

REPORT ON PROCEEDINGS BEFORE

**LEGISLATIVE ASSEMBLY COMMITTEE ON
INVESTMENT, INDUSTRY AND REGIONAL
DEVELOPMENT**

**INQUIRY INTO THE PERFORMANCE OF THE REGIONAL
INVESTMENT ACTIVATION FUND AND THE REGIONAL JOB
CREATION FUND**

At Preston Stanley Room, Parliament House, Sydney on Friday 8 December 2023

The Committee met at 9:40 am

PRESENT

Mr Roy Butler (Chair)

Mr Stephen Bali (Deputy Chair)

Ms Charishma Kaliyanda

Mr Warren Kirby

Ms Maryanne Stuart

Mr Richie Williamson

PRESENT VIA VIDEOCONFERENCE

Mr Justin Clancy

The CHAIR: Before we start, I would like to acknowledge the Gadigal people, who are the traditional custodians of the land on which we meet here at Parliament. I also pay my respects to Elders past and present of the Eora Nation, and extend that respect to other Aboriginal and Torres Strait Islander people who are either present here or viewing the proceedings online. Welcome to the public inquiry for the Committee on Investment, Industry and Regional Development.

I am Roy Butler, Committee Chair, and I am joined by my colleagues Mr Stephen Bali, Deputy Chair, member for Blacktown; Charishma Kaliyanda, member for Liverpool; Warren Kirby, member for Riverstone; Maryanne Stuart, member for Heathcote; and Richie Williamson, member for Clarence. Our colleague Justin Clancy, member for Albury, will be joining us later via videoconference. We want to thank the witnesses who are appearing before the Committee today and the many stakeholders who have made written submissions. We appreciate your input into this inquiry. I declare the hearing open.

Mr ANDREW ABBEY, Policy Director, NSW Minerals Council, sworn and examined

The CHAIR: I welcome our first witness, Mr Andrew Abbey, the policy director of the NSW Minerals Council. Thank you for appearing before the Committee today to give evidence. In terms of a conflict of interest, I do not know if anyone on the Committee would like to state anything but I will just say that I have a professional working relationship with the Minerals Council in my role as a member of Parliament. Please note the Committee staff will be taking photos and videos during the hearing. The photos and videos will be used for social media purposes on the New South Wales Legislative Assembly social media pages. Please inform the Committee staff if you object to having photos and video taken. Mr Abbey, can you please confirm that you've been issued the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses.

ANDREW ABBEY: I have.

The CHAIR: Do you have any questions about this information?

ANDREW ABBEY: No.

The CHAIR: Would you like to make a short opening statement before we begin the questions?

ANDREW ABBEY: I would and it will be brief. As you know, I am Andrew Abbey. I am policy director with the NSW Minerals Council. The NSW Minerals Council appreciates the opportunity to assist the Committee in its deliberations on this issue. Mining underpins the strength of many regional economies across New South Wales and has significant flow-on benefits to other industries. The New South Wales mining industry is by far the State's largest export industry by value, with coal, copper ore and concentrates, and gold exports having a combined value of over \$46 billion in 2020-21.

The New South Wales mining industry directly employs around 40,000 people, predominantly in regional New South Wales, and supports the jobs of many thousands more people indirectly. The industry also supports around 7,000 supplier businesses throughout New South Wales, the majority of which are located in regional New South Wales, and directly spent around \$17 billion on goods and services, wages and salaries, local government payments, and community contributions in 2021-22.

In addition to the extensive benefits generated by the continued demand for resources currently mined in New South Wales, global trends such as decarbonisation and meeting energy transition targets are driving increases in demand for a range of other minerals and metals which will require a significant increase in mining, including critical minerals and rare earths in the short to medium term. New South Wales has a wide range of minerals and metals resources and is well placed to take advantage of these emerging demands to further build and diversify the New South Wales mining sector.

In order to maximise these opportunities, New South Wales must have a stable and predictable planning regulatory environment that supports economic investment in our regions, including mining opportunities. If we don't create an attractive environment, to state the obvious, new jobs and investment will go elsewhere, potentially to other Australian States and international jurisdictions where governments are actively pursuing new investment opportunities.

The NSW Minerals Council submission and further comments were largely contained to challenges in the planning system and potential impediments to growth in regional New South Wales as they relate to the mining industry. The NSW Minerals Council submission uses a few examples of areas in the planning system where improvements could be made to give more certainty to make sure we capture investment opportunities in our regions. Thank you, and I'm happy to take any questions on the submission or otherwise.

The CHAIR: We will now move to questions from the Committee. Before we begin questions, I wish to inform you that you may wish to take a question on notice and provide the Committee with an answer in writing by 4.00 p m. Friday 19 January 2024.

ANDREW ABBEY: Yes, of course.

The CHAIR: Thank you. In relation to the Regional Investment Attraction Fund and the Regional Job Creation Fund, in your opinion are those two funds effective in supporting economic investment and growth in regional New South Wales?

ANDREW ABBEY: In the context of our submission and what I just mentioned, we are predominantly focused on the planning challenges in regional New South Wales, specifically relating to mining projects. In terms of regional, any government policies or initiatives we strongly support that deliver benefits to the regions whatever

they are—resources for regions, regional investment fund, regional activation funds; whatever they are. We're strong supporters of that because most of our members are located in the regions and most of our benefits flow directly to the regions, and obviously the impacts associated with mining are in the regions as well. In terms of our direct experience with those two things, our member companies we ask but are not aware of whether they actively use those funds. But in a principal sense, we would support any investment opportunities being made available for anything that would attract investment to the regional areas.

Mr RICHIE WILLIAMSON: Mr Abbey, I read your submission and it seems that the impediments to your members' businesses are the planning legislations or policies, if you like.

ANDREW ABBEY: Yes.

Mr RICHIE WILLIAMSON: And you have outlined in some detail what the issues are. In your opinion, what can the Government do to increase the speed of approvals in a nutshell?

ANDREW ABBEY: In a nutshell—that's a big question.

Mr RICHIE WILLIAMSON: It is.

ANDREW ABBEY: I guess there are components to that answer. I can answer it a couple of ways. If there are government priorities, i.e. renewable energy is a big-ticket item that is going to require lots and lots of mining for rare earths and metals et cetera, there should be ways to make critical minerals projects or metals projects critical State significant infrastructure or the Government should be looking at ways to designate these particular projects as of high importance and to get them through the planning system as quickly as possible with the least amount of pain. Of course there has to be environmental checks and balances, but there are also the broader socio-economic and broader government agendas. The identification of certain projects and classification of projects in the planning system as having a higher order importance would be one opportunity or one potential opportunity.

Another area which we flag in the submission is our first point about the planning system. You can go through two or three years of assessment. Most recently the McPhillamys goldmine out near Blayney, the Bowdens Silver project out near Lue or near Mudgee and a number of coalmining projects and other metals projects take two to three years to get through the assessment process. When they start in the assessment process, they end up being vastly different projects because there is a lot of toing and froing with government agencies, a lot of feedback. The Government goes back to the proponent and gets them to change certain aspects or minimise certain impacts. Then after all that effort and time and resources, the department of planning makes a recommendation to the Independent Planning Commission typically for mining projects because they are complex and attract a lot of attention. There are examples where the Independent Planning Commission has refused those projects despite all of that effort and energy and fixing of issues as part of that process.

Nobody is going to get rid of the IPC, I'm assuming, but without going straight to an answer saying, "Well, this is how you fix the IPC," the Government should be looking at ways to make sure that the primacy of the department of planning's assessment has more importance or more emphasis or more relevance when it gets to that Independent Planning Commission. It's hard to stomach that you can go through three years of assessment, and that includes significant amounts of community consultation, community engagement et cetera, that you can go through that process, resolve a lot of outstanding issues with a lot of government agencies or community members and then go to an independent body and suffer a refusal.

Not all projects are refused through that process, but that inherent risk is challenging to accept given the complexity and comprehensive nature of the assessment process. Those two things would be stand-out areas where the Government could make gains in terms of improving the certainty of the assessment process. Once again, I want to make the point that it's not about removing all the checks and balances from the system. It's about, once the Government has said, "We think you've met those checks and balances," giving more certainty to investors that you can proceed with a project.

Mr RICHIE WILLIAMSON: Are you aware of any other States that are streamlining their planning system with regards to mining?

Mr STEPHEN BALI: Excuse me, Mr Chair. I know we talked before about the terms of reference et cetera. Whilst planning is close to my heart personally, I think that this is beyond the scope of this at the moment. There is a planning committee that is looking at this. I think we need to wind back to the terms of reference, which focuses on the Regional Investment Activation Fund and the Regional Job Creation Fund, which the submission didn't address whatsoever, but I'd like to address some of those issues. If there's time left over, we can go back to planning.

Mr RICHIE WILLIAMSON: It's the Chair's call.

The CHAIR: I can see the relevance of the question because of what Mr Abbey said in terms of investment being driven interstate, but I can also appreciate what you're saying, Stephen, in relation to strictly coming back to the terms of reference and the two funds. How about we do that? Richie, how about we park that and come back to it?

Mr RICHIE WILLIAMSON: Yes, it's your call. No problem.

The CHAIR: I think, Steve, you had something you wanted to run with?

Mr STEPHEN BALI: In general terms, as the peak body, as the Minerals Council, how much awareness did you or the council have about these two particular programs? It doesn't matter if you had none. Therefore, if you had been aware of it, is there a type of appetite that miners et cetera are interested in it? You're going to try to get your funds and projects up and running. A small grant from the State Government will probably not have any consequential decision-making for you in the long term. So particularly from your area and your members—

ANDREW ABBEY: From our area, just because we're across general Government policy—and any specific regional-related policies, we're acutely aware of generally—we were aware of it. We're also aware of the recent changes under the budget approach and the reprioritising or redirection of funds into the regions. But we're more aware of Resources for Regions, to be frank, because that has much more of a direct line of visibility with the mining industry and input from the mining industry. In terms of our members, the bigger operators are unlikely—as I said earlier and started off with, I don't have any concrete examples of our bigger member companies actually approaching this or using it. In terms of coming back to the challenges with the planning system—

Mr STEPHEN BALI: Before we go to the planning system, do you see any potential advantage in the Minerals Council talking to your major members? Where I see the advantage of the Regional Job Creation Fund—there are two elements. You have a fairly long supply chain, with lots of small organisations that try to bid to get into the larger organisations to provide the fitters, the mineworkers, the casuals and everybody else. Is there a way that you see, as the Minerals Council, talking through your members to encourage some of the supply chain people to actually participate in this program, firstly? And, secondly, the big challenge, apart from planning, is getting workers on the ground. Therefore, you need qualified people and the Job Creation Fund. How do you find, over the past 10 or so years, access to TAFE and access to different providers to train up the locals to do the specialised skills, especially in the mining industry?

ANDREW ABBEY: "Absolutely" is the short answer to the question. I wasn't going to labour our gripes with the planning system. What I was going to talk about—

Mr STEPHEN BALI: Talk to the Parliamentary Secretary for planning and ask that.

ANDREW ABBEY: —in terms of the point you made about the supply chain, we see the critical minerals space and the new, emerging minerals and metals space as a fantastic opportunity for this State for things like downstream processing and other opportunities that haven't typically been seen associated with the mining industry. In that regard, there will be smaller startup companies that will be looking for incentives to actually get going. There are mineral sands projects that are looking at extracting mineral sands in New South Wales and then shipping it to Western Australia to process it. Why can't we have that here? Why can't there be incentivisation schemes here?

Going to your point about the skills, that is a very significant issue for the mining industry generally, and we put a lot of focus and a lot of effort into education and awareness of the benefits of working in the mining industry. The nature of the mining industry, through technological innovation and changes, and health and safety requirements et cetera, is also changing in terms of the skill set. Things like TAFE programs, other education and STEM programs are key in terms of being incentivised to attract people into the industry. Getting to your point, any schemes that are available that can shore those things up or attract people through job creation or investment—"yes" is the short answer. That was a long answer, but that's the short answer to your question. It's a great opportunity. I suspect that will go for the agriculture industry and other industries as well.

Mr WARREN KIRBY: My question was back on the planning side of it, if that's okay. You mentioned the need for the broader socioeconomic drivers of, particularly, rare-earth minerals, and then mentioned the time delay with gold and silver. Are they used in rare-earth metals? If they're not, is there the potential, if the planning thing was going to be reassessed, for part of it to be, "This is a rare-earth metal that is required in this, this and this"?

ANDREW ABBEY: In terms of silver and gold specifically, there was a separate inquiry through Parliament where our submission outlined that silver is a big deal for solar panels. It's a really big deal. Demand is going to get increasingly high. Gold is also an input into a whole bunch of—it's not just people wearing jewellery; it's an input into other technologies, including the medical field. Going to your point, our view is that the Government should take a broad view of the metals and minerals space if, as a country and as a State, we are going to reach our renewable energy targets, which will require massive inputs of these rare-earth and critical metals and minerals et cetera, not least of which will be general population growth as well. But the Government should take a broad view about making it as easy as possible to get these mines off the ground and going so that we capture all of the investment opportunities.

Mr WARREN KIRBY: To take up Steve's point, what is the Minerals Council doing to disseminate programs like this to the supply chain that keeps the industry alive?

ANDREW ABBEY: In terms of our member reach, whenever there are programs that are around, we will work directly with the companies in terms of making sure they're aware of the program, making sure they can access it and supporting them as required. As I said, the Resources for Regions program, which we have a much more direct interest in—

Mr WARREN KIRBY: And that includes these two?

ANDREW ABBEY: No. This is different and separate.

Mr WARREN KIRBY: So you do it for other programs but you didn't do it for this one?

ANDREW ABBEY: Well, because our major members haven't—as far as I'm aware—used these funds as much. But it's a good point about the supply chains and going down the line and how we disseminate that information to our members about what other opportunities are there that they can feed to the—I think it was the fitter business or the whatever business or the new business that we don't even know about yet that might be critical for processing zirconia, or whatever it is, out near Dubbo. It's a good point and maybe it's something that we should give more attention to in terms of the other opportunities and other areas. I hope that answers your question.

Ms MARYANNE STUART: Mr Abbey, thank you for your submission and attendance today. On the last page of your submission you said:

Challenges around planning approvals, ongoing Mining Act obligations and liabilities make it difficult for third parties to propose or be involved with alternative land uses over rehabilitated mine lands, particularly where it was previously disturbed.

I'm wondering if you could please elaborate on those Mining Act obligations and liabilities.

ANDREW ABBEY: This is in the context of solar farms specifically. There's a lot of pressure on virgin farmland for both wind and solar farms, particularly in the renewable energy zones. In the Hunter, there's a lot of rehabilitated land coming on line in the short, medium and longer term. When mine sites eventually close, they're being rehabilitated. There are tens of thousands of hectares of land already under rehabilitation or close to being finalised. What the point there is trying to make is it's a lot easier to just go and build a solar farm on virgin farmland because you just have to get one approval.

For a disturbed mine site, you've got an approval from 20 or 30 years ago that had a whole bunch of requirements and conditions: restoration requirements, rehabilitation requirements, under both the Environmental Planning and Assessment Act and the Mining Act. Importantly, we're not saying that we should divorce ourselves from any obligations to restore the land. We're not saying that at all. What we are saying is that if the current state of play is that it's too hard to unpick or get through that, I guess, quagmire, for lack of better words, of rehabilitation obligations under the Mining Act, rehabilitation requirements under the Environmental Planning and Assessment Act, why would you do it? Why wouldn't you just go over here, pick up the farmland, get your single approval and go forth?

The point we're trying to make there is how can Government—and I don't have a silver bullet answer here, by the way, but if there's a will, the Government should be seriously looking at how do we unpick it and make it easier for mining companies to square away their rehabilitation requirements, liabilities and obligations to be able to get that land into other people's hands who can use it for alternative land uses, i.e. solar farms or whatever else. It might be something else. But, currently, the advice from the member companies is it is really legalistic, complex, timely and uncertain to actually get your land signed off.

Once again, I don't want anybody to think we're saying, "Hey, we should just rip, tear, bust and walk away." We're not saying that at all. But I think there is some middle ground here if we seriously want to have a red-hot go at capturing those opportunities and providing alternative land uses where the communities are going to be

crying out for those alternative land uses for employment-generating activities and the like. Does that answer the question?

Ms MARYANNE STUART: Yes, it does. Thank you.

Mr STEPHEN BALI: I would like to explore your understanding or any feedback that you have. Generating courses—obviously there's the tyranny of distance, the smaller numbers of people in the regions compared to the Sydney Basin. If you need to get more skills, to upskill people so they can access this jobs fund et cetera, how do you see the private market out in the regions versus the TAFE, the public sector? Is there an appetite for the larger organisations to do in-house training or are they happy to work with TAFE? How have you seen the relationship with TAFE over the years?

ANDREW ABBEY: It's a good question. It's actually our member companies that are pushing us very hard to start to—we're talking the University of New South Wales, the University of Newcastle, the TAFE system, the high schools in all the regions at careers dinners et cetera. Most of the companies, particularly the medium to bigger companies, run active programs of apprenticeships. They're very conscious of upskilling and staff retention. They struggle to get staff. They really struggle to get staff. In terms of private money, they're already putting money in the hat to try to get things going. They're also pushing us, which is another way that they're trying to promote their industry and achieve more staff, staff retention and broader skill sets. Going back to Mr Kirby's question, maybe we should be doing a bit more with supply chains—in terms of our member companies, and the next layer down, in terms of supply chains and businesses that are there now and that are forthcoming, about accessing programs like this or what other programs that are available.

Mr STEPHEN BALI: Are there many group apprenticeship schemes out there where an apprentice can work for a range of different companies? Obviously, the smaller the company, the more specialised the task. But if you want an apprentice to have a good embodiment of different aspects of their trade, then you really want them to move to different employers but under a group apprenticeship scheme.

ANDREW ABBEY: I don't have detail or knowledge of group apprenticeship schemes. What I do know is that particularly in the bigger companies like a BHP or a Glencore or a Yancoal or a Peabody, those companies have a broad range of opportunities within their portfolio, not only on the mine site in the Hunter Valley, for example, but mine sites across the world, in many cases. In terms of ability for staff to acquire a range of skill sets, within those sorts of higher end or bigger companies the opportunities are huge. All of those companies wear with pride their apprenticeship programs, diversity of employment programs and Indigenous employment programs, purely to get people in the door and for staff retention. But on the group apprenticeship thing, I don't have any awareness or knowledge of that. I can find out. If I can find something, I'm more than happy to come back on that.

Mr STEPHEN BALI: That would be great. Thank you, Mr Abbey.

The CHAIR: Just going back to Mr Williamson's question about comparing States, I think if it's framed in the context of terms of reference paragraph (d), which is impediments to growth in regional New South Wales, obviously if there are more attractive options interstate, that's an impediment.

Mr RICHIE WILLIAMSON: Yes. It is strategic advantage.

The CHAIR: If you could frame it that way, that would be very much in line with the terms of reference.

Mr RICHIE WILLIAMSON: Thank you, Mr Chair, I will, with regard to the State's strategic advantage. Are other States streamlining their processes to get a strategic advantage with regard to their minerals?

ANDREW ABBEY: We share information and work closely with organisations like the equivalent of us—in Western Australia, CMEWA, and the Queensland Resources Council. Like New South Wales, and at the Commonwealth level as well, in all States there are policy initiatives coming left, right and centre. Western Australia is, arguably, a State that is very bullish in terms of promoting its existing resources base, particularly iron ore, obviously, but also growth potential in other areas—critical minerals and the like. In terms of an exact answer about exact details about planning regulation and the like, everywhere has its challenges and, as I keep saying, we don't expect not to have to go through checks and balances processes. What I would say is that, in particular in Western Australia, they're a mining State and they see the advantages of mining. They actively or aggressively pursue it and the investment in mining. There's no question about that.

Queensland is very similar to us, although they have a very big coalmining sector as well. They are also, as I understand it—and this is based on my skimming, or peripheral knowledge, of their critical minerals strategies, for example, and the like—pursuing opportunities there. How that's translating into exact regulation and planning policy, I couldn't give you a very detailed answer, unfortunately, but there's no question that the race is on,

particularly in the critical minerals space and opportunities there. To be fair, New South Wales also has a critical minerals strategy and the like. We are very, very keen to see those documents updated and commitments, at both the national level and the State level, to making investment opportunities attractive in this State. We want to see the State grow, obviously, in the mining space. In addition to the existing resources base, critical minerals and mineral sands and the like are a fantastic opportunity.

Ms CHARISHMA KALIYANDA: Speaking of benchmarking against different States, are there aspects of similar programs that exist in other States that we could potentially learn lessons from or that we could adapt in improving these two funds that we're talking about?

ANDREW ABBEY: They're sort of same-same but slightly different. I'll use an example. In Queensland, there's a coordinated general approach where certain projects get designated or classified as coordinator general projects. It's almost like an overseer goes through and shepherds projects through the planning assessment. It doesn't cripple anything or cruel anything. They have to go through the checks and balances, but they definitely do have a heightened status, for lack of better words. In New South Wales, the State-significant development process is actually quite good by comparative standards to the rest of the States in the sense that the department of planning has authority at the end of it to take input on a range of issues and balance out all of those competing interests and make a determination based on a holistic assessment where everything is on the table. There are all these different aspects that are very important in their own right, but how do you balance them out against jobs, environment protections, social benefits, and meeting broader national and State policy objectives?

The New South Wales system isn't bad. What we're concerned about, though, is getting through that aspect of it and then the uncertainty at the end of it through an independent decision-making body, where there have been examples where, despite the recommendations going through that balance assessment process, there's a refusal. I made that point earlier, and I don't want to repeat it again. Regarding benchmarking against other States, there are aspects of other States—for example, the coordinated general approach—that give a heightened level of importance or emphasis to projects that meet a certain category. These are a big deal for our State. We want to get these through as best we can.

Coming back to the point I made earlier—I think it was to you, Mr Williamson—about whether there a couple of things you could do, there are levers that the State Government can pull, like critical State-significant infrastructure. It gives it, I guess, one heightened emphasis or status and sets the tone for everybody that this is a bit of a big-deal project that, provided you can sort everything out, we want to see get through. It gives it a more certain outcome at the end of that because the Minister becomes the determination body, not an independent body. In our critical minerals submission we think critical minerals projects, if they're that key to delivering renewable energy targets and the targets are very aggressive, then you need to give all the inputs into that some type of elevated status to make sure we deliver on it as a State and we don't fail. Does that answer your question?

Ms CHARISHMA KALIYANDA: In some ways. I think, again, it tended very heavily towards the planning issues that you've identified in your submission. I was more trying to understand, for example, in terms of training schemes and in terms of other aspects of job creation, perhaps retraining people who may have experienced workplace injuries and can no longer continue to work in that particular role. In terms of those types of aspects of programs that may exist in other States, is there anything we can borrow from?

ANDREW ABBEY: Apologies, I'm not aware of that specific aspect in terms of education and the like. Going back to the point I made earlier, we are actively involved in working with government education providers and whoever else is out there to try and get people attracted into our industry in particular and diversifying skill sets. You've got some older generation mining employees that are rolling off from their existing place of employment. There's no reason why they couldn't be reskilled through appropriate education programs and the like and pick up employment in other areas. That might be downstream employment and whatever. We're big supporters of that approach. I don't have an exact example of other States on that particular issue.

The CHAIR: Mr Abbey, if I could interrupt. I'm conscious of time. Ms Kaliyanda, that question may be one that is worthy of a more considered response, so you may wish to provide that as a question on notice. Mr Abbey could then take that away and come back by 19 January with a more considered response—a bit of an opportunity to go and gather some more information for you, if you wish. Thank you, Mr Abbey, for appearing before the Committee today. You will be provided with a copy of the transcript of today's proceedings for any corrections. The Committee staff will also email any questions taken on notice and any supplementary questions from today. We kindly ask that you return these answers by 4.00 p.m. on Friday 19 January.

(The witness withdrew.)

Mr BEN MULLANEY, Director and Chief Executive Officer, InQuik, sworn and examined

Mr MATT GEORGE, General Manager, Jamberoo Action Park, before the Committee via videoconference, affirmed and examined

The CHAIR: I welcome our next witnesses. Please note that committee staff will be taking videos and photos during the hearing to be used for social media purposes on the New South Wales Legislative Assembly's social media pages. Please inform the committee staff if you object to having photos and videos taken. Can you both please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

BEN MULLANEY: Yes, I received that.

MATT GEORGE: Yes.

The CHAIR: Do either of you have any questions about this information?

BEN MULLANEY: No.

MATT GEORGE: No.

The CHAIR: Would either of you or both of you like to make a short opening statement before we begin with questions?

BEN MULLANEY: I don't have anything prepared. I'm here to answer your questions.

The CHAIR: No problems, Dr Mullaney. Mr George?

MATT GEORGE: No, I don't have anything else outside of what was submitted previously. I'm happy to answer any questions that are involved in that.

The CHAIR: We will now move to questions from the Committee. Before we begin the questions, I wish to inform the witnesses that they may wish to take a question on notice and provide the Committee with an answer in writing by 4.00 p.m. on Friday 19 January 2024. I will proceed with the first question; it is quite broad, and both of you are welcome to answer. Based on your experience, is the Regional Job Creation Fund effective in supporting sustainable growth and sustainable productivity?

BEN MULLANEY: Yes, I definitely believe that it is effective. It certainly assisted our business in our growth objectives by enabling us to build a factory. Without that grant, we wouldn't even have dreamed of building that facility. We're very grateful for the opportunity that was created by the existence of the Regional Job Creation Fund—so, yes, I'm definitely in full support of that.

MATT GEORGE: Just to add to that and echo those sentiments, the funding that we received for our most recent projects really gave us confidence to move forward with the project in what was otherwise a very uncertain time. Again, we provided the figures in our submission as to the success that that project had. I definitely think that it's delivered as was expected and outlined when we applied for and received the funding.

The CHAIR: Thank you, Mr George. I'll open it up to members.

Mr RICHIE WILLIAMSON: Thank you, Chair. I guess my question is pretty general, too, and is to both witnesses. It reflects on your experience through the application process. Mr George, I note in your submission that you highlight some issues that were previously spoken about today around planning approvals once you got your grant, but how have you found the application process? Was it easy? Were there difficulties or impediments—those kinds of issues—with regards to both the funds?

BEN MULLANEY: The application process itself was well done, I thought. It had relevant questions. We had support from a representative from Regional Development as well, which we found very useful and helpful. In terms of the application, I don't have any feedback on that. I think it was effective.

MATT GEORGE: Again, I echo that. If we're just talking about the application process for the Regional Job Creation Fund, there was some work involved in it, but when the Government has a fund that is in charge of providing the type of money that we're talking, I don't see any issues with what we had to fill out. Again, Regional NSW and their offices were brilliant in guiding us through that process and making sure that we had the best possible opportunity to be successful in that, which we were extremely grateful for. Yes, we have definitely got a lot of praise for the Job Creation Fund, the process that was involved there and everyone who assisted with it.

Mr RICHIE WILLIAMSON: Mr Chair, I have a very brief follow-up request to both. How did you hear about the funds? How did you know that this even existed?

BEN MULLANEY: Very good question. We've been involved in a number of government programs and initiatives over the course of our life as a business. Through those relationships, people basically told us about it. They were like, "Hey, you might want to look into this." We have said to multiple people in the past that we wanted to build our own factory, we wanted to grow and all that jazz. We were basically told by somebody who knew about the program and so that's why we applied.

MATT GEORGE: Similarly, it was the offices of Regional NSW and the local team in the Illawarra that informed us of that. We've developed a close relationship with them, I would say, over the last several years. Every six months we reach out to that team to investigate what opportunities there may be.

Ms MARYANNE STUART: Dr Mullaney and Mr George, thank you for your submissions and thank you for your attendance today. My question is in regards to jobs created. Dr Mullaney, I can't seem to see any numbers here in regards to that.

BEN MULLANEY: Not on the submission, no.

Ms MARYANNE STUART: No, but I would be interested to hear from you.

BEN MULLANEY: Sure.

Ms MARYANNE STUART: Mr George, you've quoted that there were 50 seasonal attendants. I'm wondering what the prospects are of making those permanent, secure jobs for the longer term?

BEN MULLANEY: Do you want to go first, Mr George?

MATT GEORGE: Yes, not a problem. In terms of permanent, secure jobs, there is a high proportion of our workforce that is seasonal due to our operating calendar. We only operate for 150 days of the year. We are heavily focused around that summer trade. In saying that, we have seen an increase in permanent team members. Unfortunately, our permanent team is only about 10 per cent of our overall team, but we have made additions of two or three additional team members as a result of the increase in trade visitation and business that we have seen. I've mentioned the increase in wages that was paid there last year. I'd be happy to look into, if the Committee would like, the full-time equivalents and how that increased from year to year and provide that feedback.

BEN MULLANEY: As part of our submission, we said that we would be employing 50 full-time equivalent new staff in the regional area where our factory will be based, which is Port Stephens LGA. We've had a series of delays in order to finish the project works, which is the construction of our new factory, so it's only just now getting finished. That has obviously impacted our ability to employ the new staff. In the meantime, we did have a rented facility. Whilst there have been fluctuations in the number of staff employed there—I think the peak was at about 25 or so; it's a little bit less now because of the seasonality of the work, unfortunately—yes, we are still intending to employ that number of staff once the work has finished and once we're able to ramp our production up.

Ms MARYANNE STUART: I have no further questions, Chair.

Ms CHARISHMA KALIYANDA: Thank you both, Dr Mullaney and Mr George, for your time this morning. Dr Mullaney, you mentioned both in your submission as well as earlier evidence that there were some teething issues along the way in terms of delivering or finalising the construction of the factory. Was there a significant change in the scope and the vision of the project that was funded between the successful awarding of the grant and finalisation? Do you have any feedback in terms of whether the process enabled that change?

BEN MULLANEY: Yes, there was a change. Initially we were expecting to buy a facility for \$2 million or something and work out of that. It became very obvious that there wasn't anything on the market in the area that would be suitable for our needs. We decided to purchase some land off the market, because it's so hard getting land up there at the moment, and then we went through the whole process of building our own facility, which ended up being about twice as big as what we originally envisioned. That facility will, once it's finished, cost us about \$4 million or so. The original target was half that. Yes, there was a pretty big change there.

In terms of the timeline to get that completely finished, we did experience a number of different issues, from a need to change finance to the fact that there was very little on the market in terms of land, and that created delays. We had to go through the whole process of engaging consultants to design and sort out all the paperwork for the DA and then the CC. Eventually we were able to start building, and that's been going on for over a year now. I think the three-year timeline for completion of works and employing the staff that was inherent in the funding terms was very ambitious for the sort of capital works that we were undertaking. Obviously it's very

different if you're just buying machinery and things like that. But for big construction works—and I think Jamberoo had a similar thing in their submission—it does take longer than you expect, unfortunately.

Ms CHARISHMA KALIYANDA: In terms of the funds that were delivered by the Regional Job Creation Fund and the process, what can be done to account for such changes?

BEN MULLANEY: There was a bit of a misunderstanding in our interpretation of the terms, where we thought that, once you'd finished spending the money, then that meant that we would be able to receive the rest of the grant funds. The department were helpful in that, instead of just having the two tranches, they split it up into three. That was really good. But trying to get that final payment has been quite a struggle. Eventually, through talking to many different people, we found out that we needed to have the occupation certificate in order to qualify for the final payment. It did take quite a while to determine that because—I don't know—maybe the staff that we were talking to didn't have the full picture of what was expected at the time as well. So I think just more transparency on the expectations there would be very beneficial for everybody.

The CHAIR: You've both spoken with a level of praise or positive feedback around the Department of Regional NSW. In line with that, do you have any suggestions about how the department could better support businesses in future grant applications?

BEN MULLANEY: I haven't even thought about this one. Matt, do you have any ideas?

The CHAIR: Just what could they do to make it easier to facilitate businesses like yourselves going through this process.

Ms MARYANNE STUART: Feel free to take it as a question on notice.

BEN MULLANEY: I think I'd like to do that. I'd like to give it some good thought.

The CHAIR: No problems.

MATT GEORGE: And we'll do the same if that's okay. There were a few people involved in the submission so it would be good to get their feedback across the organisation.

Mr STEPHEN BALI: During the process and dealing with the government agencies, did you deal with the same officer all the way through or was there chopping and changing? Did that help the process?

BEN MULLANEY: There were definitely some changes in our primary contact. One person who we were working with ended up getting promoted into a more senior role, so we were sent somebody else. Another person that we were working with ended up having to go on extended medical leave. So there were very good reasons for having to change that as well. We've had the same person now for probably about 18 months, I would say—maybe closer to two years. That was our experience.

MATT GEORGE: We worked with the same gentleman for probably the last five to six years, Tony Dyer from the Illawarra office, so that's definitely assisted as he's come to know our business and we understand the expectations of applying for these grants.

Mr STEPHEN BALI: At any stage, as you were saying, the time constraints—you had to spend the money in three years. Obviously the world of businesses fluctuates. Did you explore or have the option of requesting—I assume in some of these grants the Minister is authorised to grant extensions. Did you ever explore the possibility of asking for an extension or did they say it was just a fixed timeline?

BEN MULLANEY: We're in the process of doing that. We haven't formally submitted the request but, yes, we've been working with our representative from regional development to sort that out.

MATT GEORGE: We weren't quite in a position where we needed to explore that. Due to some construction constraints, the timeline did blow out as far as our expectations but was still managed within the threeyear period, thankfully.

Mr STEPHEN BALI: This might be a little bit controversial or a new way of thinking of things—and you can take the question on notice. Generally with the business community you're not going to invest in anything unless you're going to get a return and you're there for the longer term. A big challenge, obviously, for taxpayers' money is that we're issuing out a grant—a challenge to us as parliamentarians or the bureaucracies. You don't want to be in a situation where we're picking winners et cetera and that's what we're doing—if you know about the grant and you attend chamber of commerce meetings or you're linked and you know about it versus another organisation that doesn't know about it.

But given that if you are successful, which we hope you are and at the moment it sounds pretty good that you both are successful, what do you see as far as an idea—you've just received X dollars in this grant. You don't

have to disclose exactly how much. I know we've got the listing of it. But if you're now generating a profit and you're employing people and you're going there, is there a way of actually maybe refunding a little bit of the money—10 per cent or 20 per cent—which then can go on to other businesses to receive this grant? Because we've got to build the grant pool into the future. You wouldn't be in existence, you wouldn't be making profits if it wasn't for a leg-up from the Government to start with. I know from a business point of view you just to want pay tax and that's it. But you wouldn't be around if you didn't receive the leg-up to start with, I suppose.

BEN MULLANEY: Controversial, indeed. Getting the business to pay extra to the government.

Mr STEPHEN BALI: It's not extra. You wouldn't be there to start with, would you?

BEN MULLANEY: Well, no, that's right—more than expected.

Mr STEPHEN BALI: As you said, you wouldn't have started your business without that grant.

BEN MULLANEY: We wouldn't have built the factory, no. I think I would like to take that on notice, so that I can have a considered response rather than just speaking on my feet here.

MATT GEORGE: I think from our perspective we'd just have to consider the terms of any fund at the time and therefore whether we apply for that particular fund and what that percentage refund is. Our success can also be determined by a great deal of external factors. So if we have a poor weather event or months of poor weather, that success may be no longer and therefore having the funds there to refund would be a concern for us. That's probably the limits of my response at the moment. We'd have to be very considered as to what we applied for and what the ramifications may be.

Mr STEPHEN BALI: A very good answer. Obviously, we wouldn't want to bankrupt anyone just after you got the money there. As I said, it's just an exploratory question. But just picking up on Mr George's presentation—you identified in your submission how much you receive. It looks something like almost up to one third of it was in paying to get the grant, so I suppose the cost of getting the grant, the reports et cetera. Am I interpreting that correctly? It cost you about \$100,000 to \$200,000 to get all the reports together to get the grant?

MATT GEORGE: That was more generally speaking over a range of DAs and modifications that we've put forward to council in the past. I'd have to take on notice and just double-check the exact figures for each DA, including this one. But definitely—

Mr STEPHEN BALI: I suppose I wasn't worried that much about the DA—sorry to cut across you. It was more how much would it cost you to go for this grant? That's another roadblock, I suppose, for a lot of people—is how much time, effort and commitment are you going to put in to get a grant. Because you're putting the money up-front to explore and, if you're limited on funds to start with, you're not going to spend \$10,000, \$20,000, \$50,000 to get a \$500,000 grant, potentially.

MATT GEORGE: Our business process is more so—we'd want to have projects in the pipeline and already be semi-committed to it before applying for a grant, if that makes sense. Because it does have to be DA approved, I believe. The Regional Job Creation Fund—you had to have something DA approved and ready to go if I'm not mistaken. But, yes, consultant reports to get to the DA stage is a huge concern for us, considering the variety of those reports and the expense that they seem to come at in the current climate.

The CHAIR: I think this is a common theme, so some of this has already been covered, but I might put this to both of you as well. Both of your submissions mentioned current planning restrictions and requirements working against the aims of the Regional Job Creation Fund. What changes in the current system would you recommend as a solution?

BEN MULLANEY: Matt, do you want to take that?

MATT GEORGE: I would definitely like to come back with a more considered response and I'll take part of that on notice. I think we need to look around the role and responsibilities of private certifiers. To be completely honest, our experience with private certifiers is that they are scared to make any reasonable very, very minor adjustments to a location of buildings, for example, stormwater and the like during the process, which then requires a modification, which takes more time and delays any economic benefits not only to us but the broader community. Broadly speaking, we hear all the time all levels of government are saying that they are cutting the red tape and making it easier for the private sector to invest. Unfortunately, we are just not seeing that at the ground level on the coalface at the moment. I wouldn't pretend to know all of the legislative changes that have occurred to try to enable that over the previous years, so, again, happy to take some of that on notice. But, yes, it is a significant challenge, resource and financial commitment for the business.

BEN MULLANEY: We had a reasonably, I suppose, easy process to sort through the consultants and get the DA approved. We did have a modification to the DA but it went through reasonably quickly. But it is the process to get all of that documentation together to submit the DA which is the laborious part. That's what takes six months or so. I don't know what there is that can be done about that—just the sheer volume of requirements that are expected. There are a lot of reasons for those requirements, which I fully accept. But that was our experience.

Mr STEPHEN BALI: Just exploring the education aspect, and given you guys are out in the regional areas, and pretty diverse—one in manufacturing, Dr Mullaney; and Mr George, in entertainment, which I have got to say is a very honourable trade. I used to work at Wonderland, so I know what you are going through, when you have to shut down and all that stuff. How do you find the linkages back to TAFE, or do you use a private provider? For specialised work, or even short courses to get customer skills up, how do you see the availability of courses, firstly, and how does TAFE versus the private sector fit into it?

BEN MULLANEY: I think we've mostly used TAFE for our training. We have actually gone and spoken to some teachers and said, "Do you have any good students who you would recommend to us?" We have had a few apprentices and trainees go through our business. One thing that we have experienced is just in general the lack of specialist skills that we require, which is mostly welding, like boilermakers and the like. They are out there but there are just a lot of other competing businesses, particularly in our region, for their skills. I don't know how we can try to encourage people to train up in particular areas, but that is one thing that has been a problem for us.

The CHAIR: Thank you both for appearing before the Committee today. You will be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will also email any questions taken on notice—I think both of you have at least one question taken on notice—and any supplementary questions from the Committee. We kindly ask that you return those answers by 4.00 p m. Friday 19 January 2024.

(The witnesses withdrew.)

(Short adjournment)

Mr RODNEY CARR, Director, Countrywide Industries, sworn and examined

Dr MOHAMMAD SHARIF SHARIFI, Chief Executive Officer, Australian Food and Pharmaceutical Industries, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you for appearing before the Committee today to give evidence. Please note that the Committee staff will be taking photos and videos during the hearing. They will be used for social media purposes on New South Wales Legislative Assembly's social media pages. Please inform the Committee staff if you object to having photos and videos taken. I need to declare that I have known Mr Carr for a period probably exceeding 10 years. I have never been a customer of Mr Carr but I've known him in the context of amateur sporting events. I put on the table that Mr Carr is known to me. I also point out that Mr Clancy, the member for Albury, has joined via videoconference. Welcome, Mr Clancy. To our witnesses, can you please confirm you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

RODNEY CARR: Yes, I have.

The CHAIR: Do you have any questions about this information?

MOHAMMAD SHARIF SHARIFI: No.

RODNEY CARR: No.

The CHAIR: Would either or both of you like to make a short opening statement before we begin the questions?

RODNEY CARR: I guess I could thank you for inviting me today to the Committee to make a contribution. I'd like to speak positively about the Regional Job Creation Fund. No doubt we'll get into more detail. I'm happy to answer plenty of questions. Ask me anything you like and hopefully I can deliver an answer today.

MOHAMMAD SHARIF SHARIFI: Thank you for the invitation. The same—I'd like to give positive feedback and contribute to what you guys are doing. I appreciate the invitation. Thanks.

The CHAIR: We will now move to questions from the Committee. Before we begin the questions, I wish to inform the witnesses that they may wish to take a question on notice and provide the Committee with an answer in writing by 4.00 p m. on Friday 19 January. We will move to questions. I will ask the first one, to get the ball rolling for us. In regards to the Regional Job Creation Fund, did you feel adequately supported in the application process?

RODNEY CARR: Yes. I felt the application process was okay. We did have to get the assistance from our local Orana regional development organisation. They help you through these type of things. Our business being a manufacturing business, we actually design the machinery and build it. So your head space is pretty tied up with a lot of plans and how things fold and work and something's broke, whereas if you're retailing something it's just shop in, shop out. So we get pretty tied up. It's hard to get to all the detail all the time. But they helped us immensely. Thank you.

MOHAMMAD SHARIF SHARIFI: Likewise, we received lots of help from the regional manager. However, due to lots of travel that I was getting around because of a few exhibitions here and there, and we were really busy, I also hired somebody to look after writing the grant and things like this.

Mr JUSTIN CLANCY: Thank you both for attending. I'm interested, firstly, in just touching on a little bit of your story in terms of exporting to Sudan and New Zealand. I think that's wonderful that we've got regional businesses exporting across the globe. I'd love you to expand on that a little bit, but also you've touched on the support you had from a department. You said you "acknowledge the staff at all government departments for their help in terms of the program support". I'd like you to explore further the governmental department staff but also I'd like you to firstly touch on your export side.

RODNEY CARR: The export side has not been huge at this point in time, but an Australian agent contacted us who has dealings in Sudan and was supplying machinery to help the local people develop their agriculture so they could feed themselves a bit. So we sent three container loads of machinery over initially and then we sent a further two container loads to Sudan. Surprisingly, some of that equipment, we rang the agent back two or three years later and he said, "Well, actually it hasn't turned up." It got lost in the border war. One turned up I think. They just rang and asked for a whole heap of spare parts to be sent back over because the containers had been pilfered, so a bit of a sad story there. But hopefully they get going and get operational. New Zealand was a lot easier, obviously. We sent over to the dairy farmers there and they were good to deal with.

All the government staff to deal with have been very good. Probably one of the things that we couldn't comply with was the time, and we did get an extension and we're now seeking a further extension. Probably the department that we were having the most trouble with is the local council as far as getting our application through because we've had the people from regional jobs—we had to have a deadline obviously and they've been asking us, "How's it going?" And we go, "Well, actually, we haven't struck a blow yet because we're still waiting to get it passed by the council." That has been very, very slow. I did feel a bit of pressure from the job creation people—"Hurry up, you have to get this finished." I said, "I know that but I can't start until I get it passed because we have to comply. We're spending your money and our money so we have to comply with the relative authorities." That still hasn't come through.

Ms MARYANNE STUART: First of all, Dr Sharifi and Mr Carr—and Mrs Carr is with you—travelled from Dubbo last night, so thank you both of you for your submissions and for joining us today. We very much appreciate it. Mr Carr, if I could point to you in the first instance to your submission—thank you for those submissions as well. On the second page you make the comment:

We need to be able to attract young people into trades and may have to offer greater wage incentives to get that to happen. I would gladly have a discussion with you, as I have a few ideas.

Just for your benefit, previous folks that have attended this hearing this morning have spoken about skills shortages, and I was just wondering if you could provide a response in regards to that with your personal experience.

RODNEY CARR: Yes, I can. To fill in the rest of the Committee, I did an apprenticeship myself in welding and steel fabrication and then I became a TAFE teacher, so I've got fairly extensive experience with TAFE and the apprenticeship system. Plus, we've employed a couple of apprentices every year for 40-something years so we've put a few through the system, lost a few and trained a few. Most of them leave at the end of their time and go to the mines. Everybody has a grand idea that you can train them and they'll stay and be good loyal staff but that doesn't happen. People want to go and do something else. So we always lose them to the mining industry because we can't afford to match the wages. For the mining industry to be wondering where they're going to train the people, it's people like us that are going to be training them.

We've got to be able to attract them to our industry, and obviously when you start an apprentice he cannot always be worth a lot of money because if you're cutting up large pieces of steel worth \$1,000 and he cuts it in the wrong place and you've just ruined the piece of steel, there's two weeks' wages he has just chopped up. You've got to manage them very carefully. We're a business; we have to make something out of it. I've often thought that the mining industry and us could get into bed together and we could be a training ground for them for apprentices if they gave us work because we're always in competition for workers. Either they're trying to take our workers or their contractors are trying to take our workers, and we're trying to pay them enough to stay. It's a pretty eternal conflict.

The wage for an apprentice is traditionally very low because it's a five-day week and one of those days they go to tech, so they're really only working four days a week. Then you've got the context of: They may be not, or may be, productive much in the first 12 months. If you get a good one, that's great. There doesn't seem to be the attraction to apprenticeships now, and I wrote that in my submission. Where are all the young people? I'd like to know. We ran a campaign 12 months ago to employ people for the Job Creation Fund and we only got about two applicants and we spent \$9,500 on advertising. Everybody you speak to in town—hairdressers, plumbers—it's all the same. They said, "No, we just can't get anybody."

Mr RICHIE WILLIAMSON: Did you employ the two that you got?

RODNEY CARR: No, I didn't; they weren't suitable, for a range of issues which I can touch on later—another aspect. But I was totally surprised that we didn't get those people. We have been relying a little bit on migrants. We do have, or have had in the past, some Indian workers in our workforce, and that has worked out well. We are applying at the moment for some migrant workers because we had a rush of work. But just on the apprentices, I actually think we've got to pay them more money, and I'm going to say that I can't afford to pay them any more money. So what would happen if we said, "I tell you what, how about the apprenticeship wage doubles, we keep paying what we're paying now and the government pays the rest?" Because, as you can imagine, if some sort of disaster happened and we needed some electricians, fitters and machinists, welders in a hurry to maybe construct some equipment to defend ourselves, then we've got nobody trained.

If we could get those people trained, and then when they've finished their apprenticeship, if they want to go and be a real estate agent, that's fine but they have a basic understanding and we can draw on their knowledge at a later point if we need to. I just feel that all the young people—there are a lot of good paying jobs out there, especially in IT. We can't compete with that. How are we going to draw them back? But if they can see a big

wage, straightaway they're going to say, "There's some money in that." We won't keep them but you'll have them for four years and that's about as good as it gets. I just think we need to increase the wage but we can't afford to pay it. It's as simple as that.

Ms MARYANNE STUART: Dr Sharifi, do you have anything you wish to add in regard to that?

MOHAMMAD SHARIF SHARIFI: I relate to most of what Mr Carr mentions. The reality is finding suitable people is really hard. It is very hard. When you find them—he is losing them to mining; we are losing them to Manildra next to us. They're a bigger company. They pay more. We have been training lots of people and they just leave. To add to it, because I have 20 years' academic background, we at least trained 300 students from the Universities of Wollongong during the period. Just last semester, we trained thirty students from engineering. We also have students from a variety of backgrounds from science—chemistry, biology and microbiology. We have taken them as interns, just coming along and doing research. Also, we put some ads out there in collaboration with the University of New South Wales, where I was teaching for 15 years, and provided two scholarships to get two master's degrees. In two years, three years, we couldn't find anyone.

Ms MARYANNE STUART: For the scholarships?

MOHAMMAD SHARIF SHARIFI: For the scholarships. We were paying. The reality is the payment is not much; it is \$33,000. People coming from Sydney to Nowra for \$33,000, that's not going to happen. It wasn't just the \$33,000 that we were paying; we were paying for all materials, we were paying for all side costs—whatever it is—and nothing happened. But the worst-case scenario is I have a lady working with me who has been working with me for 10 years—a laboratory manager—and she was on this visa. Her application for permanent residency was rejected. She has applied to get the invitation from the New South Wales Government. She hasn't received anything yet. The reality is, at my age, to be honest, I don't know how much longer I can work. If this young lady doesn't stay there, where she learnt everything, basically—she is the one who can take over. She has been taking over lots of times from me while I have been trying to get more market here and there, setting up exhibition, she has been running the company. If her application gets rejected again—it is in the Federal circuit court and that rejection, she appealed—I don't know what I can do. That's some of the problem we have, yes.

Mr STEPHEN BALI: Thank you very much for coming to the inquiry today. Dr Sharifi, seeing as so many other people have said something similar to what you said in your second paragraph, where you talked about how as soon as you put the New South Wales Government logo on there and it says it's funded by the New South Wales Government—

MOHAMMAD SHARIF SHARIFI: Yes, unfortunately.

Mr STEPHEN BALI: I also know for local government, if local government puts out a tender, the prices will skyrocket. I'm just curious, as I'm not aware of the requirement. Were you supposed to put it up fairly early on? What was the requirement for you to put up the—

MOHAMMAD SHARIF SHARIFI: It is a requirement to have it there. Actually, they changed it a couple of times with us. Initially, we were communicating. There was some miscommunication there, whether from our side or their side, and we changed that sign there a couple of times. The sign is not just out on the fence—everybody looks at it—but also on our website, on our Facebook and on our LinkedIn. It is everywhere. It is just like that familiar story: As soon as we have increased wages and inflation, the prices go up. Specific to us, as soon as they can see the sign that it's funded by the New South Wales Government, they charge us double for it.

Mr STEPHEN BALI: I understand some of this may be commercial in confidence, so you don't have to answer it directly in a public forum. But as far as the amount of money you received versus the time, effort and costs of getting that grant, how much was the time, effort and cost as a percentage of the total grant that you got in the end? Was it worthwhile?

MOHAMMAD SHARIF SHARIFI: It definitely was. We probably wouldn't be here without it. That's for sure. But we paid way more than our share, and we are still doing it, for a few reasons. One of the reasons was what Mr Carr mentioned regarding the council. We had to change our project because we couldn't just get that permission from the council to do this and that. It's so hard. I was visiting an exhibition in Saudi Arabia in June. We visited the department of industry, and the Deputy Minister himself came and welcomed us. They took us around everywhere and we saw, right outside of the ministry, a big room like this—a little bit bigger. They call it a -one stop shop. Anything related to the council, and anything that relates to the bank—anything that relates to anything—you walk in from one side and you walk out from the other side. In two days, everything is done. They either reject it or they say, "Hey, this is your permission. Go ahead and do it." I was very surprised, really. Australia is way more advanced than Saudi Arabia; that is the reality. But what they have there, we don't have in Australia. It is a little bit sad.

Mr RICHIE WILLIAMSON: My question is to both Dr Sharifi and Mr Carr around the timelines of the grant and your ability to meet those timelines. If you could recommend that there would be a change to the time lines, what would it be?

RODNEY CARR: If I could go first, right when we got the first grant was just before COVID. So COVID hit and staff was short in all industries and government departments, so that would slow their planning. We understood that. The next thing, the costs went through the roof from our original estimate. We looked at that and we said, "That's okay; we will fund the difference," because the Government was good enough to give us X amount of dollars, and we were going to commit X amount of dollars to match it. We would have to supply X-plus, but that's okay. We would just carry on. But as time went on, we couldn't get the project—we had the project passed, but we added another piece to it.

We also wanted to put in some disabled toilets that weren't required, but we thought we'd put them in there while we were going. So that may have slowed the process down. All that time, bearing in mind that we're spending your money as well, we thought we want to try and comply and make this as up to date as we could. The original project that we got the funding for was passed a number of years ago, and we didn't go ahead with it for financial reasons and work reasons—supply of work. But we could now do that, so the council said to us, "That was passed 10 years ago, but we'd like you to reapply." But the law is, if you've made a start on the project, you don't have to reapply.

Mr RICHIE WILLIAMSON: Correct.

RODNEY CARR: They said to us, "There might be a few environmental things. We suggest you go down to another engineer." I went down and saw him. He said, "Yes, I'd like \$60,000 to reapply for your thing." I said, "Hang on a minute. That's a bit ordinary." So I went back to the original engineer and he said, "I can do all that for \$6,000." I thought, "That's a better use of everybody's money."

Maybe he and the council didn't get on so well, I'm just not so sure. We've just had hold up, hold up—we just couldn't get it through. We added an extra building, which I've paid a local business to construct because I'm trying to spend my money locally. I've given them the money to construct that. The board has asked me could I get it done before Christmas? I said I can if I can get the approval, get the CC, the construction certificate. We've contacted the council and asked them to email us or contact us. They said they'd get back two weeks ago, and we haven't heard anything. We just can't move. It's just unbelievable. That's been the biggest trouble.

Mr RICHIE WILLIAMSON: Mr Carr, on the three-year time limit, would you suggest four or five?

RODNEY CARR: No. I actually think it needs to be a bit flexible.

Mr RICHIE WILLIAMSON: Flexibility.

RODNEY CARR: Flexible. It coincided as well—we couldn't move, because we didn't get the appropriate government papers, but we also got a huge rush of work. We didn't have many staff. The Government put on an instant tax write-off for business and farmers. So the farmers were ringing up, ordering machines hand over fist. We couldn't make them. We couldn't get any workers. We never had enough shed space to jam them all in. We're desperately trying to get the shed passed so we can get some migrant workers so we could capitalise on this opportunity. But once 30 June came this year, the phones stopped. I'd love the Government to have a look at their some sort of tax records or something and say, "God, what happened on 30 June?" because it's just a cliff face.

The amount of jobs that was creating, you could go around the country towns—and I'll get to your question in a minute about the three-year project. So that held us up a bit. We had one extension, and they were good about that. But we now need another one because we still haven't got it passed. To ask what date do we want? Well, that will depend on the council when they pass it. We probably only need—the local shed builder said that he could have the shed up before Christmas for me. He said that two weeks ago, if I could have got the certificate. He rang me yesterday and he said, "Can I start next Tuesday?" I said, "No, because I still haven't got the certificate." That would have had the first part of the building done. We could have put some workers in there. We have hired a few workers and apprentices in the meantime. We can't put any more on because we haven't got the room to occupy them so that they've got the space to work in.

That's one of the things. I think the fund could be a little bit more flexible, and I know one of the things they've said to me is, "But the money is there and it's allocated to a certain date." Well, that's okay but you've got more money than what we've got. We have to try and fit it in—we have to try and make some money when it's there so that we can fund our part and, in saying that, we have funded all bar about 2 per cent or 3 per cent. We've already spent our money. We've had one payment off the Government. We've still got to get two more payments. It looks like we're going to have to water it down because we can't employ the people. We can't get them to

respond. For me to be honest about the use of your money, we can't employ the people because we can't get them. I don't know what the answer to that is. As far as the timeline—yes, we've blown out on the timeline. But we'll need another six to eight months—six months to do the buildings after it gets approved so that we can then start employing more people because we've got the room to put them in.

Mr RICHIE WILLIAMSON: Understood.

MOHAMMAD SHARIF SHARIFI: Regarding the timeline, actually we finished right on time. Having said that, we were working around the clock. Around the clock we were working. I agree with that flexibility. That flexibility is a good thing to go ahead with. Flexibility should be not only for the timeline—when you start and when you finish—but also if any change comes up, unforeseen changes, then if that fits in as well, that would be good. For example, when it comes to our business, you talk about chewing gum. So you say what is chewing gum? Chewing gum is a \$37 billion business. That's what it is—a \$37 billion unhealthy business that we try to provide an alternative for—a healthy one, an organic one, a natural one, rather than a petrochemical one.

During this period, we also tried to fit in—that's where the name "Food and Pharmaceutical" comes from. We also produce and in the future, more than what items that we have at the moment, we produce functional chewing gum—basically incorporating medicine into the chewing gum. We've got around 10 patents for this—not to mention a few of them just expired. However, during this period when we were doing this, we also spent some more money on the constructions—not construction outside, but internal fit-out—to comply with TGA. So when our functional chewing gum and medicinal chewing gum comes out, we have that specific requirement for producing medicinal chewing gum.

When it comes to that, we spent at least around \$500,000 to \$600,000 just from pocket to get that one done. We are working at the moment. We better get it done now. We can't go back, change this and wait for the approval or whatever. Also if that flexibility is included—that I reckon it is included—that is why we just dodge this council. We put an application in and we said, "Hey, we want to change the actual application that we had." Initially we wanted to connect two whole together and we said, "Okay, we passed that. We don't want that." We put in an application, then we got the approval, thanks to the New South Wales Government.

It didn't take long, actually—took around a month or two. We got it done. If that flexibility is also included—the reality is, some of the stuff you don't see it when you start doing and putting an application in. So much things come up later on that it will be good if, for example, we could talk to regional manager. Our regional manager has been fantastic, really. I would like to mention his name if that is possible? Mr Tony Dyer has been fantastic. He has been working with us around the clock, any time. He's not just from the time limit. In the after-hours, I have been calling him and he's been calling me. We can work with a regional manager like this. Sadly, he left. So that flexibility could also be included. Thank you.

The CHAIR: Thank you, Dr Sharifi. I'm conscious of the time so we will need to wrap this up now. I thank you both for appearing before the Committee today. You will each be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will also email any questions taken on notice—I do not think we had any today—and any supplementary questions. There might be questions that people come up with, and they might be sent through to you. We kindly ask that you return the answers to these questions by 4 p m. on Friday 19 January 2024. Thank you both very much.

(The witnesses withdrew.)

Ms JENNY BENNET, Executive Officer, Central NSW Joint Organisation, before the Committee via videoconference, affirmed and examined

Dr ALICE HOWE, Director, Environment and Planning, Central Coast Council, before the Committee via teleconference, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you for appearing before the Committee today to give evidence. Please note that the Committee staff will be taking photos and videos during the hearing to be used for social media purposes on the New South Wales Legislative Assembly social media pages. Please inform the Committee staff if you object to having photos and videos taken. Can you both confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

JENNY BENNET: Yes.

The CHAIR: Dr Howe? Have we got audio okay? No?

JENNY BENNET: I can hear you. I am fine. I think Dr Howe is the one who is—

The CHAIR: Ms Bennet is fine. Dr Howe has a problem with audio at the moment. We will hold up for a minute to try and get to that, because we might have to run through some of that again if Dr Howe hasn't been able to hear what we've said. I note for the record that Mr Justin Clancy, the member for Albury, has rejoined the video link after a bit of a technical issue.

Mr JUSTIN CLANCY: Thanks, Chair. The joys of living in regional areas!

The CHAIR: Speaking of that, Mr Clancy, we are just resolving an audio issue for one of our witnesses who I think might have just left and might rejoin shortly. Ms Bennet, what we will do is we will get started with you so that we can start gathering some information, some evidence. Hopefully, Dr Howe will be able to rejoin us shortly. I think where we are up to—

ALICE HOWE: Hello? Hi.

The CHAIR: We've got Dr Howe. Dr Howe, can you hear me? Ms Bennet, sorry for the disruption. We will continue with you until we can bring Dr Howe back. I think where we got up to was I asked you to confirm that you had been issued with the Committee's terms of references and the information about the standing orders that relate to the examination of witnesses?

JENNY BENNET: Yes, I have, thank you.

The CHAIR: Great. Do you have any questions about that information?

JENNY BENNET: No, thank you.

The CHAIR: Ms Bennet, would you like to make a short opening statement before we begin with questions?

JENNY BENNET: No, just to point out that the recent Regional Australia Institute newsletter has said that New South Wales has got the highest number of metropolitan people moving to regional of any of the States of Australia and that the job vacancies across regional Australia are at an all-time high. This is a really good purple patch for regional New South Wales. There's nothing like investing in a winner, so I would really encourage the Committee to think about what strategic and clever investment actions could be undertaken by the New South Wales Government to really leverage this purple patch.

The CHAIR: I appreciate that. We will now move to questions from the Committee. Before we begin the questions, I inform the witnesses that they may wish to take a question on notice and provide the Committee with an answer in writing by 4.00 p m. on Friday 19 January 2024. I will ask the first question to get the ball rolling. What are the key challenges for regional businesses to make use of the Regional Job Creation Fund funds?

JENNY BENNET: Like any competitive funding program, there requires a lot of inputs and a lot of reporting. I am not sure whether the competitive funding framework is the best use of funds for many things in New South Wales. It's a good way to pilot programs, to test where funding might work, but anything in the competitive framework needs a lot of thought. I am reflecting now on a program, the disaster readiness fund, at the moment, where the application process is two-staged. The EOI goes in one minute's time. It has to be due by midday today. The reporting in that program is just so onerous. I would like the Committee to consider, no matter

what the program is, please think about the extent to which it's duplicating, micromanaging. Is it a fit-for-purpose process? Is it what you need to get the outcomes that you're looking for?

The CHAIR: Thanks Ms Bennet. I will open it to the Committee members. Are there any questions you would like to raise with Ms Bennet? Mr Williamson?

Mr RICHIE WILLIAMSON: Yes, Mr Chair. Ms Bennet, thanks for your opening remarks. In those opening remarks you said something like—it's not verbatim or word for word—you are looking for clear, strategic programs that look to stimulate job creation. What would you suggest to the Government that it could look at that would achieve those outcomes you have suggested?

JENNY BENNET: In the first instance I would look at—I quite like the concierge service approach as being done by industry. I think it is a worthwhile approach—that case management style where you're working with real people. If it was supported by good incentives so that New South Wales was really competitive, that would be something to think about. That's one side of the story. The other side is that we need to make really good investments in the basics. For example, you'll see in my submission that the water frameworks in New South Wales need a lot of help. If we're serious about businesses growing in regional New South Wales, we have to look at the way we share and use water more effectively and efficiently.

We have particularly pointed to the Lachlan catchment, which is a terminal system. There is a real opportunity there to do some interesting and innovative work given that the water never gets to South Australia. Is it possible, as a State, to start thinking more nimbly and creatively about what we can do? The board's position is we have got ideas, and no doubt you good folk have got good ideas as well, and State bureaucrats and others. Let's work on the solutions together. But we have to do two things: get the fundamentals right—for example, water provision—and then start to think about what is the right level of strategic investment in that case management style approach.

The CHAIR: Dr Howe, I can see you've joined us again. Is our audio okay at that end now?

ALICE HOWE: I can hear you. Can you hear me?

The CHAIR: I certainly can, thank you.

ALICE HOWE: Sorry for the inconvenience.

The CHAIR: I just need to run through a little bit of housekeeping with you, if that is okay?

ALICE HOWE: Absolutely.

The CHAIR: Can you please confirm that you've been issued with the Committee's terms of reference and information about the standing orders that relate to the examination of witnesses?

ALICE HOWE: I have, thank you.

The CHAIR: Do you have any questions about this information?

ALICE HOWE: No, I don't.

The CHAIR: Would you like to make a short opening statement?

ALICE HOWE: I would, if you wouldn't mind, if we still have time? I thank the Committee for the opportunity to address this inquiry on behalf of Central Coast Council. Central Coast is the third largest local government area in New South Wales by population, with a gross regional product of \$17.5 billion. We have around 25,000 businesses generating around 133,000 jobs. The coast is strategically located, with a range of infrastructure, including warehousing and freight facilities, and a diverse economy with strength in health care, manufacturing logistics, agriculture and construction.

As identified in our submission, 14 Central Coast businesses received funding through the Regional Job Creation Fund. Of the \$6.9 million that was distributed with an expected return of 380 jobs, we see that investment of around \$18,000 per job as reasonable in terms of a public funding should those jobs be realised and sustained. Council was pleased that those funds were invested in our food manufacturing sector, which is one of our competitive advantages. The return on investment is estimated to be around \$150 million in direct output per annum, with a further 400-odd indirect jobs and \$159 million in annual indirect annual output. The Central Coast has just one business funded through the Regional Investment Activation Fund.

While our relationship with the local Department of Regional NSW team is very good, council has no direct involvement in the design or the delivery of the programs that are the subject of this inquiry. We have been involved in the development assessment process for some funded projects. In our view, the grant programs such

as these place unnecessary pressure on council by requiring applicants to meet development approval milestones as part of their funding requirements. This occurs with next to no consideration in the grant assessment process of the intricacies of the planning process in New South Wales, which over the last decade or so has become more complex, more costly, less clear and less practical.

While I'm sure the Committee is aware that local government in New South Wales is significantly under resourced, Central Coast Council in particular has challenges associated with the circumstances that led to the suspension of its councillors in 2020 and the current period of administration. Central Coast Council also processes more development applications than any other jurisdiction in New South Wales. This has over the last few years been accompanied with a substantial reduction in staff to address our financial stability situation and led to a blowout in the backlog of applications to be assessed and the time frame in which those assessments are able to be made.

From a practical point of view, the distribution of grants funds means that both the grant administering body and the grant recipient have expectations that their development applications will be fast-tracked. While these grant funded projects are no doubt worthy—as already mentioned, they create significant local value—they are competing for attention with other worthy propositions, such as affordable housing, childcare and other unfunded manufacturing developments making comparable contributions to the local economy. Our key recommendation to address these challenges is for closer collaboration with local government on the design and implementation of New South Wales government grant programs such as these. We are, after all, all working to support our local communities and can bring our collective knowledge and expertise to achieve community outcomes. Thank you.

The CHAIR: Thank you, Dr Howe. For the sake of the record—this will sound a bit familiar, Ms Bennet, but I will run through it again for the benefit of Dr Howe—we'll now move to questions from the Committee. Before we begin the questions, I wish to inform Dr Howe that you may wish to take a question on notice and provide the Committee with an answer in writing by 4.00 p.m. on Friday 19 January 2024. Having already asked a question, I will go back to Committee members.

Mr JUSTIN CLANCY: Thank you, Chair. Ms Bennet and Dr Howe, thanks for your time today. Ms Bennet, I want to return to your opening comments. You spoke of a purple patch in regional areas at the moment with the movement of people to the regions. Dr Howe, thank you for your comments around some of the challenges and the need for greater collaboration with local government. Ms Bennet, you spoke of some of the positives in terms of concierge service. More broadly, and in reference to your purple patch comment, Ms Bennet, do you see an importance to government support of manufacturing in regional areas and funding specifically for regional manufacturing as opposed to, say, a funding program that was competitive across metropolitan and regional areas?

JENNY BENNET: That was a question for me? I'd like to reflect on, say, the Parkes Special Activation Precinct. This is a really clever concept, which can occur in many places across regional New South Wales, that is to some extent attempting to ameliorate the problems that we have in the planning department or with planning in New South Wales by having this sort of pre-approvals process in these specific locations—some nimble thinking along those lines. If we're looking at, for example, getting to our net zero obligations; if we're thinking about how we're going to manage waste; and if we're thinking about the amount of renewables in the various renewable energy zones and those sorts of things, there will need to be some better investment in regional New South Wales—and probably in metropolitan New South Wales as well, one would suggest.

Let's take, for example, distributed energy. I think the Minister was over in Perth the week before last talking about distributed energy. That will require investment. Ideally, we would be building the things that we need for this sort of investment in regional New South Wales. At the moment we're having to ship everything in—the blades and the like and those sorts of things that need to come in through different ports and then be transported via our communities, which are having to literally be turned into roadways for the logistics task for a net zero challenge.

We have to do better. We have to make better strategic investments for the outcomes that this State is looking towards. If we're going to have a net zero target, we need to think about what that looks like logistically and what investments we need to make in manufacturing in regional New South Wales to enable that target to happen. And that's what's not happening at the moment. It's not happening hand in glove, as Dr Howe was saying, with councils. That would be an essential, but it's not happening at all, that we can see, from regional New South Wales to central New South Wales. We just can't see that sort of logistics, strategic thinking going on at all.

Mr JUSTIN CLANCY: With regard to that, have you seen anything of the manufacturing strategic plan for the State, Ms Bennet?

JENNY BENNET: I haven't read it, I apologise. I can read it and provide feedback later with a question if you like.

Mr JUSTIN CLANCY: Thank you. Dr Howe, in terms of a specific lens on regional areas as opposed to a broad lens on manufacturing in metropolitan and regional, is there a need to examine regional areas under a specific lens?

ALICE HOWE: The Central Coast is in a pretty unique position of being peri-urban. It's not necessarily as regional as other regional areas, so I put that qualifier around it. We're also part of the Six Cities Region. The interaction between those broader—metropolitan Sydney and the regions around it are very important for the manufacturing base in the Central Coast. We see that we have a unique role to play in terms of our competitive advantage. We think we've got strong alignment with New South Wales government policy and investment in that space. I think we just don't have a clear understanding about the specific roles and responsibilities of various parties and, to Ms Bennet's point, that coordination piece about making sure that we all know how we're contributing to those strategic objectives.

Mr JUSTIN CLANCY: I suppose, for clarity, and to both of you, what I'm driving at is this: Is there a need to focus on regional areas in terms of any policy specifically focusing on regional areas, or are you happy to be part of a manufacturing policy that is statewide, including metropolitan and regional?

ALICE HOWE: My perspective on that would be that it's absolutely important to understand the unique contributions that specific regions—not "the regions" but each region—add to the economy of New South Wales and the society and the environment in which those communities live. Absolutely, there needs to be that nuance in policy that responds to the unique circumstances in various parts of New South Wales.

JENNY BENNET: Yes, I'd add to that. I think a lot of work has been done by Regional NSW and Investment NSW on what are the unique characteristics in every—what's it called?—functional economic region across New South Wales. If you add an overlay on that—let's say, for example, that we want to do a rewiring of New South Wales that will require a certain build and you've got activation precincts across the State. Then you can fast track the build and that investment. I think you're looking at, what, \$550 million worth of investment in the renewable energy industry at the moment. If you looked at strategically doing that where it's going to be near, where it's going to be built, then that would make a lot of sense, rather than building it in, say, Western Sydney and trying to get it over the escarpment. Just the geography of New South Wales and the transport logistic challenge of New South Wales needs to be thought about. If you're going to be doing certain industries, like, say, renewables, then you would think about what the manufacturing location means for that.

Ms MARYANNE STUART: Ms Howe, you mentioned projects that could or should be kickstarted in regards to regional parts of New South Wales, for example, childcare and affordable housing. Is that a fair assessment of what I heard? Yes? What are the challenges you see, both of you, in your positions and in your organisations dealing with regional businesses and communities? What are the challenges that you see that you could mention to us today? And the reason why I say that is we've heard from regional businesses this morning regarding jobs that are being created but there is no workforce to take those jobs up. What sort of incentives or what sort of challenges do you think we could look at to assist with filling those positions?

ALICE HOWE: On the Central Coast we have a significant affordable housing challenge. Whilst we have available housing stock, it's not suitable for our key workers and it's certainly not located near to where they need to get to jobs. Not only do we have the challenge of attracting people to come and do the work that needs to be done—and that is not unique to the Central Coast; I think that's being experienced across the country—but we do have a significant challenge with being able to create the right sort of housing stock for those new employees. The Central Coast also has a challenge where it has a significant dormitory function for Sydney. About 20 per cent of our workforce is leaving the local government area every day to go to Sydney. Dealing with the transformational changes that are happening in the digital economy—it's COVID related. It's putting some structural pressure on our infrastructure to be able to house and service people who are increasingly wanting to have that opportunity for a hybrid working arrangement where we can find them accommodation.

JENNY BENNET: Schools and housing, absolutely. I'd also add—there's just some key considerations there that I understand that the State Government is starting to turn its mind to. For example, the assumptions that are made about growth in regional New South Wales and certainly in my region, using what we call population projections, Treasury common planning assumptions—the smaller the community, the more likelihood these will be incorrect. Every State agency must use Treasury common planning assumptions in their thinking about investing in infrastructure and services. That has some really significant challenges when we're thinking about how many police or health services do we need. As we're, on the one hand, trying to attract people to the region, we've constantly got this handbrake of these common planning assumptions. We've got this constant challenge of

the common planning assumptions that put a handbrake onto the potential development and particularly the attraction of people into the region.

If you can't talk about childcare services, health services, schooling, aged-care services in your region and even hospitals—so here's a classic: Mudgee Hospital. The day it was opened, they had to start planning for the second one because the growth in Mudgee had not been taken into account. That has real human consequences. That's mums having babies in overflow rooms, generating noise for the people in the next general ward. I understand the State is doing a review of these common planning assumptions, but the impacts they have, both on where the growth is overstated, in, say, Penrith, and where the growth is understated in our smaller communities—and I'll name Blayney and Oberon because we've actually examined the impacts of this work over the last couple of decades. It really is too blunt an instrument that is being used for too important a purpose.

ALICE HOWE: If I could add to that, we are involved in the Urban Development Program Committee in the Central Coast, which I think is a really positive opportunity for local and State government to align their assumptions around planning projections and develop an effective infrastructure pipeline. We, at the moment, have no common understanding of what the development pipeline looks like from rezoning through to construction, and we have no common understanding of what the key enabling infrastructure is to be able to support the growth in our community. Getting that body of work together and having a source of truth around it is absolutely critical to good decision making.

JENNY BENNET: Just to draw on that too—this thinking is only just starting in our region as well. They're only just starting to have a look at what the impacts are of the construction tasks. Here's an interesting one for you. So our regional plan developed by DPE did a piece of work using a consultancy called the *Regions Shapers* report that identified that in the Central West and Orana region there would be 64,000 jobs in the next five years as a result of the construction tasks. They were unable to reference that in the regional plan because it was at odds with the common planning assumptions. Happily, the sort of work that Dr Howe has described is starting to emerge across the State, but we need to go faster, given the extent of the challenge around skill shortages and housing at the moment.

The CHAIR: I know we had some technical issues, so we will run this one a little bit over time, if that is all right with everyone.

Mr STEPHEN BALI: Ms Bennet, you are very passionate about the regions and it would be good to have a longer conversation. I think, what you are saying also reflects of Western Sydney. We have the members for Riverstone and Blacktown here, and we kind of get overlooked all the time as well. You think it's bad in the regions, have a look at Blacktown. Parking that for a second, Dr Howe, in your role as planning, most of the submissions that we have received and the oral submissions, a lot of them talked about planning challenges. We understand that there is the difficulty employing and keeping staff, especially in planning. How do you really see the planning approvals? A lot of people anecdotally are saying it is taking a prolonged period of time to get approvals done. How do you see potential ways that we could assist in speeding up the planning processes that you see from, especially the Central Coast, which has so many applications at the moment?

ALICE HOWE: There is a lot of complexity in the planning system. There are a lot of challenges that need to be addressed as part of a development application and there are some logistical challenges in terms of the implementation of some of the improvements that government seeks to make. For example, the Planning Portal has the opportunity to significantly enhance the development assessment process, but it hasn't delivered as yet on that objective. Central Coast Council is suffering some of the planning staffing shortages across the State that local government is experiencing. We don't pay as well as New South Wales Government, for example, so we are losing staff to the department of planning to provide guidance to us on how we should do our jobs. And we are in a continual state of flux in terms of the pace of reform.

A lot of change is happening that we need to get on top of, in addition to the actual work of progressing applications. What we are finding is that the industry is also struggling with finding staffing and so the quality of applications that we receive are typically poor, which means that it is harder for us to assist them and it takes a lot longer to do that. We are interested in doing work with industry and with the New South Wales Government around providing some more clarity for people about how to utilise the existing system, but actually doing some fundamental reform to the system that makes it a more streamlined and simplified approach for applicants and for assessing staff to be able to get through the significant amount of work in a reasonable time frame.

Mr STEPHEN BALI: To build on—because staffing is a massive issue across all areas, whether it's department, whether it's for developers, whether it's for councils. I am just wondering, has council considered potentially outsourcing? Given that you can't have the staff there to speed up the processes, is there a way of looking at a public-private model under the control and auspices of council—obviously you are the final approval

body? How do you bring in some required—whether it's engineering, the preliminary type stuff before the approvals are made that you can look over, the hack work of working through the application process? Have you thought about any ways of working with the private sector in delivering faster responses?

ALICE HOWE: Yes, we do do that, particularly where we have a shortage of specialist expertise, and I also would like to acknowledge the support of the Planning Delivery Unit of the Department of Planning and Environment. It is continuing to support Central Coast Council with our backlog and facilitating the use of consultants to assess development applications. Some of the challenges are that that is a much more expensive way to deal with an application than to have staff in house deal with it. Also that essentially a member of staff has the delegation to approve a development application and so they need to have some assurance that that application has been adequately assessed.

What we found with models like the flying squad that you might be familiar with in New South Wales that was funded by the department of planning, was that the work to front load and quality assure the applications that were being assessed by consultants was quite significant and made that program perhaps less effective than it could be. With the increase in ability to attract planning staff that we are currently seeing, we are definitely seeing a change in the last six months or so. We would expect that to flow from the reduction in the budgets for the department of planning that came through this year, that we will be able to recruit more staff. And the most effective way for us to do that is to be funded to employ those people in house to deal with peak loads as they occur.

The CHAIR: I am conscious of time. I thank Dr Howe and Ms Bennet for appearing before the Committee today. You will each be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will also email any questions taken on notice today and any supplementary questions from the Committee. We kindly ask that you return those answers by 4.00 p m. Friday 19 January.

(The witnesses withdrew.)

Ms CARISA WELLS, Chief Executive Officer and Director, Regional Development Australia Southern Inland, before the Committee via videoconference, sworn and examined

The CHAIR: Thank you for appearing before the Committee today to give evidence. I appreciate your flexibility with the timings. Please note that Committee staff will be taking photos and videos during the hearing. They will be used for social media purposes on the New South Wales Legislative Assembly social media pages. Please inform the Committee staff if you object to having photos and videos taken. Ms Wells, can you please confirm that you have been issued with the Committee's terms of reference and information about the standing orders that relate to examination of witnesses?

CARISA WELLS: Yes. Thank you.

The CHAIR: Ms Wells, do you have any questions about that information?

CARISA WELLS: No. I don't.

The CHAIR: Ms Wells, would you like to make a short opening statement before we begin with any questions?

CARISA WELLS: Certainly. I'd like to appreciate and thank you for accommodating the change of times this morning. I have had quite the evening. I'd also like to thank the Chair and the Committee for inviting me to provide additional evidence on the Regional Investment Activation Fund and Regional Job Creation Fund. RDA Southern Inland is one of 52 committees across Australia core funded by the Federal Government under the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. The Hon. Kristy McBain, member for Eden-Monaro, and Minister for Regional Development, Local Government and Territories, is our lead.

RDASI represents seven New South Wales LGAs, including Wingecarribee, Goulburn Mulwaree, Upper Lachlan, Hilltops, Yass Valley, Queanbeyan-Palerang and Snowy Monaro. The organisation is structured as an incorporated association and not-for-profit, with a board made up of leaders that represent the LGAs across our region. Our focus is on driving jobs, investment and innovation through collaboration and communication, advocacy and the facilitation of regional projects. I think with that remit we are keen to advocate for programs such as the ones we are discussing today, and we believe that these programs are very worthwhile for encouraging investment and job creation in the regions. I think the one issue, though, was we were not planning on COVID.

The CHAIR: Before we begin the questions, I inform you that you may wish to take a question on notice and provide the Committee with an answer in writing by 4.00 p.m. 19 January 2024.

CARISA WELLS: I understand.

The CHAIR: Just kicking off, could you run us through some of the biggest challenges experienced by stakeholders post application approval?

CARISA WELLS: I think the number one challenge has been the DA process. The milestone payments required a DA, and in a number of cases for our proponents they have not been able to progress with the project in general but with the planning due to the DA process being really quite long within the councils. That has come up a number of times across the feedback that we've had. In particular, there are two proponents that are still waiting for milestone payments and therefore their DAs have now been waiting for eight months in the Wingecarribee shire.

Mr JUSTIN CLANCY: Thanks, Ms Wells, and thanks in particular for the survey work that you did as well. I think that's really important to get that feedback from those in your area associated with this program. Talking to question two in terms of your survey, the question was, "Was it an effective initiative?", and I'd like you to, I suppose, expand on it overall broadly. There are challenges and opportunities with any program, but did you see it as an effective program? I see one of the comments is that it was one of the most effective programs to provide regional businesses with support. Can I ask you to expand on that and your thoughts, please?

CARISA WELLS: Yes, certainly. First of all, yes, I believe it was an excellent program. Both were excellent programs and I think some of them achieved to set out what they were supposed to. I think from my point of view, the proponents who were shovel-ready, if you like—had detailed planning, detailed feasibility studies, a project ready to go—were the ones that were more successful. The ones that had, I guess, an idea that wasn't fully formed or a project that wasn't fully planned and studied both financially but also project delivery, I think they were the ones that struggled.

That in turn created issues in the time lines because any changes then needed to go through an application for variation. And those applications for variations then triggered an extension of the time lines, which then obviously blew out the time line of the project itself and then of course the milestone payments from there. So we saw two very different outcomes for those proponents that were fully ready to go. As an example, we had a powder coater in Queanbeyan; he had a project fully scoped, ready to go, literally just sitting on the shelf. He just didn't have the capital to invest in it, and within six months he had delivered that project, built the infrastructure and employed the staff. That's a real success story with the project. Whereas we have others, as I mentioned, still waiting for DAs.

Mr JUSTIN CLANCY: Can I just explore that a little bit further because that is really interesting what you are saying about shovel-ready. I suppose if there was a level of assurance that the program was ongoing, that would perhaps give businesses confidence to get their projects to a shovel-ready point prior to application in that regard?

CARISA WELLS: I think what was wonderful was that the State Government also had a fund for business cases, and marrying these three funds actually would be, I think, probably the best case scenario where businesses were able to utilise some funding because those costs are really a lot of times within hundreds of thousands of dollars. Those planning costs are stopping some businesses from being able to expand as well, and marrying these three funds together, I think, would be an excellent idea.

Mr JUSTIN CLANCY: You could dovetail it together.

CARISA WELLS: Yes, absolutely. Similarly, we are working with the Regional Precincts and Partnerships Program for the Federal Government at the moment. That has got stream one and stream two. Stream one is funding for the planning of feasibility and the strategic development of the project, and then stream two is for the infrastructure build. I think that works really nicely. I do think the Federal Government has probably set the stream one as a little bit too high. I don't think everybody needs \$500,000 to strategically plan a project, and I'd like to see them actually reduce that slightly.

Mr JUSTIN CLANCY: But again to your point, that business case support is important but if you get businesses to the point where they have developed a business case, giving them that assistance to then put it into fruition is important as well.

CARISA WELLS: Absolutely. We weren't expecting COVID, and regional locations now have got more jobs than people, so we have got this flip side. When we were delivering these programs with the State Government, we really needed them. A lot of businesses, though, now are really struggling, and we certainly have a proponent who is still desperately searching for the staff to fill the vacancies created by the Job Creation Fund.

Mr JUSTIN CLANCY: Ms Wells, you touch on the Commonwealth having the regional business case development. Do you see a need to have a regional focus, a lens on regional New South Wales, as opposed to just broad statewide?

CARISA WELLS: I would really like to see that. I am an advocate for regional New South Wales. I think the metros get far too much attention, and some of our baseline infrastructure needs support. Some of our councils can't update sewerage to increase housing to bring in more workforce for our businesses that are wanting to expand and invest, but they can't without the workforce and the workforce can't get there without the housing. We have this catch 22 situation where the businesses can't invest in themselves and expand because the workforce just isn't available.

Ms MARYANNE STUART: Ms Wells, thanks for your submission. I, too, like the way in which you conducted it with the survey; it was very useful and easy to read, so thank you for that. I really appreciate your time today. In regard to the question here, the question was: Did your project provide an opportunity for regional and metropolitan councils to work together to promote productivity and economic development? The answer "yes" was 33.33 per cent. The comment that you've drawn to our attention reads, "But they didn't get involved or take up the opportunity. I guess we didn't have good pathways to make these connections, although we did try." I just wondered if you had any solutions in regard to that challenge.

CARISA WELLS: I don't think that we need to have metropolitan councils getting involved in regions, to be quite honest with you. That was a question in your terms of reference. I think what actually needs to happen is that some of the planning processes in regions need to be more streamlined. For example, I've been a member of the community activation group in the Snowy activation precinct. For development there, where we're going to be able to expedite DA processes, taking a mechanism like that into consideration when we are producing these outcomes under these funds could also be an excellent idea.

It seems to us that the biggest challenge—and it's not the only challenge; I have certainly got some other challenges that I can talk to you about—was the interaction with councils, or somewhat lack of. I read the Bega Valley Shire Council's submission, and they clearly stated that they have reduced the number of staff in their economic development team. We have got a number of councils in our region that are looking to push special variation applications through, and the communities are up in arms about that. It's a very challenging time for councils.

Ms MARYANNE STUART: If I may put a question on notice, you said that there are other challenges that you would like to advise us on. If you're able to provide that in writing to the Committee, we would greatly appreciate that.

CARISA WELLS: Certainly.

The CHAIR: Any other questions from the Committee?

Mr RICHIE WILLIAMSON: I have one. It goes back to the point that you've made, and that my colleagues have made, around the planning side of it. Have any of the councils in your patch provided any advice to you or your organisation about why DAs are taking so much time to process?

CARISA WELLS: Certainly, they have. Every council in my patch reports a lack of planning staff. That's one of the main issues. There just isn't enough planning staff. A lot of the councils are looking for and seeking the assistance of contractors, which is (1) very costly but (2) they aren't usually local. There are certain LEPs, for example, in some LGAs that don't reflect others. So it takes a lot of time, and these people are not specifically professional in particular LGAs. Often the planning decisions go around and around in circles, unfortunately, because it goes to one contractor, and then they'll send back a list of questions or requirements that the applicant might need to answer or commit to which are completely out of scope for that particular LGA. And then it'll go to another external contractor and they'll see it in a different light, and it goes around in a circle again.

Mr RICHIE WILLIAMSON: I understand. It was raised earlier through some other evidence that the quality of the development application is adding to the length of determination through the stop-the-clock provisions et cetera. Has that been raised by any of the councils? I raise that because that might be something or might not be something that government could look at.

CARISA WELLS: We've got one proponent where the council has suggested a number of times that it's EPA holding up the DA, but that's actually not the case. We've checked that. EPA are happy. The issue is, from what I understand—and I know the council quite well—that there is not the staff to facilitate DAs. In this space, I think they're lucky to have only been waiting eight months. We have some people who have been waiting 11 months for DAs in that particular council, which, in this environment, is adding exponential costs to the builds. Whether that be residential or commercial, the costs and budgets are blowing out, and a lot of people are then pulling out.

Mr WARREN KIRBY: You made the point earlier that the ones that seemed to be most successful were those that had DAs prepared in advance. We heard from another witness that that's sometimes the most onerous part of the whole process. Is there a correlation between those who were going to go ahead with the project anyway and those who were most successful with receiving the grant?

CARISA WELLS: The example I gave was of a powder coater in Queanbeyan, and they actually didn't need a DA in order to progress the project. It was a line facility that they needed to extend, and they didn't need a DA to do that. The ones that have had the most challenges are the ones who have needed the DA.

Mr WARREN KIRBY: You've made quite a good point about the amount of time it takes to get a DA. But you did say that those with a prepared DA were the ones that were more likely to be successful.

CARISA WELLS: It was my understanding that I actually said that the ones that had shovel ready projects—so the feasibility studies had been finished and finalised, the project had been fully scoped and it was ready to go—they were the ones that were most likely to be successful.

Mr WARREN KIRBY: Was there a correlation between those that were able to proceed without the funding and those that received the funding?

CARISA WELLS: There has only been, I think, one or two that said they would continue with the project without the funding but they would do it at a much slower rate. From the feedback from our proponents to our survey, there were only two responses there that said that they would continue with the project but they would do it much slower. I can't correlate, I'm afraid. I don't have that correlation within our data.

Mr WARREN KIRBY: To follow up on Mr Clancy's point, and also to expand a little bit on your point about the DAs, would it be helpful if the grant process was offered over a longer period of time and/or offered on a more regular basis so that people had the surety to be able to get their project shovel ready in anticipation of the potential for a grant to come through?

CARISA WELLS: I think both of those outcomes would be more positive for the program, absolutely.

The CHAIR: Any other questions from Committee members?

Ms MARYANNE STUART: No, thanks, Chair.

Mr RICHIE WILLIAMSON: No, thanks, Mr Chair.

The CHAIR: Ms Wells, I'd like to thank you for appearing before the Committee today. You will be provided with a copy of the transcript of today's proceedings for corrections. The Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee. We kindly ask that you return the answers by 4.00 p.m. on Friday 19 January 2024.

CARISA WELLS: Thank you. I appreciate your time. I am a huge supporter of and advocate for these programs and anything that is going to assist with regional development.

The CHAIR: That concludes the public hearing for today. I again place on the record my thanks to all of the witnesses who appeared today. In addition, I thank the Committee members, Committee staff, Hansard and the staff of the Department of Parliamentary Services for their assistance in conducting the hearing. It is fair to say that the bulk of that thanks needs to go to Committee staff, Hansard and the staff of the Department of Parliamentary Services for their assistance. I think we have got the easy job here. They actually do all of the work and make it happen, so thank you very much to all those involved.

(The witness withdrew.)

The Committee adjourned at 12:50.