



Regional Development Bill.

Second Reading

Mr DAVID CAMPBELL (Keira—Minister for Regional Development, Minister for the Illawarra, and Minister for Small Business) [7.30 p.m.]: I move:

That this bill be now read a second time.

I am delighted to present to the House the Regional Development Bill. In the year since I became Minister for Regional Development I have been bombarded with a myriad of theories, ideas and opinions about what regional development is and how we can achieve positive results. Often people try to favour one theory over another, or impose their model on another. Some people even believe it is not the Government's role to intervene in the market, to promote regional development.

It seems that answers to what appears to be a simple question can appear to be complicated and elusive. But in the end, they reduce to just two things: new investment and jobs growth. And there is more than one way of getting to these goals. How a larger coastal community achieves new jobs may be different to how a small inland town maintains economic viability. That is what this bill is about. It is about helping different country and regional towns in New South Wales find solutions to not only survive economically but attract investment and create new jobs for these communities. This bill cements—for the first time in legislation—the Government's commitment to job creation and investment in regional areas of the State.

That is why the Government is introducing this bill. We believe country New South Wales should share in the benefits that a strong State economy brings. And we believe the Carr Government has a role in making sure country New South Wales shares the benefits of our growing economy. The New South Wales Government has a role because the free market on its own will not ensure that these benefits are distributed to rural and regional communities. As a Labor Government, we understand this principle. That is why we are cementing this commitment into legislation. Not only are we committing ourselves to investment and jobs for regional New South Wales but we are also committing future governments to this principle of strategic intervention. The Regional Development Bill is a framework for this Government's financial assistance to attract investment and jobs in regional New South Wales.

The bill has four main aims. First, it enshrines in legislation important principles relating to economic development and employment growth in regional New South Wales. Second, it links financial assistance for regional industry to jobs and investment targets. The legislation will improve the ability of the Department of State and Regional Development to recover money from businesses which receive government financial assistance but which default on important conditions set out in the assistance agreement.

The bill also establishes the Regional Development Trust. The trust will encourage private sector contributions to regional development across New South Wales. This Government believes that large businesses have a responsibility to the regions and towns where they operate. If they close or reduce their operations in these towns, they have a moral obligation to help the community find new investment and employment opportunities. This is in addition to meeting all their responsibilities to their workers. Contributions to this fund will be held in the trust and reinvested into the local communities concerned.

The bill gives statutory recognition to the important work of the Regional Development Advisory Council. The council is made up of the chairs of the 13 regional development boards. It is an important forum for regions to share and learn from each other's experiences. The council also advises the New South Wales Government on how to promote economic development in regional areas. The legislation consolidates the existing Country Industries Payroll Tax Rebate Scheme. The scheme is old, accounting for only \$2,000 of rebates in 2002-03. Generally speaking, payroll tax rebates are now offered under the more contemporary Regional Business Development Scheme, which has an annual allocation of \$8 million.

As a Labor Government we believe—and will always believe—that everyone should have access to employment opportunities. And as a Labor Government we are not afraid to intervene in the market system where it has failed. There is no doubt that ultimately sustainable jobs growth is achieved through new private sector investment. However, this Government sees a continuing need for strategic intervention to encourage private investment in regional New South Wales. Market forces alone cannot deliver regional businesses and communities the same range of opportunities as those enjoyed by Sydney. Distance, access to technology and a slower flow of market information can constrain economic growth in regional New South Wales.

In Sydney, Internet access is taken for granted. Sydneysiders also benefit from a reliable mobile phone service. But these basic communication tools are not always available to rural and regional areas of the State. Sometimes it is not

just physical constraints that create challenges. At times it is simply difficult to see potential when external changes like the international economy, fluctuating exchange rates and droughts make a community feel it is all beyond its control. Over a long period the Government has developed a range of regional development programs to help communities. We are helping them help themselves by helping them tap into their potential to attract investment. The bill recognises the importance of these regional assistance programs and provides a statutory framework for them to continue.

These successful programs include the Regional Business Development Scheme, the Regional Economic Transition Scheme, the Illawarra Advantage Fund, the Hunter Advantage Fund, the New Market Expansion program, the Country Lifestyles program, the Main Street/Small Towns program, the Developing Regional Resources program, and the Towns and Villages Futures program. These programs provide regional businesses and communities with the means to harness domestic and international growth opportunities. And there are many examples of how the Government's assistance has delivered investment and jobs to regional New South Wales. For example, late last year, LEDA Security Products, a manufacturer of parking station systems and equipment, relocated its operations from Sydney to Tuggerah. This resulted in an injection of \$5 million and 33 new jobs for the Central Coast. National Ceramic Industries recently commissioned its ceramic tile manufacturing plant at Maitland. This involved an investment of more than \$40 million by the company, creating 70 new jobs for the Hunter.

A great example of value adding is Unique Beef Portions of Tamworth. Its beef processing plant delivers ready-to-use meat products to consumers. The company's \$3 million investment will ultimately create 80 new jobs. Metzuya Pty Ltd has established a major logistics facility at Blayney for cold and dry goods storage. This represents an investment of over \$30 million into the region and it is likely to create 160 new jobs. Orrcon has established a state-of-the-art steel tube mill at Wollongong. The project will create 80 new local jobs for an initial investment of more than \$15 million.

This Government recognises that there is more to regional development than just business growth. We also have a range of programs designed to assist community development. These programs assist regional communities to build their local economic capabilities. Our Main Street/Small Towns program helps regional communities take a proactive and strategic approach to their future. The program enables communities to better utilise their resources to enhance their unique strengths and quality of local life. Since July 1999 more than 150 communities have been helped by this program. Our support ranges from funding economic planning activities to helping stage events, assistance with marketing activities and business awards.

In Bellingen we have helped to implement a community planning process. This has allowed the community to assess where its economic strengths lie. The Bellingen community is now marketing and promoting its local strengths to attract investment opportunities. We have provided assistance to Cabonne Shire Council toward the staging of the 2002 and 2003 Cabonne Daroo Awards. The Government's support has helped the Broken Hill Chamber of Commerce run a customer service and management training workshop for local businesses. We have also supported the staging of the Kiama Seaside Festival. On the North Coast we have helped the Yamba District Chamber of Commerce develop a web portal to market the town and promote e-commerce development.

These programs work because they are a partnership between the State Government and regional communities. We do not tell communities how they can achieve their economic development. Experience has taught us that it is locally developed solutions that provide the best chances of success. And it is a partnership that is delivering results. An evaluation of the Main Street/Small Towns program shows that over a three-year period 135 new businesses and 537 jobs were generated in those communities surveyed. On average, 26 jobs were created for each local program. The Towns and Villages Futures program is another example of the Government's approach to encouraging regional communities to develop local solutions. Our support for the Nymagee Outback Music Festival has helped increase tourism to this isolated town in the State's west by 60 per cent. In early 2003 the Back to Nimmitabel Festival attracted more than 2,500 visitors, despite bushfires in the area at the time.

In the far west, the Outback Beds agritourism network is helping its members survive one of the worst droughts in history. The New Market Expansion Program was introduced by this Government in July 2000. Under the program we help regional businesses diversify their client base. By doing this we are helping them grow their business and take on more workers. To date, more than 300 companies have participated in the program. One of its highlights includes giving up to 18 regional firms the opportunity to participate in the Fine Food Show held each year in either Sydney or Melbourne. These companies have all reported strong sales leads as a result of participation. There are more examples of how the New Market Expansion program has helped regional businesses. This includes companies such as Strudwick Corporation, a fly fishing rod manufacturer based at Tuggerah. Our Government assistance has helped the firm pursue new overseas and domestic markets through a new web site.

In the Gunnedah area we have helped cattle breeder Barnstaple Devons upgrade its web site. This means it is better able to market its product throughout Australia and overseas. Barnstaple Devons is the largest single producer of Devon bulls in Australia. Aaminaby company Nungar Knots—a home-based business—is now selling its halters, reins and bridles to the world. We have helped this company upgrade its web site to better target Arabic and Japanese speaking equine businesses. Eastcoast Beverages of Kulnura on the Central Coast expects to increase its annual turnover by 5 per cent and create two more jobs, thanks to assistance provided for web site development and e-commerce improvement.

Our record speaks for itself: over \$2.9 billion in investment and over 19,000 full-time jobs have been created in regional New South Wales since April 1999. Our successful regional development programs will continue under the new

Regional Development Act. Our improvements will include providing a clear focus for our programs. We will link financial assistance to the creation of new investment, new sales and jobs growth, and we will make our regional business development programs more outcomes driven. Old-fashioned ideas of propping up a loss-making business simply because it chooses to locate in a region, and not because it has made a viable commercial decision, are no longer sustainable.

We want businesses and industries to be serious about providing viable investments and jobs for regional communities. This bill takes a flexible approach to the types of industries that can be assisted. We will not prescribe types of industries that can be assisted. We can only attract new investment if we are flexible. We need to be responsive to emerging industries and their specific needs. We have no intention of delivering programs which apply a one-formula-fits-all approach. This bill also has the scope to add new programs, services and regional development structures so we can meet future challenges. We all know our economy has undergone fundamental change, and this change has often hit our rural and regional towns the hardest. The Regional Development Bill provides a modern framework to forge partnerships with industry, businesses and regional communities so we can turn these challenges into economic success stories. I commend the bill to the House.

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