

# **NSW Government Response to the Standing Committee on State Development's Inquiry and Report into Regional Development and a Global Sydney**

## **Introduction**

The Standing Committee on State Development's Report into Regional Development and a Global Sydney made 22 recommendations to ensure regional NSW benefits from the expansion of international trade, infrastructure, employment, tourism, innovation and research in the greater Sydney region. The NSW Government welcomes the release of this Report and its recommendations. It is absolutely essential that NSW's diverse regions benefit from Sydney's growing prominence as a global city. A significant amount of work has been undertaken by the NSW Government to create thriving regional towns and centres. The Government is focused on futureproofing the regions and growing regional economies, with the \$4.2 billion Snowy Hydro Legacy Fund established to provide visionary, transformative infrastructure projects. In NSW, the Department of Premier and Cabinet has carriage of regional policy, ensuring it is a primary focus of Government.

## **The NSW Government's approach to regional development**

### **Infrastructure**

Regional communities in NSW have benefited from an unprecedented investment in economic and community infrastructure. Over the past two years, the \$1.6 billion Regional Growth Fund has funded more than 1,000 infrastructure projects through six programs. Projects funded include essential and enabling infrastructure, sporting and tourism facilities, and arts and culture projects. As at June 2018, \$9.5 billion (29 per cent) of funds deposited into Restart NSW since 2011 have been reserved and committed for infrastructure projects in the regions.

### **Working with local government**

The NSW Government is working in close partnership with local government to identify community priorities, deliver infrastructure, and implement tailored economic growth plans. Earlier this year, eighty-five councils across the state voluntarily joined the joint organisation network. Joint organisations were established to improve collaboration by allowing councils to work together across traditional boundaries. As noted by the Committee, the NSW Government has also funded the development of Regional Economic Development Strategies.

Local Government are critical to the delivery of the \$1.6 billion Regional Growth Fund, with every council in regional NSW nominating and receiving funds for local infrastructure projects.

### **Taking advantage of global opportunities**

A key priority for the NSW Government has been positioning regional NSW to take advantage of global opportunities. Through the Regional NSW Investment Prospectus, and coordinated trade visits, the NSW Government is showcasing the wealth of investment, business and lifestyle opportunities available. A concierge

service has been established to offer bespoke investment facilitation, including the provision of targeted incentives for interstate and international business relocation. Special Activation Precincts will deepen industry specialisations and accelerate jobs growth by attracting major employers to regional areas. Rural and regional NSW will get its fair share of the State's rapidly growing tourism pie with the NSW Government setting the State's first regional tourism target to double the current spend, and attract visitors to areas beyond Sydney.

### **Removing barriers to growth**

Poor mobile phone coverages remains one of the biggest challenges for people living and running businesses in regional and rural NSW. Traditionally a federal government responsibility, for the first time the NSW Government is directly investing \$50 million to improve internet connectivity and mobile phone coverage in regional areas, through the Connecting Country Communities fund. There are plans to do more to address the important issue of digital connectivity, including through the digital connectivity investment priority of the Snowy Hydro Legacy Fund.

The Growing Local Economies Fund (GLE) has also played a key role in opening up regional economies to opportunity by providing the kinds of infrastructure that many metropolitan communities take for granted. GLE invests in the crucial projects needed to support job creation and economic growth in regional NSW. The projects funded benefit multiple users and businesses and include road upgrades, CBD revitalisation and other infrastructure upgrades.

### **Our Vision**

Regional NSW, Australia's largest and most diverse regional economy, is being buoyed by record infrastructure investment. In the past three years, close to 100,000 jobs have been created in the regions. The unemployment rate in regional NSW is now lower than many capital cities. However, there is more work for Government to do. The NSW Government's ambitions for regional NSW are set out in the 20-year Economic Vision for Regional NSW, a 20 year plan to achieve lasting economic success. Residents of regional NSW need to be able to enjoy a great quality of life, have access to first class services and infrastructure, and have economic opportunity, especially for young people.

Crucially, the Vision has the backing of the \$4.2 billion Snowy Hyrdo Legacy Fund, giving it the means to become a reality. The Government has identified five key areas for targeted infrastructure investment improving road and rail connections, regional freight networks and digital connectivity; creating special business precincts; and addressing water security – in recognition the crippling impact that drought has on regional towns and communities.

### **Committee Recommendations**

The Government thanks the Inquiry for its focus on regional development, and consideration of the ways in which regional citizens can capitalise on Sydney's strengths and economic gains. The report's recommendations have been reviewed

closely, and the NSW Government welcomes ideas and suggestions that further strengthen its regional development program.

We acknowledge the views of many stakeholders calling for greater consistency in the approaches taken to defining regional boundaries by the various tiers of Government. Greater collaboration between local, state and federal departments will also bring greater alignment of priorities and better outcomes for communities. In this regard, NSW will continue to seek opportunities to work with the Federal government to promote economic development in our regions.

The Inquiry report also reflected concerns, particularly from smaller communities, about meeting cost-benefit ratio requirements set out in Treasury guidelines. The NSW Government committed, under the Regional Development Framework, to looking at ways of enhancing cost benefit analysis to ensure estimates are reliable, accurate and based on comprehensive information. We recognise that sometimes projects with high levels of community support may not always achieve the required BCR. For this reason, many programs under the Regional Growth Fund do not have BCR requirements. These include the Regional Sports Infrastructure Fund, Stronger Country Communities Fund and Regional Cultural Fund. This has allowed regional communities of all sizes to benefit from the record level of infrastructure funding being provided by the NSW Government.

Another theme to emerge from the Inquiry is the unique challenges encountered by cross-border communities, particularly when it comes to making funding applications. In June this year, the Government launched a \$20 million Cross Border Infrastructure Fund, created to ensure border communities are not missing out on critical infrastructure, just because of an invisible line.

The Committee's report provides commentary on payroll tax. As part of the 2018-19 Budget, the NSW Government announced payroll tax thresholds will be raised for all NSW businesses from the current level of \$750,000 to \$1 million by 2021-22. Raising the threshold will take pressure off businesses in regional NSW who are looking to grow and expand their workforce.

NSW Government knows that generations of families and businesses have built happy and successful lives in regional NSW and wants to help more people to do the same. We support the recommendation suggesting that government should play a greater role in encouraging regional relocation.