

31 May 2012



**Legislative Council  
Standing Committee on State Development**

**UNLOCKING THE ECONOMIC AND SOCIAL DEVELOPMENT  
POTENTIAL OF CENTRAL AND WESTERN NSW**

**Inquiry examined factors restricting development in central and western NSW**

**FOR IMMEDIATE RELEASE**

The Standing Committee on State Development has today released its final report for the inquiry into economic and social development in central and western NSW, recommending a number of solutions to unlock the potential of the region.

“Our inquiry encompassed a number of towns and communities, each of which contribute to the economy and social fabric of NSW in a unique and important way. Many of these communities are facing challenges to their continued survival, including the impact of weather conditions and fluctuating commodity prices,” said the Hon Rick Colless MLC, Committee Chairman.

“Despite these challenges, the people of central and western NSW remain committed to ensuring the viability of the region. The Committee has made a series of recommendations to unlock the economic and social development potential of central and western NSW, and ensure that the region thrives now and into the future,”

“During our consultations with the community, access to safe and reliable transport for both passenger and freight traffic was repeatedly identified as a critical factor to encourage development. To allow the full potential of the region to develop, the Committee has recommended that Transport for NSW must give serious consideration to the construction of a dual lane expressway over the Blue Mountains as part of the NSW Long Term Transport Master Plan,”

“We have also recommended that the Department of Planning and Infrastructure liaise closely with local communities when preparing population projections, and that the NSW Government hold at least four regional community cabinets meetings, including at least one in central western NSW, before November 2013, to enable people living in regional areas to better engage with the Premier and Ministers”.

For further information, including copies of the final report, visit the NSW Parliament website at [www.parliament.nsw.gov.au/statedevelopment](http://www.parliament.nsw.gov.au/statedevelopment) or contact the Committee secretariat on (02) 9230 3311.

A full copy of the Committee’s recommendations and a summary of the key issues discussed in the final report are attached to this release.

*For further comment please contact the Hon Rick Colless MLC,  
Committee Chairman, on (02) 9230 2344*

## Summary of key issues

In July 2011, the Minister for Western NSW, the Hon Kevin Humphries MP, requested that the Standing Committee on State Development inquire into and report on the economic and social development of central western NSW. In undertaking this inquiry, the Committee has examined a range of factors that influence development, including health, education and cultural facilities, population decline or growth in different areas, and the adequacy of transport and road infrastructure.

The Committee has broadly defined ‘central western NSW’ as the area bordered by the towns of Lithgow, Nyngan, Cobar, Broken Hill, Ivanhoe, West Wyalong and Young. We acknowledge the diverse range of communities that exist within this area, and are acutely aware that the issues and challenges facing these communities will differ. In order to better reflect this diversity, the Committee has referred to the area of inquiry as ‘central and western NSW’ throughout the report.

The Committee received 62 submissions, and held five public hearings in Sydney, Parkes and Broken Hill. While in Parkes, the Committee held a series of roundtable discussions with representatives from the Central NSW Councils Regional Organisation of Councils (CENTROC). Meetings were also held with the Central Western Queensland Remote Area Planning and Development Board (RAPAD) and Regional Development Victoria.

This summary outlines the key issues raised during the inquiry and discussed in this report.

### Roads and transport infrastructure

One of the central issues raised throughout the inquiry was the critical role that road and transport infrastructure play in facilitating the economic and social development of central and western NSW.

Communities in central and western NSW face a range of challenges in relation to the management and maintenance of the road network, most notably in regard to the prevalence of unsealed roads and the high costs borne by local councils in maintaining the road network.

We consider that the construction of a new, dual lane expressway over the Blue Mountains would greatly assist in unlocking the economic and social development potential of the region. Accordingly, Recommendation 11 urges Transport for NSW to give serious consideration to the construction of such an expressway as part of the NSW Long Term Transport Master Plan, and requests that Transport for NSW provide this Committee with a report on the current status of the preservation of a transport corridor over the Blue Mountains.

We are particularly concerned that large sections of the Cobb and Silver City Highways are unsealed, resulting in frequent road closures due to rain events. This regular disruption to the road network presents significant challenges to the communities and industries that rely on these highways to transport goods and services. In order to address this issue, the Committee has recommended that the Minister for Roads develop a planning schedule to complete the sealing of these highways as soon as practicable (Recommendation 12).

The Committee further considers that the NSW Long Term Transport Master Plan must identify measures to better meet the funding requirements for the maintenance and improvement of the regional road network. While the regional road network is the responsibility of local government, it is

evident that the significant financial burden of maintaining and improving this network is placing enormous pressure on local governments throughout the region, and impacts on the ability of councils to provide services to local communities. We also consider that the NSW Government should review the post-flood funding mechanisms available to local councils for repairs to road infrastructure to allow for reasonable betterment works to be carried out (Recommendation 13).

In regard to the growing presence of high performance vehicles such as B-Double trucks on the road network, we welcome moves to establish a national heavy vehicle regulator, and consider that a key function of this regulator should be to provide clear and consistent guidelines to regulate road access for heavy vehicles. Pending the establishment of this national regulator, Recommendation 14 states that Transport for NSW and Roads and Maritime Services should collaborate with Regional Organisations of Councils and key stakeholders in the freight industry to develop a consistent methodology for the assessment and approval of permitted routes across the State's road network.

The ability to move freight via rail quickly and economically throughout central and western NSW and to sea port facilities is a vital component of fulfilling the economic potential of the region. A high-quality rail network would also serve to alleviate the pressure placed on the road network by freight vehicles.

The Committee considers that improvements can be made to the way in which freight is transported via rail through central and western NSW, and to sea port facilities. A number of projects have the potential to improve the movement of freight via rail, including the Inland Rail project, the Blayney to Demondrille rail line, and the Maldon to Dombarton rail line. Each of these projects, together with consideration of how to more efficiently transport freight to sea ports, must be closely examined during the preparation of the NSW Long Term Transport Master Plan, especially the Maldon to Dombarton rail line (Recommendation 15).

The Committee acknowledges the important role that regional aviation services play in the economic and social development of central and western NSW. We consider it essential that the 'regional ring fencing' arrangement, which guarantees arrival and departure slots for regional airlines at Sydney Airport, remains in place. Recommendation 16 suggests that new approaches to the delivery of regional aviation services, including the subsidisation of targeted air routes, and the establishment of a 'hub and spoke' model to manage access to Sydney Airport, should be explored during the development of the NSW Long Term Transport Master Plan.

Finally, we note that the Emmdale airstrip, located 100km east of Wilcannia, is unsealed, to the detriment of those communities who rely on the airstrip for essential medical services. In addition, there is a need to upgrade the lighting system to enable safe night arrivals and departures. The Committee will write to the Hon Anthony Albanese MP, Federal Minister for Infrastructure and Transport, requesting that serious consideration be given to providing the necessary funding for this vital work to be undertaken.

## **Government relations**

The financial sustainability of local councils was another key issue that was discussed throughout the inquiry, particularly as local government is increasingly assuming financial responsibility for the provision of a growing range of services. This includes responsibility for the provision and maintenance of cultural infrastructure, the maintenance of the regional road network and, for many councils, the provision of health care services. This is placing significant pressure on local governments as they seek to prioritise the areas in which they spend their limited funds.

The Committee considers that new methods of funding and resourcing local governments must be explored. The Local Government Review Panel, established as part of Destination 2036, has been tasked with a range of responsibilities, including examining the financial sustainability of each local government area across NSW. This is a formidable task for the Panel to undertake, requiring a balancing act between the need for fiscal responsibility and the need to ensure that local governments are well resourced.

In undertaking this review of local government funding and practices, we have recommended that the Panel examine the approaches to local government funding and resourcing used in other Australian states and territories to determine if there is a more suitable and equitable approach to local government funding (Recommendation 26). This inter-jurisdictional comparison may also identify alternate approaches to the delivery of services and infrastructure to regional communities.

Further, in light of the evidence received to the inquiry regarding the impact of rate pegging on the ability of local councils to provide and maintain services and infrastructure, we have recommended that the Minister for Local Government review rate pegging (Recommendation 25).

We have encouraged local councils to continue to pursue collaborative approaches to local government, which allows for leveraging resources and capabilities to achieve better outcomes for communities. To support the development of these collaborative relationships, the Committee has recommended that the Minister for Local Government, as part of the Destination 2036 initiative, review and remove any impediments that prevent local governments from pursuing a collaborative approach, particularly in relation to joint applications for funding (Recommendation 29).

The Committee considers that the Victorian Regional Growth Fund is an initiative that would benefit regional development in NSW. We acknowledge that 30 per cent of the Restart NSW fund is dedicated to spending on regional infrastructure projects. We believe that, for the purpose of clarity, this funding should be quarantined into a separate fund, to be known as Restart Regional NSW. Accordingly, we have proposed in Recommendation 30 that the Treasurer, as the Minister responsible for the *Restart NSW Fund Act 2011*, seek an amendment to the Act to establish this separate fund, and give close consideration to the regional development model pursued in Victoria.

The Committee notes that while a number of Community Cabinet meetings have been held, none have been held in central and western NSW. The Committee considers it vitally important that communities in central and western NSW, and indeed in all regional areas of NSW, are able to engage with the Premier and Ministers. Recommendations 27 and 28 state that at least four regional Community Cabinet meetings should be held before November 2013, including at least one in central and western NSW, and that in conjunction with these regional Community Cabinets, meetings should also be held with local government representatives.

## **Economic development**

Strong, diverse industries are critical to encourage the economic and social development of central and western NSW. The Committee acknowledges that there are a range of initiatives being pursued to promote economic growth, demonstrating the NSW Government's commitment to ensuring that central and western NSW is an attractive place for businesses to grow and operate.

The Committee notes that Government led initiatives, including the Jobs Action Plan, the Regional Industries Investment Fund and the Industry Action Plans, have only recently been implemented or are

yet to be finalised. It is therefore difficult to determine their effectiveness in encouraging growth in the region. The Committee will monitor the outcomes of these initiatives with interest.

We note the detrimental impact that skills shortages can have on economic development, and consider that better support and cooperation across government, particularly in the areas of education, training and migration programs, will assist to overcome skills shortages in regional areas. We have recommended that a greater emphasis be placed on engaging local firms and people to undertake government contract work, improving employment opportunities in regional areas and assisting to address skills shortages (Recommendation 18). The Committee has also recommended that the NSW Government facilitate locally based purchasing by government businesses to provide a much needed economic stimulus for regional areas (Recommendation 19).

Several locations in central and western NSW have been identified as potential locations for food security precincts. Given the wide range of factors that must be considered, we believe that further exploration is needed to establish the viability of, and potential locations for, food security precincts. Recommendation 20 proposes that the Minister for Primary Industries refer to this Committee an inquiry into the feasibility of establishing food security precincts in NSW.

The Committee also strongly believes that the NSW Parliament has a critical role to play in promoting local industries and regions from across NSW. We recommend that the Regional Produce Showcases which have been previously held at NSW Parliament House should be re-established, and consideration be given to establishing other initiatives, to be held at NSW Parliament House, that promote regional areas and businesses (Recommendation 21).

The Committee acknowledges the efforts of communities to ensure their own economic sustainability, through initiatives such as the Cobar Enterprise Facilitation Program, the 'Big 10 Ideas to Grow the Central West' campaign, and the Team Harden action plan. Similarly, the Foundation for Regional Development, and in particular the Country and Regional Living Expo, provide an excellent opportunity to promote the benefits of regional living. Recommendation 22 suggests that the NSW Government provide financial assistance to such community led initiatives to allow the continuation of their work.

### **Population growth and decline**

While some local government areas (LGAs) in central and western NSW have experienced population growth, a number of LGAs in the region have been experiencing population decline. Whilst a decade of drought and less-labour intensive agricultural practices have been the reason behind population decline for some areas, other areas have experienced growth following the development of other industries, most notably in mining. As agricultural conditions improve, the simultaneous growth of the mining sector will serve to increase the competitiveness of the jobs market, and further influence the movements of people throughout the region.

The Committee notes the interconnectedness of the factors that influence population growth and decline, and considers it essential that these factors are not looked at in isolation. Further, the complexity and unpredictability of these relationships, such as improvements in weather conditions and fluctuations in commodity prices, increases the difficulty of accurately predicting population growth or decline, which in turn affects decisions regarding the provision of government services.

High quality population forecasts are paramount to underpin decisions relating to the provision of government services, such as the number of hospital beds at local hospitals. However, many inquiry

participants criticised the accuracy of population forecast undertaken by the Department of Planning and Infrastructure. In order to improve the accuracy of population forecasts, the Committee has recommended that the Department of Planning and Infrastructure directly engage with local councils and other relevant bodies during the next round of regional population forecasting (Recommendation 1). We have also recommended that prior to the next round of regional population forecasting, the Department undertake research into the factors influencing population movements across central and western NSW, and that the results of this research be made publicly available (Recommendation 2).

Initiatives such as the Evocities program and the Regional Relocation Grant program assist to encourage people to relocate from metropolitan to regional areas of the State. Given the success of the Evocities program in encouraging people to relocate to regional centres, the Committee has recommended that the NSW Government should continue to support this initiative, potentially with the view to expanding the number of towns involved in the program to support the development of smaller regional centres (Recommendation 3). In regard to the Regional Relocations Grant program, Recommendation 4 proposes that the Minister for Finance and Services, as the Minister responsible for the *Regional Relocation (Home Buyers Grant) Act 2011*, should review the grant eligibility criteria, with a view to relaxing the eligibility criteria to make the grant more accessible and flexible.

### **Health, education and cultural facilities**

The Committee considers that access to high quality health services is of critical importance for all residents of central and western NSW. While the development of health hubs at Bathurst, Dubbo and Orange has resulted in reduced availability of some services at smaller hospitals throughout the region, given the increasingly complex range of health services being provided to the community, it is in many ways inevitable that not all health services will be available at all hospitals in the region.

Nevertheless, the Committee believes that a minimum level of services should be available at hospitals in central and western NSW. In this regard, the Committee believes that the planned redevelopment and refurbishment of Parkes and Forbes District Hospitals will be of great benefit to the communities serviced by these hospitals. We encourage the Minister for Health to audit the infrastructure needs of other hospitals in the region, to ensure that health infrastructure is of a high standard.

The Committee acknowledges the challenges facing communities in central and western NSW in accessing aged care and allied health services. The lack of such services can place a significant financial and emotional burden on individuals and families in the region, which can exacerbate the difficulties of what are already stressful situations and discourage people from staying in or relocating to central and western NSW. We believe that the devolution of financial and staffing responsibility to Local Health Districts is a positive initiative that will allow Local Health Districts to be more responsive to local community needs and priorities by allocating resources to areas considered most important for the community (Recommendation 5).

The Royal Flying Doctor Service plays an essential role in delivering health services to residents throughout central and western NSW, and indeed across Australia. In order to assist the Royal Flying Doctor Service to provide the best possible service, we have recommended that the NSW Minister for Health complete negotiations with the Commonwealth Minister for Health as soon as possible to ensure that the Royal Flying Doctor Service – South Eastern Section is granted an exemption from section 19(2) of the *Health Insurance Act 1973* (Cth), which would enable the Service to claim Medicare rebates (Recommendation 6).

The Committee considers that the provision of varied and accessible education opportunities is a key factor in encouraging the economic and social development of central and western NSW. We believe that the Clontarf Foundation is an excellent initiative to improve the engagement of young indigenous males in education, which will have significant positive flow on effects for the whole community. The Committee has recommended that the NSW Government commit annual funding to the Clontarf Foundation to allow for the continued roll-out of the Foundation's program in NSW (Recommendation 7).

Developing flexibility in delivery models for tertiary education to regional and rural communities will significantly broaden the opportunities to pursue tertiary education at any stage in life. To ensure that clear pathways exist for people in regional and rural areas wishing to pursue further education, the Committee believes that the NSW Department of Education and Training should review the educational opportunities available in regional NSW, including an examination of pathways to and between TAFE, university, or vocational training (Recommendation 8).

Cultural facilities play an essential role in supporting and building strong communities. However, the provision and maintenance of such facilities places a significant financial burden placed on local councils in supporting and maintaining these facilities. We have recommended that the NSW Government should conduct a further inquiry into funding models for sport and cultural facilities in regional NSW (Recommendation 9).

The Committee believes that it is critically important that communities in central and western NSW have access to fast and reliable telecommunications services, including access to metro-comparable internet services. We have recommended that the NSW Government support a high speed national broadband network, and proactively engage in the roll out to maximise the engagement of, and benefit to, regional and rural communities (Recommendation 10).

## **Water resources**

Access to, and security of, water resources is of critical importance throughout central and western NSW. The Committee considers it crucially important that there be better communication between the State and Federal Governments about the management of water resources, and that the community is closely involved in the development of any water related plans or policies. This will enable a more equitable balance to be achieved between residential, industrial and environmental water needs.

The Country Towns Water Supply and Sewerage Program has greatly benefitted regional communities by allowing for improvements to be made to water and sewage infrastructure. Recommendation 23 proposes that the NSW Office of Water determine the extent of the backlog of projects yet to receive funding under the Program. Once this audit has been completed, additional funding should be allocated to allow the completion of all outstanding projects, and the impacted local councils advised of the timetable for completion of works.

In regard to another environmental issue, inquiry participants expressed concern over the time taken to prepare property vegetation plans under the *Native Vegetation Act 2003*. The Committee notes that the Minister for the Environment is currently undertaking a review of the Act. We have recommended that the Minister complete this review process as quickly as possible, and strongly consider implementing reforms which streamline the process for preparing and implementing a property vegetation plan, such as introducing a code of best practice for simple vegetation plans. Further, the Committee considers that the *Native Vegetation Act 2003* should incorporate within it a requirement that local socio-economic impacts be part of any assessment considerations (Recommendation 24).

## Summary of recommendations

- Recommendation 1** **23**  
 That the Department of Planning and Infrastructure confirm its commitment to directly engage with local councils and other relevant stakeholders during the next round of regional population forecasting.
- Recommendation 2** **24**  
 That the Department of Planning and Infrastructure undertake research, prior to the next round of regional population forecasting, into the factors influencing population movements across central and western NSW, and that the results of this research be made publicly available.
- Recommendation 3** **29**  
 That the NSW Government continue to support the Evocities initiative, with a view to expanding the number of Evocities involved in the program and determining ways to establish a tiered approach to the program, whereby the development of smaller regional centres is also encouraged.
- Recommendation 4** **30**  
 That the Minister for Finance and Services review the eligibility criteria for the Regional Relocations Grant program, with a view to making the grant more accessible and flexible.
- Recommendation 5** **35**  
 That the Minister for Health provide Local Health Districts with financial authority to allow each District to allocate resources according to local priorities.
- Recommendation 6** **44**  
 That the NSW Minister for Health endeavour to complete negotiations with the Commonwealth Minister for Health as soon as possible to ensure that the Royal Flying Doctor Service – South Eastern Section is granted an exemption from section 19(2) of the *Health Insurance Act 1973* (Cth), to enable the Royal Flying Doctor Service – South Eastern Section to claim Medicare rebates.
- Recommendation 7** **49**  
 That the NSW Government commit annual funding to the Clontarf Foundation to allow for the roll-out of the Foundation’s program in NSW.
- Recommendation 8** **52**  
 That the NSW Department of Education and Training examine pathways to and between TAFE, university, or vocational training for rural and regional students.
- Recommendation 9** **57**  
 That the NSW Government conduct a further inquiry into funding models for sport and cultural facilities in regional NSW.
- Recommendation 10** **61**  
 That the NSW Government support a high speed national broadband network, and proactively engage in the roll out to maximise the engagement of, and benefit to, regional and rural communities.



- Recommendation 11** 67  
That Transport for NSW provide a report to this Committee on the current status of the preservation of a transport corridor over the Blue Mountains, and give serious consideration to the construction of a dual lane expressway over the Blue Mountains as part of the NSW Long Term Transport Master Plan.
- Recommendation 12** 71  
That the Minister for Roads develop a planning schedule to complete the sealing of the Cobb and Silver City Highways as soon as practicable.
- Recommendation 13** 76  
That the NSW Government review the post-flood funding mechanisms for repairs to road infrastructure, with specific regard to allowing reasonable betterment works to be carried out.
- Recommendation 14** 79  
That Transport for NSW and Roads and Maritime Services collaborate with Regional Organisations of Councils and key stakeholders in the freight industry to develop a consistent methodology for the assessment and approval of permitted routes for high performance vehicles.
- Recommendation 15** 87  
That during the preparation of the Long Term Transport Master Plan, Transport for NSW closely consider ways to improve freight rail infrastructure in central and western NSW in order to facilitate freight access to sea ports, especially the Maldon to Dombarton rail line.
- Recommendation 16** 97  
That during the preparation of the NSW Long Term Transport Master Plan, Transport for NSW examine new approaches to the delivery of regional aviation services in NSW, including the subsidisation of targeted air routes, and the establishment of a 'hub and spoke' model to manage access to Sydney Airport.
- Recommendation 17** 104  
That the NSW Government undertake an analysis of the potential impact of the listing of the Menindee Lakes under the Ramsar Convention on Wetlands, by July 2013, and unless this analysis identifies significant detrimental impacts, that the NSW Government support the listing of the Menindee Lakes under the Convention.
- Recommendation 18** 109  
That the NSW Government explore the feasibility of requiring that consideration must be given to the employment of local workers to undertake government contract work in rural and regional areas.
- Recommendation 19** 116  
That the NSW Government facilitate locally based purchasing by government businesses in regional areas.
- Recommendation 20** 116  
That the Minister for Primary Industries refer to the NSW Legislative Council's Standing Committee on State Development an inquiry into the feasibility of establishing food security precincts in NSW.

- Recommendation 21** 117  
That the NSW Government, together with the Presiding Officers of the NSW Parliament, re-establish the Regional Produce Showcases at NSW Parliament House, and give consideration to establishing other initiatives that promote regional areas and businesses at NSW Parliament House.
- Recommendation 22** 119  
That the NSW Government provides financial assistance to community led initiatives, such as the Cobar Enterprise Facilitation project, the Foundation for Regional Development and Team Harden, which promote the economic and social development of communities in central and western NSW.
- Recommendation 23** 131  
That the NSW Office of Water:
- undertake an audit of projects yet to receive funding under the Country Towns Water Supply and Sewerage Program,
  - if necessary, allocate additional funding to the Program to allow the completion of all outstanding projects, and
  - advise the impacted local councils of the timetable for completion of works.
- Recommendation 24** 136  
That, in completing the review of the regulations for the *Native Vegetation Act 2003*, the Office of Environment and Heritage implements reforms which streamline the process for preparing and implementing a property vegetation plan, and that the *Native Vegetation Act 2003* incorporate within it a requirement that local socio-economic impacts be part of any assessment considerations.
- Recommendation 25** 153  
That the Minister for Local Government review rate pegging in light of the evidence received during this inquiry.
- Recommendation 26** 154  
That the Minister for Local Government request that the Local Government Review Panel undertake an inter-jurisdictional comparison of the approaches to local government funding and resourcing used in other Australian states and territories, including Victoria and Queensland.
- Recommendation 27** 157  
That the NSW Government hold at least four regional Community Cabinet meetings before November 2013, including at least one in central and western NSW.
- Recommendation 28** 158  
That in conjunction with the regional Community Cabinet meetings, the NSW Government meet separately with representatives of local government.
- Recommendation 29** 160  
That the Minister for Local Government, as part of the Destination 2036, initiative, review and remove any impediments that prevent local governments from pursuing a collaborative approach, particularly in relation to joint applications for funding.

**Recommendation 30**

**166**

That the Treasurer seek an amendment to the *Restart NSW Fund Act 2011* to establish the Restart Regional NSW Fund, and give close consideration to the regional development model pursued in Victoria.