

**Submission
No 23**

**INQUIRY INTO ECONOMIC AND SOCIAL DEVELOPMENT
IN CENTRAL WESTERN NEW SOUTH WALES**

Organisation: Regional Development Australia Central West

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SUBMISSION TO THE NEW SOUTH WALES LEGISLATIVE COUNCIL STANDING COMMITTEE ON STATE DEVELOPMENT INQUIRY INTO ECONOMIC AND SOCIAL DEVELOPMENT IN CENTRAL WESTERN NEW SOUTH WALES

INTRODUCTION

This submission is being made by Regional Development Australia, Central West (RDACW). It has been developed in consultation with RDACW's strategic partners the Central NSW Region Organisation of Councils (Centroc) and draws on regional profiling undertaken by consultants the AEC Group on behalf of RDACW, Centroc and NSW Department of Trade and Investment.

RDA Central West

RDA Central West is one of a national network of 55 non-profit community-based RDA committees comprising local leaders with broad and diverse skills and experience, who understand the challenges, opportunities and priorities in their local community.

RDA is a partnership between Australian, state and local governments and local communities to develop and strengthen regional communities.

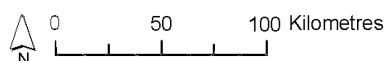
Regional Development Australia in New South Wales:

A Memorandum of Understanding between the Australian and New South Wales governments sets out the arrangements for the 14 RDA committees in New South Wales.

RDA committees in New South Wales:

- Support informed regional planning;
- Consult and engage with the community about the best, most appropriate programs and services to support regional development; and
- Contribute to business growth plans and investment strategies, environmental solutions and social inclusion strategies.

RDA Central West Region:



General Description

The RDA Central West region lies to the west of the Blue Mountains and extends beyond Condobolin with a total area of 63,262 sq.km's. The region's population is 176,526 people or approximately 2.5% of NSW across twelve Local Government Areas.

Bathurst and Orange are the principal population centres, accounting for approximately 44% of the total population for the Central West.

RDA Central West Regional Plan

RDA Central West has prepared a Regional Plan to identify priorities for economic growth and job creation in the region for the next three to five years.

These priorities are based on research and consultation undertaken across the Central West region. The Regional Plan guides the development of projects that RDA Central West will undertake and support in the Central West. It will be reviewed annually and stakeholders will have an ongoing opportunity to comment on the plan and provide input.

For more information on RDA central West including a listing of current Board members please refer to the website at www.rdacentralwest.org.au

Central West NSW Regional Economic Profile

RDA Central West in partnership with the NSW Department of Industry and Investment (now Trade & Investment, Regional Infrastructure & Services - Western) and the Central NSW Region Organisation of Councils (Centroc) have commissioned consultants, the AEC Group Ltd to develop a Central West Regional Economic Profile, Opportunities Assessment and Investment Profile.

The Regional Plan and Central West Regional Economic Profile inform the RDA Central West response to this inquiry into economic and social development in Central Western New South Wales.

RDA CENTRAL WEST RESPONSE TO THE TERMS OF REFERENCE

Factors restricting economic and social development in:

a) the provision of health, education and cultural facilities

Education, healthcare and cultural facilities are important social infrastructure that provide for quality of life, which can assist economic development. The Central West region has well established social infrastructure including a large number of education providers, public and private hospitals, medical specialist services, mental health facilities, nursing homes, aged care facilities, sporting and cultural facilities.

Healthcare Facilities

Background

The Central West region has adequate provision of health infrastructure including a number of hospitals located in regional centres. In addition to healthcare, there is also a significant supply of aged care facilities in the region.

There are 8 public hospitals located within the region, many of which have strong ties with educational institutions and several of which offer curriculum tailored to meet local demand for healthcare services:

- Orange Base Hospital;
- Bathurst Base Hospital;
- Forbes District Hospital;
- Lithgow Hospital;
- Blayney District Hospital;
- Cowra District Hospital;
- Oberon Hospital;
- Parkes District Hospital.

There is a significant health sector centred in Orange and Bathurst, both of which have major new base hospitals recently completed. The Bathurst Base Hospital was completed in 2010, while redevelopment of Orange Base Hospital, the largest of the four base hospitals within the Western NSW Local Health Network, was completed in 2011.

Healthcare and social assistance is among the key industry employers within the Central West region with the employment shares for the healthcare sector relatively higher than the regional NSW and NSW averages, indicating the relative strength of this sector in the Central West region.

Industry	Central West	Regional NSW	NSW
Health care and social assistance	13.0%	12.7%	11.8%

Over the five year period 2001-2005, the health sector has recorded significant employment growth of 23.7%.

Factors restricting development:

Funding is required for the following:

- Facility upgrades (Forbes and Cowra Hospitals) and re-development (Parkes Hospital and Peak Hill Multi-Purpose Service).
- Aged care facilities to meet the increasing demand particularly in smaller more remote centres (Oberon.)
- Additional beds particularly for respite and dementia care for small local hospitals (Lake Cargelligo).
- Training facilities –Charles Sturt University (CSU) is currently seeking \$98M to develop a Medical School at its Orange campus to “Grow Doctors for the Bush”.
- Accommodation for healthcare professionals and relatives of patients (Orange & Bathurst).

Transport Infrastructure

- Improved public transport infrastructure to support increased movement to and from the Orange and Bathurst Base Hospitals from throughout the region.
- 24 hour helicopter retrieval service (Central West region) predicted number of retrievals 434 per year.
- All-weather patient transfer facilities at regional airports (Orange).

Telecommunications Infrastructure

- NBN for delivery of remote health care services to rural communities.
- NBN for delivery of remote training services.

Workforce Shortages

Factors restricting economic and social development in the healthcare sector do not only relate to the provision of facilities but also the ability of the region to attract and retain healthcare professionals to live and work in the region.

Central West NSW is experiencing a shortage of medical professionals across the industry inclusive of Allied Health professionals. Regional NSW is estimated by the Health Watch Group to have a shortage of approximately 150 general practitioners. There is an opportunity for Central West towns to form links with metropolitan universities to host medical students in their communities. The challenge for regional practitioners, especially those working in more remote areas, is the professional isolation from peers and the medical fraternity. The isolation can lead to increased stress, longer working hours, increased professional responsibility and minimal peer support.

Health infrastructure encourages additional partnerships with the education sector to facilitate medical research, internships and other training programs. The presence of several hospitals throughout the region provides opportunities for the development of additional university-hospital partnerships to occur.

Funding and support is required for the development of regional medical training facilities such as that proposed by Charles Sturt University and for resources aimed at attracting medical professionals such as the *Beyond the Range* marketing campaign and website being developed by Centroc.

Service Delivery Structure

Consideration also needs to be given to ensuring that service delivery models support healthcare delivery in smaller regional centres. The development of high speed broadband throughout the region also has implications for the delivery of remote healthcare across the Central West region.

Economic Development Opportunities

The Regional Economic Profiling undertaken by the AEC Group has identified a number of opportunities that exist for economic development in the healthcare sector in the Central West region including:

Medical and health related services -As the region is expected to record strong population growth in the future this will drive demand for health services including specialist and niche services surrounding hospitals.

Aged care Services - The region records a relatively older population (that is continuing to age) and is popular for retirees, presenting opportunities for the development of retirement villages and aged care services including active retirement villages. This is further supported by existing health facilities in the region.

Rural areas such as Weddin have a relatively higher proportion of its population over the age of 55 years, recording an average age of 42.4 years, presenting unique challenges to these communities.

According to the NSW Department of Planning projections, the proportion of older residents within the region is likely to increase by approximately 10% over the next 20 years. This is consistent with national trends of an ageing population, brought about by a number of social trends, including lower fertility rates and improved life expectancy. The ageing population will increase demand for age care, residential facilities, nursing homes and extensive health and community services within the regions

Education Facilities

Background

There are a number of educational institutions located within the Central West region offering training opportunities that contribute to a highly skilled workforce. These include institutions such as the Charles Sturt University campuses in Bathurst and Orange and TAFE Western campuses located in Bathurst, Cowra, Forbes, Lithgow, Orange and Parkes and the Central West Community College throughout the Central West region. Other organisations include Central West Group Apprentices, which has offices in Bathurst, Orange, Parkes, Cowra and Lithgow, and a range of Registered Training Organisations.

The Central West region records relative strength in preschool and school education services as well as a post school education.

The Education and training sector is a key employer within the Central West region with the employment share relatively higher than the regional NSW and NSW averages indicating the relative strength of these sectors in the region.

Industry	Central West	Regional NSW	NSW
Education and training	9.5%	8.7%	7.8%

Source: ABS Census (2007), ABS Cat 6202.0 (2010b), DEEWR (2010), AECgroup

Over the five year period 2001-2006 the Education sector has recorded significant employment growth of 15.8%.

The region's education providers are working together to implement programs that create employment opportunities. A number of programs in the region have been initiated to form linkages between schools, tertiary education and industry.

- An innovative program in the delivery of high school education is the E2 education program. The E2 Education program is a collaborative effort of five Central West high schools to increase the quality and range of education opportunities by using innovative teaching delivery techniques such as video-conferencing and web-based programs. The E2 program allows students access to 16 TAFE NSW courses with opportunity to hold a dual TAFE NSW and HSC accreditation on completion of studies.
- Canobolas Rural Technology High School recently announced the development of a \$2.1 million Medical Trade School in Orange. The E2 program has developed a partnership with Charles Sturt University to provide a professional Nursing pathway to a Bachelor of Nursing that will see the first two years of the degree studied at the Medical Trade School.

Factors restricting development:

- Access to adequate broadband to enable remote training opportunities.
- Under-utilisation of tertiary education institutions in the region due to lack of availability of relevant courses – particularly in the more rural centres.
- More diverse pre-apprenticeship training opportunities – easing transition between schools and TAFE.
- Flexible vocational stream through HSC- encouraging students to pursue vocational opportunities available in the Central West.
- Funding to support Charles Sturt University Medical school development encouraging regional students to train locally- "grow your own".

As is the case with healthcare in the region, factors restricting economic and social development are not only related to the provision of facilities but also the funding of services and programs that allow for the expansion of courses offered by educational institutions. Funding is also needed for programs that support youth opportunities for education, skills development, employment and social development particularly in the western reaches of the region.

Economic Development Opportunities

A high number of educational institutions support further growth in knowledge-based industrial and service sectors. Access to solid education facilities can provide unique training opportunities that provide a highly skilled workforce. Many advanced manufacturing and business service sector companies require specialist training.

Part of the reason for the shortage of skilled workers in the region is the under-utilisation of tertiary education institutions. A large number of young people in the region leave to pursue education opportunities elsewhere. There are opportunities to expand tertiary education in the region, particularly course offerings, to retain people.

Charles Sturt University has developed a University Strategy 2011-2015 to plan for the future. The strategy outlines the plan to strengthen the network of regional campuses and study centres, refine the course profile to better meet student and business requirements and increase research projects. These goals will create opportunities for investment in the education sector in the region and collaboration with other sectors.

Regional Economic Profiling of the region by the AEC Group has highlighted specific opportunities in the following areas:

- **Agricultural research**- particularly research to make agricultural production more water efficient.

- **Health research and training**- through partnerships with local universities and newly developed and upgraded hospital facilities.
- **Tertiary education**- to address supply gaps and current shortages in the provision of tertiary education campuses and courses in the region.

Consultation undertaken in the development of the RDA Central West Regional Plan has highlighted the following opportunities:

- Develop the capacity of industry to identify skills gaps and develop linkages with education and training providers and access support organisations, programs and initiatives.
- Collate and maintain local data to track changes in employment and technologies for industry to plan for future labour and skills requirements.

Cultural Facilities

Background

In 2008 the Western Research Institute, on behalf of the regional arts board, Arts OutWest, conducted a survey into the nature, economic contribution and needs of the Creative Industries in the Central West region. The survey funded by the NSW Department of State and Regional Development and the Central West Regional Development Board was the largest survey ever undertaken of the region's Creative Industries.

Key findings from the survey were that:

- Local employment growth in the sector outperforms the state average, with the main growth area being film and video services.
- The Creative Industries contribute more to the Central West economy than Mount Panorama, the region's largest tourist attraction.
- While paid employment in the sector is relatively healthy in the Central West, it is also fed by a vast pool of volunteer labour.
- The Creative Industries in the Central West act as a magnet for tourist dollars and public and private grants.

In 2009 Museums and Galleries NSW, in partnership with Bathurst Regional Council, Orange City Council and Dubbo Regional Council commissioned the Western Research Institute to examine the economic value and social contribution of the cultural facilities in their local government areas. These facilities include performing arts centres and venues, public art galleries, museums and heritage sites.

The research examined 12 council owned and operated cultural facilities across the Central West region (including Dubbo). Key findings from the study was that the performing arts venues, public art galleries and museums in Orange, Bathurst and Dubbo collectively:

- Create an additional 8.5 jobs outside the cultural sector across the region for each 10 full time positions within the cultural sector.
- Add over \$14M to the local economy across the region.
- Create almost \$9M in household income across the region.
- Engage a large sector of the community through volunteer opportunities. Volunteers generate \$1.3 M in economic activity, over half a million dollars of household income and 14 additional full time equivalent jobs across the region.
- Contribute positively to social capital by helping people to think differently, enhance connections and trust between people and develop a sense of place.
- Are valued by the community with households across the region willing to pay over \$1.1m per annum to maintain current levels of service.

Regional Economic Profiling undertaken by the AEC Group in 2010-2011 has found that the arts and recreation services sector was amongst the fastest growing sectors in the Central West region, recording average annual growth of around 10%, considerably above the overall industry averages in the region. It should be noted that in regard to the arts and recreation services sector that it grew from a low base.

Industry	Central West	Regional NSW	NSW
Arts and recreation services	1.1%	1.1%	1.5%

Source: ABS Census (2007), ABS Cat 6202.0 (2010b), DEEWR (2010), AECgroup

Issues restricting cultural facilities development

- Access to funding for cultural infrastructure – particularly by non-profit community groups.
- Access to funding for cultural infrastructure outside key regional centres of Orange and Bathurst.
- An increasing expectation that the private sector will support cultural infrastructure funding needs. There is a very limited pool of private sector sponsorship money available in the region.
- Fragmented cultural and arts funding and support.

As with the healthcare and education sectors, issues restricting development of the cultural sector are not solely related to infrastructure but on-going funding to support their operation. Organisations such as the Regional Conservatorium network rely on accessing small program grants through a range of sources to support specific programs offered within the community while underpinning these with their own operational funding.

Economic Development Opportunities

The proximity of the Central West region to Sydney, the lifestyle, rural setting and lower cost of living make it an attractive location for Creative Industry professionals. While the potential exists for this sector to grow respondents to the WRI Creative Industries Survey identified a number of issues that are restricting Cultural Industries development as follows:

Issues restricting cultural industries development

- The availability of industry and government funding is the most critical barrier to future development of the creative industries in the Central West. Improving their grant application skills was a high priority for both individuals and organisations, indicating an opportunity to provide information about managing business finances and sourcing and accessing financial assistance.
- Access to high speed broadband is critical to the developing needs of the creative industries sector

General funding issues restricting the development of facilities

- Lack of Community infrastructure funding availability for Local Government.
- Lack of Infrastructure funding available for non-profit community groups.
- Lack of community capacity/resources to develop funding applications.
- Limited pool of private sector sponsorship/partner dollars available in regional communities for infrastructure projects requiring partnerships.
- Lack of funding programs for feasibility and planning.
- Lack of availability of funding for small-medium budget infrastructure projects (under \$200k).

b) the reasons for population decline or growth in different areas

Background

Historical Population

According to the Australian Bureau of Statistics, the Central West region had an estimated resident population of 179,592 persons in 2009, representing a growth rate of 1.3% from 2008. Growth was in line with the regional NSW average, though below the NSW State average (1.7%).

During the five years to 2009, the annual population growth rate of the region has fluctuated between 0.3% and 1.3%, with the region recording an average annual growth rate of 0.7%. The region has recorded growth below both the regional NSW and State averages. The relatively lower growth in the region reflects the social trend that has seen a shift of people migrating to live in cities and coastal regions in comparison to inland areas.

Population growth or declines have a big impact on local economies, especially in regional areas. Population growth drives investment in a local economy through residential development and greater provision of retail, personal, community and recreational services. Population growth also results in a more attractive region to businesses looking to establish operations. Conversely, population declines can have a detrimental impact on local economies with less employment and spending being removed from the economy.

The Orange and Bathurst LGAs, the two key service centres, individually account for nearly one fifth of the total population of the Central West region. These regional centres provide a high level of amenity, including strong knowledge and health infrastructure along with established retail and financial services for both the local population and greater regional catchments.

Over the past five years, Bathurst and Blayney recorded the highest population growth within the Central West region, averaging 1.5% per annum, followed by Cabonne (1.0%). More rural LGAs such as Lachlan recorded a negative annual growth rate of (-0.9%).

Population Projections

NSW Department of Planning

The NSW Department of Planning prepared population projections for NSW in 2008 using ABS population estimates from 2006 as a base. Population projections indicate population growth within the Central West region will significantly slow down over the next 20 years. The population of the region is projected to remain relatively stable and average 0.1% between 2006 and 2031, considerably lower than both the regional NSW (0.7%) and NSW (1.0%) averages.

At the LGA level, the resident population for most of the LGAs within the Central West region is projected to either remain relatively constant or decline between 2006 and 2031. The regional centres of Bathurst and Orange are the exception and are projected to record average annual growth of 0.4 to 0.6%. These projections indicate the belief that the major towns will continue to attract residents from the surrounding rural areas and from outside the area over the next 20 years.

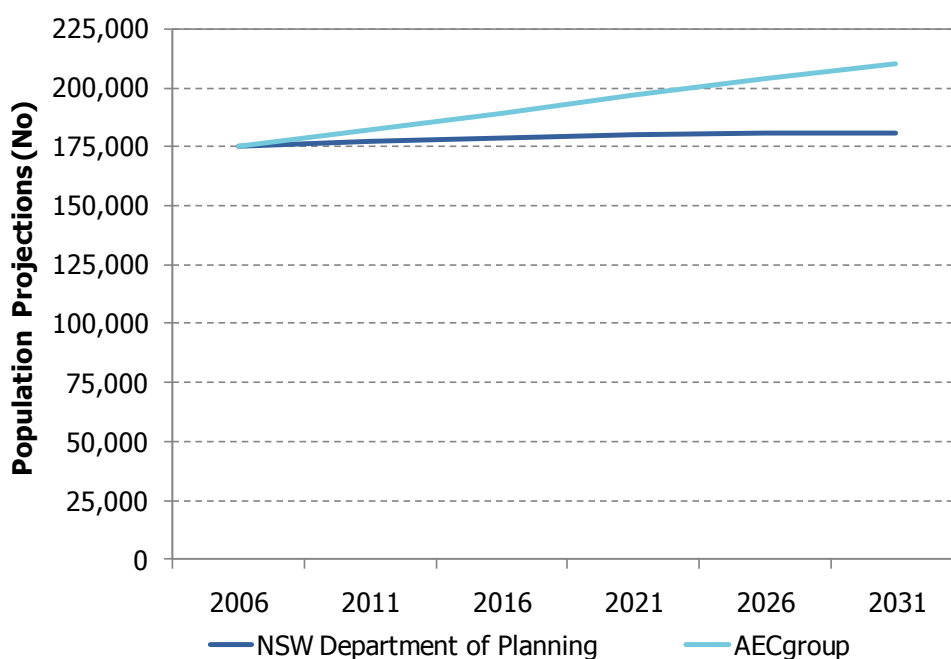
AECgroup

A comparison of population estimates published by the ABS and population projections prepared by the NSW Department of Planning indicates that the NSW Department of Planning could possibly have underestimated population growth in NSW. The NSW Department of Planning projected the Central West region's population would increase at an average rate of 380 persons per year between 2006 and 2011 or

0.2% per annum. Data from the ABS indicates that actual population growth between 2006 and 2009 was over 1,500 per year, equating to growth of 0.9% per annum.

AECgroup has reviewed the recent population trends and the NSW Department of Planning's population projections and prepared our own population projections for the region. ID Consulting has updated population projections for the Bathurst LGA based on proposed new residential development opportunities within the LGA, and historical trends in fertility, mortality and migration rates. These population projections have been accepted by the Council. Given that similar population projections are not available for the remaining member LGAs, AECgroup has developed its own population projections for the other LGAs. It is projected that population of the Central West regions is likely to increase by approximately 31,000 and 36,800 respectively by 2031, around triple the growth projected by the NSW Department of Planning.

Central West Region Population Projections, 2006-2031



Source: ABS Cat 3218.0 (2010c), NSW Department of Planning (2008), ID Consulting (2010), AECgroup

Summary

The population of the Central West region is projected to reach between 180,000 to 210,000 by 2031, with the AECgroup projections recording a significantly higher growth rate than the NSW Department of Planning. In comparing the ABS data estimates against NSW Department of Planning projections indicates population growth figures for the Central West region have been under estimated by NSW Department of Planning. AECgroup projections were developed by revising the NSW Department of Planning projections using historical population data estimates provided by current ABS data.

Reasons for decline or growth

Reasons for decline

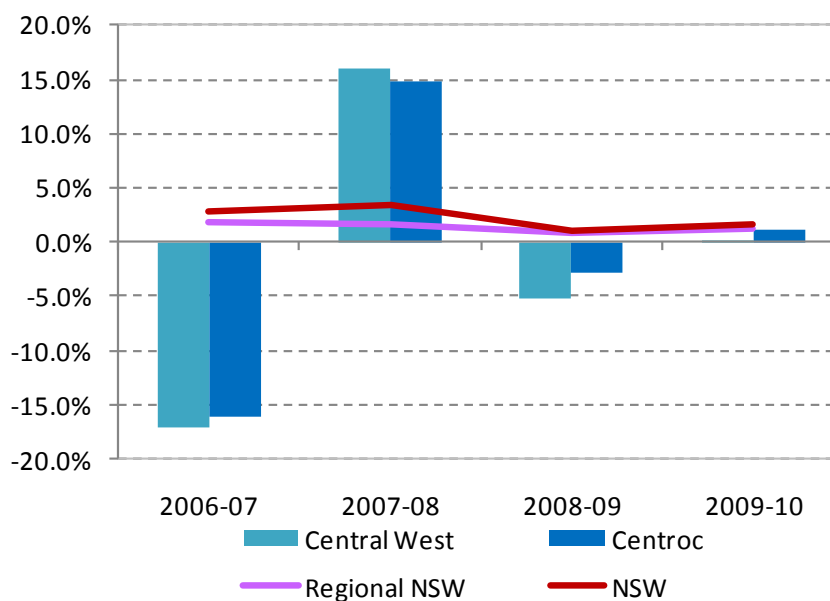
- The relatively lower growth in the region reflects the social trend that has seen a shift of people migrating to live in cities and coastal regions in comparison to inland areas.
- Outflow of young adults (25-44 years) to Sydney and other major centres in search of more diverse education, employment and social opportunities

In 2006, the average age of the resident population in the Central West region was 38.0 years, slightly above the NSW average of 37.5 years. This is attributable to the Central West region having considerably lower proportions of its population between the age group of 25-44 years and a higher proportion over the age of 65 years, when compared to the State. This reflects the outflow of young adults to Sydney and other major centres in search of more diverse education, employment and social opportunities.

The outflow of young people leaving regional areas to pursue tertiary education opportunities is considered detrimental to the local regional economy given that a significant proportion do not return. A loss of younger couples results in reducing birth rate, which reduces demand for schools and other services. Younger couples are also more likely to purchase durable items that last for many years (such as houses, cars, furniture) and are more active in undertaking renovations on houses. The age profile reflects the region's attractiveness to young families raising children in an environment that offers quality educational, sporting, cultural and community services.

- Over the past five years, the Central West regions' economic output declined at an average annual rate of 2.3%, in contrast to the positive growth experienced by both regional NSW (1.4%) and the State (2.2%). This reflects the economic impact of over 7 years of drought across the region (especially in the Western areas) which has had a significant impact on the agriculture, horticulture and viticulture industries. These industries directly impacted by drought have had an impact up and down the supply chain for example agriculture machinery manufacturers and agricultural supply sectors have slowed during peak drought periods.
- Historical GRP growth for the Central West economy is considerably different from that of regional NSW and the State. The estimated GRP growth rates have fluctuated significantly over the past three years, ranging from a decline of over 15% in 2006-07 to growth of around 15% in the year after. The GRP growth variability experienced by the region is predominantly driven by fluctuations in the mining and agriculture sector output. During 2006-07, the mining and agriculture sector GRP contributions to the region's economy dropped by more than 20%. However, owing to strong international demand, the mining sector output increased in 2007-08 before feeling the impacts of the global economic slowdown in 2008-09. The Central West region recorded marginal growth in 2009-10 of 0.2%, below the State average of 1.7%. This can be explained by the 7.2% decline in the value add of the agricultural sector across the state, which had a proportionally higher impact on economies with a higher reliance on agriculture.

GRP Growth Rate Comparison, 2005-06 to 2009-10



Note: GRP at chain volume measure

Source: ABS Census (2007), ABS Cat 6202.0 (2010b), DEEWR (2010), AECgroup (2011)

- As a general rule, the GRP of LGAs declined between 2005-06 to 2009-10 as a result of the negative impacts of the drought and the global economic crisis (GFC) that occurred during this period. LGAs that recorded growth during this period were generally the LGAs that saw increases in population and are not heavily reliant on agriculture such as Bathurst and Lithgow. Although Orange is not heavily reliant on agriculture, its GRP recorded an annual decline of 4.5% since 2005-06. This is primarily attributable to the falling mining and manufacturing sector output.

Reasons for growth

- The regional centres of Bathurst and Orange are projected to record average annual growth of 0.4 to 0.6%. These projections indicate the belief that the major towns will continue to attract residents from the surrounding rural areas and from outside the area over the next 20 years.

Bathurst and Orange have a relatively younger population with an average age below 37 years. This is due to the higher proportion of residents between the ages of 15-34 years and is attributable to a higher number of regional educational institutions in these areas including the Charles Sturt University campuses in Bathurst and Orange, and Western NSW Institute of TAFE campuses.

- Bathurst and Orange provide a high level of amenity, including strong knowledge and health infrastructure along with established retail and financial services for both the local population and greater regional catchments. Stimulated by campaigns such as EvoCities.
- The Bathurst, Orange and Lithgow LGAs accounted for approximately over 60% of the Central West region's estimated GRP in 2009-10. The GRP contributions for Bathurst were primarily driven by key sectors including manufacturing, education, and public administration and safety, while Orange was largely driven by the mining and health sectors.

- The GRP growth recorded (by LGAs in 2009-10) throughout the Central West region varied depending on the industry structure of the individual economies. Lithgow and Orange recorded the highest GRP growth of 2.0% and 1.8% respectively, which reflects the major mining sectors in these LGAs and the strong growth recorded in the sector during the year.
- The Centroc Population Projections Study analysed the impact of new developments in each LGA on future population growth in the region. The nature of these developments was reviewed to determine the likelihood of any new employment generated attracting in-migration to the region or whether new positions created were more likely to be filled from the existing labour force.

In Bathurst, Blayney, Cabonne, Cowra, Lithgow, Orange and Parkes LGAs mining exploration and development is highlighted as a major driver of population growth.

The Regional Economic Profiling undertaken by the AEC Group has identified a range of investment opportunities that will lead to future growth of the region these include:

- **Transport and Logistics:** Distribution centres, intermodal operations, warehousing, transport services.
- **Agribusiness:** Agri-processing, water technology, biomass, agricultural services.
- **Professional Services:** Financial and business services, engineering, research and development.
- **Health:** Speciality medical services, healthcare services, aged care.
- **Advanced Manufacturing:** Food and beverage manufacturing, advanced equipment, industrial machinery and equipment.
- **Education and Research:** Tertiary education and training, health training, agri-research.
- **Technology Services:** Renewable technologies, ICT, creative industries.
- **Tourism:** Accommodation, business travellers, leisure product development.

Attributes of the region that will support future growth include:

- Land values and rents are lower than the Sydney region and many other parts of the country.
- Diverse and resilient economy will support future growth.
- Central location readily accessible to Sydney and Canberra.
- Wide range of training opportunities to support industry development.
- Wide range of top class schools.
- Strong road and rail connections – including two intermodal facilities. Airports in Orange and Parkes facilitating connections to Sydney and beyond.
- Business friendly investment environment. All three levels of Government work together to support economic development.
- Great lifestyle.
- Lower cost of living.
- Employment opportunities supported by growth in mining, health, education sectors.

c) the adequacy of transport and road infrastructure

Background

The major highways connecting key towns in the Central West and NSW are the Mid-Western, Newell and Great Western Highways. The rail network in the Central West features three intermodal rail terminals located in Parkes, Blayney and Bathurst. This network connects the region to Sydney, Melbourne and Brisbane as well as various export terminals at Port Botany, Port Kembla and Port Newcastle.

Regional Express Airlines (REX) provides daily air services to Orange, Bathurst and Parkes, servicing 85,000 passengers per year with almost 50 flights per week.

The region has a strong transport and logistics industry which capitalises on major transport infrastructure such as the Newell Highway and the transcontinental railway. The sector provides jobs for 3,560 people and contributes \$348 million of GRP to the economy.

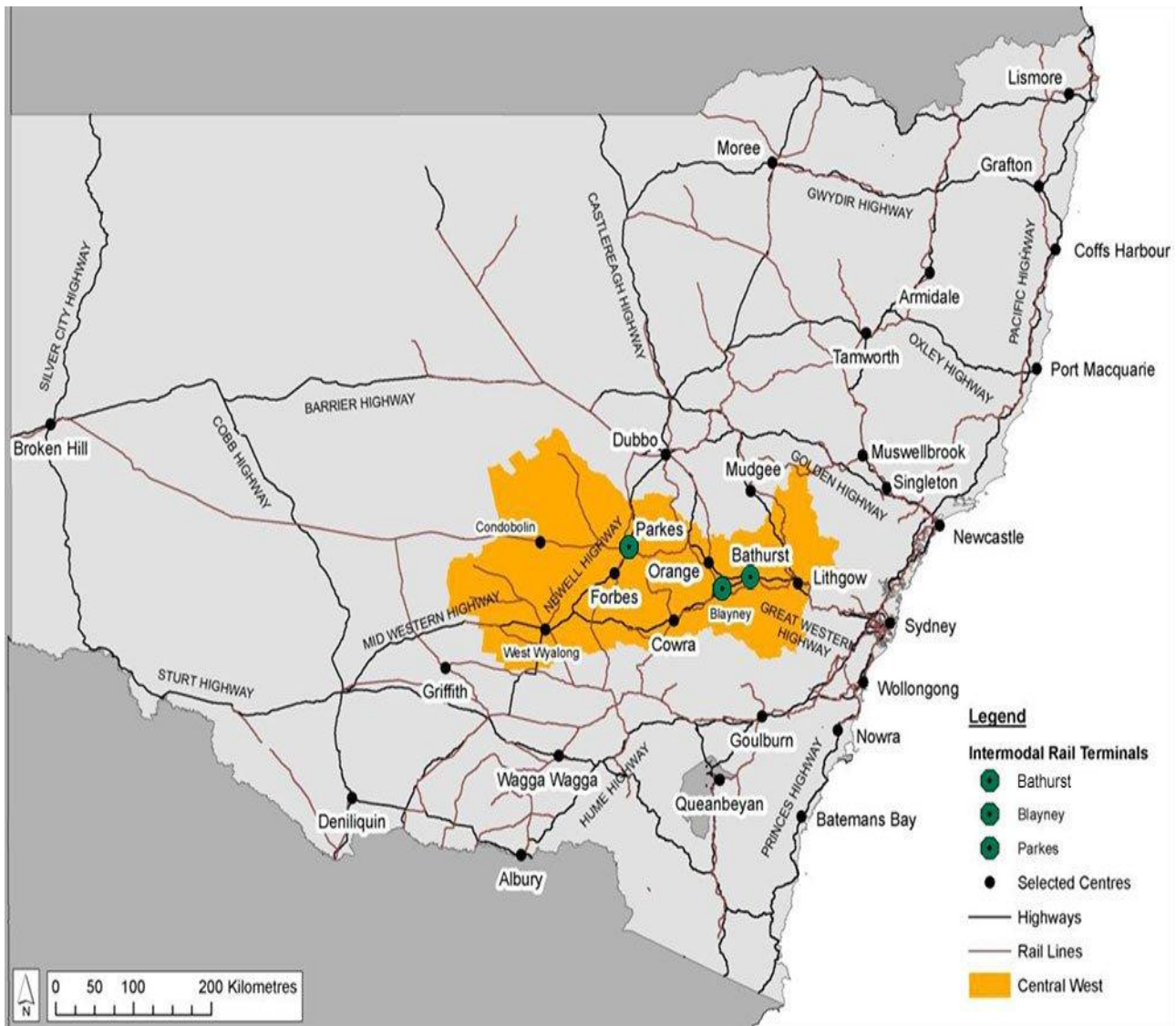
Key transport infrastructure in the region includes:

National Logistics Hub at Parkes

- Parkes unique characteristic of where it is geographically situated has made it one of the most strategically significant locations in the future of transport and logistics in Australia.
- From Parkes, 16 million people or over 80% of the Australian population can be reached in less than 12 hours.
- Parkes is situated at the cross roads of the Newell Highway, connecting Brisbane and Melbourne, and the transcontinental railway linking Sydney, Adelaide and Perth.
- The National Logistics Hub is the eastern most point in the east-west rail corridor allowing for double stacking of rail wagons and assemblage of long trains.
- With rail connections accessing Melbourne, Port Kembla, Port Botany, Port Newcastle and Brisbane, Parkes has attracted major investment from transport and warehousing companies. Transport companies with significant landholdings and operations in the Hub include SCT Logistics, Asciano and Linfox.

Intermodal rail terminal at Blayney – largest inland container terminal in Australia

- Linfox Linehaul transporting out of Blayney.
- Blayney is a direct import-export rail link to Sydney Ports.



Central West Transport Needs Study

In 2009 the Australian Government released the Central West Transport Needs Study. The study focussed on the road and rail transport needs for passengers and freight between the Central West region of NSW and Sydney, Newcastle, and Port Kembla and also investigated the future role of major centres in providing inter-modal transport and strategies to meet the region's needs over the next 25 years. The findings of the study were referred to *Infrastructure Australia* and those relating to passenger rail to the NSW Government for their consideration.

CountryLink Study

In May 2010 the NSW Government undertook a review of CountryLink services across NSW and made recommendations with regard to improving CountyLink services in regional NSW.

Factors restricting development

- Upgrade of the Bells Line to a “transport corridor” over the Blue Mountains.
- Development of the Inland Railway between Port Melbourne and Port Brisbane.
- Upgrade of regional rail line networks.

Provision of adequate public transport networks

- Lack of adequate public transport services across the region. This is an issue particularly in relation to supporting the delivery of health services through the new Orange and Bathurst Hospitals (transport for patients and relatives) and for the delivery of training and education services through Charles Sturt University, TAFE NSW and other training providers.

Economic Development Opportunities

The ability to move freight cost effectively and on time to major ports is imperative to sustaining and attracting businesses to the region.

The Central West region's strategic location provides access to 82% of the Australian population within one day's motor freight and makes it an ideal location for distribution operations.

While the region currently provides good transport links via road, rail and air, upgrades to transport infrastructure particularly the Bells Line of Road expressway, Parkes Rail Freight Hub, Blayney and Bathurst Transport Hubs will significantly assist the region to attract manufacturing based business from Sydney and other metropolitan areas.

The region's connections to Sydney, Wollongong and Newcastle benefit both the cities and regions with the continued upgrade of the three ports to increase warehousing and efficiency supporting regional supply chains.

The "State of Australia's Cities 2010" report by the Australian Government, Infrastructure Australia Major Cities Unit reinforces the issues with freight logistics and the need for the Central West to work in partnership with Regional Development Australia Sydney to advocate for improved road, rail and air services.

"The freight task in Australia's eight capital cities is expected to grow by 70 per cent between years 2003 and 2020 (BTRE 2007). Increasing congestion on urban roads means that as freight continues to compete with other traffic, productivity declines. This is particularly important for the productivity of businesses. It also reported that the cost of transporting freight to Australia's major ports has increased mainly due to congestion. (Chapter 4 'Freight', Page 55)

d) ways to encourage development of local enterprises and the potential of the region overall

Background

Business Mix

There were an estimated 16,961 business entities actively trading in the Central West region in June 2009. Of these, the bulk share was represented by the agriculture, forestry & fishing sector with 5,975 businesses (35.2%). The region also has strong business presence within the construction sector accounting for well over 10% of total businesses. Comparison with employment data suggests that there are many small business operators in both of these sectors. While the region has a considerably high proportion of agricultural businesses (attributable to the high number of self-employed farmers) than both the regional NSW and State, its share of property and business services (including professional, scientific and technical services and rental, hiring and real estate services sectors) and construction is relatively lower.

The overall business mix for the Central West region is considerably different from regional NSW and the State.

Business Count by Industry, June 2009

Industry	Central West	Regional NSW	NSW
Agriculture, Forestry and Fishing	35.2%	22.7%	8.9%
Mining	0.4%	0.4%	0.2%
Manufacturing	3.6%	4.1%	4.3%
Electricity, Gas, Water and Waste Services	0.2%	0.3%	0.3%
Construction	13.1%	15.9%	15.9%
Wholesale Trade	2.8%	2.9%	4.1%
Retail Trade	6.8%	7.4%	7.0%
Accommodation and Food Services	3.8%	4.5%	4.0%
Transport, Postal and Warehousing	6.1%	5.7%	6.6%
Information Media and Telecommunications	0.4%	0.5%	1.2%
Financial and Insurance Services	3.5%	5.1%	7.5%
Rental, Hiring and Real Estate Services	6.8%	8.5%	11.1%
Professional, Scientific and Technical Services	5.4%	7.7%	12.6%
Administrative and Support Services	2.3%	3.0%	4.1%
Public Administration and Safety	0.4%	0.3%	0.5%
Education and Training	0.7%	1.1%	1.3%
Health Care and Social Assistance	3.2%	4.2%	4.9%
Arts and Recreation Services	1.2%	1.3%	1.5%
Other Services	4.1%	4.3%	4.1%
Total	100.0%	100.0%	100.0%

Source: ABS Cat 8165.0 (2010e)

Ways to encourage development of local enterprises

The Regional Business Growth Plan developed by the NSW Department of Industry and Investment (now Trade and Investment) dated August 2010 outlines opportunities and challenges in supporting business and jobs growth in the Central West region. The Plan includes 5 high priority activities including:

- Water security to support industry growth and viability
- Upgrade and development of transport, telecommunications and alternative energy infrastructure
- Innovation initiatives to support innovation in regional manufacturing and value –adding to improve competitiveness
- Skills and workforce development
- Tourism development.

For details of specific activities to address these priorities refer to the Regional Growth Plan –Central West at www.business.nsw.gov.au › [Invest in NSW](#) › [Regional NSW](#)

In 2010 the Central West Chapter of the NSW Business Chamber undertook consultations to develop the *10 Big Ideas to Grow Business in the Central West* region. Recommendations were as follows:

- Provide enhanced regional education and training service
- Improve transport and infrastructure
- Create a Regional Centre for Health
- Foster small business growth
- Upgrade telecommunications infrastructure
- Develop a regional tourism and marketing plan

- Establish a business innovation group
- Streamline local government regulations and reduce red tape
- Create the conditions for regional sustainability
- Encourage growth through planned regional development.

e) the comparative level of government business activity located within the region

Background

Public Administration and Safety

The Central West has a strong public administration and safety sector, contributing over 9% of the regions' GRP, with Local Government being key employers within the region. Other major public sector employers within the region include the NSW Department of Primary Industries, NSW Department of Trade and Investment, NSW Road and Traffic Authority, NSW Land and Property Management Authority and Corrective Services NSW. The region also hosts regional offices of Australian Government Departments including the Department of Education, Employment and Workplace Relations and the Department of Regional Australia.

The employment shares for the public administration sector is relatively higher than the regional NSW and NSW averages, indicating the relative strength of this sector in the Central West region. The relatively higher share of employment within the public administration and safety sector is largely attributable to Bathurst and Orange LGAs, with several state government agencies having offices in the towns.

f) methodologies for local government to collectively co-operate to achieve increased infrastructure funding and economic growth

The Centroc group of councils are highly collaborative advocating on agreed positions and priorities for the region and facilitating cooperation and the sharing of knowledge, expertise and resources. Refer to the Centroc Submission to this inquiry.

RDA Central West is working co-operatively with the Central NSW Region Organisation of Councils (Centroc) on the development of a *Regional Priority Infrastructure Plan* that will inform applications for infrastructure funding that ultimately support economic growth in the region.

RDA Central West, Centroc and the NSW Department of Trade and Investment have partnered on the *Invest Central NSW* project. The project aims to produce a Regional Economic Profile, marketing material and a web-based statistical economic data management system that will be used by stakeholders throughout the region to guide regional development initiatives and attract investment in the region.

Centroc and RDA Central West are working collaboratively towards the implementation of recommendations from the Centroc Water Security Study vital for the long term sustainability and growth of the Central West region.

g) Any other factor restricting economic and social development in Central Western New South Wales.

The following section provides a summary of other significant factors that have been identified through the RDA Central West Regional Plan consultation process as restricting economic and social development in the central west region.

Issues restricting growth

- meeting the demand for public and private housing (owner-occupiers and rentals)

- shortage of rental housing supply of appropriate standards
- water supply security
- skill shortages and retention of skilled people
- energy supply stability and high cost
- climate change
- recovery from drought

Housing

Key points from Regional Plan consultations:

- Housing investment is not meeting rental demand across 12 LGA's.
- Housing supply is not meeting the demand for home ownership in some areas of the region where development of green field sites is an issue due to land availability.
- Shortages in public housing around the region – higher need for public housing in western area of the region with increased Indigenous population. FaHCSIA, Indigenous Coordination Centre has reported that the public housing situation in the Lachlan region is at full capacity, with many homes having multiple occupants (up to three families).
- Demand on housing has increased with TAFE NSW and Charles Sturt University extending its professional courses and attracting more students to Orange and Bathurst.
- Increase in medical professionals visiting the area, or residing. Expected increases to continue as the new Orange hospital opens and with Central West Mental Health increasing its services.
- Temporary accommodation is required in Orange and Bathurst to cater for families visiting relatives in hospital from across the region. Especially with the hospitals servicing the Central West and with the Mental Health facility extending further into the Orana region.
- Transient mine workers put pressure on housing for rentals and investment houses.

The 12 Council's in the region are planning for urban development to alleviate the housing issue as part of their integrated planning and see it as a priority in attracting residents, professional people and retaining families.

RDACW has identified the following opportunities:

- Develop urban solutions that deliver sustainable housing designs that meet family needs, professional and student requirements at affordable prices.
- Bring new approaches to urban planning that incorporates sustainable development.
- Discuss planning that considers climatic changes and the impacts on housing design.

Refer to the RDA Central West Regional Plan for more detailed commentary on this issue. The Regional Plan can be found at www.rdacentralwest.org.au

Investment

Key points from Regional Plan consultations:

- Industrial areas across the region are having difficulty attracting business investment in the current economic conditions caused by the effects of the drought and Global Financial Crisis. However, the two city centres of Orange and Bathurst have not experienced as much difficulty attracting business investment as other areas.
- Investment attraction is based on a broad marketing approach not a targeted approach.
- There is a need for business and industry profiling and analysis to identify business gaps in the region. The Invest Central NSW project will provide the foundations for future work in this area.

- There is a need for information on the potential for emerging industries in the Central West, especially in relation to green industries.

The Central West region has a diverse economy and industry mix compared to other regions. Despite economic pressures brought on by the drought and the more recent effects of the global financial crisis the economy has remained stable due to continuing investment in the mining, health and education sectors.

The aim of the *Invest Central NSW* Project has been to compile Regional Economic Data for the Central NSW region, identifying the competitive advantages of the region and individual LGAs as well as opportunities for investment attraction.

RDACW has identified the following opportunities:

- To develop an information base for the region that can identify:
 - industry gaps.
 - Industries that can value add or service existing industry.
 - emerging industry opportunities.
- Using the information base and working with key stakeholders to develop investment attraction strategies to target businesses. Key stakeholders are Local Government and Industry and Investment NSW.

Workforce Shortages

Workforce shortages and the need for skilled and flexible labour to support projected industry expansion continue to be a factor restricting economic and social development in the Central West region.

RDACW as part of its Regional Plan consultation compiled information on skills shortages across the region. The region continues to have shortages in occupations that require a high skill level and/or relevant years of experience. Many shortages experienced in the Central West are being experienced globally, therefore creating a high level of competition in attracting and retaining skilled employees.

NSW Skills Report

The Regional Development Advisory Council (RDAC) members are the Chair persons from the fourteen Regional Development Australia Committees in NSW that report to the NSW State Minister and Federal Minister. RDAC reports on regional issues, opportunities, projects and initiatives that impact on economic growth in NSW.

RDAC identified skills development as one of its strategic priorities. A skills sub-committee was established to identify common issues and successes of skill development projects/programs across regional NSW. A skills report was produced in December 2008 by RDAC that advocates for developing Government programs that address regional issues.

Some of the critical issues reported across regional NSW are:

- Industry sectors are fragmented and not able to clearly identify skills gaps or needs
- Training cannot be tailored to meet industry needs in the absence of information from industry about their specific circumstance. This is important to address future skills needs.
- Appropriate qualifications do not equate to job readiness. There is capacity for qualified staff to undertake a larger component of work experience.
- Employees can be over-skilled for their current position, resulting in an under-utilisation of skills in the workforce.
- Staff retention and labour turnover can cause skills shortages for business.

- Management skills vary across small enterprises and staff support or incentives for training and development differ from one employer to another.
- Inadequate understanding and usage of the pool of non-traditional learners/employees in regional areas who have a commitment to the region in which they live (e.g. mature workers, Aboriginal workers, women returning to the workforce after child-bearing etc).
- Industry's lack of engagement with vocational education and training (VET) and employment services sector results in limited understanding of the capacity to develop partnerships in recruitment, or of the flexibility of the training and employment sectors to deliver pre-employment training and other outcomes for industry.
- Communication and networking between government agencies and industry about skills development programs and initiatives have been inconsistent.

RDACW has identified the following opportunities:

- To provide adequate local data on industry changes and future skills needs (over 5 years) to inform planning and development of skills programs and initiatives.
- Assist industries to build capacity to identify needs and develop linkages with education and training providers, support organisations, programs and initiatives.
- A whole-of-government approach to develop partnerships and collaboration to access expertise and resources.
- Development of business clusters to provide support on workforce and management issues to build capacity amongst like businesses.
- Under-utilised sections of the population within the Central West need to be identified.

Telecommunications

The lack of high speed broadband continues to be a major factor restricting economic and social development across the Central West region. The roll-out of an improved broadband service and satellite technology in regional NSW is critical to the Central West remaining competitive in a global environment.

Key points from consultations:

- An issue for the Central West is to provide the remote areas of the region with improved satellite technology to better deliver health and emergency services, education, transport and social services to isolated areas.
- To increase opportunity across the region, the need for improved broadband speed and capacity will allow better access to University courses supporting new technologies in distance education.
- Increased broadband speed and capacity will add value to the medical and mental health centres at Orange and Bathurst by improving the delivery of remote medical assessment and treatments.
- It is imperative that regional businesses and primary industry have access to the same level of telecommunications at comparative prices to compete with urban-based businesses.
- The availability of improved communications at affordable prices is vital to the more remote towns in our region.
- Access to the internet has a positive impact on social and cultural wellbeing in isolated communities.

RDACW has identified the following opportunities:

- Improve broadband capacity to reduce time delays during remote medical and mental health assessment and counselling.
- Increase the Central West community knowledge of internet technology and usage for business transactions, retail shopping, communication tool for social interaction, education, health, music and media etc.
- Provide the level of connectivity across the region to allow businesses to successfully use e-commerce tools.

Water Supply Security

The Lachlan and Macquarie river systems are the lifeblood of the Central West region. Supplemented by groundwater resources, these river systems support significant commercial activity and sustain dozens of healthy and growing communities.

As a consequence of the impact of the worst drought on record, and in response to climate change, improving water supply security across the region is a top priority impacting dramatically on the region's social and economic sustainability.

Mining, manufacturing and agriculture are three key industries in the Central West and are all heavily reliant on water for their ongoing viability. Sustainable long term growth in these industries requires management of the region's water supply and planning for future periods of drought.

In response, Centroc has embarked on a major study of the region's water supplies. The investigation includes sophisticated modelling to forecast urban demand from the many towns across the region for a 50-year period through to 2059. These forecasts have taken into account projected population growth and the adoption of more water efficient urban water use. Modelling has also been done of surface and groundwater resources and the impact of both the current climate sequence and a climate change scenario.

Findings have shown that 29 towns in the Centroc region (encompassing the 12 RDACW LGA's in addition to Harden, Boorowa, Young, Wellington and Upper Lachlan) are at risk and require substantial improvements to be made to their water security.

As a result Centroc in consultation with their 17 local government members have settled on an integrated program of water conservation and demand management measures, coupled with new and upgraded water supply and storage infrastructure. Government funding to support infrastructure development, including feasibility studies is required to undertake this work.

RDACW is working in partnership with Centroc on water infrastructure projects crucial to ensure that the region not only survives and thrives, but can also support the projected population increases encouraged by government programs promoting regional migration.

Murray Darling Basin Plan

RDACW undertook extensive consultation across industry and Local Government Areas on the impact of a reduction in water availability along the Lachlan and Macquarie Valleys. The consultations identified potential solutions for improving water usage and sustainability in the Lachlan and Macquarie Valleys under the Murray Darling Basin Plan.

As a result of these consultations RDACW submitted 15 solution-based projects to assist the region to cope with and adapt to a reduction in water.

Issues identified

A number of issues were put forward during the consultation with in-depth information provided in a report by the RDA Central West Committee- "Community Consultation in the Central West on the Murray Darling Basin Plan with Project Proposals". Key issues identified in March 2011 were:

- The NSW Government Water Sharing Plan and translucent environmental flows are impacting on viability before further cuts in the basin.
- Local Councils urgently require a regional water security project to be developed.
- Water users have lost confidence in the future of irrigation with only 43 per cent water reliability for the Lachlan Valley.

- Seven years of no water has been detrimental on the future of the valley.
- The water buyback by the Australian Government has reduced the level of employment in the communities without any alternative development being put in place.
- Proposed groundwater cuts will have a major impact on the viability of permanent plantings (i.e. trees and vines).
- Water demand from the mining industry will increase dramatically in the next five years, with three major expansions underway.
- Higher input costs such as electricity, fertiliser and chemicals are crippling water user's viability.
- Concerns over increased water charges for the next three years with the Independent Pricing and Regulatory Tribunal (IPART) recommending a 74 per cent increase in bulk water prices for the Lachlan for the three years to July 1, 2014.
- Not enough research being undertaken along the Lachlan River into new crops and improving the efficiency of existing crops.

Electricity Cost and Distribution

The rising cost of electricity together with access to adequate power distribution infrastructure is an issue impacting on the operation of existing business and industry throughout the region. This has implications for future business attraction to the region.

CONCLUSION

The RDA Central West Committee thank-you for the opportunity to make this submission and would be pleased to attend a Public Hearing to discuss its content in more detail.

This submission is endorsed by the RDA Central West Executive Committee, Chair, Sandy Morrison and Deputy Chair, Gavin Priestley on behalf of the full Committee.

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