between the regions and their communities. Instead, it suggested looking at local government boundaries to define regions as attempted during the NSW Government’s Fit for the Future assessments.⁶¹ However the Chamber did acknowledge that ‘there is always a challenge in terms of trying to get like for like in terms of assessing communities beyond ... Sydney, the Hunter and the Illawarra’.⁶²

The case of the Illawarra, the Hunter and the Blue Mountains

- 2.17** Several inquiry participants argued that the apparent bordering regions of the Illawarra, Hunter and Blue Mountains would resist any attempts to integrate with Sydney, taking pride in their local identity and the different opportunities that their local region offers.⁶³
- 2.18** The NSW Business Chamber considered the Hunter and Illawarra as ‘special cases ... as they are definitely connected to Sydney but are definitely able to exist in their own right’.⁶⁴
- 2.19** The Chamber informed that it was working on a proposal to the government, applicable to infrastructure funding, that would allow Hunter and Illawarra projects to be ‘assessed in a different way or that a different funding pool be allocated to them’.⁶⁵ This would result in the Hunter and Illawarra not having to compete with metropolitan Sydney for funding proposals in cases where they are not considered ‘regional’.⁶⁶
- 2.20** Blue Mountains City Council voiced concerns about its inclusion in the Metropolitan Rural Area of Greater Sydney as defined by the Greater Sydney Commission.⁶⁷ The council was of the

⁶⁰ Evidence, Cr Shields, 27 March 2018, p 18.

⁶¹ Fit for the Future was a reform program announced in 2014 that required each local council in NE South Wales (except eight far west councils) to prepare a proposal to the NSW Government, by 30 June 2015, demonstrating how they intended to become ‘fit for the future’. The Fit for the Future program led to council amalgamations which were reneged by the NSW Berejiklian Government on in July 2017. Evidence, Mr Luke Aitken, Senior Manager, Policy, NSW Business Chamber, 27 March 2018, p 8.

⁶² Evidence, Mr Aitken, 27 March 2018, p 8.

⁶³ Evidence, Mr Richard Anicich, Board Director, Hunter Business Chamber, 19 June 2017, p 36; Evidence Mr Mark Grimson, Economic Development Manager, Wollongong City Council, 29 June 2017, p 32; Evidence, Mr Mark Roberts, Senior Manager, Strategic Projects, University of Wollongong, 19 June 2017, p 22; Submission 7, Blue Mountains City Council, p 11.

⁶⁴ Evidence, Mr Aitken, 27 March 2018, p 2.

⁶⁵ Evidence, Mr Aitken, 27 March 2018, p 2.

⁶⁶ Evidence, Mr Aitken, 27 March 2018, p 2; Submission 7, Blue Mountains City Council, p 11; Evidence, Mr Chris Lamont, Executive Director, Illawarra Business Chamber, 29 June 2017, p 4; Evidence, Mr Grimson, 29 June 2017, p 32.

⁶⁷ A Metropolitan Rural Area of Greater Sydney is any area outside the established and planned urban area that can comprise of: public land protected for conservation and other public values; peri-urban land used for a range of rural and rural lifestyle purposes; and rural towns and villages. Sourced from AgEconPlusConsulting, Values of the Metropolitan Rural Area of the Greater Sydney Region, 14

view that this classification, now incorporated into the Western City District Plan, did not ‘reflect its character, typical land use or settlement pattern’.⁶⁸

- 2.21** Instead, the council argued for the Greater Sydney Commission to introduce a classification for the Blue Mountains that accurately reflected the locality’s features, character, environment and World Heritage status, that distinguish it from other local government areas in the Metropolitan Rural Area and Greater Sydney.⁶⁹

Regional boundaries

- 2.22** The discussion paper identified a lack of consistency of regional borders and boundaries by different plans, programs and levels of government.⁷⁰
- 2.23** This was particularly evident for the regions that immediately border Sydney who struggle with the changeable application of their ‘regional’ identity – the Blue Mountains, Wollongong/the Illawarra, and Newcastle/the Hunter.
- 2.24** The Hunter Business Chamber said that the inconsistency in regional boundaries was ‘confusing and inefficient’ and often impacted on the ability of businesses to either apply for or receive benefits under a particular program.⁷¹
- 2.25** Ms Jennifer Bennett, Executive Officer, Central NSW Councils indicated alignment between state agencies regarding boundaries would be ‘really useful’.⁷²
- 2.26** Albury City Council contended that funding applications for projects near state borders were not treated the same as funding applications from other parts of the state. The council claimed that the anticipated economic benefits from a project were weakened ‘due to the possibility that jobs or investment may be derived by interstate residents or business operators’.⁷³
- 2.27** Ms Jo Hewitt, Acting Economic Development Team Leader, Albury City Council said it was ‘so frustrating’ to not receive the same level of support that every other non-border community gets, especially ‘when we are still New South Wales residents and we still have to provide for them. The benefits that are leaving are also coming back in, so it is a neutral point by the end of the day’.⁷⁴

February 2017, p 5, prepared for the Department of Planning and Environment in association with the Greater Sydney Commission [https://gsc-public-1.s3.amazonaws.com/s3fs-public/Values_of_the_Metropolitan_Rural_Area_of_the_Greater_Sydney_Region_\(Ag_Econ_Plus\).pdf](https://gsc-public-1.s3.amazonaws.com/s3fs-public/Values_of_the_Metropolitan_Rural_Area_of_the_Greater_Sydney_Region_(Ag_Econ_Plus).pdf).

⁶⁸ Supplementary submission 7a, Blue Mountains City Council, p 1.

⁶⁹ Supplementary submission 7a, Blue Mountains City Council, p 1.

⁷⁰ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 33.

⁷¹ Supplementary submission 29a, Hunter Business Chamber, p 4.

⁷² Evidence, Ms Jennifer Bennett, Executive Officer, Central NSW Councils, 27 March 2018, p 16.

⁷³ Supplementary submission 1a, Albury City Council, pp 3-4; Evidence, Ms Jo Hewitt, Acting Economic Development Team Leader, Albury City Council, 27 March 2018, p 19.

⁷⁴ Evidence, Ms Hewitt, 27 March 2018, p 27.

- 2.28** Albury City Council asserted that the practice of weakening proposed economic benefits of a project ‘severely impacts the potential for state support for viable and revenue positive projects in Albury and elsewhere on the state border’. As a result, the council called for a fair and equitable investment policy to be applied across all of New South Wales.⁷⁵
- 2.29** Albury City Council also advised that the methodology and discount rate used for the assessment of projects was unknown, making it difficult to know why projects had not been approved. Ms Jo Hewitt, Acting Economic Development Team Leader, Albury City Council informed the committee that to understand why the project had been rejected, the council had to take the additional step of making a Government Information (Public Access) Act request.⁷⁶
- 2.30** The NSW Council of Social Services (NCOSS) advised that regional funding is ‘consistently raised as an area of concern’ by communities particularly those in Western NSW and the Far West. NCOSS explained that ‘access to opportunities and services in these areas is often hampered by the levels of investment that do not fully account for the impact of distance, sparse population density and levels of need’.⁷⁷
- 2.31** As a result, NCOSS made several recommendations in its 2017-18 Pre-Budget Submission entitled *Investing in Communities* which focused on addressing the under-investment currently witnessed in Western NSW and the Far West.⁷⁸

Committee comment

- 2.32** The committee does not accept the suggested rationale that economic projects on border towns should be subjected to a reduction in the projected benefit of such projects. It is recommended that NSW Treasury further clarify whether border towns are subjected to a reduction in the projected benefits in assessing projects. It is further recommended that such calculations should be made public after projects are refused or contracts are let for all regional areas, in order to allay community concerns.

Recommendation 1

That the NSW Treasury further clarify whether border towns are subjected to a reduction in the projected benefits in assessing projects.

Recommendation 2

That the NSW Treasury make such calculations public after projects are refused or contracts are let for all regional areas in order to allay community concerns.

⁷⁵ Supplementary submission 1a, Albury City Council, pp 3-4; Evidence, Ms Hewitt, 27 March 2018, p 19.

⁷⁶ Evidence, Ms Hewitt, 27 March 2018, p 27.

⁷⁷ Answers to questions on notice, Ms Tracey McLeod Howe, Chief Executive Officer, NCOSS, 24 April 2018, p 2.

⁷⁸ Answers to questions on notice, NCOSS, 24 April 2018, p 2.

Proposals on how to define regional New South Wales

- 2.33** Despite the diverse range of views and challenges in defining regional New South Wales, some inquiry participants did put forward proposals on how it could be defined.
- 2.34** Mr Brett Whitworth, Executive Director, Strategic Planning and Programs, Department of Planning and Environment, advised that the department had attempted to define regions by aligning the current ten defined regions in New South Wales (identified in the Regional Plans and noted in 2.4) with local government areas. These ten regions are also aligned to health districts to reflect communities of interest.⁷⁹
- 2.35** Mr Whitworth also acknowledged the difficulty of defining regions given people perceive their regions differently to how government administrators may perceive their region.⁸⁰
- 2.36** Ms Hewitt suggested instead of a tier system, regions could be modelled on the Functional Economic Regions currently being devised as part of the NSW Government's strategy to drive economic growth, (discussed further in section 2.57 to 2.65).⁸¹
- 2.37** Mr Luke Aitken, Senior Manager, Policy, NSW Business Chamber took a different approach and suggested using geospatial data to understand where people access their services. He argued this kind of data could 'define boundaries by the user rather than a top-down proposal'.⁸²

Regional New South Wales as a brand

- 2.38** The discussion paper noted that internationally, regional New South Wales is not a strong brand, with Sydney having clear brand recognition and New South Wales being somewhat known.⁸³
- 2.39** In order to focus attention on regional New South Wales, the Office of Regional Development released an online Regional NSW Investment Prospectus to identify opportunities for investment and invite stakeholders to learn more about regional New South Wales through one centralised portal.⁸⁴
- 2.40** The NSW Government outlined that the 'success of the prospectus will be measured by the number of investment leads it generates, an increased awareness of the investment opportunities available in regional NSW and an increased awareness that regional NSW is a great place to live, work and play'.⁸⁵

⁷⁹ Evidence, Mr Brett Whitworth, Executive Director, Strategic Planning and Programs, Department of Planning and Environment, 27 March 2018, p 44.

⁸⁰ Evidence, Mr Whitworth, 27 March 2018, p 44.

⁸¹ Evidence, Ms Hewitt, 27 March 2018, p 16.

⁸² Evidence, Mr Aitken, 27 March 2018, p 2.

⁸³ Evidence, Mr Ian Smith, Director of Regional Operations, Office of Regional Development, 29 August 2017, p 12; Standing Committee on State Development, NSW Legislative Council, *Regional development and a global Sydney: Discussion paper* (2017), p 46.

⁸⁴ Evidence, Mr Smith, 29 August 2017, p 12; Regional NSW, *Start here. Go further. Invest in Regional NSW*, <https://www.investregional.nsw.gov.au/>.

⁸⁵ Supplementary submission 27a, NSW Government, p 5.

- 2.41** Marketing regional New South Wales as a brand is also linked to the development of co-located industries (discussed in chapter 3) and the relocation of businesses to regional areas (discussed in chapter 4).
- 2.42** Broken Hill City Council viewed the Functional Economic Regions (discussed further in 2.57 to 2.65) as a mechanism to market regional New South Wales. This was predicated on the view that they showcase ‘regional strengths and local priorities’ to stakeholders.⁸⁶
- 2.43** On the other hand, Evocities was of the view that due to the diversity of regional New South Wales it ‘would be challenging to create a single brand that is able to do justice to the full versatility of the state’.⁸⁷

Committee comment

- 2.44** The committee acknowledges the diverse views of inquiry participants regarding what it means to be part of regional New South Wales. We recognise the challenges in defining regional New South Wales with multiple inconsistent definitions being established by each of the different levels of government. Greater consistency in definitions between all levels of government and other stakeholders is essential.
- 2.45** The committee notes that a number of suggestions have been put forward by inquiry participants as to the means by which a definition of regional New South Wales could be achieved.
- 2.46** The committee feels there is no one simple solution to this issue or that it is an issue primarily for the NSW Government to solve. As a result, the committee recommends that the NSW Government work with local governments and the Australian Government to consider proposals through which greater consistency in defining the regions could be achieved.

Recommendation 3

That the NSW Government work with local governments and the Australian Government to consider proposals through which greater consistency in defining the regions could be achieved.

Promoting better alignment for regional planning priorities

- 2.47** A theme that emerged during the inquiry was the need for greater alignment between government priorities and those of local communities. It was argued that better collaboration between local and state government, particularly in the funding of infrastructure and in identifying local priorities was needed. Improved collaboration was identified as a means to

⁸⁶ Supplementary submission 13a, Broken Hill City Council, p 3.

⁸⁷ Supplementary submission 9a, Evocities, p 5.

facilitate regional development and therefore the capacity of the regions to benefit from Sydney's global position.⁸⁸

- 2.48 A number of inquiry participants stated there was little alignment between local needs and priorities and those identified in the 2036 Regional Plans or through grant opportunities.⁸⁹

2036 Regional Plans

- 2.49 The aim of the 2036 Regional Plans is to 'articulate local planning priorities and actions to achieve outcomes on the ground and better meet the needs of communities' to the year 2036.⁹⁰ They also consider economic linkages and identify for each region the opportunities associated with a growing Sydney.⁹¹
- 2.50 The regional plans analyse at a strategic level the economic opportunities based on regional assets and endowments for both Sydney and each of New South Wales' nine regions: Central, Coast, Central West and Orana, Far West, Hunter, Illawarra-Shoalhaven, New England North West, North Coast, Riverina-Murray and South East Tablelands.⁹²
- 2.51 The NSW Government advised that the 2036 Regional Plans are a 'product of extensive consultation with councils, stakeholders and the wider community'.⁹³
- 2.52 In its response to the committee's discussion paper, the NSW Government informed that the Department of Planning and Environment will work closely with councils and stakeholders through the next phase of the 2036 Regional Plans program. This is to ensure that 'regional priorities are being achieved through the implementation of the regional plan actions. This will include the translation of regional priorities into local plans'.⁹⁴
- 2.53 The Productivity Commission's 2017 initial report on *Transitioning Regional Economies* determined that a 'locally-owned, strategic and coordinated approach' should be a key guiding principle in the provision of government support to the regions.⁹⁵

⁸⁸ Evidence, Mr Paul McFarland, Lecturer, School of Behavioural and Cognitive Sciences, University of New England, 29 August 2017, p 18; Submission 5, Bathurst Regional Council, pp 3-4; Submission 6, Newcastle Tourism Industry, p 7; Submission 7, Blue Mountains City Council, p 10; Submission 12, Port Macquarie Hastings Council, p 4; Submission 17, Bulahdelah Chamber of Commerce and Tourism Inc, p 9; Submission 32, NRMA, p 6; Submission 36, Parkes Shire Council, p 9.

⁸⁹ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), p 25.

⁹⁰ Supplementary submission 27a, NSW Government, p 3.

⁹¹ Submission 27, NSW Government, p 5; NSW Planning and Environment, *Regional plans*, <http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans>.

⁹² Submission 27, NSW Government, p 5; NSW Planning and Environment, *Regional plans*, <http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans>.

⁹³ Supplementary submission 27a, NSW Government, p 3.

⁹⁴ Supplementary submission 27a, NSW Government, p 3.

⁹⁵ Australian Government Productivity Commission, *Transitioning Regional Economies: Productivity Commission Initial Report*, April 2017, p 25.

- 2.54** The Productivity Commission concluded that the best chance of success for regional development was when regional communities were involved, taking a leadership role in planning their own development needs and identifying strategies for how best to facilitate development.⁹⁶
- 2.55** Tweed Shire Council was of the view that regional plans ‘lack the critical strategic management, coordination of governance and funding commitment to sequence and stage priorities and actions’ across each region for the next 10 years.⁹⁷
- 2.56** Tweed Shire Council made a number of suggestions as to how regional planning priorities could be aligned with those identified by local councils and other regional stakeholders. The council’s suggestions included:
- enabling access to research, data and tools to inform scenario-modelling and assessment of development options
 - developing performance measures for strategic objectives in collaboration with councils to measure success of actions and policy mechanisms
 - enhancing local legal planning mechanisms to deliver regional planning priorities through adequate reference in Local Environmental Plans
 - strengthening local strategic planning in the state planning regulatory framework and ensure it is based on community participation
 - reforming regulations restricting development contributions to fund infrastructure that plans and provides for urban growth
 - ensuring prevailing and competing state provisions do not undermine regional and local priorities and that local governments are fully involved in planning decisions throughout the planning/assessment process.⁹⁸

Regional Economic Development Strategy and Functional Economic Regions

- 2.57** Another initiative developed by the NSW Government to promote better alignment for planning priorities in regional New South Wales is the Regional Economic Development Strategy and Functional Economic Regions.⁹⁹
- 2.58** In 2015, Industry NSW introduced Regional Economic Development Strategies (REDS) for local government in regional New South Wales to drive growth and deliver a dynamic and globally competitive regional economy. The following five goals have been identified to enable regional economic growth:
- promoting key regional sectors and regional competitiveness

⁹⁶ Australian Government Productivity Commission, *Transitioning Regional Economies: Productivity Commission Initial Report*, April 2017, p 25.

⁹⁷ Supplementary submissions 37a, Tweed Shire Council, pp 3-4.

⁹⁸ Supplementary submissions 37a, Tweed Shire Council, pp 3-4.

⁹⁹ NSW Department of Premier and Cabinet, *Projects: Regional Economic Development Strategies*, <http://www.dpc.nsw.gov.au/programs-and-services/centre-for-economic-and-regional-development/projects/regional-economic-development-strategies/>.

- driving regional employment and regional business growth
- investing in economic infrastructure and connectivity
- maximising government efficiency and enhance regional governance, and
- improving information sharing and building the evidence base.¹⁰⁰

- 2.59** REDS are interlinked with a Functional Economic Region (FER), which are not specifically tied to local government areas; rather they reflect the boundaries of regional economies and economic interaction. FERs may include multiple local government areas in order to ‘better target investments aimed at growing or establishing regional competitive advantage’. The size and nature of each FER will be informed by economic data from the Australian Bureau of Statistics.¹⁰¹
- 2.60** The NSW Government explained that REDS will ‘identify the endowments and industry specialisations of the functional economic regions and the investments required to support continued growth in the region for the regional centre as well as surrounding Local Government Areas’.¹⁰²
- 2.61** According to the Department of Premier and Cabinet, having economic regions that incorporate more than one local government area will ‘better target investments aimed at growing or establishing regional competitive advantage’. It also stated that REDS ‘will enable faster access to dedicated state funding, such as the Growing Local Economies Fund, and may also be used to support other types of government grant applications’.¹⁰³
- 2.62** While participation in the REDS programs is voluntary, the REDS will be used to guide NSW Government investment decisions, therefore providing local councils the ability to influence outcomes.¹⁰⁴
- 2.63** Albury City Council was of the view that REDS ‘will act as an important tool to inform the NSW Government of the priorities of each FER and the ways in which the actions identified can support the delivery of the broader State planning objectives.’¹⁰⁵ It was through the REDS process that the council had identified planning priorities for the city and the wider FER.¹⁰⁶

¹⁰⁰ Department of Industry, New Economic Development Strategy for Regional NSW, 5 March 2015, <https://www.industry.nsw.gov.au/invest-in-nsw/invest-news/news/new-economic-development-strategy-for-regional-nsw>.

¹⁰¹ Department of Premier and Cabinet, *Projects - Regional Economic Development Strategies*, <http://www.dpc.nsw.gov.au/programs-and-services/centre-for-economic-and-regional-development/projects/regional-economic-development-strategies/>.

¹⁰² Supplementary submission 27a, NSW Government, p 4.

¹⁰³ Department of Premier and Cabinet, *Projects - Regional Economic Development Strategies*, <http://www.dpc.nsw.gov.au/programs-and-services/centre-for-economic-and-regional-development/projects/regional-economic-development-strategies/>.

¹⁰⁴ Department of Premier and Cabinet, *Projects - Regional Economic Development Strategies*, <http://www.dpc.nsw.gov.au/programs-and-services/centre-for-economic-and-regional-development/projects/regional-economic-development-strategies/>.

¹⁰⁵ Supplementary submission 1a, Albury City Council, p 3.

¹⁰⁶ Supplementary submission 1a, Albury City Council, pp 2-3.

- 2.64** Likewise, the Hunter Business Chamber regarded the current REDS process as ‘an effective way to identify priorities’ but stressed that the REDS should align to respective regional strategies.¹⁰⁷
- 2.65** The Chamber suggested projects be identified as being of ‘regional, sub regional, district and local significance which would serve as a method to classify priorities based on their influence and impact’.¹⁰⁸ Such a classification system would help define projects and which funding program was appropriate.¹⁰⁹

City Deals

- 2.66** As noted in the discussion paper, the City Deals initiative was launched in 2016 to bring the three levels of government together to deliver a coordinated and integrated package of initiatives, aimed at unlocking the economic and social potential of Australian cities.¹¹⁰ There are currently two other City Deals in operation in Australia – Townsville in Queensland and Launceston in Tasmania.
- 2.67** On 4 March 2018, the Western Sydney City Deal was signed by the Australian and NSW Governments, together with eight local governments of Western Sydney – the Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith and Wollondilly.¹¹¹
- 2.68** According to the Department of Infrastructure, Regional Development and Cities, the Western Sydney City Deal is a ‘20 year agreement between the three levels of government to deliver a once-in-a-generation transformation of Sydney’s outer west – creating the ‘Western Parkland City’’.¹¹²
- 2.69** All three levels of government have committed to six priority areas for Western Sydney as part of the City Deal. They include:
- Connectivity – connecting the Western City by world-class road, rail, aviation and digital infrastructure.
 - Jobs for the future – building on the unique opportunity of the Western Sydney Airport to drive business investment and employment growth.
 - Skills and Education – coordinated approach to education, skills and training to ensure all people have the opportunity to equip themselves with the skills to take advantage of the substantial job opportunities now and into the future.
 - Planning and Housing – a package of reform across the whole planning spectrum to improve housing supply and affordability.

¹⁰⁷ Supplementary submission 29a, Hunter Business Chamber, p 3.

¹⁰⁸ Supplementary submission 29a, Hunter Business Chamber, p 3.

¹⁰⁹ Supplementary submission 29a, Hunter Business Chamber, p 3.

¹¹⁰ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), p 13.

¹¹¹ Department of Infrastructure, Regional Development and Cities, The Western Sydney City Deal, <https://cities.infrastructure.gov.au/western-sydney-city-deal>; NSW Government, Western Sydney City Deal, 4 March 2018, <https://www.nsw.gov.au/improving-nsw/projects-and-initiatives/western-sydney-city-deal/>.

¹¹² Department of Infrastructure, Regional Development and Cities, The Western Sydney City Deal, <https://cities.infrastructure.gov.au/western-sydney-city-deal>.

- Liveability and Environment – working together to ensure the Western City is a great place to live, with inclusive and welcoming communities and celebrated natural assets.
- Governance – a shared vision and implementation plan for the Western City.¹¹³

2.70 The Western Sydney City Deal ‘builds on the Australian Government’s \$5.3 billion investment in the Western Sydney Airport to catalyse investment, development and job opportunities. It also includes measures to maintain and enhance Western Sydney’s unique character by improving community infrastructure and liveability’.¹¹⁴

2.71 It is expected that an implementation plan for the Western Sydney City Deal, including timeframes and accountabilities, will be released in 2018 (see figure 5).¹¹⁵

Figure 5 Timeline of the Western Sydney City Deal¹¹⁶



Committee comment

2.72 The committee acknowledges the Department of Industry’s Regional Economic Development Strategy and Functional Economic Regions as a promising initiative in seeking to drive growth and create a globally competitive regional New South Wales economy.

2.73 The committee supports the objective of Functional Economic Regions in bringing together multiple local governments so as to grow and establish areas of regional competitive advantage.

2.74 The committee is interested in learning of the outcomes of this initiative and the next stages of this process. The committee recommends that the NSW Government:

- continue working with local government to produce Regional Economic Development Strategies as a means to promote the competitiveness of regional New South Wales economies

¹¹³ Department of Infrastructure, Regional Development and Cities, The Western Sydney City Deal, <https://cities.infrastructure.gov.au/western-sydney-city-deal>.

¹¹⁴ Department of Infrastructure, Regional Development and Cities, The Western Sydney City Deal, <https://cities.infrastructure.gov.au/western-sydney-city-deal>.

¹¹⁵ Department of Infrastructure, Regional Development and Cities, The Western Sydney City Deal, <https://cities.infrastructure.gov.au/western-sydney-city-deal>.

¹¹⁶ Department of Infrastructure, Regional Development and Cities, The Western Sydney City Deal, <https://cities.infrastructure.gov.au/western-sydney-city-deal>.

- publically report on the establishment of completed Regional Economic Development Strategies and the subsequent development of Functional Economic Regions.

Recommendation 4

That the NSW Government:

- continue working with local government to produce Regional Economic Development Strategies as a means to promote the competitiveness of regional New South Wales economies
 - publically report on the establishment of completed Regional Economic Development Strategies and the subsequent development of Functional Economic Regions.
-

- 2.75** The committee supports the Western Sydney City Deal and the positive outcomes it is seeking to achieve in the areas of: connectivity; jobs for the future; skills and education; planning and housing; liveability and environment; and governance. The committee is keen to monitor the progress and outcomes of the Western Sydney City Deal with a view to other city deals being established in regional New South Wales. The committee recommends that the NSW Government monitor the outcomes of the Western Sydney City Deal and, if successful, consider future City Deals in regional New South Wales.
-

Recommendation 5

That the NSW Government monitor the outcomes of the Western Sydney City Deal and, if successful, consider future City Deals in regional New South Wales.

Funding applications and benefit cost ratios

- 2.76** The discussion paper reflected stakeholder's experiences regarding funding applications for infrastructure and identified local priorities.¹¹⁷
- 2.77** Inquiry participants described funding applications as resource intensive and expensive, with applicants facing tight and competing timeframes; uncertain turnaround times; requiring certain skillsets to develop the economic assessments and cost benefit analyses; and different criteria applied for different programs, across state and federal government.¹¹⁸

¹¹⁷ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), pp 25-33.

¹¹⁸ Evidence, Mr Stien, 14 August 2017, pp 28 and 32; Evidence, Ms Anna Wyllie, Economic and Business Development Manager, Parkes Shire Council, 14 August 2017, pp 11 and 16; Evidence, Mr Steven Bowman, Manager, Economic Development, Bathurst Regional Council, 14 August 2017, p 6; Evidence, Mr Lindsay Woodland, Group Leader, Organisational Services, Armidale Regional Council, 29 August 2017, pp 6 and 8.

NSW Treasury's cost benefit analysis and benefit cost ratio

- 2.78** The discussion paper outlined that all business cases and applications for funds and grants are subject to a cost benefit analysis (CBA) process, through which NSW Treasury allocates a project a cost benefit ratio (CBR) or benefit cost ratio (BCR).¹¹⁹
- 2.79** The CBA measures the change attributable to a government action – namely a policy, project and business case for any initiative – relative to a situation without the proposed action.¹²⁰ For a project to proceed or be considered for further investigation, the CBA must produce a net BCR of 1 or greater.
- 2.80** Inquiry participants criticised the BCR process used by government to determine approval of regional development projects. A long held concern for regional communities and business was the fact that benefit cost ratio assessments are based on population scale.¹²¹
- 2.81** Cr Shields questioned how the NSW Government made decisions about funding local councils when the population base fluctuated between those residing in the local government area, and those that travelled to a regional centre for services:
- Dubbo has a population of about 52,000 within the local government area, but 130,000-odd people who do business in Dubbo and come to Dubbo for business, medical or whatever reasons. So does the Government go about funding our area based on 52,000 people or does it fund our area based on 130,000 people who are always here from far out west? It is very hard to place a definition on what sort of funding is allocated based purely on the population structure.¹²²
- 2.82** As a result, Cr Shields was concerned by the population component used by NSW Treasury to determine BCRs. He argued that it was hard to measure the population in 'regional areas because of the size of the catchment area which is serviced'. Cr Shields advocated for 'some sort of formula ... which can appropriately identify not just existing population areas but also the catchment areas, based on how often people are coming in and using the services which are funded by State Government'.¹²³
- 2.83** This sentiment was echoed by Cr Bill West, Portfolio Chair for Regional Development, Central NSW Councils, who was of the view that 'a lot of priority is given to population bases, which makes it incredibly difficult' for smaller regional centres or communities to get the desired BCR unlike their metropolitan counterparts with higher populations.¹²⁴

¹¹⁹ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 29.

¹²⁰ NSW Treasury, *Policy and Guidelines Paper: NSW Government Guide to Cost-Benefit Analysis*, March 2017, p 1.

¹²¹ Evidence, Cr Shields, 27 March 2018, p 18; Evidence Cr Bill West, Portfolio Chair for Regional Development, Central NSW Councils, 27 March 2018, p 18; Supplementary submission 30a, NSW Business Chamber, p 2.

¹²² Evidence, Cr Shields, 27 March 2018, p 18.

¹²³ Evidence, Cr Shields, 27 March 2018, p 18.

¹²⁴ Evidence, Cr West, 27 March 2018, p 18.

- 2.84** Ms Bennett was concerned by the focus on population bases for assessing priority projects that provide essential services that would never reach the desired BCR. As a consequence, projects that would benefit communities and their wider regions had been ignored.¹²⁵
- 2.85** Ms Bennett advised that the BCR funding framework was ‘too complex’ and ‘highly expensive’ with some councils spending \$20,000 on BCR assessments for projects.¹²⁶
- 2.86** This was supported by Ms Hewitt who spoke of the ‘considerable amount of money ... [spent by council] in getting independent third parties to do our cost-benefit analysis, which is often presented as part of our business case and then ignored’.¹²⁷
- 2.87** Mr Stewart Webster, Acting Executive Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet observed that the NSW Treasury guidelines ‘are not particularly easy to interpret’ and thus generates inconsistency in terms of how CBAs are prepared by funding applicants:
- It is inevitable if you have numerous individual analysts producing cost-benefit analyses that you will have different interpretations of the guidelines. We felt that consistency, when comparing projects, was important.¹²⁸
- 2.88** In order to create consistency and allow CBAs to be comparable, DPC’s Regional NSW Division has established a dedicated unit that does ‘cost-benefit analysis on application instead of asking the applicants to do it’.¹²⁹
- 2.89** Mr Webster informed that recently unsuccessful applicants were ‘offered the option to have a one-on-one discussion about their application’.¹³⁰
- 2.90** The NSW Government added that ‘feedback is routinely offered to unsuccessful applicants’. It stated that ‘where possible, applications that are unsuccessful in one of the Regional Growth Fund programs may be considered under a more suitable fund’.¹³¹

Improving interaction between local and state government

- 2.91** Inquiry participants spoke of the need to improve interaction between local and state government through greater collaboration in order to achieve better outcomes for regional New South Wales.

¹²⁵ Evidence, Ms Bennett, 27 March 2018, p 18; Answers to questions on notice, Central NSW Councils, 12 September 2017, p 2.

¹²⁶ Evidence, Ms Bennett, 27 March 2018, p 18.

¹²⁷ Evidence, Ms Hewitt, 27 March 2018, p 19.

¹²⁸ Evidence, Mr Stewart Webster, Acting Executive Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet, 27 March 2018, p 45.

¹²⁹ Evidence, Mr Webster, 27 March 2018, p 45.

¹³⁰ Evidence, Mr Webster, 27 March 2018, p 45.

¹³¹ Supplementary submission 27a, NSW Government, p 3.

Funding applications

- 2.92** Some stakeholders focused on funding applications as an area where greater collaboration between governments was required.
- 2.93** Mr Aitken claimed that interaction between councils and the state government was ‘really poor at times’.¹³² He was of the view that this could be due to a mismatch of information and datasets between the two levels of government resulting in applications being dismissed.¹³³
- 2.94** Mr Aitken said that the NSW Business Chamber would ‘would support greater collaborative work’ between councils and the State Government. He believed that projects would be more successful in being completed if the ‘State Government leads and provides ... insight to the councils in terms of what they are looking for’.¹³⁴
- 2.95** Tweed Shire Council supported the notion of greater collaboration ‘from and between NSW Government agencies and Councils in navigating and meeting often restrictive criteria, timeframes and financial thresholds in funding applications processes’.¹³⁵
- 2.96** Tweed Shire Council suggested the Department of Planning and Environment take on a coordination and facilitation role for local councils to enable a more efficient and effective process for funding applications:

[the] Department of Planning and Environment can lead and partner with councils and other agencies to secure adequate resources, timeframes, thresholds and coordinate governance arrangements, rather than being left to locals councils within the region to resource themselves and compete with other on an ad hoc basis.¹³⁶

Community Strategic Plans

- 2.97** Other inquiry participants spoke of community strategic plans prepared by local government as possessing the potential to facilitate better collaboration with state government.
- 2.98** According to the Office of Local Government, community strategic plans are the ‘highest level of strategic planning undertaken by a local council’. The purpose of community strategic plans is to ‘identify the main priorities and aspirations of the community [and] provide a clear set of strategies to achieve this vision of the future’.¹³⁷
- 2.99** Ms Bennett outlined that community strategic plans are conducted ‘every four years by local governments as part of their integrated planning framework’. They involve a thorough whole-

¹³² Evidence, Mr Aitken, 27 March 2018, p 7.

¹³³ Evidence, Mr Aitken, 27 March 2018, p 7.

¹³⁴ Evidence, Mr Aitken, 27 March 2018, p 7.

¹³⁵ Supplementary submission 37a, Tweed Shire Council, p 5.

¹³⁶ Supplementary submission 37a, Tweed Shire Council, p 5.

¹³⁷ NSW Office of Local Government, *Community Strategic Plan*, <https://www.olg.nsw.gov.au/councils/integrated-planning-and-reporting/framework/community-strategic-plan>.

of-community engagement and consultation process whereby the aspirations and priorities of the community are documented.¹³⁸

- 2.100** However, Ms Bennett remarked that at present, council's community strategic plans were not receiving any feedback or response from state agencies. She was concerned that this may be a result of the Department of Premier and Cabinet not being sufficiently resourced to assist the regions and encourage better communication between the two levels of government.¹³⁹
- 2.101** Cr Shields was of the view that 'a community strategic plan should not necessarily be exclusive to local government'. He argued that if there was more collaboration between agencies and levels of government this would result in 'better outcomes and, in some circumstances, less duplication of services'.¹⁴⁰

Joint organisations of councils

- 2.102** In November 2017, the New South Wales Parliament passed legislation to allow local governments in regional areas to 'voluntarily form new joint organisations to strengthen regional co-ordination and improve delivery of important infrastructure and services'.¹⁴¹
- 2.103** Mr Steve Orr, Executive Director, Regional Coordination, Regional NSW, Department of Premier and Cabinet informed of the department's Regional Leadership Executives who are tasked with 'providing a whole of Government approach to issues confronting regional communities' across nine regions. This includes 'connections with local government, generally through Local Government Joint Organisations, to provide local government perspectives on regional issues and to enable connection with local government activities'.¹⁴²
- 2.104** The Department of Premier and Cabinet advised that as of May 2018, 11 joint organisations of councils have formally commenced with the department represented on these organisations as a non-voting Board member. It is anticipated that this departmental representation will 'further strengthen the connection between state and local government'.¹⁴³
- 2.105** Mr Steve Orr, Executive Director, Regional Coordination, Regional NSW, Department of Premier and Cabinet also advised of the new larger, single regional team 'DPC Regional' within the department, which combines the former Regional Coordination Branch and the Office of Regional Development. The new team, to formally commence on 1 July 2018 'will be in a stronger position to respond to issues, allocate resource to priority areas and work with local councils'.¹⁴⁴

¹³⁸ Evidence, Ms Bennett, 27 March 2018, pp 23-24.

¹³⁹ Evidence, Ms Bennett, 27 March 2018, p 24.

¹⁴⁰ Evidence, Cr Shields, 27 March 2018, p 24.

¹⁴¹ NSW Office of Local Government, *Joint Organisations to strengthen regional NSW*, <https://www.olg.nsw.gov.au/joint-organisations-strengthen-regional-nsw>.

¹⁴² Correspondence from Mr Steve Orr, Executive Director, Regional Coordination, Regional NSW, Department of Premier and Cabinet to committee, 4 June 2018.

¹⁴³ Correspondence from Mr Orr to committee, 4 June 2018.

¹⁴⁴ Correspondence from Mr Orr to committee, 4 June 2018.

- 2.106** A number of stakeholders referred to joint organisations of councils and community strategic plans as possible avenues for improving interaction and communication between local governments and the state.
- 2.107** Joint organisations of councils provide a ‘forum for local councils and state agencies to collaborate, plan, set priorities and deliver significant economic development projects in regional New South Wales’.¹⁴⁵
- 2.108** Ms Bennett told the committee that the role of the joint organisations is to prioritise, lead and have a role in intergovernmental collaboration with a view to improving communications between regional New South Wales and state agencies.¹⁴⁶
- 2.109** Mr Aitken viewed joint organisations as a potential model for how local regional councils can better communicate with the state government and its departments.¹⁴⁷
- 2.110** When questioned about the appropriateness of the discount rate when assessing projects in regional areas, Mr Stewart Webster, Acting Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet noted the use of the discount rate was not appropriate as it can reduce the effect of long term benefits.¹⁴⁸
- 2.111** Mr Luke Aitken, Senior Manager Policy, NSW Business Chamber also supported the view that the current discount rate undervalues the economic benefit of projects.¹⁴⁹

Committee comment

- 2.112** The committee acknowledges the concerns voiced by inquiry participants about the perceived lack of communication, collaboration and interaction between state and local government regarding regional planning priorities. We note that in November 2017 the NSW Government legislated to strengthen regional co-ordination and improve the delivery of important infrastructure and services.
- 2.113** The committee also notes the recent restructure of the Department of Premier and Cabinet’s regional teams to better support local government and respond to regional issues.
- 2.114** The committee understands the arguments of inquiry participants that the current NSW Treasury’s cost benefit analysis and cost benefit ratio assessment process is complex and expensive for local government in preparing submissions. We note that the Department of Premier and Cabinet has attempted to address this by establishing a dedicated unit that provides cost-benefit analyses on application instead of having local governments prepare these themselves. The committee argues that more can be done. The emphasis on population size as a basis for assessment has led to sub-optimal outcomes for small regional centres and communities and the non-delivery of much needed projects.

¹⁴⁵ Answers to questions on notice, Mr Stewart Webster, Acting Executive Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet, 18 April 2018, p 2.

¹⁴⁶ Evidence, Ms Bennett, 27 March 2018, p 23.

¹⁴⁷ Evidence, Mr Aitken, 27 March 2018, p 13.

¹⁴⁸ Evidence, Mr Webster, 27 March 2018, p 46.

¹⁴⁹ Evidence, Mr Aitken, 27 March 2018, p 6.

- 2.115** As a result, the committee recommends that the NSW Treasury consider amending the cost benefit ratio guidelines, particularly the emphasis on population size, in order to provide local government areas with small population bases greater opportunity to compete for funding and deliver projects, taking into account the social benefits as well as economic benefits.

Recommendation 6

That the NSW Treasury consider amending the cost benefit ratio guidelines, particularly the emphasis on population size, in order to provide local government areas with small population bases greater opportunity to compete for funding and deliver projects, taking into account the social benefits as well as economic benefits.

- 2.116** The committee further recommends that the NSW Government review the discount rate that applies to the Benefit Cost assessments to ensure that it is appropriate for the current low interest environment.

Recommendation 7

That the NSW Government review the discount rate that applies to benefit cost assessments to ensure that it is appropriate for the current low interest environment.

Destination NSW

- 2.117** The discussion paper put forward stakeholder's concerns about the allocation and funding structure for Destination NSW 'Destination Networks', as well as concerns with the geographic boundaries of Destination Networks. It also included stakeholder suggestions as to how the Destination Networks model and associated plans could be improved.¹⁵⁰

Destination Networks

- 2.118** In 2016, the NSW Government established six new Destination Networks to drive the growth of the visitor economy in regional New South Wales, Their aim is 'to reflect the consumer's approach to experiences and visitation patterns, and encourage the development of visitor economy initiatives within New South Wales'.¹⁵¹ The Destination Networks replaced the previous Regional Tourism Organisation structure.¹⁵²
- 2.119** The Destination Networks (see figure 6) are as follows:
- Destination Riverina Murray
 - Destination Southern NSW, including the Snowy Mountains and the Far South Coast

¹⁵⁰ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), pp 35-36.

¹⁵¹ Destination NSW, *Destination Networks Driving Growth of the Visitor Economy in Regional NSW*, p 6.

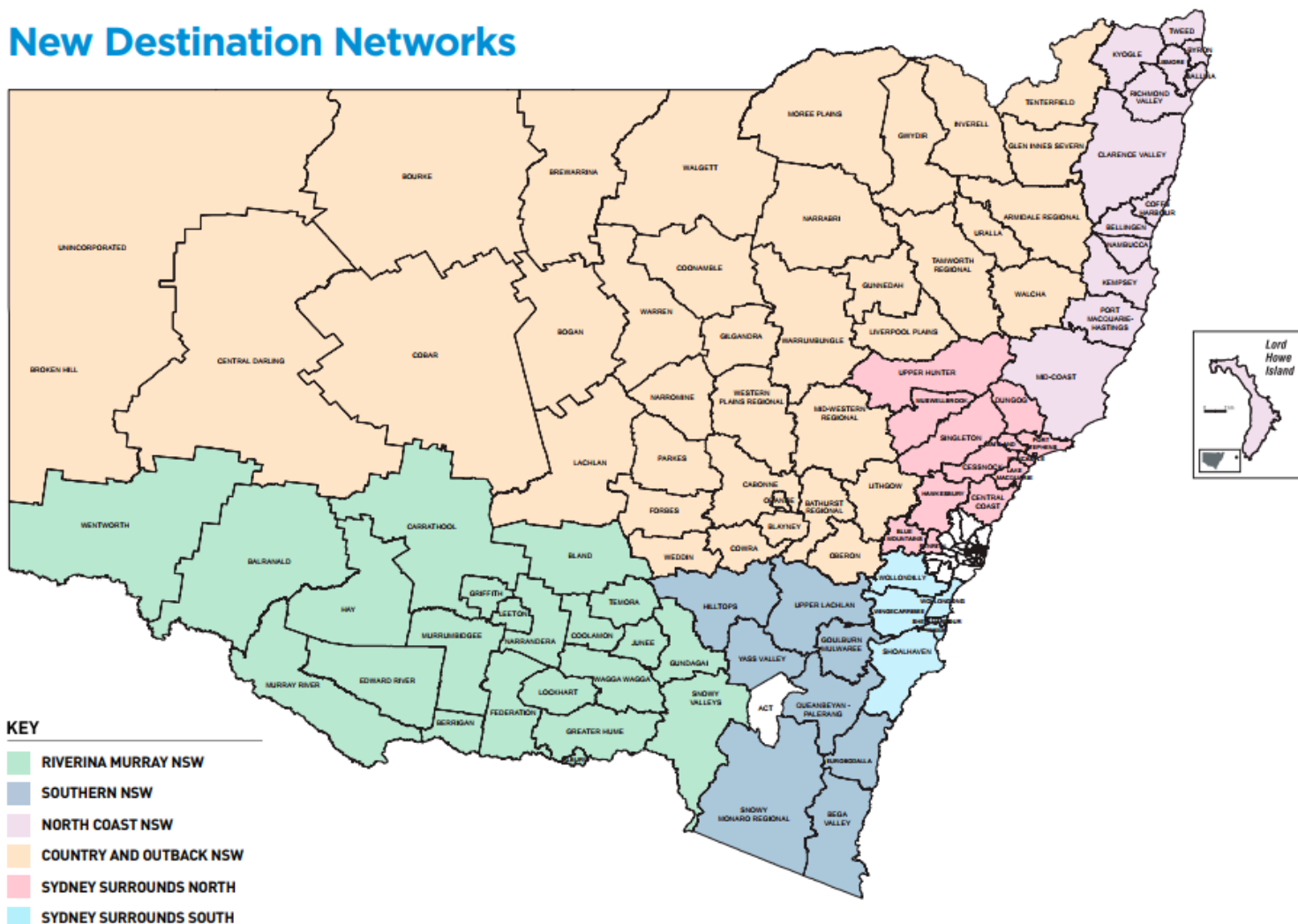
¹⁵² Destination NSW, *Destination Networks Driving Growth of the Visitor Economy in Regional NSW*, p 6.

- Destination North Coast, from the Mid-Coast to Tweed Heads including Lord Howe Island
- Destination Country and Outback NSW
- Destination Sydney Surrounds North, including the Blue Mountains, Central Coast and the Hunter
- Destination Sydney Surrounds South, including the Southern Highlands, Wollongong, Wollondilly and Shoalhaven.

2.120 These new entities will work with a new Regional Division within Destination NSW to advance the interests of growing tourism in New South Wales.¹⁵³

Figure 6 NSW Destination Networks¹⁵⁴

New Destination Networks



¹⁵³ Destination NSW, *Destination Networks Driving Growth of the Visitor Economy in Regional NSW*, p 6.

¹⁵⁴ Destination NSW, *Destination Networks Driving Growth of the Visitor Economy in Regional NSW*, p 7.

- 2.121** Inquiry participants were critical of the Destination Networks due to the geographical boundaries with some regions within the networks not sharing any commonalities. This poses problems for the marketing of regions and product offerings, and effective collaboration among towns and regional centres within the Destination Networks.
- 2.122** Broken Hill City Council criticised the Destination Network boundaries, questioning how a Destination Strategy could deliver achievable outcomes to all centres in the network ‘given the significant differences between geographical location and tourism offerings’.¹⁵⁵
- 2.123** The council advised that it had received anecdotal evidence from local tourism industry operators that ‘indicate that there has been no quantifiable benefit to the region as a result of the establishment of Destination Country and Outback NSW’.¹⁵⁶
- 2.124** Blue Mountains City Council stated the Blue Mountains were part of the Destination Network Sydney Surrounds North, which also includes Penrith, the Central Coast, Newcastle and the greater Hunter region (among others).¹⁵⁷
- 2.125** The Council claimed the scope of the network made it challenging for ‘Destination NSW to deliver projects that reflect shared interests and foster effective collaboration, particularly in reasonable timeframes’.¹⁵⁸
- 2.126** Albury City Council also expressed concern regarding how the Destination Networks were grouped. Ms Hewitt explained that originally the Murray and the Riverina were quite separate regions but have since been amalgamated by the Destination Networks process.¹⁵⁹ This was an issue as the Murray and Riverina have ‘very different product offering[s]’.¹⁶⁰
- 2.127** According to Albury City Council, Destination NSW ‘ignored requests for the Murray to be recognised as a Destination Network’. After considerable lobbying, Murray Region Tourism has been informally recognised as a sub-region to the Riverina Murray Destination Network.¹⁶¹
- 2.128** Albury City Council argued that the current status of the Murray Region as a sub-region to the Riverina did not offer it the same opportunities or recognition it once had:
- ... [the] level of recognition does not provide the same opportunity for partnership funding equitable to that provided by the Victorian Government or the direct relationships with [Destination NSW] that previously existed. The Murray Region should be removed from the Riverina Murray Destination Network and recognised in its own right within the Destination Network framework.¹⁶²
- 2.129** This was considered important by Albury City Council due to the ‘critical role Murray Region Tourism plays in regional tourism development’ as witnessed by the growth in total visitation

¹⁵⁵ Supplementary submission 13a, Broken Hill City Council, p 4.

¹⁵⁶ Supplementary submission 13a, Broken Hill City Council, p 4.

¹⁵⁷ Supplementary submission 7a, Blue Mountains City Council, pp 1-2.

¹⁵⁸ Supplementary submission 7a, Blue Mountains City Council, pp 1-2.

¹⁵⁹ Evidence, Ms Hewitt, 27 March 2018, p 21.

¹⁶⁰ Evidence, Ms Hewitt, 27 March 2018, p 21.

¹⁶¹ Supplementary submission 1a, Albury City Council, p 4.

¹⁶² Supplementary submission 1a, Albury City Council, pp 5-6.

to the Murray over a five year period: from 2.15 million visitors in 2012 to 2.73 million visitors in 2017.¹⁶³

- 2.130** The role and purpose of Destination Networks was also questioned by Ms Jennifer Bennett, Executive Officer, Central NSW Councils who stated ‘there is not a great deal of clarity around what their role is’.¹⁶⁴
- 2.131** Ms Bennett reflected that there has been substantial advocacy around regional tourism organisations during the past decade, and was of the view that ‘each time we go and diligently say what we think will work and each time something I think slightly worse comes out the other end’.¹⁶⁵ She concluded that the ‘current design of the Destination Networks ... [was] a design that will fail. They are not resourced to succeed’.¹⁶⁶

Destination NSW funding framework

- 2.132** In the discussion paper, inquiry participants identified practical problems with the funding structure under the Destination Networks, namely the \$100,000 buy-in required for assistance with marketing campaigns. This prohibitive cost disadvantages small organisations and councils who are unable to afford it.¹⁶⁷
- 2.133** Cr Shields argued there needed to be ‘long-term stability when it comes to funding’ to allow councils to organise their budgets and work with other industry stakeholders, including Destination Networks.¹⁶⁸
- 2.134** Ms Hewitt noted that the funding application determination process takes too long which makes it difficult for councils to plan for projects.¹⁶⁹ She said ‘we often wait months and months to understand if we can actually progress with projects’.¹⁷⁰ As a result, Ms Hewitt called for the current funding application determination process to be expedited.¹⁷¹

Destination NSW funding application criteria

- 2.135** The NSW Government described the two funding programs offered by Destination NSW through the Regional Tourism Fund: the Co-operative Marketing Program and the Product Development Program. Both programs have specific assessment criteria with applications having to ‘demonstrate how they respond to the relevant Destination Management Plan and address assessment considerations’.¹⁷²

¹⁶³ Supplementary submission 1a, Albury City Council, p 4.

¹⁶⁴ Evidence, Ms Bennett, 27 March 2018, p 21.

¹⁶⁵ Evidence, Ms Bennett, 27 March 2018, p 21.

¹⁶⁶ Evidence, Ms Bennett, 27 March 2018, p 21.

¹⁶⁷ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 35.

¹⁶⁸ Evidence, Cr Shields, 27 March 2018, p 22.

¹⁶⁹ Evidence, Ms Hewitt, 27 March 2018, p 23.

¹⁷⁰ Evidence, Ms Hewitt, 27 March 2018, p 23.

¹⁷¹ Evidence, Ms Hewitt, 27 March 2018, p 23.

¹⁷² Supplementary submission 27a, NSW Government, p 4.

- 2.136** The NSW Government explained that Destination Network funding programs have ‘key criteria that have to be met as part of the application process and projects need to demonstrate how they address key performance indicators’.¹⁷³ For example, it stated a ‘key measure for all tourism and events activities that attract funding is their contribution to the NSW Government’s goal of doubling overnight visitor expenditure in NSW by 2020’.¹⁷⁴
- 2.137** Applications for investment between \$100,000 and \$500,000 to the Regional Co-operative Tourism Marketing Program are assessed on the following criteria, with funding matched by Destination NSW:
- the applicant’s capacity to support the project
 - the economic need and opportunity of the project, and
 - strategic and marketing impacts that may occur.¹⁷⁵
- 2.138** The Regional Development Product Development Program ‘accepts proposals for projects between \$15,000 and \$150,000. Successful proposals are funded and matched at least dollar-for-dollar’.¹⁷⁶
- 2.139** When assessing applications, Destination NSW and industry experts consider the following factors: ‘economic impacts, strategic and marketing impacts, community impact, and capacity to deliver the project’.¹⁷⁷
- 2.140** For both Destination NSW funding programs, recommended proposals are submitted to the Minister for Tourism for consideration and approval. Upon approval, funding agreements are issued where ‘funding is allocated as milestone payments according to a payment schedule which outlines the deliverables required at each stage. Destination NSW makes the final milestone payments upon receipt of a final report detailing results against the key performance indicators specified in the funding agreement’.¹⁷⁸
- 2.141** Inquiry participants expressed concerns about the Destination NSW funding framework, in particular the mechanisms of administering funding to regions. Ms Jennifer Bennett, Executive Officer, Central NSW Councils told how Destination NSW funding is ‘administered from Sydney’, which has restricted the ability of the regions to manage their own marketing budgets: ‘If you look at the funding framework ... marketing funding is administered by Sydney. We stump up our marketing dollars, we give them to Sydney, and they come back at some point with some marketing program for us’.¹⁷⁹
- 2.142** Another concern held by inquiry participants, as noted in the discussion paper, was that the substantial funding allocated towards the Destination Networks would be ‘absorbed in the

¹⁷³ Supplementary submission 27a, NSW Government, p 4.

¹⁷⁴ Supplementary submission 27a, NSW Government, p 4.

¹⁷⁵ Supplementary submission 27a, NSW Government, p 4.

¹⁷⁶ Supplementary submission 27a, NSW Government, p 4.

¹⁷⁷ Supplementary submission 27a, NSW Government, p 4.

¹⁷⁸ Supplementary submission 27a, NSW Government, p 4.

¹⁷⁹ Ms Bennett, 27 March 2018, pp 21 and 23.

establishment, staffing and running of Destination Networks, rather than reach the local communities they were intended to assist'.¹⁸⁰

Committee comment

- 2.143** The committee acknowledges the criticisms of inquiry participants regarding the arbitrariness of the geographical boundaries of the Destination Networks. We understand the confusion of stakeholders regarding the scope of some Destination Networks. Problems include minimal shared interests and vast distances which in turn makes it difficult to effectively market and collaborate. The committee therefore recommends that Destination NSW review the geographical boundaries of the Destination Networks to ensure regions are appropriately grouped to deliver projects that reflect shared interests; provide for effective collaboration; and promote effective marketing.

Recommendation 8

That Destination NSW review the geographical boundaries of Destination Networks to ensure regions are appropriately grouped to deliver projects that reflect shared interests; provide for effective collaboration; and promote effective marketing.

- 2.144** The committee acknowledges the concerns of inquiry participants regarding the Destination NSW funding framework and the mechanisms for the allocation of funding to the regions. It is recommended that Destination NSW review the allocation of funding and funding framework for Destination Networks and the Regional Tourism Fund.

Recommendation 9

That Destination NSW review the allocation of funding and funding framework for Destination Networks and the Regional Tourism Fund.

Future of Regional Development Australia Committees

- 2.145** The discussion paper sought further information on the future of Regional Development Australia Committees.¹⁸¹
- 2.146** In August 2017, the federal government announced a new charter under which Regional Development Australia committees will operate. This new charter focuses on 'facilitating economic development by creating local jobs, attracting investment and driving innovation'.¹⁸²

¹⁸⁰ Submission 28, Bland Shire Council, p 13; Submission 20, Central NSW Councils, p 7; Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 35.

¹⁸¹ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), pp 39-41.

¹⁸² Answers to questions on notice, Mr Stewart Webster, p 2.

- 2.147** The NSW Government advised that as of 31 December 2017, funding for NSW Regional Development Australia (RDA) Committees would cease.¹⁸³
- 2.148** Instead, the government will re-direct the funding to Regional Joint Organisations to ‘support delivery of regionally significant economic development projects including through the \$1.3 billion Regional Growth Fund’.¹⁸⁴
- 2.149** The NSW Business Chamber supported the notion of joint organisations replacing and undertaking the role of Regional Development Australia Committees.¹⁸⁵
- 2.150** Although, the NSW Government did advise that it will ‘continue to work constructively with NSW Regional Development Australia Committees on projects that deliver economic development outcomes for regional NSW’.¹⁸⁶

Committee comment

- 2.151** The committee acknowledges that while the NSW Government has ceased funding to Regional Development Australia Committees, the Australian Government will continue to provide funding to the initiative.

¹⁸³ Supplementary submission 27a, NSW Government, p 5.

¹⁸⁴ Supplementary submission 27a, NSW Government, p 5.

¹⁸⁵ Evidence, Mr Aitken, 27 March 2018, p 13.

¹⁸⁶ Supplementary submission 27a, NSW Government, p 5.

Chapter 3 Growing opportunities in regional New South Wales

This chapter begins by looking at the challenges of obtaining population and economic data that can be used to better facilitate economic development. It then highlights the importance of tourism to regional areas. The chapter also identifies and discusses the growing health and support services sector before considering the workforce challenges facing this particular sector. It also examines potential ways through which to support small to medium enterprises in the regions. In addition, the chapter explores agriculture as a key sector for economic growth in regional New South Wales. The chapter concludes by identifying and considering opportunities for development in regional Aboriginal communities.

Forecasting growth in regional New South Wales

- 3.1** The discussion paper sought to identify what additional statistical information would be useful to determine how regional New South Wales is fairing economically on a more frequent and more detailed basis. This was due to a perceived discrepancy between data sets of the Australian Bureau of Statistics' census and labour force surveys.¹⁸⁷
- 3.2** When questioned about the perceived data discrepancy, Mr Stewart Webster, Acting Executive Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet, explained the discrepancy as a result of two different methodologies being used to obtain the figures. While the census has 'a pretty low degree of non-compliance', the labour force survey is based on survey data which can have a high degree of non-compliance.¹⁸⁸
- 3.3** While statistical data such as the Australian Bureau of Statistics' census and labour force surveys are produced at a national level, they have an important impact on the NSW Government's ability to drive its regional development agenda.¹⁸⁹
- 3.4** Mr Webster expressed the view that the best data source from an economic development perspective is the census. A limitation to the census though is that it is only done once every five years. He observed that it was 'very inconvenient not to have [regularly updated] data, particularly employment data, at a sufficiently disaggregated level'.¹⁹⁰
- 3.5** Mr Webster also observed that while the Australian Bureau of Statistics releases statistical information on regional labour forces, the data is based on very large regional breakdowns and that the errors around the sample size are so high that it makes the raw data useless. He urged caution in basing regional economic policies based on data that has such limitations.¹⁹¹

¹⁸⁷ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), pp 7-8.

¹⁸⁸ Evidence, Mr Stewart Webster, Acting Executive Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet, 27 March 2018, p 41.

¹⁸⁹ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney*, (2017), p 8.

¹⁹⁰ Evidence, Mr Webster, 27 March 2018, p 40.

¹⁹¹ Evidence, Mr Webster, 27 March 2018, p 40.

- 3.6** Mr Brett Whitworth, Executive Director, Strategic Planning and Programs, Department of Planning and Environment, spoke to the committee about the economic population land use analysis division within his department that produces population projections.¹⁹² Mr Whitworth explained that at present, population projections are ‘updated in a cycle following the census but there is a lot more data that we are trying to obtain that will help us undertake more frequent population projections’. He advised that while population projections are predominantly done to the local government area, the department was looking at ways to make them for smaller areas.¹⁹³
- 3.7** Mr Whitworth said that one of the challenges faced by the planning department was being able to ‘work more closely with local government to get more of a qualitative assessment of what is changing’.¹⁹⁴
- 3.8** One area identified by Mr Whitworth that planners would like to know more about was the reasons for urban to regional migration.¹⁹⁵ He acknowledged that a better understanding of changing regional population patterns is needed to deliver better planning and service delivery. However, he also noted that achieving such understanding is a challenge:
- We know there is a movement in regional areas to regional city hubs and our regional planning is building on the top of that. The Waggas, the Alburys and the Dubbos are becoming bigger and stronger centres as a result of that. ... Some of the regional centres are getting so big that there is a counter-migration happening that people are saying, “Wagga is now too big for me and I want to move to a smaller town”. Trying to understand some of that counter-migration is a challenge.¹⁹⁶
- 3.9** Mr Whitworth suggested that data needs to be collected at a qualitative level so as to better understand regional migration trends. He noted that while someone registering a change of address with Medicare lets governments know that someone has moved it does not provide governments with the means to understand why that person moved.¹⁹⁷

Committee comment

- 3.10** The committee notes the difficulties in obtaining more frequent and detailed statistical data about how regional New South Wales is fairing. While we acknowledge that the most reliable data source is the census, the committee understands that data released on a more regular basis would assist with population and employment projections for regional New South Wales. It is recommended that the NSW Government work with the Australian Government to explore how Australian Bureau of Statistics data can be released at more regular intervals to assist with population and employment projections for regional New South Wales.

¹⁹² Evidence, Mr Brett Whitworth, Executive Director, Strategic Planning and Programs, Department of Planning and Environment, 27 March 2018, p 40.

¹⁹³ Evidence, Mr Whitworth, 27 March 2018, p 40.

¹⁹⁴ Evidence, Mr Whitworth, 27 March 2018, p 42.

¹⁹⁵ Evidence, Mr Whitworth, 27 March 2018, p 42.

¹⁹⁶ Evidence, Mr Whitworth, 27 March 2018, p 43.

¹⁹⁷ Evidence, Mr Whitworth, 27 March 2018, p 43.

- 3.11** The most important data to be available are figures for economic growth, employment and sectoral employment that distinguish the performance of regional New South Wales. These data series should be published at a quarterly interval in order to provide regular economic feedback to New South Wales policy makers.

Recommendation 10

That the NSW Government work with the Australian Government to explore how Australian Bureau of Statistics data can be released at more regular intervals to assist with population and employment projections for regional New South Wales.

Tourism

- 3.12** During the inquiry, stakeholders highlighted tourism as an important area for regional New South Wales to benefit from Sydney's status as a global destination and gateway to Australia.
- 3.13** As noted in the discussion paper, tourism contributes more than \$32 billion to New South Wales' economy and employs approximately 170,000 people, 84,600 of which work in regional tourism.¹⁹⁸ In the year ended December 2016, New South Wales welcomed a total of 91 million visitors with 17 per cent more overnight visitors in regional New South Wales than in 2011.¹⁹⁹
- 3.14** At present, only 23 per cent of all international visitors to New South Wales spend time in the regions.²⁰⁰
- 3.15** According to Destination NSW, any strategy to encourage tourism into the regions must acknowledge that growth opportunities are intrinsically linked to Sydney. As the Chief Executive Officer of Destination NSW, Ms Sandra Chipchase observed, 'there is an old adage in the tourism industry that if Sydney fails, Australia fails. Frankly, if Sydney fails, regional New South Wales also fails.'²⁰¹
- 3.16** Both Blue Mountains City Council and Albury City Council serve as positive examples of the contribution tourism can make to regional economies.
- 3.17** Blue Mountains City Council said the effect of tourism on the local economy was 'pronounced' with tourism currently accounting for 11.9 per cent of all jobs in the city or 2,127 full time equivalent jobs, ranking it second in terms of job creation.²⁰² It also advised that visitors spend on average \$402 million annually with the total value added to the economy from tourism being \$186 million.²⁰³

¹⁹⁸ Evidence, Ms Sandra Chipchase, Chief Executive Officer, Destination NSW, 19 June 2017, p 6; Submission 27, NSW Government, p 10; Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 60.

¹⁹⁹ Submission 27, NSW Government, p 10.

²⁰⁰ Submission 27, NSW Government, p 10.

²⁰¹ Evidence, Ms Chipchase, 19 June 2017, p 6.

²⁰² Supplementary submission 7a, Blue Mountains City Council, p 2.

²⁰³ Supplementary submission 7a, Blue Mountains City Council, p 2.

- 3.18** Similarly, Albury City Council stated tourism accounted for 6.6 per cent of all jobs in the city, making it one of the largest employers, supporting 1,718 jobs.²⁰⁴ The council advised that from 2015 to 2016, the economic contribution of tourism increased by \$129 million as a result of an increase in the average daily expenditure of visitors.²⁰⁵
- 3.19** The discussion paper identified the following solutions to drive tourism into regional New South Wales:
- **better transport linkages** between Sydney and the regions, and from key infrastructure sites like airports and train stations into regional towns and communities.
 - **more effective coordination across governments** to market the regions to Chinese visitors
 - **linking into the student market** via regional universities and tourism agencies to encourage family and friends to visit students on campus in regional areas rather than the student traveling to Sydney
 - **highlighting the region's key features** via tourism opportunities rather than seeking to take advantage of mass-market appeal.²⁰⁶
- 3.20** The NSW Business Chamber highlighted that cruise ship tourism is 'one of the fastest growing Australian tourism markets ... [with] around 63 per cent of the industry's economic contribution' being in New South Wales.²⁰⁷ It was of the view that Sydney's current cruise infrastructure was unable to handle the increasing size and multitude of cruise ships, resulting in cruise ships using the 'already busy Overseas Passenger Terminal'. This situation risks the loss of future cruise ships to other international ports.²⁰⁸
- 3.21** The NSW Business Chamber referred to the Cruise Lines International Association's assertion that capacity constraints have already impacted on the number of international visiting ships, with a 10 per cent decline in international visit days in 2014-15.²⁰⁹
- 3.22** The Chamber suggested the government, as a priority, invest in infrastructure in both Sydney and the regions to support the industry to ensure New South Wales has the capacity to meet forecasted demand.²¹⁰
- 3.23** Mr Chris Lamont, Executive Director, Illawarra Business Chamber stated Destination Wollongong expects between eight and 12 cruise ships to dock in Port Kembla each year. This provided a boost to the local economy with the local retail sector experiencing record sales in the 2016 Christmas period during the arrival of two cruise ships.²¹¹

²⁰⁴ Supplementary submission 1a, Albury City Council, p 4.

²⁰⁵ Supplementary submission 1a, Albury City Council, p 4.

²⁰⁶ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), pp 62-64.

²⁰⁷ Supplementary submission 30a, NSW Business Chamber, p 3.

²⁰⁸ Supplementary submission 30a, NSW Business Chamber, p 3.

²⁰⁹ Supplementary submission 30a, NSW Business Chamber, p 3.

²¹⁰ Supplementary submission 30a, NSW Business Chamber, pp 2-3.

²¹¹ Evidence, Mr Chris Lamont, Executive Director, Illawarra Business Chamber, 29 June 2017, p 7.

- 3.24** The Illawarra Business Chamber was of the view that Port Kembla was a ‘viable option to support [and] accommodate growth in the NSW cruise ship industry’.²¹²

Chinese visitors to the regions

- 3.25** Stakeholders regarded a growing China as central to future regional prosperity. It is anticipated that the new Western Sydney Airport will further increase capacity for both recreational and business tourists from China.²¹³
- 3.26** The NSW Government advised that ‘China was included in the priority international markets identified by the Visitor Economy Taskforce in 2012 and has grown to become NSW’s number one tourism market’.²¹⁴
- 3.27** The government stated that in the year ending September 2017, 7.1 per cent of Chinese visitors travelled to regional New South Wales with Vivid Sydney travel packages in China offering itineraries that included time in the regions.²¹⁵
- 3.28** Furthermore, the government advised that Destination NSW campaigns aimed at Chinese markets feature Sydney plus at least one regional New South Wales destination as a means to ‘encourage regional dispersal, increase the length of stay and visitor expenditure from Chinese visitors’.²¹⁶
- 3.29** The NSW Business Chamber expressed the view that ‘China’s growing middle class presents a tremendous opportunity with over 3 million tourists expected to visit Australia by the year 2026’. Although, it noted that currently only one in twenty Chinese tourists venture beyond Sydney.²¹⁷
- 3.30** The NSW Business Chamber called for improved regional passenger transport infrastructure so as to increase tourist dispersal across New South Wales.²¹⁸
- 3.31** Mr Luke Aitken, Senior Manager, Policy, NSW Business Chamber, remarked that it was particularly important for the Chinese visitor experience in having public transport services that connect to tourist destinations.²¹⁹ He informed the committee of two roundtables conducted in 2017 in the Hunter and Illawarra which identified a need for better public transport access to tourist attractions. He observed that attractions such as the Nan Tien Temple and Symbio Wildlife Park in the Illawarra would have higher tourist patronage with better public transport access. He also noted that the government commuter improvement initiatives such as point-to-point or on-demand services could be used to improve access to tourist destinations.²²⁰ (Public transport links are also discussed in chapter 4).

²¹² Submission 8, Illawarra Business Chamber, p 10.

²¹³ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 61.

²¹⁴ Supplementary submission 27a, NSW Government, p 6.

²¹⁵ Supplementary submission 27a, NSW Government, p 6.

²¹⁶ Supplementary submission 27a, NSW Government, p 6.

²¹⁷ Supplementary submission 30a, NSW Business Chamber, p 3.

²¹⁸ Supplementary submission 30a, NSW Business Chamber, pp 2-3.

²¹⁹ Evidence, Mr Luke Aitken, Senior Manager, Policy, NSW Business Chamber, 27 March 2018, p 11.

²²⁰ Evidence, Mr Aitken, 27 March 2018, pp 11-12.

Committee comment

- 3.32** The committee considers that improved public transport services to and within regional New South Wales are needed to facilitate greater access and connectivity to tourist destinations. This is a potential means to help grow regional tourism for both domestic and international visitors. The committee recommends that the NSW Government consider how infrastructure and public transport services can be improved for the purpose of increased access and connectivity in regional New South Wales.
-

Recommendation 11

That the NSW Government consider how infrastructure and public transport services can be improved for the purpose of increased access and connectivity in regional New South Wales.

- 3.33** The committee also notes that cruise ship tourism is growing and that access to ports outside of Sydney will need to be considered to accommodate future demand. The committee sees merit in further investment in infrastructure in both Sydney and the regions to support cruise ship tourism and improve access to regional New South Wales. An added benefit could be increased international visitor numbers to regional areas. It is recommended that the NSW Government examine how further investment in infrastructure in both Sydney and the regions can better support cruise ship tourism.
-

Recommendation 12

That the NSW Government examine how further investment in infrastructure in both Sydney and the regions can better support cruise ship tourism.

Health and support services sector

- 3.34** A common view expressed by inquiry participants was that with an ageing population, demand for health services will increase as will demand for skilled workers to provide these services. This is particularly pertinent for regional areas considering the significant population growth forecasted.²²¹
- 3.35** The Jobs for NSW's *Jobs for the Future* report states the health and support services sector is among the state's top 20 growth industries, with health and social care accounting for the largest proportion of the New South Wales workforce.²²² The sector accounts for 13 per cent of the state's workforce reflecting the 'ageing population and its higher expectations for healthcare and social support'.²²³

²²¹ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 55.

²²² Jobs for NSW, *Jobs for the Future: Adding 1 million rewarding jobs in NSW by 2036*, 2016, p 32.

²²³ Jobs for NSW, *Jobs for the Future: Adding 1 million rewarding jobs in NSW by 2036*, 2016, p 32.

- 3.36** According to the NSW Council of Social Service (NCOSS), between 2004 and 2014, the health and support services sector observed a 54 per cent increase in its workforce.²²⁴
- 3.37** NCOSS advised that ‘regional and remote communities often find it difficult to recruit and retain specialists in the community. Relocating to regional areas needs to be an attractive opportunity and for some smaller regional areas this in itself can be a barrier to encouraging specialists to the community’.²²⁵
- 3.38** According to NCOSS, ‘adequate employment conditions that organisations can offer to attract and retain skilled staff is a barrier to attracting specialists to regional areas. This often leads to fly in/fly out specialists servicing areas in lieu of locally based staff which has huge financial implications for the NSW Government and inadequate provision of service delivery for the communities they serve’.²²⁶

Future workforce needs

- 3.39** NCOSS explained that demand for workers in the disability and aged care sectors has increased rapidly with the introduction of the National Disability Insurance Scheme.²²⁷
- 3.40** The discussion paper noted that regional areas such as the Illawarra are experiencing difficulties in finding the requisite workforce to meet increasing demands for nursing, home support and disability services.²²⁸
- 3.41** According to NCOSS, one reason for regional and rural areas experiencing this difficulty is funding. NCOSS explained that available funding was insufficient in enabling organisations to upskill new and existing staff; funding can be time limited thereby preventing organisations from offering competitive employment conditions for long term contracts; and that regional organisations find it challenging to attract new skilled staff to an area, as they are unable to offer incentives such as offering to cover the costs of relocation.²²⁹
- 3.42** The Community Industry Group (formerly Illawarra Forum) observed that affordable housing for health and support workers was vital to ensuring the sector’s ability to support the ageing population, particularly in regional communities, such as the Illawarra and Shoalhaven, which were attractive retirement locations.²³⁰

Education and training

- 3.43** The NSW Government noted that while there are ‘adequate enrolments in tertiary institutions for medical and most allied health workforces across New South Wales ... there are shortfalls

²²⁴ Submission 38, NCOSS, p 12.

²²⁵ Submission 38, NCOSS, p 14.

²²⁶ Submission 38, NCOSS, p 14.

²²⁷ Submission 38, NCOSS, p 13.

²²⁸ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), pp 53 and 55.

²²⁹ Submission 38, NCOSS, p 13.

²³⁰ Evidence, Ms Nicky Sloan, Chief Executive Officer, Community Industry Group (formerly Illawarra Forum), 29 June 2017, p 26; Submission 23, Illawarra Forum, p 2.

within enrolled nursing, midwifery, psychology and optometry workforces'.²³¹ The government also 'projected shortfalls in the registered nursing workforce in the medium term from approximately 2020', as well as 'workforce shortages in both particular medical specialties (for example, psychiatry and pathology) and in some geographic locations'.²³²

- 3.44** The NSW Government explained that 'after completion of university, medical graduates must complete a 12 month internship and then a minimum of four to six years postgraduate study to become a specialist. The training occurs mainly in public hospitals and there is limited capacity to support any further increase of medical graduates entering the workforce and seeking post graduate training'.²³³
- 3.45** Ms Nicky Sloan, Chief Executive Officer, Community Industry Group advised that the Illawarra, Shoalhaven and South Coast have a 'significant ageing population' with great opportunities for employment in this sector. However, such opportunities could not be taken up when TAFE was unable to 'get out into those small towns and villages and deliver [the required training] ... on site'.²³⁴
- 3.46** Yet, Ms Sloan pointed out that despite 'enormous youth unemployment' in the Illawarra the age and disability services sector cannot attract a workforce:

disability and aged-care providers are desperate. They cannot provide their services because they cannot get the workforce. There is an enormous mismatch and there it is a great opportunity for employment in the unemployment numbers.²³⁵

Attracting a workforce

- 3.47** Ms Sloan explained that the apparent 'low profile' and 'lack of awareness' of the industry was the reason for why the sector could not get employees, claiming that 'we cannot even get the job service providers to refer people into it'.²³⁶
- 3.48** As a result, Ms Sloan stressed it was important to 'rais[e] the profile of working in age and disability services and what the great advantages are of working in those areas'.²³⁷ She expressed the view that it was important to implement school-based programs, including apprenticeships, traineeships and work experience opportunities, about the health and support services sector. Ms Sloan explained these programs could 'expose younger people to what the opportunities are, what jobs are like and what working in that industry is like, so when they are making their career decisions at 18 they at least consider aged and disability services'.²³⁸
- 3.49** NCOSS spoke of one current initiative that is seeking to raise 'the profile of a career in the community sector'. It informed the committee of the *Carecareers* initiative which 'offers an online

²³¹ Supplementary submission 27a, NSW Government, p 5.

²³² Supplementary submission 27a, NSW Government, p 5.

²³³ Supplementary submission 27a, NSW Government, p 6.

²³⁴ Evidence, Ms Nicky Sloan, Chief Executive Officer, Community Industry Group, 27 March 2018, p 34.

²³⁵ Evidence, Ms Sloan, 27 March 2018, p 33.

²³⁶ Evidence, Ms Sloan, 27 March 2018, pp 36-37.

²³⁷ Evidence, Ms Sloan, 27 March 2018, p 36.

²³⁸ Evidence, Ms Sloan, 27 March 2018, p 36.

platform for connecting job seekers and employers' that also provides 'career advice and basic training for those entering the sector'.²³⁹ According to NCOSS, the *Carecareers* initiative 'showcas[ed] the positive aspects of entering the sector that would help raise the profile of the disability and aged care sectors'.²⁴⁰

Case study – Skills shortage in regional New South Wales²⁴¹

Regional New South Wales faces rising challenges regarding skill shortages within specific industry sectors. As it stands, the current training and employment market is not accommodating the demand for skilled workers.

One of the factors contributing to the rising demand for skilled workers is the influx of university attendance by young people. According to the NSW Business Chamber, 85 per cent of young people who attain a trade or traineeship find full-time employment within two months of completing their training. In contrast, 65 per cent of young people who finish a university degree find full-time employment after six months.

The NSW Business Chambers argued that university is promoted as the ideal pathway to get a quality employment outcome but that this notion does not fit very well with reality. As it stands there are not enough individuals pursuing skilled trades or traineeships despite these vocations offering better prospects of success compared to many university courses, and is a contributing factor to skills shortages.

To help address this issue the NSW Government needs to invest in youth training and skills development in regional areas. The intention here is to meet regional skill shortages by training young people in the areas where their employment prospects are highest.

Promoting local service delivery organisations with local expertise

- 3.50** The committee heard of the importance of promoting local service delivery organisations, with local knowledge, in regional areas in the competitive tender process.
- 3.51** According to NCOSS smaller organisations are often overlooked for contracts despite the fact that some of the larger organisations 'do not necessarily have the expertise or local knowledge to provide high quality services'.²⁴²
- 3.52** This was echoed by Ms Sloan who told the committee of a recent tender for homeless service in the Illawarra that had been delivered locally for quite some time but then went to a large charity. She explained that this had resulted in negative implications for the region that included the non-delivery of the service for a significant period of time:

The impact was that for quite a significant period of time the services were just not delivered during the transition period. People still remained homeless during that time but the services they had previously relied on were just not available because of the

²³⁹ Submission 38, NCOSS, pp 12-13.

²⁴⁰ Submission 38, NCOSS, pp 12-13.

²⁴¹ Evidence, Mr Aitken, 27 March 2018, p 15.

²⁴² Submission 38, NCOSS, pp 11-12.

transition. ... It had a strong impact in a small region to have no services delivered during that time.²⁴³

- 3.53** In addition, Ms Donna Brotherson, South Eastern Tenant Participation Resource Worker, Community Industry Group explained that the transition period, when a contract expires with a local provider and is obtained by a large non-local provider, also meant the ‘re-building those relationships, connections and trust’ between clients and the new service provider. As a result, she stated it would be a significant amount of time before the new service was operating efficiently and really providing the services.²⁴⁴
- 3.54** Ms Sloan said she would like to see some form of weighting be given to experienced local businesses or organisations in the selection criteria of tenders to allow them to become more competitive.²⁴⁵
- 3.55** The Department of Family and Community Services advised that special weighting is not currently given to local regional service providers in reviewing contracts for service. Instead the department ‘typically consider[s] the provider that is best placed to deliver the service required in the locality’. Such considerations for service providers include:
- the ability to deliver the services specified at the quality specified;
 - ability to achieve outcomes for the clients and community in that location;
 - knowledge of the unique needs of the location in which the service will be delivered and their ability to meet those requirements’.²⁴⁶

Competitive tendering processes

- 3.56** The committee received evidence that some service delivery organisations found it difficult to secure funding via tendering and procurement processes.
- 3.57** NCOSS informed that in 2017 ‘community service organisations received over \$4 billion worth of contracts from the NSW Government’.²⁴⁷ It stated that as different agencies have different contracts, there are also different reporting requirements and expectations as to how a contract will be managed. As a result of complying with the terms of each contract, the sustainability of organisations is impacted.²⁴⁸
- 3.58** A 2015 report, *State of the Community Service Sector in NSW*, commissioned by NCOSS, found that ‘organisations reported an overall inadequacy in regards to communication around tendering

²⁴³ Evidence, Ms Sloan, 27 March 2018, p 36.

²⁴⁴ Evidence, Ms Donna Brotherson, South Eastern Tenant Participation Resource Worker, Community Industry Group, 27 March 2018, p 36.

²⁴⁵ Evidence, Ms Sloan, 27 March 2018, p 36.

²⁴⁶ Answers to questions on notice, Mr Brett Whitworth, Executive Director, Strategic Planning and Programs, Department of Planning and Environment, 23 April 2018, p 2.

²⁴⁷ Submission 38, NCOSS, p 11.

²⁴⁸ Answers to questions on notice, Ms Tracey Howe, Chief Executive Officer, NCOSS, 24 April 2018, p 3.

and procurement processes, little feedback sought by the NSW Government, and a lack of timely information provided throughout the process'.²⁴⁹

- 3.59** A subsequent report in 2017, the *Workforce Issues in the NSW Community Services Sector* commissioned by NCOSS reported 'little had changed and organisations continue to feel that the tendering process was difficult'.²⁵⁰
- 3.60** As a result, NCOSS stated that the application process for small community-based organisations is 'too onerous', and requires 'time and expertise ... that may not always be available in-house'.²⁵¹
- 3.61** NCOSS argued that steps need to be taken to ensure small regional organisations are able to secure funding through an accessible and responsive funding application process.²⁵² NCOSS argued that, 'smaller organisations are often naturally more innovative, diverse and agile which positions them to be more responsive to local needs'.²⁵³
- 3.62** NCOSS also noted its work with the NSW Government through the Social Innovation Council which seeks to 'deliver reform in the social service sector to build a better funding and engagement relationship'. A key outcome of this partnership so far has been the new Human Service Agreement, which will 'streamline contracting arrangements and make it easier for the sector to do business with government'.²⁵⁴
- 3.63** NCOSS acknowledged that while there has been great progress through its partnership with the NSW Government via the Social Innovation Council to date, more that can still be done.²⁵⁵

Committee comment

- 3.64** The committee acknowledges the concerns of inquiry participants regarding the demand for skilled health and support services workers as the population ages. The committee notes the challenges faced by the sector in gaining a skilled workforce.
- 3.65** The committee supports the need to raise the profile of the health and support services sector to recruit and retain a skilled workforce. This may be achieved by promoting the advantages of a career in the health and support services sector through tertiary institutions, TAFE and job service providers.
- 3.66** It is acknowledged that available funding makes it difficult for providers to invest in further training and development for employees. It is recommended that the NSW Government investigate further training and development opportunities to recruit and retain a skilled workforce.

²⁴⁹ Submission 38, NCOSS, p 11.

²⁵⁰ Submission 38, NCOSS, pp 11-12.

²⁵¹ Submission 38, NCOSS, p 12.

²⁵² Submission 38, NCOSS, pp 11-12.

²⁵³ Submission 38, NCOSS, p 12.

²⁵⁴ Submission 38, NCOSS, p 11.

²⁵⁵ Submission 38, NCOSS, p 11.

Recommendation 13

That the NSW Government investigate further training and development opportunities to recruit and retain a skilled workforce for the health and support services sector.

- 3.67** The committee is encouraged by progress made in the health and support services sector by the NCOSS – NSW Government partnership through the Social Innovation Council. The committee recognises that more needs to be done to improve communication around tendering and procurement processes, greater feedback provided by government on the tendering process, and improved access to timely information.
- 3.68** The committee understands the value and contribution of local service delivery organisations with local community knowledge. It is noted that when service delivery organisations change as a result of the competitive tender process, there may be implications for clients in terms of building relationships and trust with the new provider.
- 3.69** The committee acknowledges that the NSW Government does not give special weighting to local service providers in reviewing contracts for service, but believes that the transition process between providers could be more ordered and client focused.
- 3.70** It is recommended that the NSW Government develop transition guidelines, applicable in instances where there is a change in the contracted service delivery organisation, so as to minimise impacts on clients and disruptions to services.
-

Recommendation 14

That the NSW Government develop transition guidelines, applicable in instances where there is a change in the contracted service delivery organisation, so as to minimise impacts on clients and disruptions to services

Small to medium enterprises and start-ups

- 3.71** According to the Jobs for NSW's *Jobs for the Future* 2016 report, from 2008 to 2014 high-growth small to medium enterprises (SMEs), which comprise only 6 per cent of firms in New South Wales, created over 1 million new jobs.²⁵⁶
- 3.72** Regional Development Australia – Sydney informed that the largest startup ecosystem in Australia resides in Sydney which is home to 40 per cent of the nation's startups.²⁵⁷
- 3.73** An issue raised by stakeholders was that startups and small to medium enterprises (SMEs) require support to grow and develop longevity.

²⁵⁶ Jobs for NSW, *Jobs for the Future: Adding 1 million rewarding jobs in NSW by 2036*, 2016, p 26; Sydney Startup Hub, *About*, <https://sydneystartaphub.com/about>.

²⁵⁷ Submission 24, Regional Development Australia – Sydney, p 5.

- 3.74** To better support SMEs, the NSW Government has established the Sydney Startup Hub, a ‘globally significant innovation centre that cements the city’s role as Australia’s startup capital’.²⁵⁸ The hub became fully operational in early 2018 and is located in the central business district.²⁵⁹
- 3.75** The objectives of the Sydney Startup Hub are to: ‘support the creation of new jobs across NSW, increase the diversity of the NSW startup community with more startups from regional NSW and non-ICT Industries, [and] grow the size and strength of the Sydney startup ecosystem’.²⁶⁰
- 3.76** The Sydney Startup Hub will also support the regional startup community ‘by enabling regional startups to more easily access networks, potential customers and investment’.²⁶¹ The hub will ‘provide a gateway for regional entrepreneurs to more easily tap into the broader metropolitan startup community and vice versa’.²⁶²

SMEs and startups in regional areas

- 3.77** The NSW Government has put more than 30 per cent of the \$190 million Jobs for NSW Fund towards Regional Jobs Now which focuses on investing in businesses that are creating jobs in regional New South Wales. It is anticipated this investment will ‘grow jobs, strengthen our export capability, create new industry clusters, and transform regional communities’.²⁶³
- 3.78** Under Regional Jobs Now, five types of funding options are available to eligible startups and SMEs (see following figure) to help them thrive, prosper and realise their full potential.²⁶⁴ This is important considering credit and capital for startups and SMEs can be difficult to obtain from financial institutions.²⁶⁵
- 3.79** Of the five funding options offered by Jobs for NSW, only the Regional Growth Loan is specifically for businesses creating jobs in areas outside metropolitan Sydney, Newcastle and Wollongong.²⁶⁶

²⁵⁸ Sydney Startup Hub, *About*, <https://sydneystartuphub.com/about>.

²⁵⁹ Supplementary submission 27a, NSW Government, p 6; Sydney Startup Hub, *About*, <https://sydneystartuphub.com/about>.

²⁶⁰ Sydney Startup Hub, *About*, <https://sydneystartuphub.com/about>.

²⁶¹ Sydney Startup Hub, *FAQS, Regional Landing Pad FAQS -What support will the Sydney Startup Hub provide to regional startups an hubs?* <https://sydneystartuphub.com/faqs>.

²⁶² Sydney Startup Hub, *Regional entrepreneurs*, <https://sydneystartuphub.com/regional>.

²⁶³ Jobs for NSW, Jobs for NSW: Regional Jobs Now Fact Sheet, https://www.jobsforNSW.com.au/__data/assets/pdf_file/0005/108950/Regional-Jobs-Now-fact-sheet.pdf.

²⁶⁴ Jobs for NSW, Funding, <https://www.jobsforNSW.com.au/funding>.

²⁶⁵ Evidence, Mr Laurie Koster, Chairperson, Shoalhaven Defence Industry Group, 4 April 2018, p 26 (Standing Committee on State Development, Inquiry into the Defence industry in NSW).

²⁶⁶ Jobs for NSW, Jobs for NSW: Regional Jobs Now Fact Sheet, https://www.jobsforNSW.com.au/__data/assets/pdf_file/0005/108950/Regional-Jobs-Now-fact-sheet.pdf.

Figure 7 Types of funding available under the Regional Jobs Now portfolio²⁶⁷

Regional Jobs Now Portfolio Product	Eligible Business type	Support available
Minimum Viable Product grants	Promising startups who have established a Proof of Concept.	Grants of up to \$25,000 to enable startups to obtain customer feedback on their Minimum Viable Product.
Building Partnerships grants	Growing startups or established businesses with a scalable business model that have identified business partners.	Grants of up to \$100,000 for scaling startups and businesses establishing key accounts.
Regional Growth Loans	Australian registered businesses, creating jobs in regional NSW (within two years). With demonstrated likely revenue of at least \$500,000 within the next 12 months.	Loans of \$200,000 to \$500,000 to support investment and growth in the business.
Strategic Growth Loans	Australian registered businesses, creating jobs in metro and regional NSW (within 3 years). With demonstrated likely revenue of at least \$1,000,000 within the next 12 months.	Loans of over \$500,000 to \$1,200,000 to support investment and growth in the business.
Loan Guarantees	Fast growth companies with minimum annual revenue of \$3 million that are unable to access sufficient finance to accelerate their expansion.	Loan guarantee of 50% of project costs (max. of \$5 million) to enable high growth businesses to access funds from financial institutions.

- 3.80** Albury City Council was of the view that to encourage business expansion or relocation by SMEs to regional New South Wales, the funding model used by Jobs for NSW should be amended to ‘enable provision of direct financial incentives’.²⁶⁸ Such direct financial incentives could be a ‘genuine driver of business relocation to regional areas if provided as a direct incentive to business’.²⁶⁹
- 3.81** According to Mr Bob Germaine, Executive Officer of Regional Development Australia – Sydney, the emergence and growth of SMEs in regional areas will become more pronounced as factors like housing affordability and workplace flexibility entice increasing numbers of talented people to the regions.²⁷⁰ (Business relocation to regional areas is discussed further in chapter 4).
- 3.82** As talented people relocate to regional areas, SMEs can benefit from the expertise gained in a global Sydney to develop their own innovative ecosystems.²⁷¹

²⁶⁷ Jobs for NSW, Jobs for NSW: Regional Jobs Now Fact Sheet, https://www.jobsforNSW.com.au/__data/assets/pdf_file/0005/108950/Regional-Jobs-Now-fact-sheet.pdf.

²⁶⁸ Supplementary submission 1a, Albury City Council, p 9.

²⁶⁹ Supplementary submission 1a, Albury City Council, p 9.

²⁷⁰ Evidence, Mr Bob Germaine, Executive Officer of Regional Development Australia – Sydney, 19 June 2017, p 39.

²⁷¹ Evidence, Mr Germaine, 19 June 2017, p 39.

- 3.83** The discussion paper noted the opportunities for SMEs in regional areas are varied, with Regional Development Australia – Sydney identifying the following areas of technological innovation suited to regional startups:
- agriculture: crop and livestock monitoring; weather information systems; soil fertility
 - transport and logistics: getting produce and livestock to market in the most efficient way possible; receiving and tracking agricultural supplies
 - education: remote education
 - remote medicine: monitoring systems for people with particular health issues living in small communities; telemedicine
 - UAV technology (drone) driven solutions for agricultural monitoring.²⁷²
- 3.84** The NSW Government provided details of other projects and programs it is investing in and helping to deliver including the Business Connect advisory program which provides practical trusted advice to startups and businesses in both our metropolitan and regional areas; and the GO NSW Equity investment vehicle to help accelerate the growth of startups.²⁷³
- 3.85** Furthermore, the NSW Government stated more than 80 local startup projects, research projects and business growth activities are being delivered to regional and metropolitan areas.²⁷⁴
- 3.86** It should be noted that at the same time as this inquiry, the NSW Legislative Assembly's Committee on Investment, Industry and Regional Development was conducting an inquiry into support for start-ups in regional New South Wales. The committee was looking at the effectiveness of state government policies and programs aimed at supporting start-ups in regional areas; possible new initiatives and reforms to reduce barriers and capitalise on the advantages associated with regional start-ups; and, policies and programs in other jurisdictions.²⁷⁵

Co-location

- 3.87** Co-location refers to the development of a hub of related industry in a concentrated geographical area to provide opportunities for collaboration, sharing of ideas, sharing of equipment and resources and the fostering of a culture of innovation.²⁷⁶

²⁷² Submission 24, Regional Development Australia – Sydney, pp 5-6; Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), pp 65-66.

²⁷³ Supplementary submission 27a, NSW Government, pp 6-7.

²⁷⁴ Supplementary submission 27a, NSW Government, p 6; NSW Department of Industry, About Business Connect, <https://www.industry.nsw.gov.au/business-and-industry-in-nsw/businessconnect/about-the-business-connect-program>.

²⁷⁵ Parliament of New South Wales, Inquiry into Support for Start-ups in Regional New South Wales, <https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=2443>.

²⁷⁶ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 59.

- 3.88** The committee heard of the benefits of co-location of industries around a university or business of similar interests in regional areas, such as the attraction of more industry and related infrastructure which in turn grows towns and businesses around them.²⁷⁷
- 3.89** Regional Development Australia – Sydney expressed the view that partnerships between SMEs and universities would create opportunities to foster innovation. It gave the example of its partnership with Data61 and Food Innovation Australia Ltd to leverage the Ribit Platform (developed by Data 61) to access university student placements in the food industry sector. The prime purpose of the partnership is to develop innovative practice. Regional Development Australia – Sydney suggested that this model could easily be applied across regional areas as a tool for introducing needed expertise into a business.²⁷⁸
- 3.90** In addition, the Community Industry Group advised that the innovations driven from the health and support industry involving technological advances and adaptations are also providing numerous opportunities for tech startups and entrepreneurs to design, develop and test new products.²⁷⁹ For example, virtual reality experiences to aged care residents; a cloud service ‘that delivers and streamlines day-to-day safety and security operations’ for lone workers, customers and employers; and home sensors that can ‘assist people to live safely and independently [by] monitor[ing] movement, temperature, humidity and light so that one can be alerted to any variation in normal behaviour or conditions’.²⁸⁰
- 3.91** To better incentivise co-location and the development of health partnerships between regional universities and industry, Albury City Council suggested the NSW Government could ensure a predictable funding and regulation environment to foster healthy partnerships between universities and industry.²⁸¹
- 3.92** Albury City Council was of the view that funding assurances would provide ‘industry players with the confidence to enter into long term arrangements with education providers and allows both parties the time that is required to develop effective partnerships, upon which real progress can be made’.²⁸²
- 3.93** Charles Sturt University advised that co-location will most likely occur in regional areas as a result of opportunities in the growing defence industry.²⁸³ This is discussed in more detail in the report for the committee’s concurrent inquiry into the defence industry in New South Wales. This inquiry reported on opportunities to incentivise and grow the defence industry, encourage industry innovation, research and education, and maximise opportunities for New South Wales-

²⁷⁷ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney*, (2017), pp 59-60.

²⁷⁸ Submission 24, Regional Development Australia – Sydney, p 4.

²⁷⁹ Submission 23, Illawarra Forum, p 2; Evidence, Dr Greg Winslett, Director, Teaching and Learning Support, University of New England, and Professor Neil Argent, Professor of Human Geography, University of New England, 29 August 2017, pp 19-20.

²⁸⁰ Submission 23, Illawarra Forum, Attachment 1, p 2.

²⁸¹ Supplementary submission 1a, Albury City Council, p 8.

²⁸² Supplementary submission 1a, Albury City Council, p 8.

²⁸³ Evidence, Professor Andrew Vann, Vice Chancellor, Charles Sturt University, 14 August 2017, p 43.

based companies to tap into the growing investment in development and export for defence.²⁸⁴ The report was tabled in June 2018.

- 3.94** The NSW Government advised that it has ‘partnered with 11 universities and the CSIRO to invest \$18 million in the Boosting Business Innovation Program giving businesses access to technology, equipment, research and expertise to build strong local business communities and stimulate economic growth in metropolitan and regional NSW’.²⁸⁵ The program aims to ‘accelerate innovation in NSW by supporting greater collaboration between NSW research organisations and their business communities’.²⁸⁶ Of the 11 universities involved in the program, five are located in regional areas: Charles Sturt University, Southern Cross University, University of New England, University of Newcastle, and University of Wollongong.²⁸⁷

Committee comment

- 3.95** The committee supports government initiatives to foster innovation and partnerships between businesses and research entities. One such initiative is the Sydney Startup Hub and its objectives to support new jobs, increase the diversity of the New South Wales startup community, and grow the size and strength of the Sydney startup ecosystem.
- 3.96** The committee notes that the Regional Growth Loans offered by Jobs for NSW may lead to skilled people moving to regional areas to establish new businesses that can take advantage of a regional setting. This in turn, could result in further employment opportunities and industry diversity in regional New South Wales.

Agriculture and food production

- 3.97** Agriculture is a key sector for economic growth in regional New South Wales which will only continue to grow as the rising demand for agriculture and food production increases as a result of a growing population.
- 3.98** Central to agriculture and food production is effective freight corridors to transport produce to market, which is discussed in the next chapter.
- 3.99** As noted in the discussion paper, New South Wales is a major agricultural exporter, with food and agriculture accounting for \$7 billion of the state’s \$64.7 billion exports in the 2015-16

²⁸⁴ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney*, 2017, p 59.

²⁸⁵ Supplementary submission 27a, NSW Government, pp 6-7.

²⁸⁶ NSW Department of Industry, *Boosting Business Innovation Program*, https://www.industry.nsw.gov.au/__data/assets/pdf_file/0006/95163/boosting-business-innovation-program-prospectus.pdf, p 5.

²⁸⁷ NSW Department of Industry, *Boosting Business Innovation Program*, <https://www.industry.nsw.gov.au/business-and-industry-in-nsw/innovation-and-research/boosting-business-innovation-program>.

financial year.²⁸⁸ Three hundred thousand people were employed in agriculture in the 2015-16 financial year with the industry accounting for 2.2 per cent of the total industry GDP.²⁸⁹

- 3.100** The demand for food world-wide is projected to rise by around 75 per cent in the first half of this century, with three quarters of this growth in Asia.²⁹⁰ Demand is projected to be greatest for vegetable and fruit, meat, dairy products, cereals and fish.²⁹¹ Australia is well placed to meet this demand both by expanding its current agricultural production and expanding into new areas of production.
- 3.101** With existing food bowls on the outskirts of Sydney being overwhelmed by greenfield housing, there are new, greater opportunities for regional New South Wales to take part in food production.²⁹² This was supported by Tweed Shire Council who argued the ‘ability of regional communities to diversify and value-add agricultural production will play an important role in supplying the growing demands of the major urban centres of NSW, particularly with the demise of the food-bowl of western Sydney’.²⁹³
- 3.102** Tweed Shire Council also identified agritourism, food tourism and food production industries as growth sectors for the Tweed Shire.²⁹⁴
- 3.103** Parkes Shire Council informed the committee of the new opportunities available to its region as a result of the agricultural sector, including smaller boutique processing and packaging operations to service specific markets such as bottling and stock feed, processing facilities, and centralised storage and distribution points for fertiliser, chemicals and fuel, among other commodities and products.²⁹⁵
- 3.104** In order to take advantage of the potential in the agricultural sector, the NSW Government’s 2036 Regional Plans include actions to protect important farmland, facilitate the growth of agribusiness and food processing through improved land use planning and to enhance road and rail connectivity to Sydney.²⁹⁶
- 3.105** The NSW Government advised that it ‘encourages local councils to prepare rural land use strategies to ensure agricultural industries can continue to produce and expand without conflict’.

²⁸⁸ Department of Industry, ‘Export from New South Wales: Agribusiness and food’, <https://www.industry.nsw.gov.au/export-from-nsw/key-industry-sectors/agribusiness-and-food>; Standing Committee on State Development, NSW Legislative Council, *Regional development and a global Sydney: Discussion paper* (2017), p 44.

²⁸⁹ Department of Industry, Innovation and Science, Office of the Chief Economist, Australian Industry Report 2016, p 33.

²⁹⁰ Submission 28, Bland Shire Council, p 6 citing data from the Australian Bureau of Agricultural and Resource Economics and Sciences.

²⁹¹ Submission 36, Parkes Shire Council, p 4.

²⁹² Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017) p 45.

²⁹³ Supplementary submission 37a, Tweed Shire Council, p 7.

²⁹⁴ Evidence, Mr Troy Green, General Manager, Tweed Shire Council, 28 August 2017, p 6.

²⁹⁵ Submission 36, Parkes Shire Council, p 5.

²⁹⁶ Submission 27, NSW Government, p 14.

It added that it is ‘rolling out a three year mapping program to identify and map important agricultural lands to support council decision making’.²⁹⁷

- 3.106** However, Tweed Shire Council claimed current government policies overlooked future strategic plans of land for agricultural use in favour of lucrative development opportunities:

prevailing policy attitude overlooks the current strategic failure to plan for adequate infrastructure funding in favour of ad hoc development opportunism made possible through pro-development policies. This threatens long-term rural use of the land for non-urban purposes, putting at risk investment certainty for food production or value adding opportunities.²⁹⁸

- 3.107** Tweed Shire Council expressed the view that the future of ‘agricultural production areas close to population and markets [are]... under threat from escalating land values and a transition to lifestyle living opportunities at the expense of agricultural production’.²⁹⁹

Committee comment

- 3.108** The committee recognises the opportunity provided to regional New South Wales to cater for the growing demand for food production as the number of urban food production sites decreases. This removes competition in the industry. The committee views increased agriculture and food production in regional New South Wales as a key opportunity for development.
- 3.109** We also note that the government has attempted to address concerns of an apparent depletion of agricultural land for development through its 2036 Regional Plans. These include actions to protect important farmland, and facilitate the growth of agribusiness and food processing through improved land use planning.

Economic regional development in Aboriginal communities

- 3.110** The committee heard of the challenges faced by Aboriginal communities in regards to regional development, including infrastructure connectivity and economic opportunities. The committee were informed of possible strategies to overcome such challenges.
- 3.111** According to the NSW Aboriginal Land Council, ‘investing in Aboriginal communities and the Aboriginal Land Rights network provides the greatest opportunity for achieving meaningful regional development in New South Wales’.³⁰⁰
- 3.112** The NSW Aboriginal Land Council advised it was crucial that in any regional economic development strategy, [local aboriginal land councils] should be seen as ‘key players’ and that

²⁹⁷ Supplementary submission 27a, NSW Government, p 5.

²⁹⁸ Supplementary submission 37a, Tweed Shire Council, p 7.

²⁹⁹ Supplementary submission 37a, Tweed Shire Council, p 7.

³⁰⁰ Submission 33, NSW Aboriginal Land Council, p 1.

such strategies require ‘comprehensive and meaningful consultation with Aboriginal peoples, including with [local aboriginal land councils]’.³⁰¹

- 3.113** While the NSW Aboriginal Land Council acknowledged that the ‘government [had] made a number of commitments to supporting Aboriginal businesses, Aboriginal employment and Aboriginal economic development initiatives [it asserted] more must be done to foster and invest in Aboriginal economic prosperity in NSW’.³⁰²

Standing Committee on State Development report 2016

- 3.114** In 2016 the Standing Committee on State Development tabled its report on economic development in Aboriginal communities in New South Wales. The report looked at the strategies to support economic development in Aboriginal communities in New South Wales as a means of addressing disadvantage and creating sustainable communities. The committee made 39 recommendations to the NSW Government.

- 3.115** The committee concluded that a major push from the government was needed to generate momentum, and sustain it, in the area of economic development in Aboriginal communities.³⁰³ As a result, the committee recommended ‘a strong coordinating agency to drive economic reform in a way that harmonises Aboriginal economic development with the state’s broader economic policy; developing and harnessing capacity building opportunities; and ensuring that the economic prosperity and development opportunities envisaged by returning land to Aboriginal communities under the *Aboriginal Land Rights Act 1983* are able to be realised’.³⁰⁴

Benefitting from a global city

- 3.116** The NSW Aboriginal Land Council identified several opportunities to ensure that the regions benefit from Sydney’s status as a global city. These include:
- bolstering the Aboriginal tourism industry by partnering with Local Aboriginal Land Councils and Aboriginal tourism operators to increase the market, supporting Aboriginal owned and operated tourism businesses, and investing in opportunities for new and emerging businesses
 - incorporating promotion of New South Wales-based Aboriginal festivals, events, markets, dance, sporting events, arts events, galleries, cultural centres, keeping places, cultural centres and museums into broader regional tourism campaigns, showcases or tourism routes
 - improving technological infrastructure (particularly for phone and internet/NBN services)

³⁰¹ Correspondence from Mr Stephen Hynd, Executive Director, Business Improvement, NSW Aboriginal Land Council, to committee, 20 April 2018.

³⁰² Submission 33, NSW Aboriginal Land Council, p 4.

³⁰³ Standing Committee on State Development, NSW Legislative Council, *Economic development in Aboriginal communities* (2016), p viii.

³⁰⁴ Standing Committee on State Development, NSW Legislative Council, *Economic development in Aboriginal communities* (2016), p viii.

- improving public transport.³⁰⁵

Connectivity

- 3.117** The NSW Aboriginal Land Council spoke of the substantial lack of connectivity in regional areas in terms of physical and technological infrastructure.
- 3.118** The NSW Aboriginal Land Council called for greater improvements to bus and train networks across regional New South Wales in order to provide ‘additional development opportunities to small businesses and encourage tourists to partake in travel to regional areas’.³⁰⁶
- 3.119** It added that insufficient public transport impacts Aboriginal communities as ‘Aboriginal households have a lower median household income and less access to a motor vehicle than non-Aboriginal holds, resulting in a reliance on public transport’. This can create barriers to employment and essential services.³⁰⁷
- 3.120** The NSW Aboriginal Land Council also recommended that the government provide additional funding and resources to the Driving Change Program and the Driver Licencing Access Program, which help Aboriginal people both obtain and retain a driving licence, for all Aboriginal communities. This was critical as less than half of eligible Indigenous peoples hold a driver licence compared to 70 per cent of non-Indigenous people, and only 51 per cent of Aboriginal families have access to a motor vehicle compared over 85 per cent for non-Aboriginal families.³⁰⁸
- 3.121** The NSW Aboriginal Land Council stated internet and mobile phone services were inadequate and were a deterrent to small and medium enterprises relocating to regional areas. It argued such inadequacies created the uneven distribution of wealth and job opportunities across the state between urban and regional areas.³⁰⁹

Education and employment

- 3.122** The NSW Aboriginal Land Council argued education and training is a vital component to ensuring future economic development and empowerment of Aboriginal people in New South Wales.³¹⁰ It estimated an increase of \$7.4 billion to the state’s economy if the gaps in Aboriginal employment outcomes were overcome.³¹¹ As a result, it recommended that the NSW Government provide assistance and funding to support the education, training and professional development of Aboriginal peoples.³¹²

³⁰⁵ Submission 33, NSW Aboriginal Land Council, pp 3-6.

³⁰⁶ Submission 33, NSW Aboriginal Land Council, pp 5-6.

³⁰⁷ Submission 33, NSW Aboriginal Land Council, p 6.

³⁰⁸ Submission 33, NSW Aboriginal Land Council, pp 6-7.

³⁰⁹ Submission 33, NSW Aboriginal Land Council, p 5.

³¹⁰ Submission 33, NSW Aboriginal Land Council, p 6.

³¹¹ Submission 33, NSW Aboriginal Land Council, p 6.

³¹² Submission 33, NSW Aboriginal Land Council, p 7.

Economic and regional development aspirations

- 3.123** The NSW Aboriginal Land Council stressed that the NSW government should support a large range of Aboriginal businesses and enterprises to achieve their economic potential. It explained that Aboriginal Land Councils serve as a diverse platform to invest in as they encompass many elements of regional development, such as, tourism, arts, the green economy, land management and development, innovative agriculture/aquaculture and retail.³¹³
- 3.124** As a result, the NSW Aboriginal Land Council recommended the consideration of ‘whole-of-government opportunities to support a range of Aboriginal businesses and Local Aboriginal Land Council to achieve their economic potential, including promoting genuinely Aboriginal owned businesses, goods and services’.³¹⁴
- 3.125** The NSW Aboriginal Land Council also suggested that the NSW government invest in partnerships with Aboriginal enterprises to create a lucrative tourism enterprise. This was reasoned on the fact that tourists seeking an Aboriginal cultural experience spent a net total of \$1.141 billion in 2016.³¹⁵ By partnering with Aboriginal enterprises, the government can assist existing and new Aboriginal controlled enterprises to tap into the growing market of regional tourism.³¹⁶
- 3.126** A key example of a successful tourism enterprise is the Worimi Local Aboriginal Land Council who won a national tourism award for its innovative and successful business, Sand Dune Adventures.³¹⁷
- 3.127** The NSW Aboriginal Land Council asserted that the return of Crown land to Aboriginal ownership is fundamental to Aboriginal economic development and economic independence.³¹⁸
- 3.128** Furthermore, the NSW Aboriginal Land Council has recognised that a lack of access to start-up capital is a barrier for Local Aboriginal Land Councils wishing to start new businesses. To address this, the NSW Aboriginal Land Council offers low-interest loans to Local Aboriginal Land Councils in order to ‘attract and leverage additional capital through co-investment from other sources such as banks’.³¹⁹
- 3.129** To further enhance the NSW Aboriginal Land Council’s work in supporting Aboriginal entrepreneurs and business ideas, the NSW Aboriginal Land Council suggested the NSW Government could explore ‘sustainable funding options for capacity-building in Aboriginal organisations and among would-be Aboriginal entrepreneurs’.³²⁰

³¹³ Submission 33, NSW Aboriginal Land Council, p 7.

³¹⁴ Submission 33, NSW Aboriginal Land Council, pp 2.

³¹⁵ Destination NSW, NSW Aboriginal Tourism Toolkit (2017) cited in Submission 33, NSW Aboriginal Land Council, p 4.

³¹⁶ Submission 33, NSW Aboriginal Land Council, pp 4-5.

³¹⁷ Correspondence from Mr Hynd to committee, 20 April 2018.

³¹⁸ Correspondence from Mr Hynd to committee, 20 April 2018.

³¹⁹ Correspondence from Mr Hynd to committee, 20 April 2018.

³²⁰ Correspondence from Mr Hynd to committee, 20 April 2018.

Committee comment

- 3.130** The committee acknowledges the work of the previous Standing Committee on State Development 2016 inquiry and report into economic development in Aboriginal communities. Building on the previous recommendations and findings of that report, the committee sees merit in working with Aboriginal communities and local Aboriginal land councils to bolster the tourism industry, Aboriginal cultural experiences and Aboriginal owned businesses. Therefore, it is recommended that the NSW Government in partnership with Aboriginal peoples and Aboriginal enterprises, invest in developing, delivering and promoting comprehensive Aboriginal tourism strategies.

Recommendation 15

That the NSW Government, in partnership with Aboriginal peoples and Aboriginal enterprises, invest in developing, delivering and promoting comprehensive Aboriginal tourism strategies.

-
- 3.131** The committee further recommends that the NSW Government when developing regional economic strategies for Aboriginal communities, include genuine consultation and involvement of local Aboriginal communities.

Recommendation 16

That the NSW Government, when developing regional economic strategies for Aboriginal communities, include genuine consultation and involvement of local Aboriginal communities.

-
- 3.132** The committee understands the importance of public transport in regional New South Wales for access and connectivity to tourist destinations and improved market opportunities for small businesses. We also recognise that public transport provides vital access to employment and essential services in regional New South Wales. The committee therefore reiterates the importance of recommendation 11 that the NSW Government consider how infrastructure and public transport services can be improved for the purpose of increased access and connectivity in regional New South Wales.

Chapter 4 Connecting the regions to global Sydney

This chapter considers proposals to improve the connectivity of the regions to Sydney via road and rail freight corridors in addition to ports. It will also look at the progress of the new Western Sydney airport. The chapter will then examine business relocation incentives and decentralisation followed by a discussion of the National Broadband Network (NBN) and telecommunications in the regions. The chapter will end by outlining the benefits of regional living as well as some impacts that regional dispersal has had on communities.

Road and rail freight corridors

- 4.1 An important issue raised by inquiry participants was the transport of freight, which is acknowledged by the *2013 NSW Freight and Ports Strategy* as being critical to the state's economy.³²¹
- 4.2 Each year, 67 billion tonne kilometres of freight is moved in New South Wales with the value of products exceeding \$200 billion. It is projected that freight volumes through New South Wales will reach 800 million tonnes by 2031.³²²
- 4.3 Transport of freight from regional areas such as the Central West to metropolitan markets is essential for trade, sustaining regional economies and industry.
- 4.4 Road and rail corridors also provide access for tourism to regional New South Wales.³²³
- 4.5 The NSW Government acknowledged that rail freight access through Sydney was constrained due to train path availability. The *2013 NSW Freight and Ports Strategy* demonstrated this was particularly noticeable during peak commuter periods when regulatory and operational mechanisms require that passenger services be prioritised over freight services.³²⁴ It was recognised that providing efficient freight access through regional areas may help alleviate these bottlenecks and facilitate better access to key ports.³²⁵
- 4.6 The NSW Government has since advised the committee that TransportNSW is currently updating the NSW Freight and Ports Plan and released a draft for public consultation in December 2017. It stated that the updated plan 'will identify priority action areas to address projected road and rail freight transport growth in Sydney metropolitan and regional New South Wales in the next 5-10 years and also with a lens for potential initiatives in a timeframe horizon beyond 10 years'.³²⁶
- 4.7 The NSW Government indicated that the plan would include the 'separation of passenger and freight rail, as well as preserving and managing our road and rail freight corridors. The intention

³²¹ NSW Government, *NSW Freight and Ports Strategy*, November 2013, p 5.

³²² NSW Government, *NSW Freight and Ports Strategy*, November 2013, pp 1 and 5.

³²³ Evidence, Mr Bill West, Centroc Portfolio Chair of Regional Development, Central NSW Councils, 14 August 2017, p 23.

³²⁴ NSW Government, *NSW Freight and Ports Strategy*, November 2013, p 27.

³²⁵ Submission 36, Parkes Shire Council, p 4.

³²⁶ Supplementary submission 27a, NSW Government, p 7.

is to alleviate congestion and improve productivity for road and rail operators, especially with the movement of goods between Port Botany and intermodal terminals and distribution centres'.³²⁷

- 4.8** It is expected that after extensive consultation with industry, a final plan will be released in mid-2018.³²⁸
- 4.9** In addition, the NSW Government advised that the 'actions within the 2036 Regional Plans [have] informed the development of Future Transport's Draft Regional NSW Services and Infrastructure Plan'.³²⁹ This plan focuses on 'investigating initiatives to improve east-west connectivity and access to the ports and Inland Rail'.³³⁰
- 4.10** The *Future Transport 2056* strategy released by Transport for NSW provides a '40-year vision for transport in regional New South Wales to support liveable communities and productive economies'. The strategy includes the Regional NSW Services and Infrastructure Plan which recognises that the 'regional transport network can be improved by utilising demand responsive services from towns and villages to interchanges in regional cities and centres'.³³¹
- 4.11** Stakeholders provided the committee with a number of suggested actions that the NSW Government could take to address issues concerning road and rail freight corridors as a means to facilitate regional development. This is in addition to ensuring that the regions can leverage off opportunities made available by a growing and increasingly globalised Sydney.³³²
- 4.12** The following sections outline inquiry participant's views on road and rail freight and passenger corridors specific to certain regions.

Blue Mountains

- 4.13** As outlined in the discussion paper, more than half of the road freight transport between the Central West and Sydney uses the Great Western Highway through the Blue Mountains with the use of this route to increase significantly when the Western Sydney Airport precinct is completed.³³³ An alternate crossing over the Blue Mountains is the Bells Line of Road, from Richmond to Bell at the top of the mountain.
- 4.14** Stakeholders spoke of the difficulties experienced in moving freight over the Blue Mountains to Sydney and key ports. This was due to restrictions on B-double and other high mass vehicles over load restricted bridges on the Great Western Highway, while the Bells Line of Road was

³²⁷ Supplementary submission 27a, NSW Government, p 7.

³²⁸ Supplementary submission 27a, NSW Government, p 7.

³²⁹ Supplementary submission 27a, NSW Government, p 7.

³³⁰ Supplementary submission 27a, NSW Government, p 7.

³³¹ Answers to questions on notice, Mr Brett Whitworth, Executive Director, Strategic Planning and Programs, Department of Planning and Environment, 23 April 2018, pp 1-2.

³³² Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), p 69.

³³³ NSW Planning and Environment, *2036 Central West and Orana Regional Plan*, p 13; Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), p 70.

subject to heavy congestion. This was particularly noticeable at the foot of the mountain where the route joins the busy road corridors through the Hills District and Western Sydney to access the city and ports.³³⁴

4.15 Blue Mountains City Council explained that increased tourism and freight movement will intensify the congestion already experienced on the Great Western Highway and Bells Line of Road:

With increasing visitation and increased volumes of freight by road and by rail, congestion on key Blue Mountains roads - particularly the Great Western Highway (GWH) and Bells Line of Road – is set to rise. Traffic volumes on GWH have already increased from 27,000 in 2014 to 31,000 in 2016, and NSW volumes of coal and container trade are predicted to more than double by 2031.³³⁵

4.16 Blue Mountains City Council claimed that improvements to the T1 western line rail service to the Blue Mountains would reduce the pressure on the road network and cater for increased tourism numbers.³³⁶

4.17 Blue Mountains City Council also insisted upon other rail improvements including:

- additional investment in rail infrastructure that connects Blue Mountains residents to more locations north and south of the existing T1 western line
- greater connectivity through the north and south west of Sydney via a north-south rail corridor, and
- completion of the Malden to Dombarton Railway Line.³³⁷

4.18 According to Blue Mountains City Council, the completion of the Malden to Dombarton Railway Line would ‘provide an additional link for the freighting of goods from Central Western NSW to Port Kembla ... [and] reduce the number of heavy vehicles on the Great Western Highway’.³³⁸

Central West and Orana

4.19 As noted in the discussion paper, the Central West and Orana sit at the heart of New South Wales and encompass a region that primarily lies west of the Great Dividing Range. Major towns include Bathurst, Orange, Dubbo, Lithgow, Mudgee, Cowra, Parkes and Forbes.³³⁹

4.20 A key logistical project currently under way that has the capacity to facilitate a stronger and smoother supply chain for the Central West is the Inland Rail Link from Melbourne to Brisbane.

³³⁴ Evidence, Mr West, 14 August 2017, pp 24-25; Evidence, Mr Steven Bowman, Manager, Economic Development, Bathurst Regional Council, 14 August 2017, pp 2 and 9; Evidence, Ms Anna Wyllie, Economic and Business Development Manager, Parkes Shire Council, 14 August 2017, p 13.

³³⁵ Supplementary submission 7a, Blue Mountains City Council, p 3.

³³⁶ Supplementary submission 7a, Blue Mountains City Council, p 3.

³³⁷ Supplementary submission 7a, Blue Mountains City Council, p 3.

³³⁸ Supplementary submission 7a, Blue Mountains City Council, p 3.

³³⁹ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 70.

The Inland Rail Line is funded by the Australian Government with construction already underway.³⁴⁰

- 4.21 According to Engineers Australia, the Inland Rail Line will provide opportunities for New South Wales to move goods into the new Western Sydney Airport, offering regional exporters access to varied overseas markets.³⁴¹

Newell Highway

- 4.22 As outlined in the discussion paper, the Newell Highway while recognised as the ‘economic backbone of regional New South Wales’ has been plagued by blockages, particularly those caused by periodic flooding events. Inquiry participants told of the significant impacts that flooding events of 2017 have had on the region, particularly for freight, tourism and local businesses.³⁴²

Far West

- 4.23 Broken Hill City Council spoke of the impact that declining and/or small populations had on securing funding and other resources for road infrastructure.³⁴³ As noted in the discussion paper, the council was of the view that the NSW Treasury’s cost benefit ratio (discussed in chapter 2) favours regions with high populations and high density and is the reason why their funding applications for road upgrades had not been successful.³⁴⁴
- 4.24 Broken Hill City Council argued the funding process should consider ‘the amount and value of the goods and services us[ing] the road ... and the cost savings and productivity benefits’ that could result from an upgrade.³⁴⁵
- 4.25 Broken Hill City Council was also concerned about the potential impacts of local unsealed roads. It explained that these local unsealed roads were ‘important for transporting agricultural produce and mining products’ but also posed increased risks of accidents for tourist, residents and industry.³⁴⁶

The Hunter

- 4.26 The discussion paper acknowledged that the Hunter is well served by road and rail access. The Hunter Business Chamber spoke of the importance of identifying, preserving and in some cases

³⁴⁰ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 72.

³⁴¹ Submission 25, Engineers Australia, p 3.

³⁴² Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 73; Transport for NSW, *Newell Highway Corridor Strategy*, <http://www.transport.nsw.gov.au/projects/current-projects/newell-highway-corridor-strategy>.

³⁴³ Supplementary submission 13a, Broken Hill City Council, p 7.

³⁴⁴ Submission 13, Broken Hill City Council, p 16; Standing Committee on State Development, NSW Legislative Council, *Regional Development and a global Sydney: Discussion paper* (2017), p 79.

³⁴⁵ Supplementary submission 13a, Broken Hill City Council, p 7.

³⁴⁶ Supplementary submission 13a, Broken Hill City Council, p 7.

enhancing key components of infrastructure such as national roads and rail, and international ports and airports, for business, community and government.³⁴⁷ The Chamber added that for areas like the Hunter, access and connections to such infrastructure were important for ‘trade and tourism gateways for the state and national economies’.³⁴⁸

- 4.27** The committee also heard of the Australian Government’s Department of Infrastructure, Regional Development and Cities’ current investigations into improving ‘rail connections between our cities and surrounding regional areas through \$20 million in funding to support the development of up to three faster rail business cases’.³⁴⁹
- 4.28** On 9 March 2018, the Australian Government announced it was committing part of the \$20 million to the NSW Government to the investigation of the rail connection between Sydney and Newcastle to facilitate faster passenger rail services. The business case will investigate works including ‘reducing track curvature, deviations and realignments, removal of level crossings, junction rearrangement and better segregation of passenger and freight services’. The NSW Government has indicated that travel times between Sydney and Newcastle could be reduced from approximately 3 hours to 2 hours.³⁵⁰

Illawarra Shoalhaven

- 4.29** The Illawarra Business Chamber expressed the view that road and rail transport connectivity within the Illawarra and to Sydney is ‘poor’ for both freight and passengers.³⁵¹
- 4.30** The Illawarra Business Chamber informed that passenger and freight trains already compete for scarce timetable slots. Access to these slots is expected to worsen as freight services out of Port Kembla are projected to double over the next 20 years.³⁵²
- 4.31** The discussion paper outlined a proposal for the 35 km Maldon to Dombarton rail line to be completed, also known as the South West Illawarra Rail Link (SWIRL), which would provide an additional passenger and freight line between the Illawarra and Sydney.³⁵³

³⁴⁷ Supplementary submission 29a, Hunter Business Chamber, p 7; Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), p 74.

³⁴⁸ Supplementary submission 29a, Hunter Business Chamber, p 7.

³⁴⁹ Department of Infrastructure, Regional Development and Cities, *Faster rail*, https://infrastructure.gov.au/rail/trains/faster_rail/index.aspx.

³⁵⁰ Department of Infrastructure, Regional Development and Cities, *Faster rail prospectus – proposal fact sheet*, https://infrastructure.gov.au/rail/trains/faster_rail/files/Fact-Sheet-NSW-Govt.pdf; Department of Infrastructure, Regional Development and Cities, *Faster rail*, https://infrastructure.gov.au/rail/trains/faster_rail/index.aspx.

³⁵¹ Submission 8, Illawarra Business Chamber, p 7.

³⁵² Submission 8, Illawarra Business Chamber, p 8.

³⁵³ Answers to question on notice, Illawarra Business Chamber, 8 August 2017 – Attachment 1, *Upgrading rail connectivity between Illawarra and Sydney*, 2 August 2017, p vi; Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), p 77.

Maldon to Dombarton or South West Illawarra Rail Link (SWIRL)

- 4.32** The Maldon to Dombarton rail line was partially built in the mid-1980s. The proposed new rail link would connect the Main South Line at Maldon and the Moss Vale Unanderra dedicated freight line at Dombarton.³⁵⁴ The project would be renamed the South West Illawarra Rail Link (SWIRL) to reflect the new approach taken to upgrading Western Sydney and Illawarra connections.³⁵⁵ As illustrated in the following figure, the SWIRL would reduce substantially reduce travel times between Wollongong and Campbelltown, Wollongong and Liverpool and Wollongong and Leppington. SWIRL would also provide over 1,100 additional permanent jobs in the Illawarra.
- 4.33** Mr Robert Millar, Policy Manager, Infrastructure, NSW Business Chamber stated that with the projected freight increase from Port Kembla over the next 20 years, the proposed South West Illawarra Rail Link (SWIRL) would be an obvious solution.³⁵⁶ This was reasoned on the potential benefits SWIRL would provide, including: ‘improved transport connectivity to the industrial heartland of south west Sydney’, including the new Western Sydney airport; and ‘accommodat[ing] potential increases in coal and other freight moving between Port Kembla and Sydney’.³⁵⁷
- 4.34** Mr Luke Aitken, Senior Manager, Policy, NSW Business Chamber, argued that a rail passenger connection between south west Sydney and the Illawarra was essential. This was reasoned on the fact that south west Sydney was a ‘massive growth area and Campbelltown is far closer to the Illawarra than the Sydney CBD’.³⁵⁸
- 4.35** Mr Aitken, stated that while the proposal had a strong benefit cost ratio (BCR), the state government has not supported any further investigation of the project. Mr Aitken described the situation as a ‘missed opportunity’ but advised that the chamber would ‘continue to advocate that it be examined and supported by state government’.³⁵⁹

³⁵⁴ Answers to question on notice, Illawarra Business Chamber, 8 August 2017 – Attachment 1, *Upgrading rail connectivity between Illawarra and Sydney*, 2 August 2017, pp v-vi.

³⁵⁵ Evidence, Mr Chris Lamont, Executive Director, Illawarra Business Chamber, 29 June 2017, p 3.

³⁵⁶ Evidence, Mr Robert Millar, Policy Manager, Infrastructure, NSW Business Chamber, 27 March 2018, p 9.

³⁵⁷ Answers to question on notice, NSW Business Chamber, 11 April 2018, Attachment 1 - *Upgrading rail connectivity between Illawarra and Sydney* 2 August 2017, p viii.

³⁵⁸ Evidence, Mr Luke Aitken, Senior Manager, Policy, NSW Business Chamber, 27 March 2018, p 8.

³⁵⁹ Evidence, Mr Aitken, 27 March 2018, p 8.

Figure 8 The proposed South West Illawarra Rail Link (SWIRL)³⁶⁰



³⁶⁰ Answers to question on notice, Illawarra Business Chamber, 8 August 2017 – Attachment 1, *Upgrading rail connectivity between Illawarra and Sydney*, 2 August 2017, p vii.

Access to key ports

- 4.36** New South Wales has three main ports: Port Botany, Port Kembla and Port of Newcastle.
- 4.37** Port Botany, in south eastern Sydney, is the only container port as well as the largest bulk liquid and gas port in New South Wales. Of the import containers delivered to Port Botany, 80 per cent are delivered within a 40 kilometre radius of Port Botany.³⁶¹
- 4.38** Port Kembla in Wollongong is the state's 'largest motor vehicle import hub, largest grain export terminal and second largest coal export port'.³⁶²
- 4.39** The Port of Newcastle is the 'largest port on the east coast of Australia and the world's leading coal export port'.³⁶³
- 4.40** The *NSW Ports' 30 Year Master Plan* states that regional container exports through Port Botany originate from the North West, Central West, Riverina, Hunter and Southern Inland New South Wales regions. For regional container exports originating in Southern and Northern New South Wales, it is not uncommon for produce to be transported interstate to the Port of Melbourne and the Port of Brisbane respectively.³⁶⁴
- 4.41** According to Albury City Council it was important for the NSW Government to recognise that for businesses and producers in the south of the state, it was often more convenient to transport freight to the Port of Melbourne. It argued the government's resistance to investing in road and rail infrastructure which supports or facilitates the movement of freight to the south was driven by the government's desire for freight to go through Port Botany.³⁶⁵
- 4.42** Regional Development Australia – Sydney stressed that it is vital that road and rail access to Port Botany be optimised with effective rail connections, improved infrastructure to facilitate intermodal transport, and regular rail services to ports to remove trucks off the roads.³⁶⁶ This was supported by Engineers Australia, the Illawarra Business Chamber and the Hunter Business Chamber, who also advocated for similar connections to Port Kembla and the Port of Newcastle.³⁶⁷
- 4.43** The Illawarra Business Chamber was concerned there would be an over reliance on road transport, in turn placing increasing pressure on road networks, as a result of forecasted trade growth and the potential of Port Kembla becoming a container terminal. Improved rail links will also be crucial for Port Kembla to effectively operate as a container terminal.³⁶⁸

³⁶¹ NSW Ports, *Navigating the Future: NSW Ports' 30 Year Master Plan* (2015), p 4.

³⁶² NSW Ports, *Navigating the Future: NSW Ports' 30 Year Master Plan* (2015), p 4.

³⁶³ Port of Newcastle, *Home*, <http://www.portofnewcastle.com.au/>.

³⁶⁴ *Navigating the Future: NSW Ports' 30 Year Master Plan* (2015), cited by Submission 24, Regional Development Australia – Sydney, p 2; Supplementary submission 1a, Albury City Council, pp 10- 11.

³⁶⁵ Supplementary submission 1a, Albury City Council, p 11.

³⁶⁶ Submission 24, Regional Development Australia – Sydney, pp 2-3.

³⁶⁷ Submission 25, Engineers Australia, p 4; Evidence, Mr Richard Anicich, Board Director, Hunter Business Chamber, 19 June 2017, p 34; Submission 8, Illawarra Business Chamber, p 10.

³⁶⁸ Submission 8, Illawarra Business Chamber, pp 910.

Air freight

- 4.44** According to the 2013 *NSW Freight and Ports Strategy*, the contribution of air cargo to the New South Wales economy is significant despite it only representing a small proportion of the freight task and movements to and from Port Botany and the airport precinct.³⁶⁹
- 4.45** The Strategy states that a ‘failure to accommodate the increasing demand for air freight in landside infrastructure planning has the potential to increase industry costs and reduce the reliability and competitiveness of air freight’.³⁷⁰
- 4.46** The discussion paper outlined the numerous problems identified by inquiry participants in accessing fast and reliable freight routes into Sydney airport. This is particularly important when transporting perishable items with 57 per cent of exports from Sydney Airport being food and other produce.³⁷¹
- 4.47** According to the Australian Government Department of Infrastructure, Regional Development and Cities, the new Western Sydney airport is a ‘transformational infrastructure project that will generate economic activity, provide employment opportunities closer to home for people in the Western Sydney region, and meet Sydney’s growing aviation needs’.³⁷²
- 4.48** The construction of the new airport will be overseen by WSA Co, a federal government owned company. The airport is expected to open in 2026.³⁷³
- 4.49** The new airport at Badgery’s Creek will offer opportunities and benefits for both Western Sydney and regional New South Wales.
- 4.50** For example, the Australian Government Department of Infrastructure, Regional Development and Cities anticipates that the airport will create ‘thousands of jobs and opportunities for local businesses’ with almost 28,000 direct and indirect jobs expected by 2031.³⁷⁴ It is also projected that the area surrounding the Western Sydney Airport will become the newest commercial and industrial hub. This hub is expected to draw together transport, communications and logistics and attract new growth in industries such as aerospace and defence industries, health, education and tourism.³⁷⁵

³⁶⁹ NSW Government, *NSW Freight and Ports Strategy*, November 2013, p 80.

³⁷⁰ NSW Government, *NSW Freight and Ports Strategy*, November 2013, p 80.

³⁷¹ Submission 24, Regional Development Australia – Sydney, p 3; Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), p 83.

³⁷² Department of Infrastructure, Regional Development and Cities, *Western Sydney Airport*, <http://westernsydneyairport.gov.au/>.

³⁷³ Department of Infrastructure, Regional Development and Cities, *Western Sydney Airport*, <http://westernsydneyairport.gov.au/>.

³⁷⁴ Department of Infrastructure, Regional Development and Cities, *Western Sydney Airport*, <http://westernsydneyairport.gov.au/>.

³⁷⁵ Department of Infrastructure, Regional Development and Cities, *Western Sydney City Deal - Jobs for the Future*, <https://cities.infrastructure.gov.au/westernsydney-jobs>.

- 4.51 According to a 2014 Deloitte Access Economics report entitled *Economic impact of a Western Sydney Airport*, prepared for the NSW Business Chamber, the airport will facilitate ‘a significant volume of international visitor to Australia ... [and increased] airfreight tonnage’.³⁷⁶
- 4.52 Mr Simon Spellicy, President, Tourism Advisory Council was of the view that the new airport at Badgery’s Creek provided an opportunity for the dispersal of tourists to the regions, particularly international tourists.³⁷⁷

Committee comment

- 4.53 The committee supports the update of the *NSW Freight and Ports Plan* currently being conducted by TransportNSW. We believe this plan, in identifying priority action areas to address projected road and rail freight transport growth, may help facilitate regional development and by providing for better connections to Sydney. The committee awaits the release of the final plan in mid-2018.
- 4.54 The committee notes that the Maldon to Dombarton railway line is included in the *Future Transport Strategy 2056* as an initiative for investigation for potential commitment within the next 10-20 years. We understand that the potential benefits of the new rail link include job creation, economic growth, improved public transport and freight links, and alleviating road congestion. The committee recommends that the NSW Government explore options to bring forward that timeline, including seeking funding through the National Rail Program to develop a detailed business case for the construction of the South West Illawarra Rail Link and the upgrade of the South Coast Rail Line in addition to the construction of the Blayney to Demondrille railway line.

Recommendation 17

That the NSW Government explore options to bring forward construction of the Maldon to Dombarton railway line, and Blayney to Demondrille railway line, including seeking funding through the National Rail Program to develop a detailed business case for the construction of the links.

Incentivising business relocation to regional New South Wales

- 4.55 The discussion paper recognised the barriers of relocating from Sydney to regional areas for businesses, such as transport links for freight and access to reliable internet and telecommunications (to be discussed later in this chapter). It also acknowledged that as the cost of operating a business, cost of living and population density continues to grow in Sydney, strategies will need to be in place to incentivise relocation.³⁷⁸

³⁷⁶ Deloitte Access Economics, *Economic impact of a Western Sydney Airport*, (2014), p 7.

³⁷⁷ Evidence, Mr Simon Spellicy, President, Tourism Advisory Council, 19 June 2017, p 55.

³⁷⁸ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), pp 87-88.

- 4.56 During the inquiry stakeholders commented that an absence of incentives has influenced businesses when considering whether to relocate to regional New South Wales or interstate.³⁷⁹

Payroll tax threshold and stamp duty tax

- 4.57 Payroll tax is a tax on the wages paid by employers per month. The rate of payroll tax differs between each state and territory.³⁸⁰ Payroll tax is only paid by those employers whose total payment of wages exceeds the tax-free threshold which is currently set at \$750,000 in New South Wales.³⁸¹
- 4.58 The NSW Business Chamber proposed amending the payroll tax threshold from the current \$750,000 to \$1 million in order to benefit businesses in the regions. It argued that amending the payroll tax threshold would be a competitiveness measure to assist regional businesses to employ more staff and cut compliance costs.³⁸²
- 4.59 Mr Aitken explained that a payroll threshold increase was preferable than a payroll tax rate reduction as a rate reduction would ‘benefit more of your larger businesses in metropolitan Sydney and not help out your regions as much’.³⁸³
- 4.60 The NSW Business Chamber surveyed its members, who represent all business types, about payroll tax in early 2017. The survey found that of the 638 respondents, 396 indicated that they pay payroll tax in New South Wales. The results of the survey revealed that if the payroll tax threshold was increased around 80 per cent of respondents would ‘either be more likely to hire additional staff, or would do so immediately’. If the threshold were increased, businesses with payrolls above \$1 million estimated that savings of up to 85 per cent in payroll tax would be observed. Respondents indicated that these savings could be ‘used to expand the business (including through increased investment and labour demand)’.³⁸⁴
- 4.61 Ms Jo Hewitt, Acting Economic Development Team Leader, Albury City Council outlined how as a border city, regional tax rates between Victoria and New South Wales influenced the relocation of businesses:

Victoria’s regional tax rate is 3.6 per cent compared to New South Wales’ 5.4 per cent ... We have lost some considerable businesses because of that factor; it is more expensive to operate in New South Wales.³⁸⁵

³⁷⁹ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 89.

³⁸⁰ Australian Government – Business, *Payroll tax*, <https://www.business.gov.au/info/run/tax/payroll-tax>.

³⁸¹ NSW Government Revenue, *Payroll tax*, <http://www.revenue.nsw.gov.au/taxes/payroll>.

³⁸² Evidence, Mr Aitken, 27 March 2018, p 4.

³⁸³ Evidence, Mr Aitken, , 27 March 2018, p 4.

³⁸⁴ Answers to questions on notice, NSW Business Chamber, 11 April 2018 – Attachment 1, 2017 Payroll Tax survey Results, p 2.

³⁸⁵ Evidence, Ms Hewitt, 27 March 2018, p 20.

- 4.62** Ms Hewitt was of the view that if the payroll tax rate could be lowered to a regional rate, similar to Victoria, ‘it would definitely make us more competitive in attracting businesses and jobs to the region’.³⁸⁶
- 4.63** In addition to amending the payroll tax threshold, Mr Aitken suggested the government introduce stamp duty concessions for regional commercial properties to attract businesses to regional areas that might want to rent commercial property rather than purchase property.³⁸⁷
- 4.64** Mr Aitken was of the view that a key challenge in offering stamp duty concession was how the government would determine where these regions lie.³⁸⁸

Public-private partnerships

- 4.65** Evocities informed the committee of a program in Nashville, Tennessee called Partnership 2020. The Partnership 2020 program is a public-private partnership whose purpose is to recruit new businesses to the greater Nashville area.
- 4.66** According to Evocities, Nashville’s Partnership 2020 is the ‘perfect example of how a targeted strategy paired with collaboration between the public and private sector can have a major long-term, sustainable economic impact on a growing region’.³⁸⁹

Case study: Partnership 2020, Nashville, Tennessee³⁹⁰

The Partnership 2020 program in Nashville, Tennessee has been the driving force for the relocation of over 930 companies to Middle Tennessee since 1990. The relocation of major organisations and business expansion has resulted in 485,000 new jobs in the Nashville region.

Partnership 2020 is supported by the Nashville Area Chamber of Commerce, Metro Government of Nashville, Davidson County, the Government of Tennessee and business. The partnership seeks investment from companies and corporations through an annual contribution.

Partnership 2020 focuses on three key elements: economic prosperity by creating a diverse range of quality employment opportunities; talent development by preparing the region’s K-16 (schools) pipeline as the next generation of talent with the skills needed to advance in a variety of existing and emerging fields; and place and liveability by proactively addressing the need to plan for a growing population, including regional transit, affordability and global connectivity while maintaining the Nashville region’s cost of living advantages and preserving its unique assets.

Incentives are offered by the Government of Tennessee, Tennessee Valley Authority, and the local community to businesses to relocate and expand in Nashville. The incentives offered are based on a variety of economic factors including capital investment, new jobs created, and wages. Incentives offered may include job tax credits, infrastructure/training assistance, energy credits, low cost loans and grants to the relocating business.

³⁸⁶ Evidence, Ms Hewitt, 27 March 2018, p 20.

³⁸⁷ Evidence, Mr Aitken, 27 March 2018, p 5.

³⁸⁸ Evidence, Mr Aitken, 27 March 2018, p 5.

³⁸⁹ Supplementary submission 9a, Evocities, p 7.

³⁹⁰ Supplementary submission 9a, Evocities, pp 6-7.

Committee comment

- 4.67** The committee notes the proposal to increase the payroll tax threshold as put forward by the NSW Business Chamber. We understand the proposed benefits of this proposal for businesses, namely increased tax savings to be put towards further employment and expansion opportunities.
- 4.68** We also recognise that businesses looking to relocate to regional areas may be influenced by the lower tax rates offered in Victoria than New South Wales. This impacts the ability of smaller towns to attract businesses and jobs, and also puts the rest of the state at a competitive disadvantage.
- 4.69** The committee recommends that the NSW Government review the applicability of all taxes it levies on businesses located in regional areas so as to minimise the competitive disadvantage these businesses face relative to Victorian businesses.

Recommendation 18

That the NSW Government review the applicability of all taxes it levies on businesses located in regional areas so as to minimise the competitive disadvantage these businesses face relative to Victorian businesses.

- 4.70** The committee notes the proposal of public-private partnerships, as demonstrated in Nashville Tennessee, as a means to promote relocation of businesses to a regional area. We understand the merits of the Nashville program and its applicability as a potential model to be replicated in regional areas in New South Wales.

Decentralisation of government and private sector services

- 4.71** The discussion paper outlined the state and federal government's decentralisation policies to support the development and sustainability of regional economies and communities via job creation, economic diversification, and the transfer of skills and investment.³⁹¹
- 4.72** It was noted that the NSW Government's 'Decade of Decentralisation' first announced in 2011, had to date focused on relocations from the Sydney CBD to Western Sydney rather than regional New South Wales.³⁹²

³⁹¹ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), pp 56-57.

³⁹² NSW Government Department of Finance, Services and Innovation, 'Media release: Public service decentralisation plan on track', Minister for Finance, Services and Property, 18 February 2016, <https://www.finance.nsw.gov.au/about-us/media-releases/public-service-decentralisation-plan-track>; NSW Property, 'Relocations to Western Sydney and the regions', <https://www.property.nsw.gov.au/relocations-western-sydney>.

- 4.73** The federal government's decentralisation program announced in 2017 marked its commitment to relocate government jobs from Canberra, Sydney and Melbourne to regional Australia.³⁹³ It was reported that ministers would have until August 2017 to examine 'which of their departments, entities or functions are suitable for relocation to a regional area' with business cases for all suitable relocation proposals to be presented to Cabinet by December 2017.³⁹⁴
- 4.74** In October 2017, representatives from the Australian Department of Infrastructure and Regional Development stated during evidence that to date no decision had been made as to the departments or agencies that would be decentralised or the regions which jobs will be relocated.³⁹⁵
- 4.75** Since then, an Australian House of Representatives Select Committee on Regional Development and Decentralisation is currently looking at the best practice approaches to regional development, the decentralisation of Commonwealth entities, and supporting corporate decentralisation.³⁹⁶
- 4.76** During the inquiry, stakeholders strongly advocated for the relocation of both public and private sector jobs to regional New South Wales, particularly beyond those areas that already have a concentration of regional government offices.³⁹⁷
- 4.77** Albury City Council spoke of the many benefits public sector relocation could have for regional communities, including 'economic uplift, improved community, retention of local youth, and high value employment opportunities, as well as diversification of the economy'.³⁹⁸
- 4.78** In addition, the relocation of government offices to regional areas could also act as 'a catalyst for private investment'. Albury City Council explained that the long term public commitment by government to decentralisation would provide the private sector with the confidence to relocate to regional areas.³⁹⁹ Private sector relocation will be discussed further in this chapter.

³⁹³ The Honourable Fiona Nash, Minister for Regional Development, and Local Government and Territories. Media Release. Coalition begins decentralisation process. 19 April 2017 http://minister.infrastructure.gov.au/nash/releases/2017/April/fn054_2017.aspx.

³⁹⁴ Anna Vidot, 'Decentralise your departments to regional areas, Federal Government tells ministers', *ABC News online*, 19 April 2017, <http://www.abc.net.au/news/2017-04-19/decentralisation-push-for-federal-government-departments/8453816>.

³⁹⁵ Evidence, Ms Nicole Pearson, General Manager, Regional Programs, Department of Infrastructure and Regional Development, 24 October 2017, p 15; Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), p 57.

³⁹⁶ Parliament of Australia, Select Committee on Regional Development and Decentralisation, Australian House of Representatives, *Resolution of Appointment*, https://www.aph.gov.au/Parliamentary_Business/Committees/House/Regional_Development_and_Decentralisation/Resolution_of_Appointment.

³⁹⁷ Submission 28, Bland Shire Council, p 18; Submission 5, Bathurst Regional Council, p 4; Submission 17, Bulahdelah Chamber of Commerce, p 9; Submission 29, Hunter Business Chamber p 7; Submission 8, Illawarra Business Chamber, p 10.

³⁹⁸ Supplementary submission 1a, Albury City Council, p 7.

³⁹⁹ Supplementary submission 1a, Albury City Council, p 7.

Committee comment

- 4.79** The committee is encouraged by the moves made by both the state and federal governments to decentralise government services. The committee sees merit in the decentralisation policies of both the state and federal governments and the objectives of each policy.
- 4.80** The committee acknowledges inquiry participant's views of the benefits decentralisation could have regional areas as well as the influence it may have on private sector relocation. The committee is of the view that decentralisation policies should be reviewed regularly to ensure the intended objectives and outcomes are being achieved.

NBN and telecommunications

- 4.81** According to the federal government's 2016 Smart Cities Plan, cities and regions across Australia can become more prosperous and sustainable by taking advantage of the unprecedented pace of technological progress.⁴⁰⁰ This includes the rollout of the National Broadband Network (NBN) and commitments by state and federal governments to improved telecommunication services.

Opportunities and the NBN

- 4.82** A 2011 Australian House of Representatives Standing Committee on Infrastructure and Communications report on the role and potential of the National Broadband Network found that the NBN had the capacity to 'facilitate social and community benefits in many different areas. This included 'improved access to health, education and other government services in regional areas and contribute to more economically and environmentally sustainable communities'.⁴⁰¹
- 4.83** In 2017, a federal Joint Standing Committee on the National Broadband Network released a first report on the rollout of the NBN. The committee heard of the economic and social benefits the NBN is providing to communities located outside the major metropolitan areas. The opportunities provided by the NBN in regional areas included: economic growth and innovation in agriculture and regional development, telehealth, digital inclusion and education.⁴⁰²

Investment in digital connectivity

- 4.84** The NSW Government stated that the Department of Finance, Services and Innovation is currently in ongoing discussions with the NBN 'about the [information and communication] technologies being rolled out in specific locations across regional NSW'.⁴⁰³

⁴⁰⁰ Department of Prime Minister and Cabinet, *Smart Cities Plan*, (2016), p 3.

⁴⁰¹ Standing Committee on Infrastructure and Communications, Australian House of Representatives, *Broadening the Debate* (2011), p 181.

⁴⁰² Joint Standing Committee on the National Broadband Network, Parliament of Australia, *The rollout of the National Broadband Network* (2017), p 143.

⁴⁰³ Supplementary submission 27a, NSW Government, p 8.

- 4.85** The NSW Government advised it has also invested \$50 million to improve data connectivity to rural and regional communities through its Connecting Country Communities program. In addition, the government has committed \$46 million to ‘upgrade wireless connectivity to 900 regional and remote New South Wales schools as part of the Connecting Country Schools program’.⁴⁰⁴ It explained that these two programs will ‘connect regional New South Wales businesses to global markets and schools with innovative learning resources’.⁴⁰⁵
- 4.86** The NSW Government also advised that it has committed \$39 million to managing and delivering reliable telecommunication networks via the Mobile Black Spot Program administered by the federal government. The program will deliver up to 183 new or upgraded base station sites in New South Wales.⁴⁰⁶
- 4.87** Mr Stewart Webster, Acting Executive Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet informed that in July 2017, a regional connectivity roundtable was held with the NSW Government engaging with ‘business, community and industry stakeholders to identify opportunities for NSW Government investment to address telecommunication and connectivity challenges in regional New South Wales’.⁴⁰⁷

Limitations of the NBN and telecommunications

- 4.88** The discussion paper noted stakeholder’s views on the rollout and performance of the NBN in regional areas, which was seen to be limiting.⁴⁰⁸
- 4.89** For example, in Albury it was reported that in excess of 100 households within declared rollout zones were experiencing ‘less than designated minimum line speeds, service drop outs, or reliability issues’.⁴⁰⁹
- 4.90** As a result, Albury City Council suggested the ‘NSW Government advocate on behalf of regional NSW by asking NBN Co to consider proactive discussions with these customers, in order to manage expectations and address concerns over timing and resolution of service issues’.⁴¹⁰
- 4.91** On the other hand, in Dubbo, issues were only experienced during the connection stage; ‘either moving a business, starting up a business, [or] moving house’. Cr Ben Shields, Mayor, Dubbo Regional Council and member of Orana Regional Organisation of Councils advised that once the NBN connection is in place and working, there are hardly any complaints.⁴¹¹

⁴⁰⁴ Supplementary submission 27a, NSW Government, p 8.

⁴⁰⁵ Supplementary submission 27a, NSW Government, p 8.

⁴⁰⁶ Supplementary submission 27a, NSW Government, p 8.

⁴⁰⁷ Answers to questions on notice, Mr Stewart Webster, Acting Executive Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet, 18 April 2018, p 3.

⁴⁰⁸ Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), p 84.

⁴⁰⁹ Supplementary submission 1a, Albury City Council, p 12.

⁴¹⁰ Supplementary submission 1a, Albury City Council, p 12.

⁴¹¹ Evidence, Cr Ben Shields, Mayor, Dubbo Regional Council and member of Orana Regional Organisation of Councils, 27 March 2018, p 25.

- 4.92** The availability and performance of the NBN was also important for tourism in regional areas with Mr Robert Millar, Policy Manager, Infrastructure, NSW Business Chamber, explaining that Chinese tourists ‘expect a certain level of broadband connectivity because they like to share their photos’.⁴¹²
- 4.93** According to Ms Nicky Sloan, Chief Executive Officer, Community Industry Group (formerly the Illawarra Forum) the opportunities provided by telehealth would mean that access to good quality internet as provided by the NBN would be essential.⁴¹³
- 4.94** In order to address these issues, Mr Millar told how the Chamber is advocating for a national broadband service guarantee, similar to that in the energy sector.⁴¹⁴ He explained this would provide the ‘parties that are meant to work together to deliver broadband services an incentive to coordinate their efforts better to deliver the broadband outcomes that are expected from an essential service’.⁴¹⁵
- 4.95** The NSW Business Chamber outlined the proposed national broadband network service guarantee would ‘help reduce the cost, frustration and confusion internet users currently face in connecting and resolving service faults’. The service guarantee would consist of five focus areas, including: fault rectification, reliability, quality, accountability, and cost.⁴¹⁶ (See following figure 9).
- 4.96** Mr Millar was of the view that the NSW Government should be advocating to the federal government for such a policy.⁴¹⁷
- 4.97** The Community Industry Group informed the committee that among the elderly there was a lack of understanding about the importance of the NBN and how it would impact telephone services. Ms Donna Brotherson, South Eastern Tenant Participation Resource Worker, Community Industry Group discussed how older people may not think the NBN is related to them because of the association with the internet and computers, without realising that it also affects phone services.⁴¹⁸ The outcome was that people were ‘left without phone connections and no way to communicate outside of their own home if they are housebound’.⁴¹⁹
- 4.98** Furthermore, the affordability of the NBN was raised by the Community Industry Group and the disadvantage this could pose for low socio-economic families.

⁴¹² Evidence, Mr Millar, 27 March 2018, p 11.

⁴¹³ Evidence, Ms Nicky Sloan, Chief Executive Officer, Community Industry Group (formerly the Illawarra Forum), 27 March 2018, p 33.

⁴¹⁴ Evidence, Mr Millar, 27 March 2018, p 10.

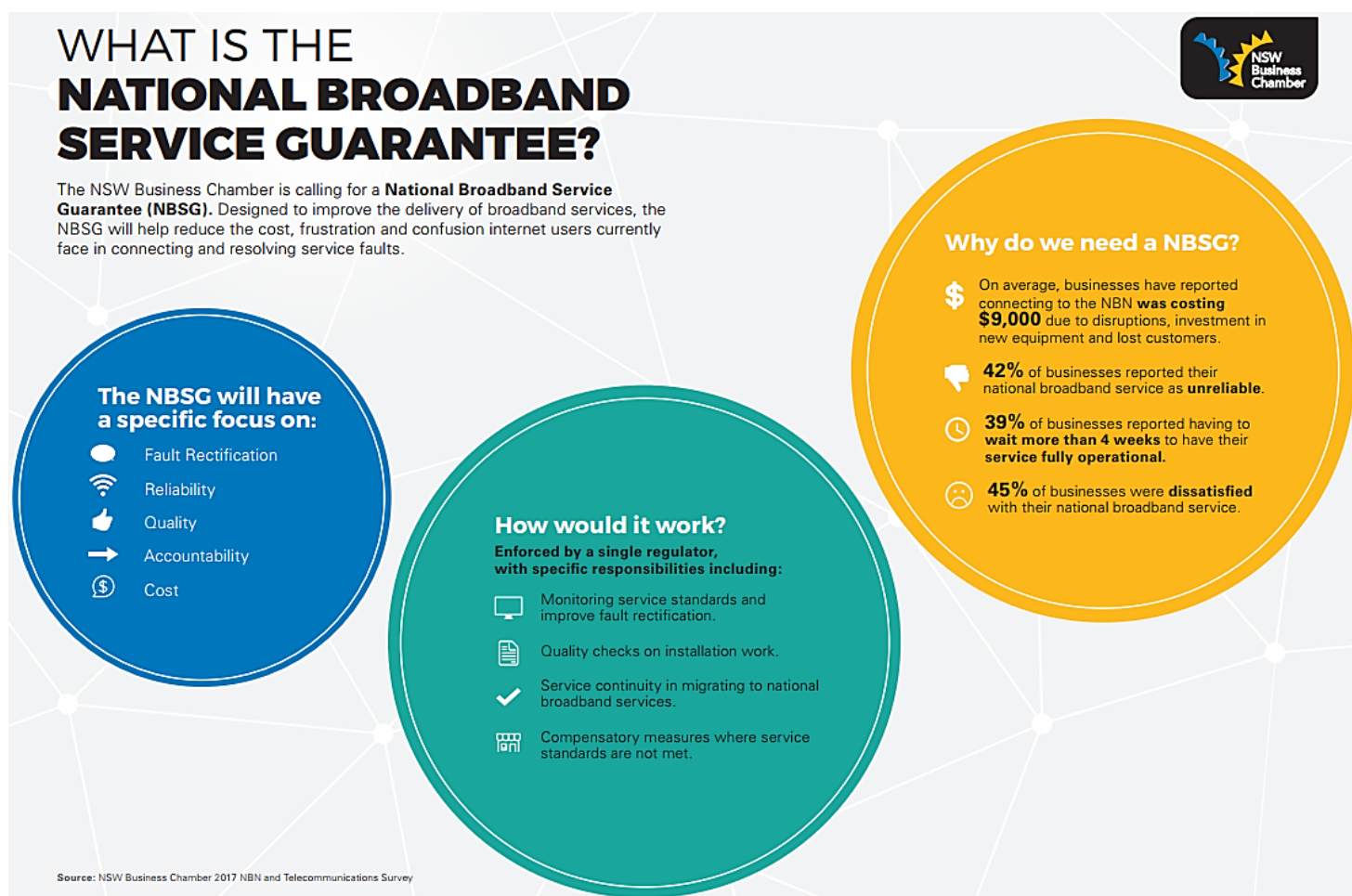
⁴¹⁵ Evidence, Mr Millar, 27 March 2018, p 10.

⁴¹⁶ NSW Business Chamber, *The NSW Business Chamber is calling for a National Broadband Service Guarantee (NBSG)*, <https://www.nswbusinesschamber.com.au/NSWBC/media/Policy/NSWBC-National-Broadband-Service-Guarantee.pdf>.

⁴¹⁷ Evidence, Mr Millar, 27 March 2018, p 10.

⁴¹⁸ Evidence, Ms Donna Brotherson, South Eastern Tenant Participation Resource Worker, Community Industry Group, 27 March 2018, p 32.

⁴¹⁹ Evidence, Ms Brotherson, 27 March 2018, p 32.

Figure 9 Proposed national broadband network service guarantee⁴²⁰

- 4.99 Ms Sloan informed that ‘In terms of people being able to afford it and people prioritising internet access. For families on really low incomes that is often a choice they choose to do without. That is a real disadvantage for families with children. Certainly for job seekers. People are trying to go somewhere where there is Wi-Fi so they can be looking for jobs or undertaking any kind of education’.⁴²¹

Committee comment

- 4.100 The committee recognises the opportunities provided by the rollout of the NBN, particularly for regional areas. Such opportunities include greater access and connectivity to education and health services, economic growth, and regional development. We do however note stakeholder’s

⁴²⁰ NSW Business Chamber, *The NSW Business Chamber is calling for a National Broadband Service Guarantee (NBSG)*, <https://www.nswbusinesschamber.com.au/NSWBC/media/Policy/NSWBC-National-Broadband-Service-Guarantee.pdf>.

⁴²¹ Evidence, Ms Sloan, 27 March 2018, p 32.

concerns regarding the availability and performance of the NBN in regional areas, as outlined in the discussion paper.

- 4.101** The committee supports regional areas having access to reliable, fast internet speeds to potentially assist business and economic growth. The committee therefore recommends that the NSW Government advocate that NBN Co investigate actual internet speeds achieved at different regional locations and consider options for improved service delivery.

Recommendation 19

That the NSW Government advocate that NBN Co investigate actual internet speeds achieved at different regional locations and consider options for improved service delivery.

- 4.102** The committee also recommends that the NSW Government immediately engage in a high level strategic dialogue with all three levels of government and NBN Co. to establish a working group to discuss the NBN rollout. This would focus on the strategic priorities for the New South Wales rollout, the speed of the rollout, and explore the practicalities of a national broadband network service guarantee.

Recommendation 20

That the NSW Government immediately engage in a high level strategic dialogue with all three levels of government and NBN Co. to establish a working group to discuss the NBN rollout. This would focus on the strategic priorities for the New South Wales rollout, the speed of the rollout, and explore the practicalities of a national broadband network service guarantee.

Regional living

- 4.103** Strategies proposed by stakeholders to incentivise relocation and make the transition to regional living easier and more desirable were explored in the discussion paper.⁴²²
- 4.104** Stakeholders spoke of the perceptions held by metropolitan residents about the services offered in regional areas.
- 4.105** This was exemplified by Mr Aitken who told how the unfamiliarity of services available in a regional area, such as health and education, led to people hesitating and often deciding against relocation despite the employment opportunities on offer.⁴²³
- 4.106** According to the NSW Government, the 2036 Regional Plans highlight each region's 'competitive advantages, including strategic location and industry opportunities. This

⁴²² Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney* (2017), pp 87-91.

⁴²³ Evidence, Mr Aitken, 27 March 2018, p 3.

attractiveness can prompt the relocation of residents, increasing demand for housing, services, and amenities'.⁴²⁴

- 4.107** One initiative attempting to combat long held misconceptions about regional city living is the Evocities campaign jointly conducted by seven regional cities – Albury, Armidale, Bathurst, Dubbo, Orange, Tamworth and Wagga Wagga.

Promoting regional relocation

- 4.108** Evocities focuses on selling a 'city change', highlighting the 'positive lifestyle, employment and education factors' of its participating regional cities. It stated terms such as 'the country', 'the bush' or 'rural areas' used by governments to refer to regional New South Wales created negative connotations for metropolitan residents.⁴²⁵

- 4.109** To counter negative perceptions of regional New South Wales, Evocities advocated for greater education in the form of mass marketing in metropolitan areas to 'change perceptions'. As marketing costs were high in metropolitan areas, and the regions only have finite resources to fund campaigns, Evocities was of the view that NSW Government funding and support was 'essential in continuing to challenge negative perceptions about regional living'.⁴²⁶

- 4.110** Evocities also argued that the NSW Government had a role in ensuring regional New South Wales 'continues to have the infrastructure and services in place which rival that of major cities ... and allow for jobs growth within the regions'.⁴²⁷

- 4.111** In order to ensure the benefits of Evocities flow on to surrounding towns and villages, the NSW Government informed the committee it was working with a number of regions to develop Regional Economic Development Strategies (discussed in chapter 2). It explained that it had established 37 functional economic regions, 'which typically include a key regional centre, such as one of the Evocities, as well as surrounding Local Government Areas'.⁴²⁸

- 4.112** Broken Hill City Council described the relocation of people from metropolitan to regional areas as having a positive multiplying effect for the region and its residents:

the affordability and lifestyle of regional living lends itself to improve the socio-economic status of families and combined with an affordable commercial property market lends itself to potential start-up companies and existing professional organisations looking to relocate some or all of their business.⁴²⁹

- 4.113** Broken Hill City Council also supported the proposal of the NSW Government facilitating a trial program to provide professionals with a short-term regional living experience. This was

⁴²⁴ Supplementary submission 27a, NSW Government, p 8.

⁴²⁵ Supplementary submission 9a, Evocities, p 5.

⁴²⁶ Supplementary submission 9a, Evocities, p 6.

⁴²⁷ Supplementary submission 9a, Evocities, p 6.

⁴²⁸ Supplementary submission 27a, NSW Government, p 4.

⁴²⁹ Supplementary submission 13a, Broken Hill City Council, p 8.

reasoned on anecdotal evidence of residents ‘mov[ing] to the city on a temporary basis and stay[ing] because they say- “It gets under your skin”’.⁴³⁰

Impacts of regional relocation

- 4.114** The NSW Government informed that between 2011 and 2016, around 50,000 people (net) moved from Sydney to regional New South Wales, with most relocating to coastal areas such as the Central Coast, Mid North Coast and the Illawarra.⁴³¹
- 4.115** This regional relocation of families can have potential negative consequences for the already existing regional community, particularly low-socioeconomic groups.
- 4.116** As relocating families and businesses move into the regions, existing families are pushed further out from town centres. As a result, people may experience:
- restricted access to support services
 - restricted access to transport either due to affordability or increased remoteness
 - restricted opportunities for education and employment.⁴³²
- 4.117** This is currently being observed in the northern areas of the Illawarra with local residents competing for housing with people who work in Sydney and receive higher incomes.⁴³³
- 4.118** NCOSS highlighted that a significant number of rural and regional communities residents ‘do not have adequate and affordable access to the transport they need to access essential services, economic opportunities and vital community connections’.⁴³⁴
- 4.119** Ms Sloan advised that as low-socioeconomic groups moved further out in the regions as a result of housing unaffordability, people were becoming ‘somewhat trapped in their circumstances’ with many unable to access employment and education.⁴³⁵
- 4.120** Ms Sloan also spoke of the importance of accessible passenger rail services on the South Coast. She advised that improvements to the South Coast line, which currently stops at Bomaderry, the northern part of the Shoalhaven, was ‘vital for improving outcomes for people on low incomes’ explaining that:

we are seeing greater displacement of people who are on very low incomes ... We are seeing them displaced further and further down the coast as Sydney expands, yet rail access is really limited on the South Coast.⁴³⁶

⁴³⁰ Supplementary submission 13a, Broken Hill City Council, p 8.

⁴³¹ Supplementary submission 27a, NSW Government, pp 8-9.

⁴³² Evidence, Ms Nicky Sloan, Chief Executive Officer, Community Industry Group, 29 June 2017, p 29.

⁴³³ Evidence, Ms Sloan, 27 March 2018, p 33.

⁴³⁴ Answers to questions on notice, Ms Tracey Howe, Chief Executive Officer, NCOSS, 24 April 2018, p 4.

⁴³⁵ Evidence, Ms Sloan, 27 March 2018, p 33.

⁴³⁶ Evidence, Ms Sloan, 27 March 2018, p 33.

- 4.121** Ms Sloan added that if the South Coast line was extended there would also need to be improved public transport for people to access train stations.⁴³⁷
- 4.122** In order to keep existing local residents in the regions where they can live and work, Ms Nicky Sloan, Chief Executive Officer, Community Industry Group stated ‘access to good housing’ would be key.⁴³⁸
- 4.123** Ms Sloan also explained that as access to affordable housing decreases in the regions, the level of homelessness increases. One significant and growing cause of homelessness was seasonal evictions.⁴³⁹
- 4.124** Ms Sloan informed that seasonal evictions or short tenancy lease agreements, such as eight to nine months, was increasing and gave the example of people losing their tenancy one week and the property being advertised on Airbnb the following week.⁴⁴⁰
- 4.125** Similarly, Ms Brotherson told of the seasonal evictions occurring in the Snowy Mountains during ski season. She advised that seasonal evictions were not restricted to local renters. As of last year, even resort worker’s accommodation was being rented out to visitors resulting in workers camping on Lake Jindabyne.⁴⁴¹

Committee comment

- 4.126** The committee commends the work of Evocities in promoting the benefits of relocation to certain regional centres. The evidence received by the committee indicates that for smaller regional centres and communities not included in the Evocities campaign there is no strategic approach to highlighting the benefits of regional living. The committee recommends that the NSW Government develop a marketing strategy for small regional centres and communities not involved in Evocities to promote the benefits of regional living.

Recommendation 21

That the NSW Government develop a marketing strategy for small regional centres and communities not involved in Evocities to promote the benefits of regional living.

⁴³⁷ Evidence, Ms Sloan, 27 March 2018, p 33.

⁴³⁸ Evidence, Ms Sloan, 27 March 2018, p 37.

⁴³⁹ Evidence, Ms Sloan, 27 March 2018, p 38.

⁴⁴⁰ Evidence, Ms Sloan, 27 March 2018, p 38.

⁴⁴¹ Evidence, Ms Brotherson, 27 March 2017, p 38.

- 4.127** The committee acknowledges that regional relocation has many benefits as well as some potential downsides. The committee is concerned by stakeholder comments about the growing prevalence of seasonal evictions and the impacts of regional dispersal upon low-socioeconomic groups. The committee believes that the extent of the issue warrants further investigation. It is recommended that the NSW Government investigate the prevalence of seasonal evictions and if it is appropriate for any response by the Government.

Recommendation 22

That the NSW Government investigate the prevalence of seasonal evictions and if it is appropriate for any response by the Government.

Appendix 1 Submissions

No	Author
1	Albury City
1a	Albury City
2	City of Wagga Wagga
3	Royal Agricultural Society of NSW
4	Goulburn Mulwaree Council
5	Bathurst Regional Council
6	Newcastle Tourism Industry Group
7	Blue Mountains City Council
7a	Blue Mountains City Council
8	Illawarra Business Chamber
9	Evocities
9a	Evocities
10	Regional Development Australia - Illawarra
11	Tamworth Regional Council
12	Port Macquarie Hastings Council
13	Broken Hill City Council
13a	Broken Hill City Council
14	RDA Southern Inland
15	University of Wollongong
16	Illawarra Pilot Joint Organisation
17	Bulahdelah Chamber of Commerce & Tourism Inc
18	Regional Development Australia Central West
19	Coffs Harbour City Council
20	Central NSW Councils
20a	Central NSW Councils
21	Hunter Joint Organisation of Councils
22	Talbingo Progress and Ratepayers Association
23	Illawarra Forum
24	Regional Development Australia - Sydney
25	Engineers Australia
26	Newell Highway Promotions Committee
27	NSW Government, Regional NSW, Department of Premier and Cabinet
27a	NSW Government, Regional NSW, Department of Premier and Cabinet
28	Bland Shire Council
29	Hunter Business Chamber
29a	Hunter Business Chamber
30	NSW Business Chamber
30a	NSW Business Chamber
31	Wollongong City Council
32	National Roads and Maritime Association (NRMA)
33	NSW Aboriginal Land Council
34	Department of Infrastructure and Regional Development
35	Orana Regional Organisation of Councils (OROC)

36 Parkes Shire Council

37 Tweed Shire Council

37a Tweed Shire Council

38 NCOSS

Appendix 2 Witnesses at hearings

Date	Name	Position and Organisation
19 June 2017 Macquarie Room, Parliament House	Mr Stewart Webster	Director, Centre of Economic and Regional Development, Department of Premier and Cabinet
	Ms Elizabeth Livingstone	Executive Director, Regional Policy and Analytics, Department of Premier and Cabinet
	Mr Christopher Hanger	Executive Director, Regional Infrastructure and Networks, Acting Deputy Secretary, Skills and Economic Development Division, Department of Industry
	Ms Susan Calvert	Chief Executive Officer, Destination NSW
	Ms Sandra Chipchase	Chief Executive Officer, City of Sydney
	Ms Monica Barone	Director, Government Relations, University of Wollongong
	Mr Canio Fierravanti	Chief Finance Officer, University of Wollongong
	Mr Damien Israel	Senior Manager, Strategic Projects, University of Wollongong
	Mr Mark Roberts	Chief Executive Officer, Hunter Business Chamber, Board Director, Hunter Business Chamber
	Mr Bob Hawes	Senior Policy and Projects Manager, Regional Development Australia—Sydney
	Mr Richard Anicich	Executive Officer, Regional Development Australia—Sydney
	Ms Therese O'Dwyer	Managing Director, Engineers Australia—Sydney and Canberra Divisions
	Mr Bob Germaine	Senior Manager, Policy, NSW Business Chamber
	Mr Greg Ewing	Tourism Advisory Council, NSW Business Chamber
	Mr Luke Aitken	Executive Director, Illawarra Business Chamber
	Mr Simon Spellicy	Policy Manager, Illawarra Business Chamber
29 June 2017 Shoalhaven Entertainment Centre, Nowra	Mr Chris Lamont	Policy Manager, Illawarra Business Chamber
	Mr Ross Bain	Policy Manager, Illawarra Business Chamber
	Ms Katherine Baker	President, Shoalhaven Business Chamber
	Mr Brendan Goddard	

Date	Name	Position and Organisation
14 August 2017 Orange Ex-Services' Club, Orange	Ms Nicky Sloan	Chief Executive Officer, Illawarra Forum
	Clr Gordon Bradbery OAM	Mayor, Wollongong City Council
	Mr Mark Grimson	Economic Development Manager, Wollongong City Council
	Ms Debra Murphy	Chief Executive Officer, Regional Development Australia - Illawarra
	Mr Steven Bowman	Manager, Economic Development, Bathurst Regional Council
	Ms Anna Wyllie	Economic and Business Development Manager, Parkes Shire Council
	Clr Bill West	Centroc Portfolio Chair of Regional Development, Mayor of Cowra Council, Central NSW
28 August 2017 Tweed Shire Council, Tweed Heads	Ms Meredith Macpherson	Manager, Centroc Water Utilities Alliance Program, Central NSW Councils
	Mr Jeff Stein	Senior Economic Development and Senior Adviser for Bland Shire Council
	Mr Troy Green	General Manager, Tweed Shire Council
29 August 2017 Armidale Regional Council, Armidale	Mr Craig Jenkins	Business Development Manager, Department of Premier and Cabinet, Industry and Investments NSW
	Mr Ian Smith	Director of Regional Operations, Office of Regional Development
24 October 2017 Best Western Central Motel, Queanbeyan	Mr Peter Sniekers	Business Development Manager New England Region, Office of Regional Development
	Ms Ruth Wall	General Manager, Regional Programs, Department of Infrastructure and Regional Development
27 March 2018 Parliament House, Sydney	Ms Nicole Pearson	General Manager, Regional Development and Strategic Policy, Department of Infrastructure and Regional Development
	Mr Luke Aitken	Senior Manager, Policy, NSW Business Chamber
	Mr Robert Millar	Policy Manager, Infrastructure, NSW Business Chamber
	Ms Jo Hewitt	Acting Economic Development Team Leader, Albury City Council
	Clr Bill West	Portfolio Chair for Regional Development, Central NSW Council
	Ms Jennifer Bennett	Executive Officer, Central NSW Councils

Date	Name	Position and Organisation
	Clr Ben Shields	Mayor, Dubbo City Council; and Member of Orana Regional Organisation of Councils
	Mr Michael McMahon	General Manager, Dubbo City Council; and Member of Orana Regional Organisation of Councils
	Ms Nicky Sloan	Chief Executive Officer, Community Industry Group
	Ms Donna Brotherson	South Eastern Tenant Participation Resource Worker, Community Industry Group
	Ms Clara Bradley	Policy Lead, New South Wales Council of Social Services
	Mr Stewart Webster	Acting Executive Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet
	Mr Brett Whitworth	Executive Director, Strategic Planning and Programs, Department of Planning and Environment

Appendix 3 Minutes

Minutes no. 22

Wednesday 5 April 2017

Standing Committee on State Development

Member's Lounge, Parliament House, at 1.00 pm

1. Members present

Mr Pearce, *Chair*

Mr Veitch, *Deputy Chair*

Mr Colless

Mr Graham

Mr Green

Mrs Maclaren-Jones

2. Draft minutes

Resolved on the motion of Mr Colless: That draft minutes no. 21 be confirmed.

3. Correspondence

The committee noted the following item of correspondence:

Received:

- 23 February 2017 – Letter to Chair from Hon Anthony Roberts MP, Minister for Planning, Minister for Housing, Special Minister of State, requesting the committee to consider terms of reference for an inquiry into regional Development and a Global Sydney.

4. Consideration of terms of reference – Regional Development and a Global Sydney

The Chair tabled the following terms of reference received from the Hon Anthony Roberts MP, Minister for Planning, Minister for Housing, Special Minister of State, on 9 March 2017:

1. That the Standing Committee on State Development inquire into and report on how Sydney's growing prominence as a global city enhances regional development in New South Wales, and in particular:
 - a. ensuring the regions benefit from the expansion of international trade, infrastructure, employment, tourism, innovation and research in the greater Sydney region,
 - b. identify the sectors of the economy that can provide the greatest opportunities for regional development, including forecasts for jobs growth,
 - c. how collaboration between levels of government, non-government and private sectors can assist the regions to benefit from Sydney's global position, and
 - d. any other related matter.
2. That the committee report by February 2018.

Resolved, on the motion of Mrs Maclaren-Jones:

- That the terms of reference be amended by omitting “February” and inserting “28 April” in paragraph 2.
- That the committee adopt the terms of reference, as amended.

5. Conduct of the inquiry into Regional Development and a Global Sydney

5.1 Proposed timeline

Resolved, on the motion of Mr Green: That the committee adopt the following timeline for the inquiry:

- Sunday 4 June 2017 – submission closing date
- Monday 19 June 2017 – public hearing (Sydney)
- Late July 2017 - site visits and hearing
- August 2017 – site visits and hearing
- September 2017 – site visits and hearing
- November 2017 – discussion paper deliberative and second round of submissions
- January 2018 – closing date on second round of submissions
- February 2018 – final public hearing (Sydney)
- March/April 2018 – report deliberative and table report.

5.2 Stakeholder list

Resolved on the motion of Mr Graham: That the secretariat circulate to members the Chairs' proposed lists of stakeholders to provide them with the opportunity to amend the lists or nominate additional stakeholders, and that the committee agree to the stakeholder lists by email, unless a meeting of the committee is required to resolve any disagreement.

5.3 Advertising

The committee noted that all inquiries are advertised via twitter, stakeholder letters and a media release distributed to all media outlets in New South Wales.

6. Next meeting

The committee adjourned at 1.05 pm *sine die*.

Rebecca Main
Committee Clerk

Minutes no. 23

Tuesday 9 May 2017

Standing Committee on State Development

Member's Lounge, Parliament House, at 2.15 pm

1. Members present

Mr Pearce, *Chair*

Mr Veitch, *Deputy Chair*

Mr Colless

Mr Graham

Mr Green

Mrs Maclaren-Jones

2. Draft minutes

Resolved on the motion of Mr Green: That draft minutes no 22 be confirmed.

3. Correspondence

The committee noted the following items of correspondence:

Received:

- 18 April 2017 – Email to Committee from Mr Jeff Stien, Senior Economic Development and Tourism Advisor, Bland Shire Council requesting the Committee hold a public hearing in West

Wyalong and advising that Bland shire Council is the fourth fastest growing regional LGA in NSW, with attachments

- 2 May 2017 – Letter to Committee from Jenny Rudolph, NSW & Education Executive Officer, Planning Institute of Australia NSW, commenting on the Committee’s recommendations included in its *Regional planning processes in NSW* report
- 3 May 2017 – Letter to Chair from the Hon Niall Blair MLC, Minister for Primary Industries, Minister for Regional Water and Minister for Trade and Industry, requesting the committee to consider terms of reference for an inquiry into the defence industry in New South Wales.

4. Consideration of terms of reference – Defence industry in New South Wales

The Chair tabled the following terms of reference received from the Hon Niall Blair MLC, Minister for Primary Industries, Minister for Regional Water and Minister for Trade and Industry, on 3 May 2017:

1. That the Standing Committee on State Development, with reference to the *New South Wales: Strong, Smart and Connected Defence and Industry Strategy 2017*, inquire into and report on opportunities to incentivise and grow the defence industry in New South Wales to generate economic development and in particular:
 - a. maximise opportunities for NSW-based companies from Defence’s growing exports and investment in defence capability – in both acquisition and sustainment;
 - b. encourage defence industry innovation, research and education including developing the future workforce
 - c. identify targets, programs and projects for defence spending in New South Wales
 - d. maximise the economic benefits of locating defence force bases and defence industry in the regions
 - e. how to establish and sustain defence supportive communities
 - f. further enhance collaboration between the NSW Government and Commonwealth agencies
 - g. any other related matter.
2. That the committee report by June 2018.

Resolved on the motion of Mr Green: That the committee adopt the terms of reference.

5. Conduct of the inquiry into the defence industry in New South Wales

5.1 Proposed timeline

Resolved, on the motion of Mr Veitch: That the committee adopt the following timeline for the inquiry:

- Sunday 18 June 2017 – submission closing date
- August 2017 – public hearing (Sydney) and site visits
- September 2017 – site visits and hearing
- October 2017 – possible visit to Adelaide
- December 2017 – discussion paper deliberative and second round of submissions
- February 2018 – closing date on second round of submissions
- March 2018 – final public hearing (Sydney)
- May/June 2018 – report deliberative and table report.

5.2 Stakeholder list

Resolved on the motion of Mr Veitch: That the secretariat circulate to members the Chairs’ proposed lists of stakeholders to provide them with the opportunity to amend the lists or nominate additional stakeholders, and that the committee agree to the stakeholder lists by email, unless a meeting of the committee is required to resolve any disagreement.

5.3 Advertising

The committee noted that all inquiries are advertised via twitter, stakeholder letters and a media release distributed to all media outlets in New South Wales.

6. Next meeting

The committee adjourned at 2.19 pm *sine die*.

Alex Stedman
Committee Clerk

Minutes no. 24

Monday 19 June 2017

Standing Committee on State Development

Macquarie Room, Parliament House, Sydney, at 9.20 am

1. Members present

Mr Pearce, *Chair*

Mr Veitch, *Deputy Chair*

Mr Colless

Mr Graham

Mr Green

2. Apologies

Mrs Maclaren-Jones

3. Previous minutes

Resolved on the motion of Mr Veitch: That draft minutes no. 23 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Received:

- 4 May 2017 - letter from the Hon Paul Toole MP, Minister for Lands and Forests to the Hon Greg Pearce MLC, Committee Chair, providing comment on the recommendations of the inquiry into economic development in Aboriginal communities
- 7 June 2017 - email from Ms Amanda Jones, Chief Operating Officer and Deputy CEO, Infrastructure NSW declining invitation to make a submission and appear as a public witness for the inquiry into Regional development and a global Sydney
- 7 June 2017 - email from Mr Greg Woodhams, Executive Director, City Planning, Greater Sydney Commission, declining invitation to appear as a witness for the inquiry into Regional development and a global Sydney.

Sent:

- 9 June 2017 - letter from the Hon Greg Pearce MLC, Committee Chair formally requesting that the City of Sydney provide evidence at a public hearing for the inquiry into Regional development and a global Sydney on Monday, 19 June 2017.

5. Inquiry into the defence industry in New South Wales

5.1 Hunter Defence Forum Conference

Resolved on the motion of Mr Veitch: That the Chair and Mr Graham attend the Hunter Defence Forum Conference on 22-23 August 2017 on behalf of the committee and be accompanied by one person from the secretariat.

6. Inquiry into regional development and a global Sydney

6.1 Submissions

6.1.1 Public

The committee noted that submissions nos. 1-21 and 23-30 were published by the committee clerk under the authorisation of the resolution appointing the committee.

6.1.2 Partially confidential – Name suppressed

Resolved on the motion of Mr Veitch: That submission no. 22 be kept partially confidential by suppressing the name and any other information that could potentially identify the author.

6.2 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Ms Liz Livingstone, Executive Director, Department of Premier and Cabinet.
- Mr Chris Hanger, Executive Director, Regional Infrastructure and Networks
- Mr Stewart Webster, Director, Centre of Economic and Regional Development
- Ms Susan Calvert, A/Deputy Secretary, Skills and Economic Development Division, Department of Industry
- Ms Sandra Chipchase, Chief Executive Officer, Destination NSW.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined.

- Ms Monica Barone, Chief Executive Officer, City of Sydney

The evidence concluded and the witness withdrew.

The following witnesses from the University of Wollongong were sworn and examined.

- Mr Canio Fierravanti, Director, Government Relations
- Mr Damien Israel, Chief finance Officer
- Mr Mark Roberts, Senior Manager, Strategic Projects.

The evidence concluded and the witnesses withdrew.

The following witnesses from the Hunter Business Chamber were sworn and examined.

- Mr Bob Hawes, Chief Executive Officer
- Mr Richard Anicich, Board Director.

The evidence concluded and the witnesses withdrew.

The following witnesses from Regional Development Australia – Sydney were sworn and examined:

- Mr Bob Germaine, Executive Officer
- Ms Therese O'Dwyer, Senior Policy and Projects Manager.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined.

- Mr Greg Ewing, General Manager, Engineers Australia

Mr Veitch left the meeting at 3.11 pm.

Mr Ewing tendered the following documents:

- ‘Productivity Commission Issues Paper on National Water Reform’, Engineers Australia submission, April 2017
- ‘The Independent Review into the Future Security of the National Electricity Market, Engineers Australia submission, February 2017
- ‘Engineering Vacancies Report’ Engineers Australia, April 2017
- ‘Western Sydney Rail Needs Scoping Study Response’, Engineers Australia, October 2017
- ‘Environmental Planning and Assessment Act – Consultation Paper Response’, Engineers Australia, April 2017
- ‘Engineers Make Things Happen’, Engineers Australia, 2017
- ‘The Future of Australian Electricity Generation’, Engineers Australia, 2017
- ‘Government as an informed buyer’, Engineers Australia, 2012.

The evidence concluded and the witness withdrew.

The following witnesses from the NSW Business Chamber were sworn and examined:

- Mr Luke Aitken, Senior Manager, Policy
- Mr Simon Spellicy, President, Tourism Advisory Council

The evidence concluded and the witnesses withdrew.

7. **Tendered documents**

Resolved on the motion of Mr Green: That the committee accept and publish the following documents tendered by Mr Greg Ewing, General Manager, Engineers Australia, during the public hearing:

- ‘Productivity Commission Issues Paper on National Water Reform’, Engineers Australia submission, April 2017
- ‘The Independent Review into the Future Security of the National Electricity Market, Engineers Australia submission, February 2017
- ‘Engineering Vacancies Report’ Engineers Australia, April 2017
- ‘Western Sydney Rail Needs Scoping Study Response’, Engineers Australia, October 2017
- ‘Environmental Planning and Assessment Act – Consultation Paper Response’, Engineers Australia, April 2017
- ‘Engineers Make Things Happen’, Engineers Australia, 2017
- ‘The Future of Australian Electricity Generation’, Engineers Australia, 2017
- ‘Government as an informed buyer’, Engineers Australia, 2012.

8. **Adjournment**

The committee adjourned at 4.21 pm until Thursday 29 June 2017 – regional public hearing in Nowra.

Alex Stedman
Committee Clerk

Minutes no. 25

Thursday 29 June 2017

Standing Committee on State Development

Gallery Function Room, Shoalhaven Entertainment Centre, Shoalhaven, at 9.57 am

1. Members present

Mr Pearce, *Chair*

Mr Veitch, *Deputy Chair*

Mr Graham

Mr Green

Mrs Maclaren-Jones

2. Apologies

Mr Colless

3. Previous minutes

Resolved on the motion of Mr Graham: That draft minutes no. 24 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Received:

- 20 June 2017 - letter from Mr John O'Callaghan, Director Defence and Government Relations, Australian Industry Group, requesting to give evidence to the Defence industry in New South Wales inquiry.

Sent:

- 20 June 2017 - letter from the Hon Greg Pearce MLC, Committee Chair advising Mr Paul Scully MP, Member for Wollongong, that the State Development Committee will be visiting the University of Wollongong's Defence Materials Technology Centre
- 20 June 2017 - letter from the Hon Greg Pearce MLC, Committee Chair advising the Hon Shelley Hancock MP, Member for South Coast, advising that the Committee will be holding a public hearing in the Shoalhaven and visiting HMAS Albatross and the Albatross Aviation Technology Park.

5. Inquiry into the defence industry in New South Wales

5.1 Submissions

5.1.1 Public

The committee noted that submission nos. 1-19 and 21-23 were published by the committee clerk under the authorisation of an earlier resolution.

5.1.2 Confidential submission

Resolved on the motion of Mr Veitch: That submission no. 20 be kept confidential, as per the request of the author.

6. Inquiry into Regional development and a global Sydney

6.1 Submissions

6.1.1 Public

The committee noted that submission nos. 31-33 were published by the committee clerk under the authorisation of an earlier resolution.

7. Public hearing – inquiries into the defence industry in New South Wales and regional development and a global Sydney

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Chris Lamont, Executive Director, Illawarra Business Chamber
- Mr Ross Bain, Policy Manager, Illawarra Business Chamber
- Ms Katherine Baker, Policy Manager, Illawarra Business Chamber
- Mr Brendan Goddard, President, Shoalhaven Business Chamber.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Tony Green, Executive Officer, Illawarra Innovative Industry Network Incorporated (i3net)
- Mr Laurie Koster, Shoalhaven Defence Industry Group.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Professor Valerie Linton, School of Mechanical, Materials, Mechatronic and Biomedical Engineering, Faculty of Engineering and Information Sciences, University of Wollongong.

Mr Robert Roberts, Senior Manager, Strategic Projects, University of Wollongong, on a former oath was also examined.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Ms Nicky Sloan, Chief Executive Officer, Illawarra Forum.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Clr Gordon Bradbery OAM, Mayor, Wollongong City Council
- Mr Mark Grimson, Economic Development Manager, Wollongong City Council.

Mr Grimson tendered the following document:

- Document entitled ‘Wollongong a city transformed – investor prospectus’, Wollongong City Council March 2017.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Ms Debra Murphy, Chief Executive Officer, Regional Development Australia – Illawarra.

Ms Murphy tendered the following documents:

- Document entitled ‘Wollongong City Deal Collaborative – Terms of Reference’
- Document entitled ‘City Deals Input Matrix’, Regional Development Australia – Illawarra, June 2017
- Document entitled ‘The Jewel of the East Coast – The case for relocation of Royal Australian Navy Fleet Base East to the Port of Port Kembla’, Regional Development Australia – Illawarra, June 2015.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Mr Greg Pullen, Economic Development Manager, Shoalhaven City Council.

Mr Pullen tendered the following documents:

- Supplementary information submitted by Mr Pullen , Economic Development Manager, Shoalhaven City Council
- Document entitled ‘Defence Sector Strategy’, Shoalhaven City Council, September 2011.

The evidence concluded and the witnesses withdrew.

8. Tendered documents

Resolved on the motion of Mr Veitch: That the committee accept and publish the following documents tendered during the public hearing:

Mr Greg Pullen, Economic Development Manager, Shoalhaven City Council:

- ‘Supplementary information submitted by Greg Pullen, Economic Development Manager, Shoalhaven City Council’
- ‘Defence Sector Strategy’, Shoalhaven City Council, September 2011.

Ms Debra Murphy, Chief Executive Officer, Regional Development Australia – Illawarra:

- ‘Wollongong City Deal Collaborative – Terms of Reference’
- ‘City Deals Input Matrix’, Regional Development Australia – Illawarra, June 2017
- ‘The Jewel of the East Coast – The case for relocation of Royal Australian Navy Fleet Base East to the Port of Port Kembla’, Regional Development Australia – Illawarra, June 2015.

Mr Mark Grimson, Economic Development Manager, Wollongong City Council:

- ‘Wollongong a city transformed – investor prospectus’, Wollongong City Council March 2017.

9. Adjournment

The committee adjourned at 4.13 pm until Friday 30 June 2017 – regional site visits for the Defence industry in New South Wales inquiry.

Alex Stedman
Committee Clerk

Minutes no. 27

Thursday 3 August 2017

Standing Committee on State Development

Macquarie Room, Parliament House, Sydney at 9:15 am

1. Members presentMr Pearce, *Chair*Mr Veitch, *Deputy Chair* (from 9.24 am)

Mr Colless

Mr Graham

Mr Green

Mrs Maclaren-Jones

2. Previous minutes

Resolved on the motion of Mr Green: That draft minutes nos. 25 and 26 be confirmed.

3. Correspondence

The committee noted the following items of correspondence:

Received:

- 12 July 2017 - Email from Mr Ross Bain, Illawarra Business Chamber, requesting that answers to supplementary questions be kept confidential
- 13 July 2017 – Email and letter from Ms Nicky Sloan, Illawarra Forum, declining to answer supplementary questions, due to a conflict of interest.

Sent:

- 13 July 2017 – Letter from Chair to Mr Mark Brownsey, Boeing, to thank him for hosting the committee's visit on 30 June 2017
- 13 July 2017 – Letter from Chair to Mr Laurie Koster, Global Defence Solutions, to thank him for hosting the committee's visit on 30 June 2017
- 13 July 2017 – Letter from Chair to Mr Ian Gibney, BAE Systems, to thank him for hosting the committee's visit on 30 June 2017
- 13 July 2017 – Letter from Chair to Mr Greg Pullen, Shoalhaven City Council, to thank him for hosting the committee's visit on 30 June 2017
- 13 July 2017 – Letter from Chair to Mr Chris Sievers, Air Affairs Australia, to thank him for hosting the committee's visit on 30 June 2017
- 13 July 2017 – Letter from Chair to Captain Fiona Sneath, to thank her for hosting the committee's visit to HMAS Albatross on 30 June 2017.

4. Inquiry into regional development and a global Sydney**4.1 Submissions**

The committee noted that submission no. 34 was published by the committee clerk under the authorisation of an earlier resolution.

4.2 Answers to questions on notice

The committee noted that the answers to questions on notice provided by the following witnesses were published by the committee clerk under the authorisation of the resolution appointing the committee:

- City of Sydney, together with supplementary question on notice
- NSW Government, together with supplementary question on notice
- Hunter Business Chamber
- NSW Business Chamber
- University of Wollongong

4.3 Answers to supplementary questions

Resolved on the motion of Mr Graham: That the committee publish the answers to questions taken on notice at the hearing from the Illawarra Business Chamber but keep the answers to supplementary questions regarding RDAs confidential, as per the request of the author.

The committee noted that Ms Nicky Sloan, CEO, the Illawarra Forum, declined to answer supplementary questions relating to RDAs because she is a board member of RDA Illawarra and is concerned about a potential conflict of interest. (See letter dated 13 July 2017)

4.4 Charter flights

Travel to Orange and West Wyalong

Resolved on the motion of Ms Maclaren-Jones: That the committee authorise the use of a charter plane for the site visit to Orange and West Wyalong on 14-15 August 2017.

Travel to Tweed and Armidale

Resolved on the motion of Mr Green: That the committee authorise the use of a charter plane for the site visit to Tweed and Armidale on 28-29 August 2017.

5. Inquiry into the defence industry in NSW

5.1 Submissions

The committee noted that submissions nos 29 and 30 were published by the committee clerk under the authorisation of an earlier resolution.

5.2 Travel to Bungendore/Queanbeyan and Adelaide (via Canberra)

Resolved on the motion of Mr Colless: That the committee seek the approval of the President to undertake a two day site visit on 24-25 October to Bungendore/Queanbeyan and Adelaide via Canberra, at an approximate cost of \$10,500.

5.3 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Simon Smith, Secretary, NSW Department of Industry
- Mr Duncan Challen, Executive Director, Industry Development, NSW Department of Industry
- Commodore Peter Scott, CSC, RANR, Director, Defence NSW, NSW Department of Industry
- Air Marshall (Ret'd) John Harvey AM, NSW Defence Advocate
- Mr Chris Shaw, Director and Lead Hardware Engineer, Advanced Navigation
- Mr Jeff Eager, Executive General Manager, Carbonics.

The evidence concluded and witnesses withdrew.

The following witness was sworn and examined:

- Mr Matthew Ramage, Acting First Assistant Secretary Defence Industry Policy, Department of Defence, Australian Government.

The evidence concluded and witness withdrew.

The following witnesses were sworn and examined:

- Ms Kate Lundy, ACT Defence Industry Advocate, ACT Government
- Mr Geoff Keogh, Director, Innovation Policy & Diversification Strategy, ACT Government.

Ms Lundy tendered the following document:

- Defence ACT, *Canberra Region Defence Industry Capability Directory*.

The evidence concluded and witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Chris Williams, Executive Committee Chair, Sydney Aerospace and Defence Interest Group
- Mr John Pearson, Project Manager, Regional Development Australia, Sydney.

The evidence concluded and witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Chris Jenkins, Chief Executive Officer, Thales Australia
- Mr Mark Burgess, Chief Executive Officer, Quickstep Holdings Limited
- Mr Neil Hodges, Chief Executive Officer, BlueZone Group.

Mr Jenkins tendered the following document:

- Thales, *Delivering Sovereign Defence Capability from New South Wales*, June 2017.

The evidence concluded and witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Harry Baxter, Communications Manager, Defence Materials Technology Centre, Victoria.

The evidence concluded and witness withdrew.

The public hearing concluded at 3.58 pm.

5.4 Tendered documents

Resolved on the motion of Mr Veitch: That the committee accept and publish the following documents tendered during the public hearing:

- Defence ACT, *Canberra Region Defence Industry Capability Directory*, tendered by Ms Kate Lundy
- Thales, *Delivering Sovereign Defence Capability from New South Wales*, June 2017, tendered by Mr Chris Jenkins.

6. Adjournment

The committee adjourned at 4.00 pm until 7:00 am, Sydney Airport (regional site visits and hearings in Orange and West Wyalong).

Stephanie Galbraith

Committee Clerk

Minutes no. 28

Monday 14 August 2017

Standing Committee on State Development

Moresby Room, Orange Ex-Services Club, Orange at 9.35 am

1. Members present

Mr Pearce, *Chair*

Mr Veitch, *Deputy Chair*

Mr Green

Mrs Maclaren-Jones

2. Apologies

Mr Colless

Mr Graham

3. Previous minutes

Resolved on the motion of Mr Green: That draft minutes no. 27 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Received:

- 10 August 2017 – Various emails from Mr Jeff Stien, Senior Economic Development and Tourism Advisor, Bland Shire Council, attaching:
 - Draft report prepared by the National Institute of Economic and Industry Research for the Newell Highway Task Force, government, primary producers and transport organisations entitled ‘The Newell Highway closure in 2016 from flooding: The direct and indirect effects’, dated June 2017
 - Article, ‘Australia must embrace AI revolution with automation set to affect every job, report says’, ABC News online
 - Article, ‘The artificial intelligence revolution is coming – and right now, Silicon Valley holds the power’, ABC News online
 - Report, Alpha Beta Strategy and Economics, *The Automation Advantage*
 - Regional Sports Infrastructure Fact Sheet
 - Regional Sports Infrastructure Frequently Asked Questions
 - Regional Sports Infrastructure Fund Guidelines
 - NSW Treasury, *Economic Appraisal Principles and Procedures Simplified*, Office of Financial Management Policy and Guidelines Paper
 - The Treasury, *NSW Government Guide to Cost-Benefit Analysis*, Policy and Guidelines Paper
 - The Treasury, ‘TPP17-03 NSW Government Guide to Cost-Benefit Analysis’, Policy and Guidelines Paper
 - Article, ‘3000 jobs moving west, new offices built’, The Parramatta Sun
 - Article, ‘Three thousand state public servant jobs moving to the west’, Silverhall News
 - Article, ‘Government jobs move to Parramatta, but rest of western Sydney appeals for more’, Sydney Morning Herald
 - Article, ‘Lang Walker to build Parramatta tower for public servants’, The Australian
 - Article, ‘NSW public servants banished from Sydney CBD, sent to Western front’, Government News
 - Ministerial Media Release, Minister for Finance and Services, ‘Public Servants Head to Hurstville’
 - *Rebuilding NSW: Western Sydney*, NSW Government
 - Article, ‘Thousands of public servants to be moved to western Sydney’, ABC News online
 - Article, ‘Three thousand state public servant jobs move to the west’, Daily Telegraph
 - Rebuilding NSW, Regional Growth – Environment & Tourism Fund Expression of Interest Form
 - Presentation, ‘Regional Growth – Environment and Tourism Fund: Briefing for applicants’, Infrastructure NSW, 16 March 2017
 - *Restart NSW: Regional Growth – Environment and Tourism*, Expression of Interest Guidelines
 - Presentation, ‘Newell Highway Caravan and Camping Visitor Smart Tracker Pilot Project: Smart Cities and Regional Areas’, Caravan Industry Association of Australia, 19 July 2017
 - Caravan Industry Association of Australia, *Caravan and Camping Visitor Smart Tracker Pilot Project*, Briefing Paper – June 2017
 - Proposed NSW Silo Art Trail
 - *Economic Assessment of Mining Affected Communities*, NSW Trade and Investment, February 2013
 - *Economic Assessment of Mining Affected Communities*, NSW Trade and Investment, December 2011
 - *Restart NSW Resources for Regions*, Expression of Interest Guidelines, 2013-14 Second Round
 - Resources for Regions Fact Sheet
 - Resources for Regions Frequently Asked Questions
 - Restart NSW Resources for Regions Expression of Interest Guidelines 2015-16
 - Resources for Regions Program Guidelines
 - Resources for Regions – Supporting our mining communities
 - Restart NSW – Resources for Regions Full Project List

- List of local government areas outside the Sydney metropolitan region that are eligible to apply for the 2015-16 Resources for Regions program
- Restart NSW Resources for Regions Expression of Interest Form
- Media release, Treasurer and Minister for Industrial Relations, ‘Government commits \$20 million to Cobbora Fund’, dated Tuesday 3 September 2013
- Media release, Member for Dubbo, ‘Cobbora Transit Fund Expressions of Interest’, dated 31 October 2013
- Media release, Member for Dubbo, ‘Deadline approaches for Cobbora Transition Fund’, dated 15 January 2014
- Media release, Member for Dubbo, ‘Cobbora Transition Fund shortlist announced’, dated 7 March 2014
- *Restart NSW Cobbora Transition Fund*
- Media release, Member for Dubbo, ‘Have your say’, dated 10 April 2014
- Media release, Infrastructure NSW, ‘Community views wanted on shortlisted projects’, dated 18 March 2014
- Regional Cooperative Tourism Marketing Program, Guidelines 2017-2017 Financial Year
- Regional Tourism Product Development Program, Guidelines 2017 – 2018 Financial Year.
- 11 August 2017 – Various emails from Mr Jeff Stien, Senior Economic Development and Tourism Advisor, Bland Shire Council, attaching:
 - *Economic Profile: Riverina-Murray*, Prepared for the Economic Development Strategy for Regional NSW, dated February 2015
 - Fact Sheet, Destination Management Planning
 - *Making it happen in the regions: Regional Development Framework*, NSW Department of Industry
 - *Riverina-Murray Regional Plan: 2036*, NSW Planning and Environment
 - Jobs for NSW Fact Sheet: Accelerating Growth Loans – Pilot
 - Jobs for NSW Fact Sheet: Gazelle Loan Guarantees
 - Jobs for NSW Fact Sheet: Startup Products
 - Jobs for NSW Fact Sheet: Regional Jobs Now
 - Jobs for NSW Fact Sheet: Regional Solutions
 - *Regional Economic Growth Enablers*, Department of Industry Centre for Economic Development, dated December 2016
 - Article, ‘Invest in New South Wales: Centre for Economic and Regional Development’, NSW Department of Industry
 - MidCoast Council Regional Economic Development Strategy Fact Sheet
 - Fact sheet, Regional Economic Growth Enablers Report Summary, NSW Department of Industry Centre for Economic Development
 - Media release, Argent Minerals Limited, ‘Copper and Gold in West Wyalong Porphyry – final assays’, dated 27 July 2017
 - Presentation, ‘Resources rising stars’, presented by Karl Simich, CEO and Managing Director, Sandfire Resources NL
 - Media release, Thomson Resources, ‘Further outstanding drill results at Bygoo Tin’, dated 28 June 2017
 - Excerpt, *Canberra Airport Preliminary Draft 2014 Master Plan*, chapter 6: Freight operations
 - Article, ‘International air freight from Canberra primed for take-off’, ACT News
 - Canberra Airport, *The Hub*, Issue No. 38, June 2017.
- 13 August 2017 – Various emails from Mr Jeff Stien, Senior Economic Development and Tourism Advisor, Bland Shire Council, attaching:
 - Restart NSW Fund – Regional Tourism Infrastructure Fund: Regional Airports Program, Expression of Interest Guidelines: Regional Airports 2014-2015
 - Fact Sheet, ‘Improving infrastructure at NSW’s regional airports’, NSW Department of Industry
 - Document entitled ‘Questions and Answers’
 - Diagram, ‘Funding boost for regional NSW airports’, NSW Department of Industry, dated December 2015

- Regional Tourism Infrastructure Program Regional Airports Recommended Shortlist, New South Wales projects by local government area, Attachment A
- Letter, Chair, Newell Highway Promotions Committee to the Minister for Trade, Tourism and Major Events, and Minister for Sport, regarding Restart NSW \$110 million Regional Tourism Infrastructure Fund – Regional Airports Program, dated 17 August 2015
- Document entitled ‘Explanation of Intended Effect – Amendment to State Environmental Planning Policy No. 64 – Advertising and Signage’, NSW Planning and Environment
- Changes to planning rules for outdoor advertising – Frequently asked questions, NSW Planning and Environment, May 2017
- *Tourist signposting*, Destination NSW and Department of Transport: Roads and Maritime Services
- Presentation, ‘Regional Growth – Environment and Tourism Fund: Briefing for applicants’, Infrastructure NSW, dated 16 March 2017
- *Restart NSW: Regional Growth – Environment and Tourism*, Expression of Interest Guidelines, NSW Department of Industry
- Regional Growth – Environment and Tourism Fund Q&A
- Queensland Drive Tourism Strategy 2013-2015, Queensland Department of Tourism, Major Events, Small Business and the Commonwealth Games, dated December 2012
- Caravan Industry Association of Australia, *Caravan and camping industry: State of Industry*, dated 2017.
- 2 August 2017 – email from Ms Kristie Szabo, Executive Officer to Andrew Garth & Centre for Defence Industry Capability to the secretariat, advising that Mr Garth will not be attending the public hearing of 3 August 2017, as he has not received the necessary clearance.
- 2 August 2017 – email from Ms Harriet Smith, Manager, Office of the CEO, Newcastle Airport Party Limited to the secretariat, suggesting a meeting with the Committee at its forthcoming visit to the Hunter.

Sent:

- 8 August 2017 – letter from the Hon Greg Pearce MLC, Committee Chair advising Mr Philip Donato MP, Member for Orange, that the committee will be visiting the Ex-Services Club, Orange to hold a public hearing.
- 8 August 2017 – letter from letter from the Hon Greg Pearce MLC, Committee Chair advising The Hon Katrina Hodgkinson MP, Member for Cootamundra, that the committee will be undertaking site visits in West Wyalong.

5. Inquiries into regional development and a global Sydney, and the defence industry in New South Wales

5.1 Answers to questions on notice

The committee noted that the answers to questions on notice provided by the following witnesses were published by the committee clerk under the authorisation of the resolution appointing the committee:

- Ms Monica Barone, Chief Executive Officer, City of Sydney, received 17 July 2017.
- Professor Valerie Linton and Mr Mark Roberts, University of Wollongong, received 1 August 2017.
- Illawarra Business Chamber, received 8 August 2017, attaching report entitled “Upgrading rail connectivity between Illawarra and Sydney”, dated 2 August 2017.

5.2 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witness was sworn and examined:

- Mr Steven Bowman, Manager, Economic Development, Bathurst Regional Council, and Chair, Evocities

The evidence concluded and witness withdrew.

The following witness was sworn and examined:

- Ms Anna Wyllie, Economic and Business Development Manager, Parkes Shire Council

The evidence concluded and witness withdrew.

The following witnesses were sworn and examined:

- Ms Meredith Macpherson, Centroc Water Utilities Alliance Program Manager, Central NSW Councils (Centroc)
- Councillor Bill West, Centroc Portfolio Chair of Regional Development, Mayor of Cowra Council, Central NSW Councils (Centroc)

The evidence concluded and witnesses withdrew.

The following witness was sworn and examined:

- Mr Jeff Stien, Senior Economic Development & Tourism Advisor, Bland Shire Council, and Chair, Newell Highway Promotions Committee

Mr Stien tendered the following documents:

- Newell Highway Analytics Report, 1 July 2017 to 31 July 2017
- NSW Freight and Ports Plan, Transport for NSW
- Presentation, 'nbn in Bland Shire', prepared by Jonathan James
- *Newell Highway Visitor Guide: More than just a highway*
- Letter, Mr GN Davies AO CSC, Air Marshal, Chief of Air Force to Mr Jeff Stien, Bland Shire Council, regarding gliding at West Wyalong, dated 3 November 2015
- Caravan Industry Association of Australia, *Caravan and camping industry: State of Industry*, dated 2017.

The evidence concluded and witness withdrew.

The following witnesses were sworn and examined:

- Mr Gary Styles, General Manager, Orange City Council
- Ms Kathy Woolley, Director, Corporate and Communication Services, Orange City Council

The evidence concluded and witnesses withdrew.

The following witnesses were sworn and examined:

- Professor Andrew Vann, Vice Chancellor, Charles Sturt University
- Mr Peter Fraser, Director, Government and Community Relations, Charles Sturt University
- Professor Chang-Tsun Li, Professor in Computing, Charles Sturt University
- Professor Terry Bossomaier, Professor of Computer Systems, Charles Sturt University

The evidence concluded and witnesses withdrew.

The public hearing concluded at 3.30 pm.

5.3 Tended documents

Resolved on the motion of Mr Veitch: That the committee accept and publish the following documents tendered during the public hearing:

- Newell Highway Analytics Report, 1 July 2017 to 31 July 2017
- NSW Freight and Ports Plan, Transport for NSW
- Presentation, 'nbn in Bland Shire', prepared by Jonathan James
- *Newell Highway Visitor Guide: More than just a highway*

- Letter, Mr GN Davies AO CSC, Air Marshal, Chief of Air Force to Mr J Stien, Bland Shire Council, regarding gliding at West Wyalong, dated 3 November 2015
- Caravan Industry Association of Australia, *Caravan and camping industry: State of Industry*, dated 2017.

6. Adjournment

The committee adjourned at 3.33 pm until 7:30 am, Tuesday 15 August 2017, Lobby, De Russie Hotel to travel to Orange Regional Airport (regional site visit to West Wyalong).

Jenelle Moore
Committee Clerk

Minutes no. 29

Tuesday 15 August 2017

Standing Committee on State Development

De Russie Hotel Lobby, 72 Hill Street, Orange at 7.30 am

1. Members present

Mr Pearce, *Chair*

Mr Veitch, *Deputy Chair*

Mr Green

Mrs Maclaren-Jones

2. Apologies

Mr Colless

Mr Graham

3. Inquiry into regional development and a global Sydney

3.1 Site visit, West Wyalong Airport

Committee members travelled to West Wyalong Airport and met with the following representatives:

- Mr Jeff Stien, Senior Economic Development & Tourism Advisor, Bland Shire Council, and Chair, Newell Highway Promotions Committee
- Mr Tony Lord, Mayor of Bland Shire Council
- Mr Ray Smith, General Manager, Bland Shire Council
- Ms Adele Casey, Director Corporate, Community and Development Services, Bland Shire Council
- Mr Will Marsh, Director of Engineering, Bland Shire Council
- Mr Malcolm Carnegie, Projects Manager, Lake Cowal Foundation.

Mr Stien tendered the following documents:

- Presentation, 'Inland Rail – Bland Council Briefing', ARTC, 1 August 2017
- Media release, Argent Minerals Limited, 'Copper and gold in West Wyalong Porphyry – final assays', dated 27 July 2017
- Map, grain and mining sites in the West Wyalong region
- Article, 'Getting down to business with Council', *West Wyalong Advocate*, 10 June 2015
- Article, 'Council committed to driving local business', *West Wyalong Advocate*, 7 June 2016
- Article, 'Whispering Pines making a noise in business awards', no citation provided
- Article, '\$9m refurbishment set to provide world-class care', *West Wyalong Advocate*, 12 January 2016

- Letter, Exploration Manager Regional, Sandfire Resources NL, to LEK Consulting and the NSW Department of Industry, regarding NSW Regional Economic Opportunities and Infrastructure Priorities, Department of Industry Consultation, dated 9 August 2016.

3.2 Site visit, GrainCorp Calleen

Committee members travelled to GrainCorp Calleen and met with the following representatives at their Condobolin Road, West Wyalong facility:

- Ms Sarah Roach, Regional Manager
- Mr Warwick Smith, Operations Manager
- Mr Darren Hume, Site Manager.

3.3 Site visit, Evolution Cowal Gold Mine

Committee members travelled to Evolution Cowal Gold Mine and met with the following representatives:

- Mr Jason Greive, General Manager
- Mr Jamie Coad, Sustainability Manager
- Mr Jason Floyd, Operations Manager

Mr Greive tendered the following document:

- Evolution Mining Cowal Site Visit, 15 August 2017.

4. Adjournment

The committee adjourned at 2.50 pm until 7.00 am, Monday 28 August 2017, Sydney Airport (regional site visits and hearings, inquiries into regional development and a global Sydney, and the defence industry, Tweed Shire and Armidale).

Jenelle Moore
Committee Clerk

Minutes no. 30

Monday 28 August 2017

Standing Committee on State Development

Harvard Room, Tweed Shire Council, Tweed Heads at 9:55 am

1. Members present

Mr Pearce, *Chair*
Mr Veitch, *Deputy Chair*
Mr Graham
Mr Green
Mrs Maclaren-Jones

2. Apologies

Mr Colless

3. Previous minutes

Resolved on the motion of Mr Green: That draft minutes nos. 28 and 29 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Received:

The committee to note the following items of correspondence received:

- 17 August 2017 – Email from Mr Jason Greive, General Manager Operations, Evolution Mining, regarding the committee’s visit to the mine
- 22 August 2017 – Emails from Mr Jeff Stien, Senior Economic Development and Tourism Advisor, Bland Shire Council, attaching:
 - Charter, Regional Development Australia, dated August 2017
 - Report of Department of Infrastructure and Regional Development entitled “Independent Review of the Regional Development Australia Programme – Final Report”, prepared by the Hon Warwick Smith AM, dated December 2016
 - Stronger Communities Fund Guidelines
 - Stronger Communities Fund Factsheet
 - Table listing councils awarded funding under the Stronger Communities Fund
 - Spreadsheet listing councils awarded funding under the Stronger Communities Fund

Sent:

The committee to note the following items of correspondence sent:

- 17 August 2017 – Letter from Chair to Mr Jeff Stien, Bland Shire Council, to thank him for hosting the committee’s visit on 15 August 2017
- 17 August 2017 – Letter from Chair to Ms Sarah Roche, Graincorp, to thank her for hosting the committee’s visit on 15 August 2017
- 17 August 2017 – Letter from Chair to Mr Jason Greive, Evolution Mining, to thank him for hosting the committee’s visit on 15 August 2017
- 17 August 2017 – Letter from Chair to Mr Mal Carnegie, Lake Cowal Foundation, to thank him for hosting the committee’s visit on 15 August 2017
- 23 August 2017 – Letter from Chair to Mr Geoff Provest MP, Member for the Tweed, advising of the upcoming committee visit to his electorate.
- 23 August 2017 – Letter from Chair to the Hon Adam Marshall MP, Member for the Northern Tablelands, advising of the upcoming committee visit to his electorate.

5. Inquiries into regional development and a global Sydney, and the defence industry in New South Wales

5.1 Submissions

Defence industry inquiry:

The committee noted that the following submissions were published by the committee clerk under the authorisation of an earlier resolution: submission nos. 33 and 34.

Regional development and a global Sydney inquiry:

The committee noted that the following submission was published by the committee clerk under the authorisation of an earlier resolution: submission no. 37.

5.2 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witness was sworn and examined:

- Mr Troy Green, General Manager, Tweed Shire Council.

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Mr Des Schroder, Director Environment, Planning and Community, Clarence Valley Council
- Mr Ross Roberts, Managing Director, Harwood Marine.

The evidence concluded and witness withdrew.

The following witness was sworn and examined:

- Mr Craig Jenkins, Business Development Manager, Office of Regional Development, Department of Premier and Cabinet.

The evidence concluded and the witness withdrew.

The public hearing concluded at 11:50 am.

5.3 Tendered documents

Resolved, on the motion of Mr Veitch: That the committee accept and publish the following documents tendered by Mr Jeff Stien, Bland Shire Council during the committee's site visit to West Wyalong on 15 August 2017:

- Presentation, 'Inland Rail – Bland Council Briefing', ARTC, 1 August 2017
- Media release, Argent Minerals Limited, 'Copper and gold in West Wyalong Porphyry – final assays', dated 27 July 2017
- Map, grain and mining sites in the West Wyalong region
- Article, 'Getting down to business with Council', West Wyalong Advocate, 10 June 2015
- Article, 'Council committed to driving local business', West Wyalong Advocate, 7 June 2016
- Article, 'Whispering Pines making a noise in business awards', no citation provided
- Article, '\$9m refurbishment set to provide world-class care', West Wyalong Advocate, 12 January 2016
- Letter, Exploration Manager Regional, Sandfire Resources NL, to LEK Consulting and the NSW Department of Industry, regarding NSW Regional Economic Opportunities and Infrastructure Priorities, Department of Industry Consultation, dated 9 August 2016.

Resolved, on the motion of Mrs Maclaren-Jones: That the committee accept and publish the following document tendered by Mr Jason Greive, Evolution Mining during the committee's site visit to West Wyalong on 15 August 2017:

- Evolution Mining Cowal Site Visit, 15 August 2017.

5.4 Site visit

Committee members travelled to a local business, Potager Restaurant, Carool and met with the following representative to discuss challenges facing small businesses in setting up in regional New South Wales:

- Mr Peter Burr, Owner, Potager Restaurant.

6. Adjournment

The committee adjourned at 3.00 pm until 8.50 am, Tuesday 29 August 2017, Armidale Regional Council Chambers (public hearing).

Stephanie Galbraith
Committee Clerk

Minutes no. 31

Tuesday 29 August 2017

Standing Committee on State Development

Armidale Regional Council Chambers, Armidale at 9:03 am.

1. Members present

Mr Pearce, *Chair*

Mr Veitch, *Deputy Chair*

Mr Graham

Mr Green

Mrs Maclaren-Jones

2. Apologies

Mr Colless

3. Inquiries into regional development and a global Sydney, and the defence industry in New South Wales

3.1 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Peter Dennis, Chief Executive Officer, Armidale Regional Council
- Mr Lindsay Woodland, Group Leader, Organisational Services.

Mr Woodland tendered the following documents:

- Armidale Regional Council, *Presentation to Standing Committee on State Development, Tuesday 29 August 2017*
- Armidale Regional Council, *Regional Infrastructure Priorities to grow Armidale to 100K population*

The evidence concluded and witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Ian Smith, Director of Regional Operations, Office of Regional Development, Department of Premier and Cabinet
- Mr Peter Sniekers, Business Development Manager – New England, Office of Regional Development, Department of Premier and Cabinet.

The evidence concluded and witness withdrew.

The following witnesses were sworn and examined:

- Dr Greg Winslett, Director, Teaching and Learning Support, University of New England
- Professor Neil Argent, Professor of Human Geography, University of New England
- Mr Paul McFarland, Lecturer, School of Behavioural, Cognitive and Social Sciences, University of New England.

The evidence concluded and witnesses withdrew.

The public hearing concluded at 11:15 am.

3.2 Tended documents

Resolved on the motion of Mr Veitch: That the committee accept and publish the following documents tendered during the public hearing:

- Armidale Regional Council, *Presentation to Standing Committee on State Development, Tuesday 29 August 2017*, tendered by Mr Lindsay Woodland
- Armidale Regional Council, *Regional Infrastructure Priorities to grow Armidale to 100K population*, tendered by Mr Lindsay Woodland.

3.3 Site visit – Smart farm, University of New England, Armidale

The committee travelled to the University of New England's Smart farm in Armidale and met with the following representatives:

- Professor David Lamb, McClymont Distinguished Professor (Research), Precision Agriculture Research Group, University of New England
- Ms Sarah Burrows, Protocol Officer, University of New England.

4. Adjournment

The committee adjourned at 4.10 pm until Monday 18 September 2017 (Public hearing and site visit to the Hunter region for the defence industry inquiry).

Jenelle Moore
Committee Clerk

Minutes no. 32

Monday 18 September 2017

Standing Committee on State Development

Seaview Room, Harbourview Function Centre, Newcastle at 10:00 am

1. Members present

Mr Pearce, *Chair*

Mr Veitch, *Deputy Chair*

Mr Colless

Mr Graham

Mr Green

Mrs Maclaren-Jones

Mr Macdonald (participating)

2. Previous minutes

Resolved on the motion of Mr Veitch: That draft minutes nos. 30 and 31 be confirmed.

3. Correspondence

The committee noted the following items of correspondence:

Received:

The committee to note the following items of correspondence received:

- 18 September 2017 – email from Ms Susan Wilson, Chief Executive, Regional Development Australia, Hunter to secretariat, providing her apologies for the hearing of 18 September 2017
- 14 September 2017 – email from Mr Jamie Haynes, Deputy Director Ministerials, Royal Australian Airforce, to secretariat, regarding proposed visit to the RAAF Williamtown Base.

Sent:

The committee to note the following items of correspondence sent:

- 12 September 2017 – letter from Chair to Mr Tim Crakanthorp MP, Member for Newcastle, advising that the committee will be visiting Newcastle to hold a public hearing
- 12 September 2017 – letter from Chair to Ms Kate Washington MP, Member for Port Stephens, advising that the committee will be visiting Williamtown for a site visit.

4. Inquiries into regional development and a global Sydney, and the defence industry in New South Wales

4.1 Answers to questions on notice

The committee noted that the following answers to questions on notice provided by the following witnesses were published by the committee clerk under the authorisation of the resolution appointing the committee:

- ACT Government, received 11 August 2017 (Defence)
- Defence NSW, received 1 September 2017 (Defence)
- Bathurst Regional Council, received 6 September 2017 (Regional development)
- Charles Sturt University, received 11 September 2017 (Defence)
- Parkes Council, received 11 September 2017 (Regional development)
- Department of Defence, received 21 August and 11 September 2017 (Defence)

4.2 Submission – Defence inquiry

The committee noted that the following submission was published by the committee clerk under the authorisation of an earlier resolution: submission no. 35.

4.3 Public hearing – Defence inquiry

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Richard Anicich, Director, Hunter Business Chamber
- Mr Tony Cade, Chief Executive Officer, HunterNet
- Mr Greg Fenwick, Economic Development Facilitator, Newcastle City Council
- Ms Jill Gaynor, Manager Strategic Planning, Newcastle City Council.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Peter Gesling, Chair, Newcastle City Airport
- Mr Peter Cock, Chief Executive Officer, Newcastle City Airport
- Mr James Garvey, Director, 2JC Party Limited and Director, Williamstown Aerospace Centre.

Mr Cock tendered the following documents:

- Map outlining proposed expansion land at Newcastle Airport.

Mr Garvey tendered the following documents:

- Williamstown Aerospace Centre marketing materials including map outlining proposed industrial road and second access to BAE Precinct and Airport.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 11:34 am.

4.4 Tendered documents

Resolved, on the motion of Mr Veitch: That the committee accept and publish the following documents tendered during the public hearing:

- Map outlining proposed expansion land at Newcastle Airport, tendered by Mr Cock
- Williamstown Aerospace Centre marketing materials including map outlining proposed industrial road and second access to BAE Precinct and Airport, tendered by Mr Garvey.

4.5 Site visits – Port of Newcastle and Williamtown Aerospace Centre

Committee members travelled to Thales Australia, Port of Newcastle, and met with the following representatives:

- Mr Greg Kocher, Project Manager, Maritime/Ship Repair, Thales Australia
- Ms Sarah Yuen, MHC Program Manager, Thales Australia
- Mr Richard Anicich, Director, Hunter Business Chamber.

Committee members travelled to the Defence Security Aerospace 18 Hub at the Williamtown Aerospace Centre, and met with the following representatives:

- Professor Deb Hodgson, Pro-Vice Chancellor, Research and Innovation, University of Newcastle
- Ms Micky Pinkerton, Manager, Entrepreneurship and I2N, University of Newcastle
- Mr James Garvey, Director, Williamtown Aerospace Centre.

Committee members travelled to Dexata, Williamtown Aerospace Centre, and met with the following representatives:

- Mr Mike McMahon, Chief Executive, Dexata
- Mr David Jarret, Product Manager, Air Battle Management, Dexata
- Mr James Garvey, Director, Williamtown Aerospace Centre.

Committee members travelled to Bohemia Interactive Simulations, Williamtown Aerospace Centre, and met with the following representatives:

- Mr Ryan Stephenson, Managing Director
- Mr James Garvey, Director, Williamtown Aerospace Centre.

Committee members travelled to BAE Systems, Williamtown Aerospace Centre, and met with the following representatives:

- Mr Andrew Chapman, F35 Campaign Manager, BAE Systems
- Mr Darren Shaw, F35 Project Manager, BAE Systems.

5. Adjournment

The committee adjourned at 4.10 pm until 7:00 am, Tuesday 24 October 2017, Sydney Airport (regional site visit and public hearing in Queanbeyan and Adelaide)

Stephanie Galbraith
Committee Clerk

Minutes no. 33

Tuesday 24 October 2017

Standing Committee on State Development

Farrer Room, Best Western Central Motel, Queanbeyan, at 10.00 am

1. Members present

Mr Pearce, *Chair*
Mr Graham
Mr Green
Mr Wang (substituting for Mrs Maclaren-Jones)

2. Apologies

Mr Colless

Mrs Maclaren-Jones
Mr Veitch

3. Previous minutes

Resolved on the motion of Mr Green: That draft minutes no. 32 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Received:

- 21 August 2017 – Letter from Mr Matt Ramage, Assistant Secretary Defence Industry, Department of Defence to Chair, seeking to correct evidence given at public hearing of 3 August 2017.

Sent:

- 3 October 2017 – Letter from Chair to Professor Deb Hodgson, University of Newcastle thanking her for hosting a visit on 18 September 2017
- 3 October 2017 – Letter from Chair to Mr Ryan Stephenson, Bohemia Interactive Simulations, thanking him for hosting a visit on 18 September 2017
- 3 October 2017 – Letter from Chair to Mr Mike McMahon, Dexata, thanking him for hosting a visit on 18 September 2017
- 3 October 2017 – Letter from Chair to Mr Andrew Chapman, BAE Systems Australia, thanking him for hosting a visit on 18 September 2017
- 3 October 2017 – Letter from Chair to Mr Greg Gocher, Thales Australia, thanking him for hosting a visit on 18 September 2017.

5. Inquiries into the defence industry in New South Wales, and regional development and a global Sydney

5.1 Answers to questions on notice

The committee noted that the following answers to questions on notice provided by the following witnesses were published by the committee clerk under the authorisation of the resolution appointing the committee:

- Bland Shire Council, received 24 August 2017
- Central NSW Councils, received 12 September 2017
- University of New England, received 20 September 2017.
- Department of Premier and Cabinet, received 3 October 2017
- Department of Premier and Cabinet, received 4 October 2017
- Department of Defence, received 11 October 2017.

5.2 Correction to transcript

Resolved, on the motion of Mr Graham: That the committee authorise the publication of correspondence from Mr Ramage, Department of Defence, received 21 August 2017, and that this correspondence be noted in the footnote of the transcript of 3 August 2017.

5.3 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Stuart Althaus, Chief Executive Officer, SME Gateway
- Mr Robert Boz, Managing Director, Meccanica

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Warren Williams, Managing Director, Codarra Advanced Systems
- Dr Ben Greene, Chief Executive Officer, Electro Optic Systems
- Mr Steve Bowden, Director, Spearpoint

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Nicole Pearson, General Manager, Regional Economic Development and Strategic Policy, Department of Infrastructure and Regional Development
- Ms Ruth Wall, General Manager, Regional Programs, Department of Infrastructure and Regional Development.

The public hearing concluded at 11:51 am.

5.4 Site visit to Electro Optic Systems

Committee members travelled to the Electro Optic Systems, Mount Stromlo Observatory facility and met with the following representatives:

- Dr Ben Greene, Chief Executive Officer, Electro Optic Systems
- Dr James Bennett, RP3 Program Leader, Space Environment Research Centre.

5.5 Briefing with Department of Defence

Committee members were briefed by officials from the Department of Defence on Defence procurement issues and ways in which the Department engages with the defence industry. The committee met with the following representatives:

- Dr Andrew Jacopino, Assistant Secretary Supplier Analysis and Engagement, Capability Acquisition and Sustainment Group
- Mr Matt Ramage, Assistant Secretary Industry Policy
- Mr Michael Frith, Acting Assistant Secretary, Material Procurement Branch, Capability Acquisition and Sustainment Group.

6. Adjournment

The committee adjourned at 4:30 pm until 9:00 am, Wednesday 24 October 2017, Lobby, Majestic Roof Hotel, Adelaide (Site visit to ASC, Adelaide).

Stephanie Galbraith
Committee Clerk

Minutes no. 35

Thursday 13 November 2017

Standing Committee on State Development

Room 1136, Parliament House, Macquarie Street, Sydney, 12.00 pm

1. Members present

Mr Pearce, *Chair*

Mr Veitch, *Deputy Chair*

Mr Colless

Mr Green

Mrs Maclaren-Jones

2. Apologies

Mr Graham

3. Draft minutes

Resolved, on the motion of Mr Green: That draft minutes nos. 33 and 34 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Received:

- 26 October 2017 – Email from Mr Robert Boz, Managing Director, Meccanica, suggesting the establishment of a local defence industry forum.

Sent:

- 8 November 2017 – Letter from Chair to Dr Ben Greene, Chief Executive Officer, Electro Optic Systems, thanking him for hosting a visit on the 24 October 2017
- 8 November 2017 – Letter from Chair to Mr Stuart Whiley, Interim Chief Executive Officer, ASC Party Ltd, thanking him for hosting a visit on 25 October 2017.

5. Inquiries into the defence industry in New South Wales and regional development and a global Sydney**5.1 Answers to questions on notice**

The committee noted that the following answers to questions on notice provided by the following witnesses were published by the committee clerk under the authorisation of the resolution appointing the committee:

- Department of Defence, received 25 October 2017.

5.2 Site visit report

The Chair submitted site visit reports on the committee's visits to Nowra and Wollongong; West Wyalong; Tweed Heads and Armidale; The Hunter; and Canberra and Adelaide, which, having been previously circulated, were taken as being read.

Resolved, on the motion of Mr Veitch: That the committee accept and publish the following site visit reports relating to the committee's inquiries into the defence industry in New South Wales, and regional development and a global Sydney:

- a) Report for the Nowra and Wollongong site visits on 30 June 2017
- b) Report for West Wyalong site visits on 15 August 2017
- c) Report for the Tweed Heads and Armidale site visits on 28-29 August 2017
- d) Report for the Hunter site visits on 18 September 2017
- e) Report for the Canberra and Adelaide site visits on 24-25 October 2017.

5.3 Consideration of Chair's draft discussion paper – Defence industry in New South Wales

The Chair submitted his draft discussion paper entitled *Defence industry in New South Wales*, which, having been previously circulated, was taken as being read.

Resolved, on the motion of Mr Veitch:

- a) That the following new paragraphs and question be inserted after Question 8:

'Collaboration with the ACT'

The importance of interjurisdictional collaboration in promoting the defence industry was raised by both the defence industry advocates of New South Wales and the ACT.

Ms Kate Lundy, Defence Industry Advocate for the ACT Government explained that collaborative arrangements between New South Wales and ACT were formalised, to ensure that both jurisdictions could work 'interchangeably' to represent industry based in the border areas:

The ACT sits, of course, within the south-east of New South Wales. One of the key points the Chief Minister made on my appointment is that he did not want to have a visible border...between the ACT and the surrounding New South Wales region. Rather, he wanted me to approach my work as Defence Industry Advocate looking at the whole region as an economic region and to collaborate strongly with New South Wales, particularly with the...New South Wales Defence Industry Advocate, John Harvey. This was formalised, in an agreement using the cross-border forum that simply said we will collaborate to promote the defence industry in this region.

That allowed our respective industry departments...economic development in the ACT Government and New South Wales industry as expressed in those cross-border arrangements, to have a level of collaboration that allows us to work interchangeably when representing and taking the interests of the companies in our region forward. For example, there are companies in Queanbeyan that we are really inclusive of in all of our initiatives. We try to understand their issues and their challenges. Equally, I know Mr Harvey is quite conversant with some of the challenges facing companies that operate either really close to the border or in the ACT. We share knowledge and understanding about what those challenges are and work really closely in accessing some of the services and support..’ [FOOTNOTE, Ms Kate Lundy, Defence Industry Advocate, Australian Government, 3 August 2017, p 22]

Question X

Are there any additional steps that the NSW Government and ACT Government can take to enhance collaborative working arrangements for the benefit of defence industry?’

- b) That the following new paragraphs and question be inserted after Question 16:

‘The space industry

In September 2017 the Federal Government announced its intention to establish an Australian space agency. The agency will be responsible for providing international representation, supporting critical partnerships, and coordinating national strategies and activities to support industry growth. A review of Australia’s space industry capability is being led by an Expert Reference Group. It is expected that a final report, including a charter for the space agency, will be delivered to the Australian Government in March 2018.⁴⁴² [FOOTNOTE: Australian Government, Department of Industry, Innovation and Science, Review of Australia’s Space Industry Capability, <https://industry.gov.au/industry/IndustrySectors/space/Pages/Review-of-Australian-Space-Industry-Capability.aspx>.]

The application of an Australian space program has both civilian and defence implications and a number of inquiry stakeholders identified the opportunities emerging for industry as a result of government action in this area. For example, Dr Greene, Chief Executive Officer of Electro Optic System, reflected on the potential for Australia to increase its focus on space related capabilities, advising:

We have a very good platform of expertise in this country now and we are quite intelligent users of space. It is time we started to be more intelligent exploiters, in our own right, of space.

⁴⁴² Australian Government, Department of Industry, Innovation and Science, Review of Australia’s Space Industry Capability, <https://industry.gov.au/industry/IndustrySectors/space/Pages/Review-of-Australian-Space-Industry-Capability.aspx>.

In civil space I think there is huge potential for us to do more of what we are doing. ... In military space it is a bit more difficult because those programs are all siloed within each country, but we have significant military activities in space in four countries now and we have all the appropriate clearances and so on to do that. [FOOTNOTE: Evidence, Dr Ben Greene, Chief Executive Officer, Electro Optic Systems, 24 October 2017, p 11]

Mr Robert Boz, Managing Director, Meccanica, a SME based in Queanbeyan, also advised the committee that opportunities existed on account of the developing space sector. Mr Boz explained:

Meccanica provides an engineering consultancy and precision machining services to Defence itself, our local Defence contractors, and the developing space sector that is being developed at the University of New South Wales Australian Defence Force Academy [ADFA]. In that case, we are the preferred supplier to the CubeSat program that is developing there and we see a lot of opportunity both in the space and Defence sectors. [FOOTNOTE: Mr Robert Boz, Managing Director, Meccanica, p 2]

The committee invites further submissions on the space industry and its potential application for defence industry in New South Wales. In particular, it seeks submission on what steps the NSW Government can take to ensure that opportunities emerging from investment by the Federal Government are maximised for New South Wales based SMEs and academic institutions.

Question X

What steps can the NSW Government take to support New South Wales defence industry, and academic institutions tap into the opportunities created from Federal Government investment in a national space agency?’

Resolved, on the motion of Mr Green: That:

- a) the draft discussion paper, as amended, be adopted by the committee and published in accordance with standing order 226(4) on 13 November 2017
- b) following publication, the discussion paper be sent to inquiry participants and interested parties with a letter inviting submissions on the paper
- c) the Chair table the discussion paper in the House on 14 November 2017
- d) the committee secretariat correct any typographical, grammatical and formatting errors.

5.4 Consideration of Chair’s draft discussion paper - Regional development and a global Sydney

The Chair submitted his draft discussion paper entitled *Regional development and a global Sydney*, which, having been previously circulated, was taken as being read.

Resolved, on the motion of Mr Veitch:

- a) That the following words be inserted at the end of paragraph 1.23:
‘However, these aggregate figures are heavily influenced by the impact of the mining construction boom.’
- b) That the following new paragraph be inserted after paragraph 1.23:
‘Figures that have recently been reported from the latest census show that in the five years between 2011 and 2016, 342,000 jobs have been created in Sydney, while outside Sydney the number of jobs has decreased by 17,000. In response the NSW Government has quoted the Bureau of Statistics’ labour force survey which shows ‘more than 90,000 jobs’ added in the state’s regional areas between September 2011 and September 2017. These competing figures illustrate the need for better and more frequent reporting of regional economic data. While these economic statistics are produced at a national level, they have an important impact on the NSW Government’s ability to drive its regional development agenda.’

[FOOTNOTE: <http://www.smh.com.au/business/the-economy/sydney-jobs-boom-puts-pressure-on-transport-and-house-prices-20171108-gzhitj.html>]

That the following new question be inserted before paragraph 1.24:

‘Question 1

What additional statistical information would be useful to determine how regional New South Wales is fairing economically on a more frequent and more detailed basis?’.

That the following new paragraphs and question be inserted after Question 24:

‘Accessing finance

The committee is cognisant that access to finance can be a significant barrier for smaller SMEs or startups. While the committee will discuss this issue further in its discussion paper on the defence industry in New South Wales, the committee takes this opportunity to acknowledge the difficulties faced by SMEs in the face of reluctance from banks to lend them sufficient capital to fund their new enterprises, possibility on account of a limited understanding of new and emerging areas of industry, particularly with regard to defence. This can make it difficult for SMEs to secure the necessary funding to attract or deliver larger, more valuable contracts.

The committee seeks further submissions on what appropriate steps should be taken by the NSW Government to assist SMEs and startups to secure the necessary finance to innovate, expand their businesses and attract large contracts, particularly where those new industries and contracts can facilitate relocation of business to the regions and fuel regional economies.

Question

How can the NSW Government assist SMEs and startups to secure the necessary finance to innovate, expand their businesses and attract large contracts, particularly where those new opportunities can facilitate relocation of business to the regions and fuel regional economies?’

- c) That paragraph 5.87 be amended by omitting ‘insurmountable commuting distances’ and inserting instead ‘insurmountable commuting distances; and restricting opportunities for education or employment’.
- d) That the following questions be inserted after Question 33:
 - ‘What is the impact of rising housing costs in global Sydney on nearby regional areas?’
 - What opportunities and issues do rising housing costs create for regional areas across New South Wales?’

Resolved, on the motion of Mr Veitch: That:

- a) the draft discussion paper, as amended, be adopted by the committee and published in accordance with standing order 226(4) on 13 November 2017
- b) following publication, the discussion paper be sent to inquiry participants and interested parties with a letter inviting submissions on the paper
- c) the Chair table the discussion paper in the House on 14 November 2017
- d) the committee secretariat correct any typographical, grammatical and formatting errors.

Resolved, on the motion of Mr Veitch: That submissions to both the discussion papers close on Monday 12 February 2018.

Resolved, on the motion of Mrs Maclaren-Jones: That the committee extend its thanks to the secretariat for its work in the preparation of both discussion papers.

Resolved, on the motion of Mr Colless: That the committee extend its congratulations and appreciation to the Chair on his chairmanship of the committee.

6. Adjournment

The committee adjourned at 12.34 pm, *sine die*.

Jenelle Moore
Committee Clerk

Minutes no. 36

Wednesday 7 March 2018

Standing Committee on State Development

Room 1043, Parliament House, Macquarie Street, Sydney, 2.00pm

1. Members present

Mr Martin, *Chair*

Mr Veitch, *Deputy Chair*

Mr Graham

Mr Green

Mrs Maclaren-Jones

2. Apologies

Mr Colless

3. Committee membership

The committee noted that the Hon Taylor Martin MLC replaced the Hon Greg Pearce MLC as Chair from 13 February 2018.

The committee to note that the Hon Taylor Martin MLC replaced the Hon Natalie Ward MLC as a member of the committee on 13 February 2018. Ms Ward had served since 30 November 2017.

4. Previous minutes

Resolved, on the motion of Mr Green that draft minutes nos.35 be confirmed.

5. Correspondence

The committee noted the following items of correspondence:

Received:

- 24 October 2017 – Letter from the Hon Martin Hamilton-Smith MP, Minister for Defence and Space Industries, Government of South Australia, to Chair noting the committee's site visit to Adelaide
- 20 November 2017 – Email from Mr Harry Baxter, Defence Materials Technology Centre Ltd, to committee advising of best practice STEM and capacity-building program case studies
- 12 February 2018 – Email from Ms Angela Petty, Communications and Coordination Officer, Centre for Defence Industry Capability (CDIC), advising that the CDIC does not intend to make a formal submission in response to the discussion paper.

Sent:

- 20 October 2017 – Chair to Senator the Hon Marise Payne, Minister for Defence, Australian Government, advising of committee's visit to Canberra and Adelaide
- 20 October 2017 – Chair to the Hon Christopher Minister Pyne MP, Minister for Defence Industry, Australian Government, advising of committee's visit to Canberra and Adelaide
- 20 October 2017 – Chair to the Hon Martin Hamilton-Smith MP, Minister for Defence and

Space Industries, Government of South Australia

- 20 October 2017 – Chair to the Hon John Barilaro MP, Member for Monaro, advising of committee’s public hearing in Queanbeyan.

6. Inquiries into Regional development and a global Sydney, and the Defence Industry in New South Wales

6.1 Answers to questions on notice

The committee noted that the following answers to questions on notice provided by the following witnesses were published by the committee clerk under the authorisation of the resolution appointing the committee:

- Department of Defence, received 25 October 2017
- Newcastle City Airport, received on 10 October 2017
- Clarence Valley Council, received 13 September 2017
- Chris Williams, Sydney Aerospace and Defence Interest Group, received 8 August 2017
- Commonwealth Department of Infrastructure and Regional Development, received 20 November 2017
- Hunter Business Chamber, received 21 November 2017.

6.2 Submissions to the discussion papers

6.2.1 Regional development and a global Sydney

The committee noted that the following submissions to the discussion paper were published by the committee clerk under the authorisation of an earlier resolution: submission nos. 1a, 7a, 9a, 13a, 20a, 29a, 30a, 37a.

6.2.2 Defence Industry in New South Wales

The committee noted that the following submissions were published by the committee clerk under the authorisation of an earlier resolution: submission nos. 5a, 6a, 13a, 14a, 14a, 15a, 16a, 18a, 19a, 21a, 25a, 26a, 37-40.

6.3 Reporting deadline for Regional Development and a global Sydney inquiry

Resolved, on the motion of Mr Veitch: That the committee extend the reporting date of the inquiry into regional development and a global Sydney to by 7 June 2018 and that the secretariat writes to the Minister advising of this change.

7. Adjournment

The committee adjourned at 2.01pm, until Tuesday 27 March 2018, Jubilee Room, Parliament House (Regional development and a global Sydney inquiry public hearing).

Stephanie Galbraith
Committee Clerk

Minutes no. 37

Tuesday 27 March 2018

Standing Committee on State Development

Macquarie Room, Parliament House, 9:30am

1. Members present

Mr Martin, *Chair*

Mr Veitch, *Deputy Chair*

Mr Clarke (substituting for Mrs Maclaren-Jones from 9.30 am to 9.43 am)

Mr Farlow (substituting for Mrs Maclaren-Jones from 9.43 am to 10.45 am)

Mr Graham

Mr Green (until 3.20 pm)

Mrs Maclaren- Jones (from 11.00 am).

2. Apologies

Mr Colless

3. Inquiry into regional development and a global Sydney

3.1 Public roundtable

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witness was examined on his former oath:

- Mr Luke Aitken, Senior Manager, Policy, NSW Business Chamber.

The following witness was sworn and examined:

- Mr Robert Millar, Policy Manager, Infrastructure, NSW Business Chamber.

The evidence concluded and the witnesses withdrew.

The following witness was examined on his former oath:

- Cr Bill West, Portfolio Chair for Regional Development, Central NSW Councils.

The following witnesses were sworn and examined:

- Ms Jo Hewitt, Acting Economic Development Team Leader, Albury City Council
- Ms Jennifer Bennett, Executive Officer, Central NSW Councils
- Mayor Ben Shields, Dubbo City Council and Member of Orana Regional Organisation of Councils
- Mr Michael McMahon, General Manager, Dubbo City Council and Member of Orana Regional Organisation of Councils.

Mr McMahon tendered the following documents:

- Dubbo and Wellington, New Residents Guide
- Dubbo and Wellington, Events Guide
- Dubbo and Great Western Plains.

Cr West tendered the following document:

- Letter from Chair Cr John Medcalf, Mayor, Lachlan Shire Council to the Hon Adam Marshall, Minister for Tourism and Major Events, 18 January 2018.

The evidence concluded and the witnesses withdrew.

The following witness was examined on her former oath:

- Nicky Sloan, Chief Executive Officer, Community Industry Group (formerly Illawarra Forum).

The following witnesses were sworn and examined:

- Ms Clara Bradley, Policy Lead, NCOSS
- Ms Donna Brotherson, South Eastern Tenant Participation Resource Worker, Community Industry Group (formerly Illawarra Forum).

The evidence concluded and the witnesses withdrew.

The committee adjourned at 2.21 pm for a private meeting.

The public and media withdrew.

4. **Deliberative Meeting**

4.1 **Previous minutes**

Resolved, on the motion of Mr Veitch: That draft minutes no.36 be confirmed.

4.2 **Correspondence**

The committee noted the following items of correspondence:

Received:

- 20 March 2018 – Email from Mr Dong Feng, Regional Policy Partnerships, Regional and Dams Policy, Regional Development and Local Government, Department of Infrastructure, Regional Development and Cities to secretariat, responding to request for representatives from Regional Development Australia to attend the roundtable on 27 March 2018
- 22 March 2018 – Email from Ms Maria Barrett, Executive Assistant to Mr Kevin Mack, Chairman, Evocities to secretariat, advising that Evocities is unable to attend the roundtable on 27 March 2018
- 27 March 2018 – Email from Government Whip to Director, advising that the Hon David Clarke MLC will be substituting for the Hon Natasha Maclaren-Jones for the part of the public roundtable
- 27 March 2018 – Email from Government Whip to Director, advising that the Hon Scott Farlow MLC will be substituting for the Hon Natasha Maclaren-Jones for the part of the public roundtable.

Sent:

- 8 March 2018 – Letter from Chair, to the Hon Anthony Roberts MP, Minister for Planning, Minister for Housing, and Special Minister of State, Leader of the House, advising of the extension to the reporting date for the inquiry into regional development and a global Sydney.

4.3 **Written responses to roundtable questions – NSW Aboriginal Land Council**

Resolved, on the motion of Mr Green: That the committee accept the offer of the NSW Aboriginal Land Council to provide written answers to questions from the public roundtable.

4.4 **Submissions to the discussion paper**

The committee noted that Submission No. 27a was published by the Committee Clerk under the authorisation of an earlier resolution.

4.5 **Tendered Documents**

Resolved, on the motion of Mr Green: That the committee accept and publish the following documents tendered during the public roundtable:

- Dubbo and Wellington, New Residents Guide, tendered by Mr Michael McMahon, General Manager, Dubbo City Council and Member of Orana Regional Organisation of Councils
- Dubbo and Wellington, Events Guide, tendered by Mr Michael McMahon, General Manager, Dubbo City Council and Member of Orana Regional Organisation of Councils

- Dubbo and Great Western Plains Guide, tendered by Mr Michael McMahon, General Manager, Dubbo City Council and Member of Orana Regional Organisation of Councils.

Resolved, on the motion of Mr Green: That the committee accept and keep confidential the following document tendered:

- Letter from Chair Cr John Medcalf, Mayor, Lachlan Shire Council to Hon. Adam Marshall, 18 January 2018, tendered by Cr Bill West, Portfolio Chair for Regional Development, Central NSW Councils.

5. Resumption of public roundtable

Witnesses, the public and the media were readmitted.

The following witness was examined under his former oath:

- Mr Stewart Webster, A/Executive Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet

The following witness was sworn and examined:

- Mr Brett Whitworth, Executive Director, Strategic Planning and Programs, Department of Planning and Environment.

The evidence concluded and the witnesses withdrew.

The public roundtable concluded at 3.56 pm.

The public and media withdrew.

6. Adjournment

The committee adjourned at 3.56 pm until Wednesday 4 April, 9.15 am, Macquarie Room, Parliament House (Defence industry in NSW public roundtable).

Emma Rogerson
Committee Clerk

Minutes no. 38

Wednesday 4 April 2018

Standing Committee on State Development

Macquarie Room, Parliament House, 9.30 am

1. Members present

Mr Martin, *Chair*

Mr Veitch, *Deputy Chair*

Mr Graham

Mr Green

Mrs Maclaren-Jones

2. Apologies

Mr Colless

3. Previous minutes

Resolved, on the motion of Mr Green: That draft minutes no. 37 be confirmed.

4. Correspondence

The Committee noted the following items of correspondence:

Received:

- 23 March 2018 – Email from Ms Carlita Warren, Senior Manager, Policy and Research, NRMA to secretariat, advising it is unable to attend the roundtable on 27 March 2018 for regional development and a global Sydney
- 23 March 2018 – Email from Ms Jane Lambert, Program Leader, Strategy, City and Community Outcomes, Blue Mountains City Council to secretariat, advising it is unable to attend the roundtable on 27 March 2018 for regional development and a global Sydney
- 23 March 2018 – Email from Ms Kelly Goodwin, Director Corporate Communications, Infrastructure NSW to secretariat, declining the invitation to appear at the roundtable on 27 March 2018 for regional development and a global Sydney
- 26 March 2018 – Email from Ms Kate Aubrey-Poiner, Manager, Strategy and Policy, NSW Aboriginal Land Council to secretariat, advising it is unable to attend the roundtable on 27 March 2018 for regional development and a global Sydney.

5. Report deliberative date for State Development Committee inquiries

Resolved, on the motion of Mr Veitch: That the committee hold its report deliberative meeting for its inquiries into the Defence industry in New South Wales, and Regional development and a global Sydney on Friday 1 June 2018, and that consideration of the Chair's draft report into the Defence industry in New South Wales take place first.

6. Inquiry into the Defence industry in NSW**6.1 Public submissions**

Resolved, on the motion of Mr Graham: That submission no.38 as published be withdrawn and replaced with an updated version, as per request of the author, as the original version contained formatting errors resulting from corrupt images.

6.2 Public roundtable

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were examined on their former oath:

- Commodore Peter Scott CSC, RANR, Director, Defence NSW
- Mr Duncan Challen, Executive Director, Industry Development, NSW Department of Industry
- Mr Chris Williams, Executive Chair, Sydney Aerospace & Defence Interest Group, and member of Centre for Defence Industry Capability Advisory Board.

The following witnesses were sworn and examined:

- Ms Anna Murray, NSW Vice-president, Australian Industry & Defence Network
- Ms Evelyn Nordhoff, Defence Industry Facilitator – New South Wales, Centre for Defence Industry Capability
- Mr Trent Goldsack, Business Advisor, Centre for Defence Industry Capability
- Mr Stewart Noel, Sydney Aerospace & Defence Interest Group
- Ms Therese O'Dwyer, Acting Executive Officer, Regional Development Australia, Sydney.

The evidence concluded and the witnesses withdrew.

The following witnesses were examined on their former oath:

- Air Marshall (Ret) John Harvey AM, NSW Defence Advocate
- Mr Laurie Koster, Chairperson, Shoalhaven Defence Industry Group.

The following witnesses were sworn and examined:

- Mr Mark Goodsell, Head – New South Wales, Australian Industry Group
- Mr Bob Hawes, Chief Executive Officer, Hunter Business Chamber.

The evidence concluded and the witnesses withdrew.

The following witnesses were examined on their former oath:

- Commodore Peter Scott CSC, RANR, Director, Defence NSW
- Air Marshall (Ret) John Harvey AM, NSW Defence Advocate
- Ms Therese O'Dwyer, Acting Executive Officer, Regional Development Australia, Sydney.

The following witnesses were sworn and examined:

- Dr Chris Armstrong, Acting/NSW Chief Scientist and Engineer
- Professor Bradley Williams, Director, Defence Innovation Network; Professor of Chemistry, University of Technology Sydney
- Professor Iver Cairns, Professor in Space Physics, University of Sydney; Director, SpaceNet; Director of the ARC Training Centre for CubeSats, UAVs and Their Applications
- Professor Andrew Dempster, Director, Australian Centre for Space Engineering Research, University of New South Wales
- Dr Gregor Ferguson, Chair Innovation Sub Committee, Sydney Aerospace & Defence Interest Group.

Professor Cairns tendered the following document:

- Statement to the Standing Committee on State Development concerning the defence and space industries in New South Wales, 4 April 2018.

The evidence concluded and the witnesses withdrew.

The public roundtable concluded at 3.17 pm

The public and media withdrew.

6.3 Tendered documents

Resolved, on the motion of Mr Green: That the committee accept and publish the following document tendered during the hearing:

- Statement to the Standing Committee on State Development concerning the defence and space industries in New South Wales, 4 April 2018, tendered by Professor Iver Cairns in Space Physics, University of Sydney; Director, SpaceNet; Director of the ARC Training Centre for CubeSats, UAVs and their Applications.

7. Adjournment

The committee adjourned at 3.22 pm until Friday 1 June 2018, Room 1254, Parliament House (Report deliberative meeting for the inquiries into the Defence industry in New South Wales, and Regional development and a global Sydney).

Stephanie Galbraith

Clerk to the Committee

Minutes no. 40

Friday 1 June 2018

Standing Committee on State Development

Room 1254, Parliament House, 9.06 am

1. Members presentMr Martin, *Chair*Mr Veitch, *Deputy Chair*

Mr Colless

Mr Graham

Mr Green

Mrs Maclaren-Jones

2. Previous minutes

Resolved, on the motion of Mr Veitch: That draft minutes no. 39 be confirmed.

3. Inquiry into regional development and a global Sydney**3.1 Correspondence**

The committee noted the following items of correspondence:

Received:

- 20 April 2018 – Letter from NSW Aboriginal Land Council to committee, providing written responses to discussion points from the inquiry into regional development and a global Sydney roundtable
- 22 May 2018 – Email from Ms Jenny Bennett, Executive Officer, Central NSW Councils to secretariat, advising that answers to questions on notice regarding discussion with local business chambers are still a work in progress
- 23 May 2018 – Email from the office of Ms Dawn Walker MLC to secretariat, advising that Ms Walker wishes to be a participating member of the inquiry into the Provisions of the Forestry Legislation Amendment Bill 2018

Sent:

- 15 May 2018 – Email from secretariat to Ms Jenny Bennett, Executive Officer, Central NSW Councils, regarding the expected return of answers to questions on notice for the inquiry into regional development and a global Sydney roundtable (the QONs have not been received with the due date being 24 April 2018).

Resolved, on the motion of Mr Veitch: That the committee authorise the publication of correspondence from the NSW Aboriginal Land Council, providing written responses to discussion points from the inquiry into regional development and a global Sydney roundtable, received on 20 April 2018.

Resolved, on the motion of Mr Colless: That the committee authorise:

- the secretariat to write to the Department of Premier and Cabinet to ascertain information on that department's recent restructure and how it will be supporting the future development of community strategic plans
- the publication of any correspondence received from the Department of Premier and Cabinet regarding its recent restructure and support for the future development of community strategic plans.

3.2 Answers to questions on notice

The committee noted that the following answers to questions on notice were published by the committee clerk under the authorisation of the resolution appointing the committee:

- NSW Business Chamber, received on 11 April 2018
- Mr Stewart Webster, Acting Executive Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet, received on 18 April 2018

- Albury City Council, received on 17 April 2018
- Mr Brett Whitworth, Executive Director, Strategic Planning and Programs, Department of Planning and Environment, received on 23 April 2018
- NCOSS, received 24 April 2018
- Central NSW Councils, Part one, received 4 May 2018
- Central NSW Councils, Part two, received 8 May 2018.

Resolved, on the motion of Mr Colless: That the committee keep confidential answers to questions on notice received from Albury City Council on 17 April 2018, and Central NSW Councils Part two received on 8 May 2018, as per the request of the author.

3.3 Consideration of Chair's draft report entitled '*Regional development and a global Sydney*'

The Chair submitted his draft report entitled *Regional development and a global Sydney*, which, having been previously circulated, was taken as being read.

Resolved, on the motion of Mr Graham: That the following new paragraph be inserted after paragraph 1.21: 'In comparison, the Gross State Product for New South Wales since 2006 has increased on average by 2.2 per cent.' [FOOTNOTE: Australian Bureau of Statistics, 5220.0 - Australian National Accounts: State Accounts, 2015-16, Analysis of results Growth in GSP volume measures, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Previousproducts/5220.0Main%20Features22015-16?opendocument&tabname=Summary&prodno=5220.0&issue=2015-16&num=&view=>]

Resolved, on the motion of Mr Graham: That the following new paragraph be inserted after paragraph 1.24: 'Job creation in the regions remains a major challenge. The latest census figures show that in the five years between 2011 and 2016, 342,000 jobs have been created in Sydney, while outside Sydney the number of jobs has decreased by 17,000.' [FOOTNOTE: Matt Wade, 'Sydney jobs boom puts pressure on transport and house prices', *Sydney Morning Herald*, 9 November 2017, <https://www.smh.com.au/business/the-economy/sydney-jobs-boom-puts-pressure-on-transport-and-house-prices-20171108-gzhitj.html>; Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 8.]

Resolved, on the motion of Mr Graham: That the following new paragraph be inserted after paragraph 2.28: 'Albury City Council also advised that the methodology and discount rate used for the assessment of projects was unknown, making it difficult to know why projects had not been approved. Ms Jo Hewitt, Acting Economic Development Team Leader, Albury City Council, informed the committee that to understand why the project had been rejected, the council had to take the additional step of making a Government Information (Public Access) Act request.' [FOOTNOTE: Evidence, Ma Jo Hewitt, Acting Economic Development Team Leader, Albury City Council, 27 March 2018, p 27.]

Resolved, on the motion of Mr Graham: That the following committee comment and recommendations be inserted after paragraph 2.30:

'Committee comment

The committee does not accept the suggested rationale that economic projects on border towns should be subjected to a reduction in the projected benefit of such projects. It is recommended that NSW Treasury further clarify whether border towns are subjected to a reduction in the projected benefits in assessing projects. It is further recommended that such calculations should be made public after projects are refused or contracts are let for all regional areas, in order to allay community concerns.

Recommendation X

That the NSW Treasury further clarify whether border towns are subjected to a reduction in the projected benefits in assessing projects.

Recommendation X

That the NSW Treasury make such calculations public after projects are refused or contracts are let for all regional areas in order to allay community concerns.'

Resolved, on the motion of Mr Green: That the following new paragraph and committee comment be inserted after 2.100:

'Mr Steve Orr, Executive Director, Regional Coordination, Regional NSW, Department of Premier and Cabinet informed of the department's Regional Leadership Executives who are tasked with 'providing a whole of Government approach to issues confronting regional communities' across nine regions. This includes 'connections with local government, generally through Local Government Joint Organisations, to provide local government perspectives on regional issues and to enable connection with local government activities'.

The Department of Premier and Cabinet advised that as of May 2018, 11 joint organisations of councils have formally commenced with the department represented on these organisations as a non-voting Board member. It is anticipated that this departmental representation will 'further strengthen the connection between state and local government'.

Mr Steve Orr, Executive Director, Regional Coordination, Regional NSW, Department of Premier and Cabinet also advised of the new larger, single regional team 'DPC Regional' within the department, which combines the former Regional Coordination Branch and the Office of Regional Development. The new team, to formally commence on 1 July 2018 'will be in a stronger position to respond to issues, allocate resource to priority areas and work with local councils' [FOOTNOTE: Correspondence from Mr Steve Orr, Executive Director, Regional Coordination, Regional NSW, Department of Premier and Cabinet to committee, 4 June 2018.]

Resolved, on the motion of Mr Graham: That the following new paragraphs be inserted after 2.104:

'When questioned about the appropriateness of the discount rate when assessing projects in regional areas, Mr Stewart Webster, Acting Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet noted the use of the discount rate was not appropriate as it can reduce the effect of long term benefits.' [FOONOTE: Evidence, Mr Stewart Webster, Acting Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet, 27 March 2018, p 46.]

Mr Luke Aitken, Senior Manager Policy, NSW Business Chamber also supported the view that the current discount rate undervalues the economic benefit of projects.' [FOOTNOTE: Evidence, Mr Luke Aitken, Senior Manager, Policy, NSW Business Chamber, 27 March 2018, p 6.]

Resolved, on the motion of Mr Colless: That Recommendation 4 be amended by inserting at the end: 'taking into account the social benefits as well as economic benefits'.

Resolved, on the motion of Mr Graham: That the following new recommendation be inserted after recommendation 4:

Recommendation X

That the NSW Government review the discount rate that applied to the Benefit Cost assessments to ensure that it is appropriate for the current low interest environment.'

Resolved on the motion of Mr Green: That the following new paragraphs be inserted after 2.131:

'Inquiry participants expressed concerns about the Destination NSW funding framework, in particular the mechanisms of administering funding to regions. Ms Jennifer Bennett, Executive Officer, Central NSW Councils, told how Destination NSW funding is 'administered from Sydney', which has restricted the ability of the regions to manage their own marketing budgets: "If you look at the funding framework ... marketing funding is administered by Sydney. We stomp up our marketing dollars, we give

them to Sydney, and they come back at some point with some marketing program for us”. [FOOTNOTE: Ms Jennifer Bennett, Executive Officer, Central NSW Councils, 27 March 2018, pp 21 and 23].

Another concern held by inquiry participants, as noted in the discussion paper, was that the substantial funding allocated towards the Destination Networks would be “absorbed in the establishment, staffing and running of Destination Networks, rather than reach the local communities they were intended to assist.” [FOONOTE: Submission 28, Bland Shire Council, p 13; Submission 20, Central NSW Councils, p 7; Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 35].

Resolved, on the motion of Mr Green: That the following paragraph and recommendation be inserted after recommendation 5:

‘Committee comment

The committee acknowledges the concerns of inquiry participants regarding the Destination NSW funding framework and the mechanisms for the allocation of funding to the regions. It is recommended that Destination NSW review the allocation of funding and funding framework for Destination Networks and the Regional Tourism Fund.

Recommendation X

That Destination NSW review the allocation of funding and funding framework for Destination Networks and the Regional Tourism Fund.’

Resolved, on the motion of Mr Graham: That the following new paragraph be inserted after paragraph 3.10: ‘The most important data to be available are figures for economic growth, employment and sectoral employment that distinguish the performance of regional New South Wales. These data series should be published at a quarterly interval in order to provide regular economic feedback to New South Wales policy makers’.

Resolved, on the motion of Mr Veitch: That the following new paragraph be inserted after paragraph 3.110: ‘The NSW Aboriginal Land Council advised it was crucial that in any regional economic development strategy, [local aboriginal land councils] should be seen as “key players” and that such strategies require “comprehensive and meaningful consultation with Aboriginal peoples, including with [local aboriginal land councils].” [FOOTNOTE: Correspondence from Mr Stephen Hynd, Executive Director, Business Improvement, NSW Aboriginal Land Council, to committee, 20 April 2018]

Resolved, on the motion of Mr Veitch: That the following new recommendation be inserted after paragraph 3.128:

‘Recommendation X

That the NSW Government, when developing regional economic strategies for Aboriginal communities, include genuine consultation and involvement of local Aboriginal communities.’

Resolved, on the motion of Mr Colless: That the following new paragraphs be inserted after 4.18:

‘Central West and Orana

As noted in the discussion paper, the Central West and Orana sit at the heart of New South Wales and encompass a region that primarily lies west of the Great Dividing Range. Major towns include Bathurst, Orange, Dubbo, Lithgow, Mudgee, Cowra, Parkes and Forbes.

A key logistical project currently under way that has the capacity to facilitate a stronger and smoother supply chain for the Central West is the Inland Rail Link from Melbourne to Brisbane. The Inland Rail Line is funded by the Australian Government with construction already underway.

According to Engineers Australia, the Inland Rail Line will provide opportunities for New South Wales to move goods into the new Western Sydney Airport, offering regional exporters access to varied overseas markets.’ [FOOTNOTE: Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), pp 70 and 73; Submission 25, Engineers Australia, p 3.]

Resolved, on the motion of Mr Green: That the following new paragraph be inserted after paragraph 4.18:

Newell Highway

As outlined in the discussion paper, the Newell Highway while recognised as the “economic backbone of regional New South Wales” has been plagued by blockages, particularly those caused by periodic flooding events. Inquiry participants told of the significant impacts that flooding events of 2017 have had on the region, particularly for freight, tourism and local businesses.’ [FOOTNOTE: Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional development and a global Sydney* (2017), p 72; Transport for NSW, *Newell Highway Corridor Strategy*, <http://www.transport.nsw.gov.au/projects/current-projects/newell-highway-corridor-strategy>]

Resolved, on the motion of Mr Colless: That recommendation 12 be amended by inserting ‘and Blayney to Demondrille railway line’ before ‘including seeking funding through the National Rail Program’.

Resolved on the motion of Mr Green: That the following paragraph be inserted after recommendation 12:

‘Committee comment

The committee acknowledges the significant impact flooding can have on the Newell Highway corridor, including impeding freight and tourism to the towns and regions along the corridor and the flow on effect this has for local businesses. The committee notes that the NSW Government has commenced upgrade projects on the Newell Highway corridor to improve flood immunity to address the issue.’

Resolved, on the motion of Mr Graham: That the following new recommendation be inserted after paragraph 4.97:

‘Recommendation X

That the NSW Government immediately engage in a high level strategic dialogue with all three levels of government and NBN Co. to establish a working group to discuss the NBN rollout. This would focus on the strategic priorities for the New South Wales rollout, the speed of the rollout, and explore the practicalities of a national broadband network service guarantee.’

Resolved, on the motion of Mr Veitch: That:

- a) The draft report as amended be the report of the committee and that the committee present the report to the House;
- b) The transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, and correspondence relating to the inquiry be tabled in the House with the report;
- c) Upon tabling, all unpublished attachments to submissions be kept confidential by the committee;
- d) Upon tabling, all unpublished transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, and correspondence relating to the inquiry, be published by the committee, except for those documents kept confidential by resolution of the committee;

- e) The committee secretariat correct any typographical, grammatical and formatting errors prior to tabling;
- f) The committee secretariat be authorised to update any committee comments where necessary to reflect changes to recommendations or new recommendations resolved by the committee;
- g) Dissenting statements be provided to the secretariat within 24 hours after receipt of the draft minutes of the meeting;
- h) That the report be tabled on 7 June 2018.
- i) That the Chair consult with the committee for a suitable date to hold a press conference.

4. Inquiry into the defence industry in NSW

4.1 Correspondence

The committee noted the following items of correspondence:

Received:

- 5 April 2018 – Email from Mr Gregor Ferguson, Innovation Sub Committee, Sydney Aerospace and Defence Interest Group to committee, providing written responses to discussion points from the inquiry into the Defence industry roundtable hearing
- 7 May 2018 – Email from Mr Bob Hawes, Chief Executive Officer, Hunter Business Chamber to committee, providing additional information to the committee about Hunter Defence
- 15 May 2018 – Email from Ms Angela Petty, Communications and Coordination Officer, Centre for Defence Industry Capability, Department of Industry, Innovation and Science to secretariat, advising that the responses to answers to questions on notice are with the office of the Minister for Defence Industry for approval
- 16 May 2018 – Email from Commodore Peter Scott, Director, Defence NSW, NSW Department of Industry to secretariat, providing additional information on the Defence Industry Advisory Group
- 25 May 2018 – Email from Mr Bob Hawes, Chief Executive Officer, Hunter Business Chamber to committee, requesting that information provided on 7 May 2018 remain confidential.

Sent:

- 9 May 2018 – Email from secretariat to Commodore Peter Scott, Director, Defence NSW, NSW Department of Industry, seeking further information about Defence Industry Advisory Group
- 10 May 2018 – Email from secretariat to Professor Iver Cairns, Professor in Space Physics, University of Sydney, Director, SpaceNET and Director of the ARC Training Centre for CubeSats, Unmanned Aerial Vehicles and Their Applications, regarding the expected return of answers to questions on notice for the inquiry into the defence industry in New South Wales roundtable (the QONs have not been received with the due date being 3 May 2018)
- 23 May 2018 – Email from secretariat to Professor Iver Cairns, Professor in Space Physics, University of Sydney, Director, SpaceNET and Director of the ARC Training Centre for CubeSats, Unmanned Aerial Vehicles and Their Applications, regarding the expected return of answers to questions on notice for the inquiry into the defence industry in New South Wales roundtable (the QONs have not been received with the due date being 3 May 2018).

Resolved, on the motion of Mr Graham: That the committee authorise the publication of correspondence from:

- Mr Gregor Ferguson, Innovation Sub Committee, Sydney Aerospace and Defence Interest Group, providing written responses to discussion points from the inquiry into the Defence industry roundtable hearing, received on 5 April 2018
- Commodore Peter Scott, Director, Defence NSW, NSW Department of Industry to secretariat, providing additional information on the Defence Industry Advisory Group, received on 16 May 2018.

Resolved, on the motion of Mr Veitch: That the committee keep correspondence from Mr Bob Hawes, Chief Executive Officer, Hunter Business Chamber, dated 7 May 2018, confidential as per request of the author as it contains sensitive information.

4.2 Answers to question on notice

The committee noted that the following answers to questions on notice were published by the committee clerk under the authorisation of the resolution appointing the committee:

- Professor Andrew Dempster, received 18 April 2018
- Commodore Peter Scott, Department of Industry NSW, received 12 April 2018
- Mr Laurie Koster, Global Defence Solutions, received 2 May 2018
- Hunter Business Chamber, received 7 May 2018
- Centre for Defence Industry Capability, received on 23 May 2018
- Professor Iver Cairns, received 25 May 2018.

4.3 Submissions to the discussion paper – Defence industry in New South Wales

The committee noted that the following submission to the discussion paper was published by the committee clerk under the authorisation of an earlier resolution: submission no. 35a.

4.4 Consideration of chair's draft report entitled '*Defence industry in New South Wales*'

The Chair submitted his draft report entitled *Defence industry in New South Wales*, which, having been previously circulated, was taken as being read.

Resolved, on the motion of Mr Graham: That the following new committee comment and recommendation be inserted after paragraph 2.21:

'Committee comment

The timelines associated with defence procurement mean that bipartisan support is required in order to engage with the decision makers in Defence.

The committee is of the view that this requires a point of engagement for Defence NSW to the Parliament of New South Wales which allows a bipartisan, long term, informed discussion across the Parliament with the goal of supporting New South Wales to engage strategically with the Federal defence procurement machinery.

The Parliamentary Friends of Defence has a role here, although such engagement could be better supported by the creation of a Joint Committee on Defence and Space Industries to be established by the Parliament of New South Wales. Such a committee would be established upon bipartisan lines and would be briefed by Defence NSW on a regular basis. It is recommended that the Parliament of New South Wales support the establishment of a Joint Committee on Defence and Space Industries in New South Wales.

Recommendation X

That the Parliament of New South Wales support the establishment of a Joint Committee on Defence and Space Industries in New South Wales.'

Resolved, on the motion of Mr Green: That the following new paragraph and recommendation be inserted after paragraph 2.37:

'The committee recommends that the NSW Government, having provided time for its newly established Defence and defence industry support structures to mature, publically commit to reconsidering the benefits of establishing a defence ministerial advisory committee'.

Recommendation X

That the NSW Government, having provided time for its newly established support structures to mature, publically commit to reconsidering the benefits of establishing a defence ministerial advisory committee.'

Resolved on the motion of Mr Green: That paragraph 2.38 be omitted as follows: 'However, the committee is mindful that the recently established structures to support Defence and the defence industry in New

South Wales are in their infancy and should be provided with time to embed and develop. On balance, the committee therefore finds that in the short term, more value may be achieved by increasing the functionality of Defence NSW and existing engagement structures’.

Resolved, on the motion of Mr Green: That the following new paragraphs be inserted after paragraph 3.76:

‘Access to effective telecommunication networks

A number of inquiry participants reflected on the importance of governments in providing the necessary enabling infrastructure to support and grow local business. Access to the National Broadband Network (NBN) was identified as one such critical enabler.

The committee heard repeated references that failure to connect to the NBN was frustrating business. For example, speaking to the committee on its site visit to Williamstown, Mr Ryan Stephenson, Managing Director of Bohemia Interactive Solutions, identified potential constraints placed on business growth opportunity as a result of limited access to the NBN. [FOOTNOTE: Standing Committee on State Development, NSW Legislative Council, *Discussion Paper: Defence Industry in NSW* (2017), p 48]

The issue of access to telecommunication networks has relevance to all regional business and was discussed by numerous participants of the Standing Committee on State Development's inquiry into the Regional development and a global Sydney, which was conducted concurrently to the inquiry into the Defence industry in New South Wales.

The committee’s report into Regional development and a global Sydney, dated June 2018, recommended that the NSW Government immediately engage in a high level strategic dialogue with all three levels of government and NBN Co. to establish a working group to discuss the NBN rollout. This would focus on the strategic priorities for the New South Wales rollout, the speed of the rollout, and explore the practicalities of a national broadband service guarantee. [FOOTNOTE: Standing Committee on State Development, NSW Legislative Council, *Discussion paper: Regional Development and a global Sydney*, (2018), p 89]’

Resolved, on the motion of Mr Green: That the following new paragraph be inserted after Recommendation 6:

‘The committee acknowledges the importance to local and regional defence business of having access to reliable, sustainable and affordable telecommunication networks such as the National Broadband Network. The committee therefore reiterates its recommendation outlined within its June 2018 report into Regional development and a global Sydney which urges the NSW Government to immediately engage in a high level strategic dialogue with all three levels of government and NBN Co. to establish a working group to discuss the NBN rollout. This would focus on the strategic priorities for the New South Wales rollout, the speed of the rollout, and explore the practicalities of a national broadband network service guarantee.’

Resolved, on the motion of Mr Graham: That the following new paragraph and recommendation be inserted after Recommendation 10:

‘The committee notes the strength of the New South Wales research capacity in both defence and space technologies. The committee therefore recommends that the NSW Government examine the possibility of increased resourcing for the Defence Innovation Network.’

Recommendation X

‘That the NSW Government examine the possibility of increased resourcing for the Defence Innovation Network.’

Resolved, on the motion of Mr Graham: That the following new paragraphs be inserted after paragraph 3.167:

‘The committee also heard that there was particular opportunity arising from certain parts of the space industry, notably the nano and micro satellite sector. Professor Iver Cairns, University of Sydney, reflected

on the predicted economic benefits arising from the growth of the CubeSat market and its potential applications and explained that growth rates were estimated to be 25 per cent or more:

The prediction is that the number of CubeSats will increase by at least a factor of four over the next five years. The associated economic benefits would be in the billions of dollars. The growth rate is not “just” 10 per cent per year but 25 per cent or more. This is expected to increase faster than that simply because we are starting to get even more economies of scale as smaller companies, such as two in South Australia—Fleet Space Technologies and Myriota—are talking about building constellations with hundreds of satellites. Google and others are talking about the same sorts of numbers. They are going into the communications field as in the Internet of Space and the Internet of Things, plus Earth observations, positioning navigation and timing things. We are talking about real commercial applications. [FOOTNOTE: Evidence, Professor Iver Cairns, Professor in Space Physics, University of Sydney, Director, SpaceNET and Director of the ARC Training Centre for CubeSats, Unmanned Aerial Vehicles and Their Applications, 4 April 2018, p 32]’

Resolved, on the motion of Mr Graham: That paragraph 3.172 be amended by omitting ‘strong advocacy’ and inserting instead ‘advocacy’.

Resolved, on the motion of Mr Graham: That Recommendation 11 be amended by omitting ‘strong advocacy’ and inserting instead ‘advocacy’.

Resolved, on the motion of Mr Graham: That the following new paragraph and recommendation be inserted after Recommendation 11:

‘It is New South Wales based space researchers that are leading the new Space 2.0 agenda, focused on nano and micro satellites. The committee received evidence that this part of the industry is growing at 25 per cent a year, well above the growth of 10 per cent a year across the rest of the space sector.

New South Wales is already the leading space research jurisdiction in Australia. In order to strengthen this position, the committee therefore recommends that the NSW Government:

- add space to the list of priorities in high-tech manufacturing alongside Defence
- seek an urgent report from the incoming NSW Chief Scientist and Engineer as to opportunities for New South Wales to join the national space effort.’

Recommendation X

That the NSW Government:

- add space to the list of priorities in high-tech manufacturing alongside Defence
- seek an urgent formal report from the incoming Chief Scientist and Engineer as to the opportunities for New South Wales to join the national space effort.’

Resolved, on the motion of Mr Colless: That:

- a) The draft report as amended be the report of the committee and that the committee present the report to the House;
- b) The transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, and correspondence relating to the inquiry be tabled in the House with the report;
- c) Upon tabling, all unpublished attachments to submissions be kept confidential by the committee;
- d) Upon tabling, all unpublished transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, and correspondence relating to the inquiry, be published by the committee, except for those documents kept confidential by resolution of the committee;
- e) The committee secretariat correct any typographical, grammatical and formatting errors prior to tabling;

- f) The committee secretariat be authorised to update any committee comments where necessary to reflect changes to recommendations or new recommendations resolved by the committee;
- g) Dissenting statements be provided to the secretariat within 24 hours after receipt of the draft minutes of the meeting;
- h) That the report be tabled on 7 June 2018
- i) That the Chair consult with the committee for a suitable date to hold a press conference.

5. Adjournment

The committee adjourned at 11.01 am until Friday 1 June 2018, at 12.15pm, Macquarie Room, Parliament House (Provisions of the Forestry Legislation Amendment Bill 2018 public hearing).

Alex Stedman
Committee Clerk

Draft minutes no. 42

Tuesday 5 June 2018

Standing Committee on State Development

McKell Room, Parliament House, Sydney, 12.03 pm

1. Members present

Mr Martin, *Chair*

Mr Veitch, *Deputy Chair*

Mr Colless

Mr Graham

Mrs Maclaren-Jones

Ms Walker (participating) (from 12.24 pm)

2. Apologies

Mr Green

3. Previous minutes

Resolved, on the motion of Mrs Maclaren-Jones: That draft minutes nos. 40 and 41 be confirmed.

4. Correspondence

The committee noted the following items of correspondence:

Received:

- 1 June 2018 – Email from Mr Brendan Stone, Director, Strategy & Policy, NSW Department of Primary Industries, to secretariat, providing additional information to the committee
- 1 June 2018 – Letter from Mr Daniel Walton, National and NSW Branch Secretary, The Australian Workers' Union, to secretariat, advising that given the short timeframe they are unable to provide a submission.
- 4 June 2018 - Mr Steve Orr, Executive Director, Regional Coordination, Regional NSW, Department of Premier and Cabinet to committee, providing information of the recent restructure of the department's regional teams concerning the committee's report into regional development and a global Sydney.

5. Inquiry into the Provisions of the Forestry Legislation Amendment Bill 2018

5.1 Public submission

The committee noted that submission no. 52 was published by the committee clerk under the resolution appointing the committee.

5.2 Consideration of Chair's draft report

The Chair submitted his draft report entitled *Inquiry into the Provisions of the Forestry Legislation Amendment Bill 2018*, which, having been previously circulated, was taken as being read.

Mr Graham moved: That paragraph 2.57 be amended by omitting 'However, the committee notes that there are currently no set requirements for the timeframes around public consultation. The committee therefore considers that the proposed four week timeframe is an acceptable increase to what is currently in place' and inserting instead 'The committee therefore recommends a public consultation period of 42 days'.

Question put.

The committee divided.

Ayes: Mr Graham, Mr Veitch.

Noes: Mr Martin, Mr Colless, Mrs Maclaren-Jones.

Question resolved in the negative.

Mr Veitch moved: That the following new recommendation be inserted after paragraph 2.57:

'Recommendation X

That the bill be amended to increase the public consultation period from 4 weeks to 42 days.'

Question put.

The committee divided.

Ayes: Mr Graham, Mr Veitch.

Noes: Mr Martin, Mr Colless, Mrs Maclaren-Jones.

Question resolved in the negative.

Mr Graham moved: That paragraph 2.58 be amended by omitting 'Nevertheless, we accept that the intent of removing bee-keeping from the IFOA is deregulatory, and as such recommend that the government address the concerns of bee-keepers in the second reading debate' and inserting instead 'The committee recommends that bee-keeping be included in the bill as a co-dependent industry and part of forestry operations that may be authorised and regulated by IFOA'.

Question put.

The committee divided.

Ayes: Mr Graham, Mr Veitch.

Noes: Mr Martin, Mr Colless, Mrs Maclaren-Jones.

Question resolved in the negative.

Mr Veitch moved: That recommendation 1 be omitted: 'That the NSW Government address the concerns of bee-keepers in the second reading debate of the Forestry Legislation Amendment Bill 2018', and the following new recommendation be inserted instead:

'That the NSW Government address the concerns of commercial bee-keepers in the Forestry Legislation Amendment Bill 2018 by recognising commercial apiary be recognised within the Bill as a co-dependent industry and be included as part of forestry operations that may be authorised and regulated by IFOA's'.

Question put.

The committee divided.

Ayes: Mr Graham, Mr Veitch.

Noes: Mr Martin, Mr Colless, Mrs Maclaren-Jones.

Question resolved in the negative.

Resolved, on the motion of Mrs Maclaren-Jones: That recommendation 1 be amended by omitting 'concerns of commercial bee-keepers in the' and inserting instead 'concerns of the NSW Apiarists' Association regarding the removal of commercial bee-keeping from forestry operations in the'.

Resolved, on the motion of Mr Graham: That recommendation 2 be omitted: 'That the Legislative Council pass the Forestry Legislation Amendment Bill 2018', and the following new recommendation be inserted instead:

'That the Legislative Council proceed to debate the Forestry Legislation Amendment Bill 2018, and that the NSW Government address the committee comments and recommendations contained in this report during the Legislative Council's second reading debate'.

Resolved, on the motion of Mrs Maclaren-Jones: That:

The draft report as amended be the report of the committee and that the committee present the report to the House;

The transcripts of evidence, submissions, tabled documents, and correspondence relating to the inquiry be tabled in the House with the report;

Upon tabling, all unpublished attachments to submissions be kept confidential by the committee;

Upon tabling, all unpublished transcripts of evidence, submissions, tabled documents, and correspondence relating to the inquiry, be published by the committee, except for those documents kept confidential by resolution of the committee;

Dissenting statements be provided to the secretariat by 4pm today;

The committee secretariat correct any typographical, grammatical and formatting errors prior to tabling;

The committee secretariat be authorised to update any committee comments where necessary to reflect changes to recommendations or new recommendations resolved by the committee;

That the report be tabled today (Tuesday 5 June 2018).

5.3 Dissenting statement

Resolved, on the motion of Mr Graham: That if possible the committee would like the option of titling a statement of dissent as 'additional member comments'.

5.4 Government response

Resolved, on the motion of Mr Colless: That the government not provide a response to the committee's report entitled *Inquiry into the Provisions of the Forestry Legislation Amendment Bill 2018*.

6. Adjournment

The committee adjourned at 12.36 pm *sine die*.

Sarah Dunn
Clerk to the Committee