

Questions on Notice: Stewart Webster, DPC
Standing Committee on State Development - Regional Development and a Global Sydney
Inquiry held at Macquarie Room, Parliament House, Sydney on Tuesday, 27 March 2018

QoN (page 43)

The Hon. MICK VEITCH: You spoke of the data from the Australian Bureau of Statistics [ABS], around jobs, and that we should accept there are errors.

Mr WEBSTER: Yes, it is a sampling error.

The Hon. MICK VEITCH: What do you mean by "sampling error"?

Mr WEBSTER: A labour force survey is a survey, so you can get a more accurate answer for your estimate of employment in a particular region if you sample more people, if you have a larger sample size. It is a sample size issue.

The Hon. MICK VEITCH: How do we look at under employment in the regions? What are the tools we use to measure that?

Mr WEBSTER: This is not my area of expertise but I am aware of ABS reports of levels of under employment. I am not sure whether they report that regionally, I could find out. They do have an estimate of under employment.

ANSWER:

- The ABS does not provide underemployment data at a sub-state level, only a NSW-wide figure. This figure is published monthly as part of the Labour Force, Australia, Cat. No. 6202.0 publication.

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The Hon. JOHN GRAHAM: One thing we discussed with the Business Chamber is the discount rate that is being applied within those models. What is the current discount rate?

Mr WEBSTER: The discount rate is 7 per cent real.

The Hon. JOHN GRAHAM: So 7 per cent after taking account of inflation.

Mr WEBSTER: That is right.

The Hon. JOHN GRAHAM: When was that set?

Mr WEBSTER: That is well before my career began, but I read recently that it was in the early 1990s.

The Hon. JOHN GRAHAM: I think it was set 25 or 30 years ago. Has it been reviewed?

Mr WEBSTER: That is a question for Treasury.

The Hon. MICK VEITCH: Can you take that on notice on behalf of Treasury, as you are appearing on behalf of the Government?

Mr WEBSTER: Sure.

ANSWER:

Revision of Discount rates

The following answer has been distilled from the NSW Government Guide to Cost-Benefit Analysis:

- The NSW Government Guide to Cost-Benefit Analysis (the NSW CBA Guide) was updated in March 2017, at which time discount rates were reviewed. The NSW CBA Guide adopts the long term opportunity cost of capital method as the most appropriate conceptual basis to determine the discount rate. There are two main empirical benchmarks used to calibrate the long term opportunity cost of capital - forward looking benchmarks derived from the Weighted Average Cost of Capital and backward looking benchmarks derived from the Australian National Accounts. The central discount rate of 7% is consistent with the Independent Pricing and Regulatory Tribunal's published long term WACC estimates.

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The Hon. MICK VEITCH: Thank you. What is currently happening with the Regional Development Australia committees around the State? What is their current status and work sort of work are they doing?

ANSWER:

- In 2017 the NSW Government provided \$2.1M funding to NSW Regional Development Australia (RDA) committees to deliver skills related economic development projects and support RDA committees transition to a new business model more aligned to NSW's new regional governance model that includes Joint Organisations of Councils.
- The Australian Government announced in August 2017 that RDA committees will operate under a new charter that focuses on facilitating economic development by creating local jobs, attracting investment and driving innovation.
- The NSW Government will continue to work constructively with its RDA committees on projects that deliver economic development outcomes for regional NSW.

Mr WEBSTER: That is not my area—I will have to take that question on notice.

The Hon. MICK VEITCH: Can you take that on notice? It seems to be confusing as to what is really happening with them. Following up from the Chair's line of questioning, one of the issues around the communication channels that was raised by local government—I think it was touched on this morning—is the respectful nature in which those conversations take place. Local government would say that they would like to be treated with respect. Local councils were talking about their community strategic plans and community plans and how the State Government comes in over the top with plans that often do not relate to the plans that local government had in place. Councils can feel that the work that they have done has been disregarded or not treated with respect. What are the mechanisms that are used to enhance communication with local government so that they do feel that they are being treated with respect?

ANSWER:

- Joint Organisations of Councils provide a forum for local councils and state agencies to collaborate, plan, set priorities and deliver significant economic development projects in regional NSW.
- The NSW Government has also very actively engaged local councils in the development of the first set of state-wide Regional Economic Development Strategies that will support the continued growth of communities across NSW and inform future investment decisions.

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The Hon. JOHN GRAHAM: Thanks for that. If you could get us those figures, that would be of interest. I am interested in the current rates and, since you have taken them on notice, the projected rate for the next 20 years. Secondly, and this is probably a question for the Department of Premier and Cabinet [DPC], one of the things we discussed this morning and which has been the subject of discussion previously in this Committee and in estimates is the engagement with the Federal Government over the issues about the NBN, making

sure there is a strategic discussion about how, where and under what circumstances the NBN is rolled out—are you aware of any of those discussions? Can you give us any sense of where that is up to?

Mr WEBSTER: I am vaguely aware—again, a different part of DPC. I will have to take it on notice. Do you just want to know the status of the discussion?

The Hon. JOHN GRAHAM: Yes. If you can tell us anything broadly, it would be welcome.

Mr WEBSTER: All I know is—

The Hon. JOHN GRAHAM: Could you take on notice: Where are these discussions up to? They were starting off following some estimates discussions. We had evidence from the NSW Business Chamber saying they had been consulted, which was welcome. The councils we spoke to had not heard of it. We would welcome an update from the Government about where that discussion is up to. Thirdly, I take your point about Jobs for NSW being in industry: What engagement have you had with them from your role in the Regional NSW group?

ANSWER:

- Connecting Country Communities will invest in communications infrastructure and deliver improved regional voice and data connectivity. This fund will build and upgrade mobile base stations, connect businesses to global markets and schools with innovative resources.
- Through a Regional Connectivity Roundtable held in July 2017, the NSW Government has engaged with business, community and industry stakeholders to identify opportunities for NSW Government investment to address telecommunication and connectivity challenges in regional NSW.
- The NSW Government continues to engage with the Commonwealth Department of Communications and the Arts, NBN Co Limited, Infrastructure NSW and industry stakeholders in its consideration of communications infrastructure proposals.
- Further details of Connecting Country Communities will be released later in 2018.

