

**Submission
No 6**

INQUIRY INTO REGIONAL DEVELOPMENT AND A GLOBAL SYDNEY

Organisation: Newcastle Tourism Industry Group

Date received: 1 June 2017

28 May 2017

The Chair, Hon. Gregory Pearce
Legislative Council – New South Wales Parliament
Standing Committee on State Development

To the Honourable Gregory Pearce,

I am pleased to be submitting to the Legislative Council's inquiry into how Sydney's growing prominence as a global city enhances regional development in New South Wales on behalf of the Newcastle Tourism Industry Group (NTIG). Our organisation is Newcastle's peak tourism industry body and Local Tourism Association. We provide a unified voice to influence the direction of tourism in Newcastle as well as working to maximise industry participation in tourism planning, development and marketing.

The submission enclosed includes an address to the terms of reference 1. a, b and c with recommendations for consideration by the Standing Committee on State Development.

On behalf of NTIG, I would like to express my gratitude for the opportunity to share our insight into the development of regional areas, particularly through tourism. Thank you for considering our recommendations on how Sydney's growing prominence as a global city enhances regional development in New South Wales.

Yours sincerely,

David Brown
Chairperson
Newcastle Tourism Industry Group

NTIG wishes to acknowledge the authors of this Submission, Public Affairs & Communication students of the University of Newcastle, who have prepared the paper with the support and endorsement of the NTIG Management Committee.



REGIONAL DEVELOPMENT AND A GLOBAL SYDNEY

Legislative Council Standing Committee on State
Development

Newcastle Tourism Industry Group

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Submitted 28 May, 2017

Table of Contents

- 1. Introduction..... 1**
- 2. Background..... 1**
- 3. Term of Reference 1a 1**
- 4. Term of Reference 1b..... 3**
 - 4a. The Visitor Economy 3
 - 4b. Employment, Education and Training..... 5
- 5. Term of Reference 1c 6**
- 6. Recommendations 8**
- 7. Conclusion 8**
- 8. Appendix 9**

1. Introduction

The area of regional development has been a highly contested topic of public policy discourse for many years. However, due to Sydney's growing prominence as a global city, new considerations need to be made as to how regional areas across NSW can best benefit from this. It is the belief of NTIG that tourism and its related industries are one section of the economy that would see the greatest benefit from the growth of a global Sydney. Throughout this submission, the focus of the findings and recommendations are location specific to the regional city of Newcastle. However, it is our belief that these would be applicable to other regional locations across NSW.

2. Background

The Newcastle Tourism Industry Group is Newcastle's leading tourism industry body. We provide a unified voice for over 100 members within our organisation to influence the direction of tourism in Newcastle and provide opportunities for Newcastle-based businesses to grow and solve their common problems together. We represent members from every facet of the tourism industry including accommodation, function venues, transport, tours, attractions, events and restaurants. We also represent members from sectors that service the tourism industry including media, marketing and business communities.

3. Term of Reference 1a.

Each year, there are approximately 76,000 international visitors in Newcastle, who contribute \$110 million to the economy and spend more than the average visitor spend of \$1460 per person¹.

For Newcastle to benefit from the expansion of international trade, infrastructure, employment, tourism, innovation and research in the greater Sydney region, the two cities must be adequately linked. Focusing on tourism, Newcastle's opportunity to capitalise on the increasing number of domestic and international visitors in Sydney depends on an efficient and reliable transport connection (*See Appendix A for current transportation connections*).

In 2015, a \$80 million Newcastle Airport expansion was completed, improving services to accommodate an increased number of domestic passengers and provide the

¹ The City of Newcastle. (2013). *Destination Management Plan*. Retrieved from https://www.visitnewcastle.com.au/images/FINAL_Newcastle_Destination_Management_Plan_June_19_2013.pdf

required facilities to operate international flights². With the majority of international tourists in Newcastle coming from New Zealand and Asia, this is a hugely beneficial development that will see tourists flying directly to Newcastle for both business and leisure travel³. The airport currently services approximately 1.1 million passengers annually and the expansion is predicted to increase the annual passenger capacity to 5 million over the next 20 years⁴⁵. This expansion will provide an opportunity for international visitors seeking to experience surrounding areas such as the Hunter Valley, Port Stephens and Barrington Tops National Park.

While the M1 is an effective road link connecting Sydney and Newcastle, the current rail system between the two cities is insufficient and unreliable as a means of channeling tourists from Sydney into the area. The trip, timetabled at a duration of 2 hours and 37 minutes, is often delayed. The NSW Auditor-General's Report to Parliament on Passenger rail punctuality released on 11 April 2017 indicates that the intercity train service between Newcastle and Sydney has been decreasing in punctuality rates since 2011⁶.

The report also found the rates for the intercity service to be substantially worse than Sydney's suburban trains⁷ (See *Appendix B for train punctuality rates between 2009 and 2016*). The report attributes the delayed intercity service to the age of the trains, tracks and signals⁸. Transport for NSW recognised that the NSW Trains intercity fleet had received significantly less investment than suburban trains, as was the case for intercity signal and track infrastructure⁹. The current rail service linking Newcastle to Sydney is inadequate and, without refurbishments, will jeopardise Newcastle's ability to reap the rewards from a global Sydney.

² The City of Newcastle. (2016). *Economic Development Strategy: 2016-2019*. Retrieved from <http://www.newcastle.nsw.gov.au/Newcastle/media/Documents/Strategies,%20Plans%20and%20Policies/Strategies/1927-Economic-Development-Strategy-FINAL-DIGITAL.pdf>

³ The City of Newcastle. (2013). *Destination Management Plan*. Retrieved from https://www.visitnewcastle.com.au/images/FINAL_Newcastle_Destination_Management_Plan_June_19_2013.pdf

⁴ NSW Government Planning and Environment. (2017). *Hunter Regional Plan*. Retrieved from <http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Hunter/Hunter-regional-plan>

⁵ Newcastle Tourism Industry Group. (2015). *Visitor Economy Vision for the CBD: 2015*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/visitoreconomyvision.pdf>

⁶ Audit Office of NSW. (2017). *Passenger Rail Punctuality*. Retrieved from <http://www.audit.nsw.gov.au/publications/latest-reports/rail-punctuality>

⁷ Audit Office of NSW. (2017). *Passenger Rail Punctuality*. Retrieved from <http://www.audit.nsw.gov.au/publications/latest-reports/rail-punctuality>

⁸ Audit Office of NSW. (2017). *Passenger Rail Punctuality*. Retrieved from <http://www.audit.nsw.gov.au/publications/latest-reports/rail-punctuality>

⁹ Audit Office of NSW. (2017). *Passenger Rail Punctuality*. Retrieved from <http://www.audit.nsw.gov.au/publications/latest-reports/rail-punctuality>

The NSW Government's Hunter Regional Plan outlines the need to enhance inter-regional connections in order to support economic growth and assist Newcastle residents with job and business opportunities¹⁰. The Australian Government is looking into a high-speed rail network along the East Coast, allowing for a faster journey between Newcastle and Sydney. Regional Development Australia (RDA), along with politicians and government officials, continue to preach the benefits of a high-speed rail network that would undoubtedly improve current transport connections and allow Newcastle to benefit from Sydney's tourism boom¹¹.

The current intercity rail service is let down by insufficient infrastructure stemming from a lack of investment, which is causing ever-worsening delays¹². These issues affect the wider visitor economy market and therefore, we call for further discussion into the possibility of implementing a high-speed rail network. We also recommend refurbishments to be undertaken on the intercity infrastructure in order to address current concerns.

4. Term of Reference 1b.

4.1 The Visitor Economy

For the Newcastle region, the visitor economy is one sector that has the potential to allow for the most opportunities in growth and expansion. Different to tourism, the visitor economy takes into account both the direct and indirect contributions made by a visitor when travelling outside of their usual environment for leisure, business, events, or visiting family and friends¹³.

Newcastle's population currently sits at approximately 161,255 and is expected to rise to 180,640 by 2036. With more people come more opportunities to enhance the visitor economy to make Newcastle the largest regional economy in NSW¹⁴. The visitor economy plays a significant role in the local economy, bringing \$699 million in visitor expenditure. Consequently, this generates an overall expenditure impact of \$1.43 billion

¹⁰ NSW Government Planning and Environment. (2017). *Hunter Regional Plan*. Retrieved from <http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Hunter/Hunter-regional-plan>

¹¹ McGowan, M. (2016). *China-backed company proposes \$24 billion high speed rail network from Newcastle to Sydney*. Retrieved from <http://www.theherald.com.au/story/3681637/24b-high-speed-rail-project-into-the-heart-of-newcastle-poll/>

¹² Newcastle Tourism Industry Group. (2015). *Visitor Economy Vision for the CBD: 2015*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/visitoreconomyvision.pdf>

¹³ The City of Newcastle. (2013). *Destination Management Plan*. Retrieved from https://www.visitnewcastle.com.au/images/FINAL_Newcastle_Destination_Management_Plan_June_19_2013.pdf

¹⁴ Newcastle City Council. (2016). *Destination Management Plan*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/2016destinationmanagementplan.pdf>

across sectors including transport, accommodation, food services and retail trade¹⁵. If this trend continues, natural growth of the visitor economy will rise by 1.4% per annum resulting in an estimated 3.8 million visitors and 7.7 million visitor nights by 2030¹⁶.

The 2016 Newcastle Destination Management Plan outlines priorities for the region in growing the visitor economy. These include: *a unified voice for the businesses engaged in the visitor economy; getting the industry connected for major events; engage the global social and community networks; and create signature experiences in the city*¹⁷. Similarly, the 2016 Visitor Economy Vision outlines four market segments with the greatest potential for growth that should be taken into account when considering regional development. These include business travel and business events, leisure events, visiting friends and relatives (VFR) as well as holiday visitors¹⁸. The largest sector of these being VFR accounting for 39% of visitors with an approximate spend value of \$641.4 million by 2030¹⁹.

These have been identified through much consideration and research as being the priorities that will have the highest impact in supporting the regional development of the Newcastle area through the visitor economy. It is in the interest of NTIG that these factors are considered in the implementation of the state government's Hunter Regional Plan 2036. Currently, the Hunter Regional Plan 2036²⁰ does recognise the impact and potential growth of tourism but fails to recognise the visitor economy as being interrelated to all other aspects of regional growth and development. It is the belief of NTIG that tourism is the responsibility of all businesses in the region, with each sector contributing in some way or another to the visitor economy. Therefore, it is recommended that in viewing the visitor economy as a sector with the greatest opportunity for regional development, appropriate recognition is given to the impact of the sector. It is important that there are clear strategies and tactics in place to ensure the implementation of proposed and future plans.

¹⁵ Newcastle Tourism Industry Group. (2015). *Visitor Economy Vision for the CBD: 2015*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/visitoreconomyvision.pdf>

¹⁶ Newcastle City Council. (2016). *Destination Management Plan*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/2016destinationmanagementplan.pdf>

¹⁷ The City of Newcastle. (2016). *Economic Development Strategy: 2016-2019*. Retrieved from <http://www.newcastle.nsw.gov.au/Newcastle/media/Documents/Strategies,%20Plans%20and%20Policies/Strategies/1927-Economic-Development-Strategy-FINAL-DIGITAL.pdf>

¹⁸ Newcastle Tourism Industry Group. (2015). *Visitor Economy Vision for the CBD: 2015*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/visitoreconomyvision.pdf>

¹⁹ Newcastle Tourism Industry Group. (2015). *Visitor Economy Vision for the CBD: 2015*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/visitoreconomyvision.pdf>

²⁰ NSW Government Planning and Environment. (2017). *Hunter Regional Plan*. Retrieved from <http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Hunter/Hunter-regional-plan>

4.2 Employment, Education & Training

Newcastle has a growing and diverse economy, with a variety of industries and businesses serving local, regional, national and international needs²¹. The region is known and celebrated for its array of lifestyle and employment opportunities and is increasingly acknowledged as a key driver of the state's economy²². In Newcastle, the service sector has seen monumental gains, particularly in tourism and hospitality. Subsequently, growth in these services has verified Newcastle as a suitable region to benefit from Sydney's growing prominence as a global city. Therefore, supporting service sector growth and innovation is key to Newcastle's economic success, as it drives business competitiveness and job creation²³. However, the tourism and hospitality industry will only flourish and contribute further to the state's economy if the right policy framework is achieved.

The tourism and hospitality industries offer many opportunities for employment. The NSW Department of Industry has noted that the services sector of the economy has the highest rate of employment in the Hunter region²⁴. Therefore, having trained and skilled workers will play an imperative role in the success of the region's development. A long-term strategy of the NTIG identifies the need for training and education for careers in the tourism and hospitality industry. To achieve this, the government needs to realise the impact of the tourism and hospitality industry as drivers of employment, capital, culture and community in Newcastle.

It is imperative that Newcastle continues to support the local economy by employing members of the community wherever possible and offering efficient training programs to strengthen employee motivation, customer satisfaction, and local capital development²⁵. Government funding and collaboration for institutions for local employee and supplier training will help to achieve this. The Newcastle City Council has identified a range of key programs that can be used to improve the future economic development of the

²¹ Newcastle City Council. (2016). *Destination Management Plan*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/2016destinationmanagementplan.pdf>

²² *Hunter - Invest in New South Wales*. (2017). NSW Department of Industry. Retrieved from <https://www.industry.nsw.gov.au/invest-in-nsw/regional-opportunities/hunter>

²³ NSW Government Planning and Environment. (2017). *Hunter Regional Plan*. Retrieved from <http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Hunter/Hunter-regional-plan>

²⁴ *Industry and Employment - Invest in New South Wales*. (2017). NSW Department of Industry. Retrieved from <https://www.industry.nsw.gov.au/invest-in-nsw-/regional-opportunities/hunter/industry-and-employment>

²⁵ Ashley, C., De Brine, P., Lehr, A., & Wilde, H. (2007). *The Role of the Tourism Sector in Expanding Economic Opportunity*. Retrieved from https://www.hks.harvard.edu/m-rcbg/CSRI/publications/report_23_EO%20Tourism%20Final.pdf

region²⁶. This includes developing workforce skills for a knowledge-based future to adhere to the objectives of the Community Strategic Plan, industry and stakeholder consultation and data analysis to identify the council's role and responsibilities²⁷. Particularly, this plan focuses on assisting employment and business growth to enhance the city centre and local districts by supporting existing businesses and industries²⁸.

Over the last 10 years, there has been an increase in employment in the service sector. As Newcastle continues to grow as a major regional service hub, this number is only likely to grow. Therefore, as the number of jobs that require no qualifications declines, it is imperative that Newcastle offers education and training programs that provide industry-specific qualifications and skills including trade, VET qualifications, and higher education. This includes incentives to conduct industry-specific training, such as Responsible Service of Alcohol, Responsible Gaming Services, Food Handling, and Work, Health & Safety, as a way of assisting the industry in meeting the skills and labour needs of the region. Currently, the University of Newcastle and TAFE NSW provide education and training programs that assist growing industries in the Hunter region²⁹.

It is the belief of NTIG that tourism and hospitality will only improve if the industry can provide a satisfactory standard of employees and a sustainable workforce. Therefore, Newcastle will greatly benefit by collaborating with the government to establish a dedicated training program to assist local employees and suppliers in enhancing the region's reputation.

5. Term of Reference 1c.

As the second largest city in NSW and the seventh largest city in Australia, Newcastle stands to benefit greatly from Sydney's global position with support and collaboration from government, non-government and private sector organisations. According to NTIG's 2015 Visitor Economy Report³⁰, Newcastle had 3.1 million visitors per year as of 2014 and according to our predictions, that number is expected to jump to between 3.8 million and 5.1 million visitors per year by 2030.

²⁶ Newcastle City Council. (2016). *Destination Management Plan*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/2016destinationmanagementplan.pdf>

²⁷ Newcastle City Council. (2016). *Destination Management Plan*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/2016destinationmanagementplan.pdf>

²⁸ Newcastle City Council. (2016). *Destination Management Plan*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/2016destinationmanagementplan.pdf>

²⁹ Newcastle City Council. (2016). *Destination Management Plan*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/2016destinationmanagementplan.pdf>

³⁰ Newcastle Tourism Industry Group. (2015). *Visitor Economy Vision for the CBD: 2015*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/visitoreconomyvision.pdf>

To address this predicted increase of tourism and visitors to the region, NTIG has highlighted the need for improved public transport methods in the City of Newcastle. In the Visitor Economy Report³¹, other important infrastructure needs including accommodation and parking space for visitors to the region are outlined as potential areas of development. As outlined by the Department of Planning and Environment in their Hunter Regional Plan 2036³², the state government's current plan is based on developing a transport hub for Newcastle based in Wickham with room to develop further transport methods from that location including the proposed light-rail line from Wickham to Pacific Park.

NTIG supports the planned development of these public transport hubs as an important facilitator of tourism for the city of Newcastle. In conjunction with this development, we also support other opportunities for government organisations involved in regional development to partner with businesses and organisations identified by the Newcastle City Council in their Economic Development Strategy³³. This includes the support provided by programs such as the Major Events Sponsorship Program developed to assist event organisers and planners to become established in Newcastle to deliver further economic benefits to the region. We call for these programs to receive further support from the state government due to Newcastle's close proximity to Sydney, enabling the region to host events and conferences in conjunction with a Sydney-based event. This is evidenced by Newcastle successfully hosting four key games during the Asian Football Cup in 2015.

As outlined by the 2016 report into Regional Planning Processes in New South Wales³⁴ developed by the Standing Committee on State Development, recommendations 1, 2, 4, 5, 7 and 8 in the report highlight the state government's findings on improvements for regional planning processes. These include developing better working relationships between state and local governments and ensuring that the development of regional plans take into account the differing strengths and needs of regional areas within the state. The report also highlighted the need for future development priorities to ensure

³¹ Newcastle Tourism Industry Group. (2015). *Visitor Economy Vision for the CBD: 2015*. Retrieved from <http://ntig.org.au/wp-content/uploads/2017/03/visitoreconomyvision.pdf>

³² NSW Government Planning and Environment. (2017). *Hunter Regional Plan*. Retrieved from <http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Hunter/Hunter-regional-plan>

³³ The City of Newcastle. (2016). *Economic Development Strategy: 2016-2019*. Retrieved from <http://www.newcastle.nsw.gov.au/Newcastle/media/Documents/Strategies,%20Plans%20and%20Policies/Strategies/1927-Economic-Development-Strategy-FINAL-DIGITAL.pdf>

³⁴ Standing Committee on State Development. (2016). *Regional Planning Process in New South Wales*. Retrieved from <https://www.parliament.nsw.gov.au/committees/DBAssets/InquiryReport/ReportAcrobat/6095/Regional%20Planning%20processes%20in%20New%20South%20Wales.pdf>

that regional areas in NSW are strong centres of growth and for the Department of Planning and Environment to help in facilitating these objectives.

From these recommendations, NTIG are calling for increased opportunities for regional non-government and private organisations to be involved in the development of a state-wide Destination Management Plan. We also call for the state government to work closely with Newcastle-based organisations to ensure the tourism and visitor economy of Newcastle are appropriately recognised during the implementation of the state government's Hunter Regional Plan 2036³⁵. From this, we hope to identify the potential for further development of the tourism industry in Newcastle through co-operative planning and mutually beneficial decision-making with both state and local governments, enhancing our status as the leading regional economy.

6. Recommendations

NTIG calls for the following recommendations to be considered by the Standing Committee:

- Further discussion into the implementation of a high-speed rail network.
- Refurbishments to be undertaken on intercity rail infrastructure between Sydney and Newcastle.
- Appropriate recognition given to the impact of the visitor economy and clear strategies and tactics put in place to ensure the implementation of proposed and future plans.
- Offering education and training programs that provide qualifications and industry-specific skills.
- Develop cooperation between government and non-government organisations through consultation and planning to ensure Newcastle's status as the leading regional economy in Australia.

7. Conclusion

Throughout this submission we have made a number of recommendations regarding how regional areas can best be enhanced by Sydney's growing prominence as a global city. NTIG hopes that the above recommendations can be considered in the discussion surrounding development in Newcastle and other regional areas across NSW.

³⁵ NSW Government Planning and Environment. (2017). *Hunter Regional Plan*. Retrieved from <http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Hunter/Hunter-regional-plan>

8. Appendix

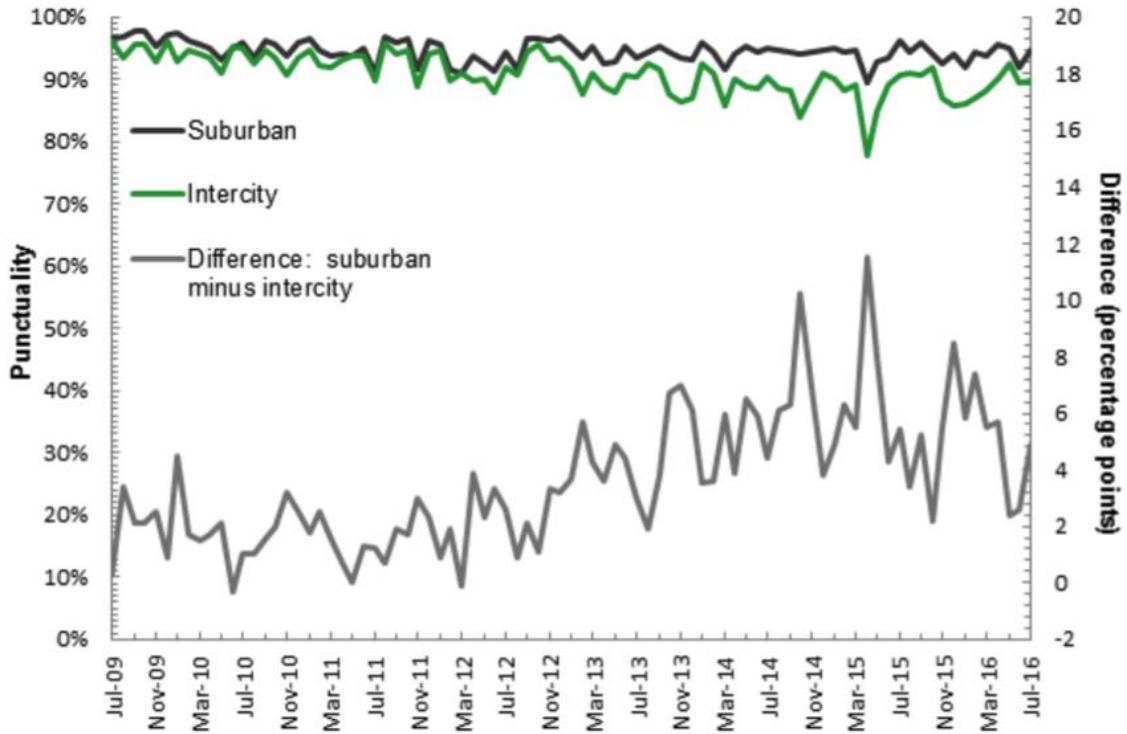
Appendix A.



Source: <http://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Hunter/Hunter-regional-plan/The-leading-regional-economy-in-Australia>

Appendix B.

Exhibit 4: Train punctuality for suburban and intercity services; July 2009 to July 2016



Source: Audit Office analysis of data from Sydney Trains website.

Source: <http://www.audit.nsw.gov.au/publications/latest-reports/rail-punctuality>

Appendix C – Terms of Reference



LEGISLATIVE COUNCIL

STANDING COMMITTEE ON STATE DEVELOPMENT

Regional development and a global Sydney

TERMS OF REFERENCE

1. That the Standing Committee on State Development inquire into and report on how Sydney's growing prominence as a global city enhances regional development in New South Wales, and in particular:
 - a. ensuring the regions benefit from the expansion of international trade, infrastructure, employment, tourism, innovation and research in the greater Sydney region
 - b. identify the sectors of the economy that can provide the greatest opportunities for regional development, including forecasts for jobs growth
 - c. how collaboration between levels of government, non-government and private sectors can assist the regions to benefit from Sydney's global position, and
 - d. any other related matter.
2. That the committee report by 28 April 2018.

Committee membership

The Hon Greg Pearce MLC	Liberal Party	<i>Chair</i>
The Hon Mick Veitch MLC	Australian Labor Party	<i>Deputy Chair</i>
The Hon Rick Colless MLC	The Nationals	
The Hon John Graham MLC	Australian Labor Party	
The Hon Paul Green MLC	Christian Democratic Party	
The Hon Natasha Maclaren-Jones MLC	Liberal Party	

Appendix D – Media Release



LEGISLATIVE COUNCIL

STANDING COMMITTEE ON STATE DEVELOPMENT

MEDIA RELEASE

INQUIRY INTO REGIONAL DEVELOPMENT AND A GLOBAL SYDNEY

**FOR IMMEDIATE RELEASE
10 APRIL 2017**

A new Upper House inquiry into regional development and a global Sydney was launched this week by the State Development Committee.

'To ensure the ongoing economic and social vitality of the state it is critical to consider how Sydney's growing prominence as a global city can enhance regional development in New South Wales,' said Greg Pearce, Chair of the State Development Committee.

'The committee will look at ways the regions can benefit from the expansion of international trade, infrastructure, employment, tourism, innovation and research in the greater Sydney region. We will also identify sectors of the economy that can provide the greatest opportunities for regional development and consider how collaboration between government, non-government and private sectors can assist the regions to benefit from Sydney's global position' continued Mr Pearce.

'The committee will consult extensively throughout the inquiry, including in regional areas. We encourage submissions from interested individuals, groups and organisations,' Mr Pearce concluded.

The closing date for submissions is 4 June 2017. Submissions should be lodged online at www.parliament.nsw.gov.au/statedevelopment. The committee anticipates holding public hearings in Sydney and regional New South Wales later this year.

For more information, including terms of reference and guidelines for making a submission, please visit the committee's website at www.parliament.nsw.gov.au/statedevelopment.

-ENDS-

*For further comment please contact the Hon Greg Pearce MLC,
Committee Chair, on 9230 2328*