

**Submission  
No 18**

## **INQUIRY INTO REGIONAL DEVELOPMENT AND A GLOBAL SYDNEY**

**Organisation:** Regional Development Australia Central West

**Date received:** 2 June 2017

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1 June 2017

The Director  
Standing Committee on State Development  
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Dear Director,

**RE: REGIONAL DEVELOPMENT AND A GLOBAL SYDNEY**

Regional Development Australia (RDA) Central West is pleased to provide the attached submission in relation to the NSW Legislative Council's Standing Committee on State Development inquiry into regional development and a global Sydney.

The key messages from RDA Central West, expanded on in this submission, are:

- A prosperous, global Sydney is fundamental to the economic performance of NSW and, ultimately, the NSW Central West region, particularly given our proximity to Sydney;
- The NSW Central West region is ideally positioned to benefit from a stronger, Global Sydney and regional development due to various natural and competitive advantages in a range of industries;
- Increased connectivity of Sydney to the regions through carefully planned infrastructure investment in transport networks (road, rail, air and intermodal), telecommunications and tourism will benefit the regions as well as Sydney;
- Inland Rail is expected to provide positive economic benefits and industry development opportunities across the Central West;
- The Central West region of NSW is ideally placed to become an innovation hub for research and development in agriculture value adding, and particularly in the fields of biotechnology and functional foods/nutraceuticals
- RDA Central West is well placed to facilitate regional promotion, collaboration and the development of an investor network and capability for our region, able to capitalise on investment and regional development opportunities.

RDA Central West is strongly supportive of the Standing Committee's inquiry. With strong regional interest, we would welcome the opportunity to host a hearing in the Central West region. We would be pleased to provide logistical support for the facilitation of regional consultations or hearings in our region should that be of assistance.

Yours faithfully,

Peter McMillan  
Executive Officer

# **Regional Development Australia (RDA) Central West**

## **Regional Development and a Global Sydney**

**2 June 2017**

### **Terms of Reference**

We understand the terms of reference to be;

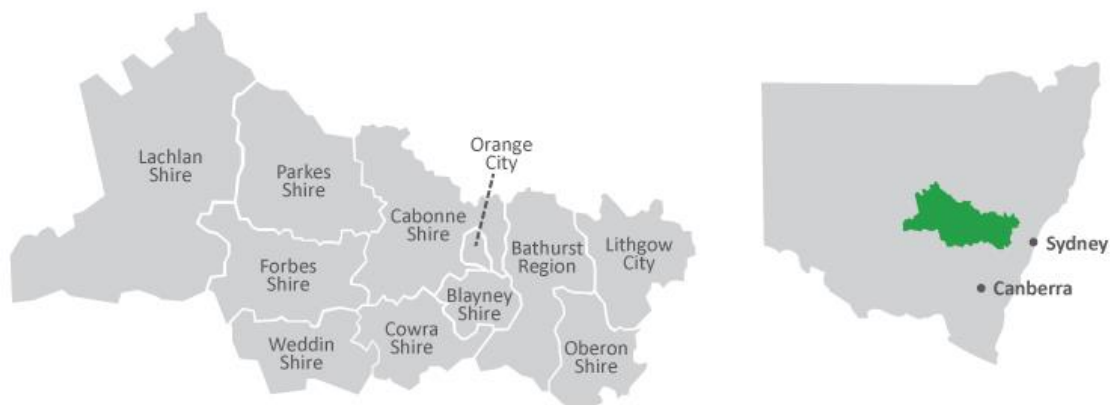
1. That the Standing Committee on State Development inquire into and report on how Sydney's growing prominence as a global city enhances regional development in New South Wales, and in particular:
  - a. ensuring the regions benefit from the expansion of international trade, infrastructure, employment, 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.

## Introduction

Regional Development Australia (RDA) Central West (RDA Central West) is a not-for-profit organisation, funded by the Australian and NSW Government, made up of local leaders who work with all levels of government, business and community groups to enhance the economic development of the NSW Central West region.

Approximately 177,000 people live in the region, which comprises the Local Government Areas of Lithgow, Oberon, Bathurst, Blayney, Orange, Cabonne, Cowra, Parkes, Forbes, Weddin and Lachlan.



The extent of diversity of the NSW Central West regional economy is significant. The region is rich in natural resources with agriculture and mining significant drivers of growth. Manufacturing, health and education play a significant role in the region's \$9.65 billion economy.

The agriculture and mining industry output is underpinned by abundant natural resources within rich soil and mineral deposits. Additionally, varied topography and climatic conditions across the region provide various opportunities ranging from forestry, cool climate produce, dairy, sheep and beef livestock, as well as a variety of irrigation and broad acre crops.

The NSW Central West region has been identified in the top 7 of Australia's fast growing regional hubs, expected to contribute an estimated \$17.4 billion to the national economy by 2031, according to the Australian Infrastructure Plan<sup>1</sup>.

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<sup>1</sup> Infrastructure Australia, *Australian Infrastructure Plan*, page 61

Ultimately, the region's success and contribution to the State of NSW is due to the fact that the region is increasingly diverse, innovative, liveable, inclusive, connected and sustainable. We recognise the importance of sharing the benefits of growth across all our communities.

Our vision for the Central West region is:

“Central West NSW – Sustainable, Prosperous, Smart. Live, work, invest the way you choose.”

## **Global Sydney**

RDA Central West is ultimately responsible for promoting new thinking and partnerships across government, industry and community to realise the Central West region's economic potential. However, we also recognise that a prosperous, global Sydney is fundamental to the economic performance of NSW and, ultimately, the regions. Given our proximity to Sydney, the Central West region is particularly well placed to benefit from Sydney's increasingly important role as a centre for global trade, business, investment, tourism and innovation.

Sydney is a truly international and prosperous city, consistently ranking highly in terms of liveability, economic and investment opportunities, world class tourism attractions and infrastructure, innovative businesses and educational institutions, and a range of other factors. With an excellent climate, a reputation as a friendly and safe city, multiculturalism and diversity, Sydney deservedly earns its reputation on the world stage and is a place where an increasing number of people and business seek to live, work and invest.

However, like most comparable cities, Sydney is not without its challenges. Sydney's population continues to grow significantly, well ahead of the rate of growth experienced in regional areas. Clearly this places additional demand and pressures on metropolitan transport networks and infrastructure. Housing affordability is a significant issue in Sydney, with an increasing shortage of affordable accommodation within proximity of the central business district. New residents, first home owners and businesses are increasingly seeking out more affordable options, and available land, in areas on the edge of greater Sydney and further afield. With significant constraints in the metropolitan road and rail network, many businesses and commuters frequently experience congestion, delays and reduced productivity.

It is important that Sydney continues to address these challenges. This will improve the connectivity, efficiency and operability of Sydney but it will also improve connectivity for passengers and freight from further afield. It is in the interests of all of us in NSW to see Sydney functioning at its best as we will all be beneficiaries of improved flow and functionality. Freight and passengers move from the Central West and other regions through Sydney too and will also benefit from continued improvements that an increasingly prosperous and global Sydney can provide.

## **Regional Development in the context of a Global Sydney**

As indicated in the NSW Government's *Regional Development Framework*, around 40% of the total NSW population is in the regions. Additionally, one third of total Gross State Product is produced in

regional NSW.<sup>2</sup> Indeed, regions are a powerhouse of Australia's economy, with agriculture and mining alone accounting for 57% of Australia's merchandise exports.<sup>3</sup>

Regional communities in NSW provide a significant portion of the energy, food, minerals, goods and services that metropolitan areas demand. The Central West has a significant part to play in this regard, with agriculture and forestry, mining and manufacturing representing a major proportion of the regional economy (\$709 million, \$2.1 billion and \$727million respectively).<sup>4</sup>

We note the findings of research conducted in Australia relating to the economic benefits of growing our regional communities through sustainable and well managed investment and economic development. In its recent report, the Regional Australia Institute estimated that for every additional 100,000 Australians who choose to live in small cities rather than the capital cities, around \$42 billion dollars will be released into the economy over the next 30 years through reduced interest payments on mortgages alone.

*"Released back into the consumption economy, this is would represent a considerable national economic stimulus. Small city growth can also play a role in reducing congestion problems in Australia's major cities. The avoidable cost of congestion in Australia's capital cities was \$16.1 billion in 2010. This takes into account both the value of private and business time, as well as vehicle operating costs and air pollution costs."<sup>5</sup>*

Value for money infrastructure investment and support for industry development in regional areas results in significant economic growth and stronger regional communities. Strategies and policies that support regional job growth, increased skills and productivity improvements in locations that align with existing strengths and comparative advantages are required.

### **Population**

In contrast with Sydney, the Central West region is not facing the same issues associated with high population growth. The Central West region had an estimated resident population of 167,000 persons according to the 2011 ABS Census. The average annual population increase between 2006 and 2011 was 0.73% per annum, with the larger regional centres of Bathurst and Orange experiencing annual growth rates in line with or exceeding the NSW average of 1.1%<sup>6</sup>.

Population is one of the most important resources of a region. It is a fundamental determinant and driver of economic growth (estimated to account for one third of growth<sup>7</sup>). Population change can be a significant factor in the long-term viability of the local community in terms of economic, environmental and social sustainability.

Population projections for the region, as forecast by the NSW Department of Planning and Environment, suggest relatively modest growth across the region over the next twenty years. These projections are largely in line with recent underlying growth. Based on the Department's estimates,

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<sup>2</sup> NSW Government, *Making it Happen in the Regions: Regional Development Framework*, page 4.

<sup>3</sup> Australian Government, *Regions 2030: Unlocking Opportunity*, page 2.

<sup>4</sup> AP Sheere Consulting, 2014

<sup>5</sup> Regional Australia Institute (2016) *Deal or No Deal; Bringing Small Cities into the National Cities Agenda*

<sup>6</sup> Australian Bureau of Statistics, *Census 2011*

<sup>7</sup> AEC Group, *NSW Central West Export / Import Contribution Study*, 2014, page 5

the future population for the combined Central West and Orana regions is expected to grow by 0.33% per annum to a combined population of 302,450<sup>8</sup>. In comparison, Sydney is forecast to grow at 1.6% per annum (an additional 1.74 million people) over the same period.<sup>9</sup>

The region has the capacity to absorb significantly higher population growth rates than those officially predicted. A range of strategies will be needed to plan for and achieve this, requiring collaboration with all levels of Government, business and community stakeholders. RDA Central West is able to play a leadership role in this regard. An increased Central West population will drive the local economy and ultimately benefit the region. It could also provide a compelling alternative for those open to living and working in a highly liveable regional area, increasingly proximate to Sydney through improved infrastructure and connectivity. Ultimately, both Sydney and the Central West region will benefit.

## **Connectivity between Sydney and Regional NSW**

The Central West is situated close to Sydney and Canberra. Indeed, the eastern part of the Central West region is separated from Sydney only by the Blue Mountains.

The region's close proximity to Sydney benefits not only the region but Sydney too. However, to enhance economic opportunities and regional development, there is more to be done.

### **Key Road and Rail Corridors**

Better transport connections between Sydney and the Central West, most notably in the form of a Bells Line of Road Expressway and the removal of constraints on road vehicles greater than 19 metres across the Blue Mountains, will shorten journey times and improve the efficiency of road freight into Sydney. The development of strategic road corridors connecting the new airport at Badgery's Creek with the M7 and orbital sections at Kurrajong Heights will link the Central West region with western Sydney.

Our expectation is that improved road and rail connections between the region and Sydney will facilitate further industry development by reducing transport costs and journey times, enticing new residents and businesses to the Central West region. Ultimately, increased population, participation in the economy (jobs) and productivity (better infrastructure and connectivity) will enable growth for both the Central West region as well as customers and suppliers in Sydney.

### **Inland Rail and NSW**

NSW is well placed to benefit from the commencement of Inland Rail operations, with a further \$8.4 billion committed in the Commonwealth Government's May budget. A report commissioned by RDA Central West that undertook an economic analysis of the potential impacts of Inland Rail in the Central West region found a positive economic contribution of \$216 million over 60 years, an estimated 450 jobs during the 10-year construction period, and 150 jobs post-construction in the LGAs of Parkes,

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<sup>8</sup> Department of Planning and Environment, *Draft Central West and Orana Regional Plan*, 2016, page 8

<sup>9</sup> Department of Planning and Environment, *2016 NSW population and household projections*, June 2017 (website)

Forbes and Lachlan alone<sup>10</sup>. Significant potential regional development opportunities were identified in terms of transport and logistics operations and business growth, value adding to agriculture, distribution centre development for retailers, rail maintenance workshops and provisioning, and other potential developments.

In order for NSW to further enhance opportunities and benefits that this significant national infrastructure project can bring, it is important that Government programmes and initiatives that rectify key network constraints and inefficiencies on the regional road and rail networks are effectively addressed. RDA Central West has previously highlighted opportunities for improved transport efficiency and connectivity across the region, and improved linkages to NSW Ports.<sup>11</sup> The important aspect of Inland Rail is that it has the potential to offer considerably reduced costs, shorter lead times, high reliability and access to new markets and export terminals in Brisbane, Melbourne and elsewhere. This offers producers and shippers more options – a positive for our farmers and regional businesses. However, more efficient rail connections from regional NSW into Port Kembla, Port Botany and the Port of Newcastle can ensure they firmly remain competitive supply chain options.

### **Small Scale Generators of Freight**

Another priority for small to medium sized agribusinesses in our region is to be able to distribute small volumes of freight into the Sydney metropolitan market in a cost effective and timely manner. A report recently undertaken by RDA Central West found that several smaller producers of high quality wine and agricultural produce find costs of delivering small volumes of freight to Sydney prohibitive and resort to doing their own deliveries. Distribution platforms and options for consolidation of freight and creative ways of achieving scale and efficient movement of small volume freight will benefit regional suppliers and deliver high quality regional produce to customers in Sydney.<sup>12</sup>

### **Public Transport and Tourism Infrastructure**

Improved public transport services and links are also highly important. The growth in regional air services at Dubbo in recent years highlights the opportunity to grow corporate travel, events and other tourism. Similar opportunities exist in the Central West region with a healthy and growing range of tourism and event products, including cultural and heritage tourism.

The region is in need of a more effective destination management plan and strategy which creates awareness of the Central West's natural, heritage, cultural and artistic attractions and leverages opportunities from Sydney's burgeoning international business visitor and tourism market. This is a largely untapped area of potential for further economic development in the region, and an example of how regions can benefit from the growth of Sydney as a global city. Continued investment by Government and the business sector in airport and tourism infrastructure will offer a better tourism experience and a range of offerings able to compete more strongly with interstate alternatives.

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<sup>10</sup> Regional Development Australia (RDA) Central West, *Central West NSW Regional Economic Analysis on the Potential Impact of the Proposed Inland Rail*, 2017 (see [www.rdacentralwest.org.au](http://www.rdacentralwest.org.au))

<sup>11</sup> Regional Development Australia (RDA) Central West, *NSW Central West Freight Study*, 2014 ([www.rdacentralwest.org.au](http://www.rdacentralwest.org.au))

<sup>12</sup> Regional Development Australia (RDA) Central West, *Small Agricultural Enterprise Logistics – Getting From Paddock to Plate*, 2017



## Telecommunications Infrastructure

RDA Central West recognises that telecommunications infrastructure and connectivity to an increasingly global marketplace is critical for businesses and communities who live and work in the region.

As connectivity of voice and mobile data improves across the region, greater opportunities arise for increased business conducted out of the Central West given affordable land and lower housing prices in comparison to Sydney, and lower operating costs in general. This should not be seen as a threat to Sydney but an opportunity to relieve some of the pressures of an increasingly crowded housing market and a greater capacity to absorb future forecasted population growth in the Sydney basin.

While the nbn infrastructure roll-out in the region is now well underway, we remain wary of the adequacy, cost and reliability of the Skymuster service for those unable to access fibre-to-the-node or fixed wireless technology. With data needs and consumption consistently rising at a rapid rate, data caps of 150GB of data on satellite nbn plans may well be inadequate for many rural and remote customers, business or otherwise. This will impede their ability to fully engage and participate in an increasingly online world, limiting access to activities ranging from ecommerce, education, e-health, smart technology adaptation, and recreation.

RDA Central West has also advocated for continued funding for the rectification of mobile black spots across regional NSW. There were 369 reported telecommunications black spots in 2016 in the Central West region alone. In a survey of regional business across the Central West conducted in 2015, only 36% claimed to have access to full mobile coverage.<sup>13</sup> Until priority black spots are resolved, business efficiency, communities and householders will be impeded in their ability to reliably and consistently connect with others, whether for business or for family reasons.

The actual and perceived shortfalls in telecommunications infrastructure and connectivity in regional areas undoubtedly has a detrimental impact on regional inwards migration and tourism. Prospective visitors and new residents assume similar access and services to those they are accustomed to in metropolitan areas. In the context of a global Sydney and gateway city for NSW, the prospect of better telecommunications, transportation and other infrastructure across the regions has the potential to increase regional visits and overnight stays, bringing more income into the regional economies of NSW and benefitting the state as a whole.

## Education, Skills and Human Capital

Significant professional and technical skills exist within the Central West NSW population. The economic contribution of education and training to the regional economy is substantial at \$582 million and employs 8.7% of the region's workforce. The two major centres of Central West NSW, Orange and Bathurst, have a higher proportion of professionals and people with university educations, when benchmarked to the rest of regional NSW.<sup>14</sup>

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<sup>13</sup> RDA Central West and Adloyalty, *RDA Telecommunications – Submission Survey, 2015*

<sup>14</sup> 18.8% of Bathurst population and 19.4% of the Orange population, are defined as 'professional' compared to the regional NSW average of 17.4%. 14% of Bathurst and Orange residents have Bachelor or higher level degrees, compared to the regional NSW average of 12.4%.

A range of professional qualifications are available across the Central West including rural health and dentistry, sustainable agriculture, business, communications, education, criminal justice and engineering. The proposed Murray Darling Medical School in Central West NSW will provide further educational and skills outcomes for the broader population into the future.

In addition to being a significant economic contributor in its own right, access to skills and knowledge is critical to long-term business and population attraction and retention in the region. While the region's economic profile in terms of the range of employment and business mix is diverse<sup>15</sup>, it is vital that business located across the Central West region have access to a highly skilled and educated local workforce. Excellent educational, training and career prospects abound in the Central West region but the region has a low portion of its population in the 15-49 year cohort compared with NSW as a whole. There is also a high proportion of professional and technical skills imported into the Central West each year (estimated at \$358 million in 2014)<sup>16</sup>. This means that there are exciting career opportunities in the Central West for Sydneysiders seeking professional, technical and leadership roles.

This is a win-win opportunity for both Sydney and the region. Firstly, students and mature age workers in Sydney are able to seek employment and career options that may otherwise be unavailable in the city. Secondly, for the region, a more reliable source of highly skilled labour is available and professional and technical imports to the region are reduced, strengthening the regional economy.

The growth in education and training exports from the Central West region (\$156 million in 2009-10) through online curriculum, increased international student numbers, and higher on-campus enrolments for students from outside the region, is seen as an opportunity in the context of an increasingly global Sydney. For example, the education and training sector and NSW Government can further promote the high-quality education and training opportunities available in safe and highly liveable communities that quality regional tertiary and training institutions across NSW can provide to interstate and international visitors and students.

Regional employment growth projections to 2020 recently issued by the Department of Employment forecast an increase of 0.7% in jobs in the education and training sector.<sup>17</sup> With coordinated and concerted collaboration referred to above, a far better outcome is achievable.

## **Realising Regional Potential – Public and Private Sector Investment**

The Central West region of NSW is poised for further investment and regional economic development. Recent announcements by Borg Manufacturing in Oberon to expand their operations (timber processing), the development of the Bloomfield Medical Centre and Hotel in Orange, the relocation of Paraway Pastoral (a subsidiary of Macquarie Bank) to the region and the establishment of the Regional Investment Corporation reflect the growing realisation and confidence in the public and private sector of the returns on investment in the region. At RDA Central West, we have also seen an

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<sup>15</sup> AEC Group, *op.cit.*, 2014, page 11

<sup>16</sup> *Ibid*, page 27

<sup>17</sup> Department of Employment, *Labour Market Information Portal – Projected regional employment growth by industry – five years to November 2020 (NSW – Central West)*, <http://lmip.gov.au/>

increase in activity in new business-related enquiries, which augurs well for the future development of the region.

### **Government Entity Relocations**

There are a number of notable examples of successful relocations of government entities to the region as part of previous governments' decentralisation initiatives. The Department of Primary Industries (Orange), RMS Western Region (Parkes), Spatial Services (Bathurst) and Forestry Corporation (Bathurst) are cases in point. Given the positive outcomes in our region, we are very positive in relation to the further decentralisation of government entities<sup>18</sup>. We can assert that careful and considered relocation of government bodies to regional areas can and does result in significant economic growth and stronger regional communities. In our experience, the relocations that make most sense are those where existing regional strengths can be leveraged and synergies can be captured.

Greater synergies result where relocations are in targeted locations that align with existing strengths and comparative advantages. This provides significant scope for closer and more effective partnerships, increased collaboration and innovation with industry, and the ability for both the Government authority and industry to leverage capability and expertise at the source.

### **Investment Opportunities**

As for other areas of potential, there is a raft of investable projects across the Central West in a multitude of industries, with further industry development in increasingly prominent sectors of specialisation (e.g. the rapidly growing health hub in Orange as outlined above<sup>19</sup>). Such development enables the generation of further economic growth through the benefits of agglomeration. The further development of the National Logistics Hub in Parkes is an example of real potential.

Increasingly, investors and businesses are discovering the qualities and attributes that support the establishment and growth of economic activity in the region.

## **Opportunities for Regional Development – Jobs and Industry Growth in Central West NSW**

### **Agriculture in the NSW Central West – A key Regional Industry for a Global Sydney**

The region has a number of key contributing industries (areas of specialisation). In particular, the NSW Central West region has comparative advantages in agriculture and forestry as well as food processing and manufacturing. The majority of businesses actively trading in Central West NSW are in agriculture. In the vicinity of Orange, there is a significant and diverse horticulture sector, existing food and agritech businesses, the NSW Department of Primary Industries and the Orange Agricultural Institute. Bathurst, Blayney, Lithgow and Cabonne also host significant food processing and manufacturing businesses.

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<sup>18</sup> Our submission to the Senate Inquiry into the Relocation of Government Bodies to Regional Areas is available online (<http://www.rdacentralwest.org.au/resources/submissions/>)

<sup>19</sup> Indeed, the Department of Employment forecasts an increase in employment in this sector in the NSW Central West of 1.8% to 2020, the industry with the largest forecast employment growth (<http://lmip.gov.au/>)

The variety of high quality horticultural produce compared to other regions, as well as existing strengths in food and agriculture skills, technology and government, augurs well for the further development of the sector. Specifically, in a major study into Value Adding to Agriculture in Central West NSW (2016)<sup>20</sup>, RDA Central West found that Central West NSW is ideally placed to be an innovation hub for research and development in agriculture, and particularly in the fields of biotechnology and functional foods/nutraceuticals, due to:

- the region's diversity of high quality agricultural produce;
- the region's proximity and accessibility to major centres;
- existing horticultural R&D industry confidence in the region with private enterprise biotechnology ventures already operating;
- the location of the NSW Department of Primary Industries;
- the region's close ties with Charles Sturt University;
- the region's attractiveness to higher skilled workers (affordable housing, cost of living, work/life balance, schools and higher educational facilities, medical services and specialists and culture)

We provide two case studies that illustrate the strong capabilities and potential in our region:

### Case Study 1 - Agritechnology, Orange, Central West NSW

Agritechnology is a bioscience company developing new products and processes for clients in agriculture, nutraceuticals, biofuels, and food and beverage production.

"Bioscience is critical for the world, not just for the Central West," says Derek Robinson, Business Development Manager at Agritechnology. "We need to develop systems to add value to horticulture, agriculture, food waste so that we can reuse, recycle all of those things we need to do, we all know we need to do them. Bioscience gives us a natural means of doing that."

"Agritechnology is a world class outfit, our market is global," says Derek. "Our customers come from all around Australia for our continuous fermentation expertise particularly. Agritechnology is a business that allows us to pursue real science, real business opportunities and yet still live in such a great place. There's about thirteen of us on site in Orange, it varies a little bit project to project. People are drawn literally from all over the world."

"Our physical location is fantastic for us. Where we are, we have got canola and wheat within an hour, and we've got fruit and vegetables just over the hill. Mixed horticulture, it's fantastic for us. But more than that we've also got access to the engineering support we need to run a plant here - the Central West still allows us to have access to all of that."

Agritechnology has formed wholly owned subsidiaries and joint-venture companies to further the commercialisation of a number of its discoveries.

<sup>20</sup> RDA Central West, *Value Adding to Agriculture in Central West NSW*, 2016 ([www.rdacentralwest.org.au](http://www.rdacentralwest.org.au))

Being located in a major cherry growing region where second grade cherries represent about 20-50% of the annual cherry crop, Agritechnology recognised the opportunity to value add to the significant cherry waste stream in the region by extracting nutraceutical compounds and converting waste cherries into food.

The Agritechnology team applied its expertise in food science to develop a process to create a cherry juice with shelf stability, high yield, good texture and flavour and high levels of anthocyanin. The team also developed a functional food from the cherry waste in the form of a powder with a strong red colour, intense cherry flavour, and antioxidant profile demanded by ingredient distributors and food manufacturers.

“I think there’s a recognition that agribusiness and adding value to our agricultural production is attractive in the investment world generally at the moment”, says Derek. “Orange is seen as an R&D base and the Central West is seen as a ‘hub’, so that works to our advantage in attracting investment as well.”

### Case Study 2 - Botanical Innovations, Orange, Central West NSW

Combining herbs, fruits, vegetables, plants and woods with the latest technological advances in extraction, purification and packaging, Botanical Innovations manufactures botanical extracts, essential oils, flours and oil for the food, nutraceutical, medical and cosmetic industries.

The company’s location, in the heart of Central NSW, provides proximity to a wide range of raw materials, including horticultural “waste” such as apples, cherries and grapes.

Botanical Innovations products include apple, grape and cherry seed oils, vinegars and phenolic extracts. Botanical Innovations also manufactures Australian Buddha Wood essential oil and industrial fumigants and disinfectants formulated from essential oils.

Botanical Innovations services include research and development, pilot manufacturing, marketing testing, business planning and market entry, commercial manufacturing and formulating.

The company can manufacture liquids, solids and powders. Specific capabilities include essential oil manufacturing, cold pressed oils, drum and spray drying and powder manufacturing, extruding for product and ingredient manufacturing and packaging.

Things are moving quickly for Botanical Innovations, which was established in late 2014 and already has investors and markets showing a keen interest in its range of products.

“Having finally worked out how best to package my vinegars, oils and extracts I am about to commence exporting,” says Managing Director Kerry Ferguson. “I have worked with a business partner in India for many years and will be exporting Botanical Innovations products to India.”

The attraction of similar and related businesses (as well as investment) from Sydney to regions such as the NSW Central West provides the following advantages:

- (i) The further development of a concentrated cluster – “regional agglomerations of firms that compete and cooperate at the same time, building knowledge bridges across traditional boundaries in order to compete internationally....building a more competitive local region”<sup>21</sup>
- (ii) Opportunities to further grow jobs, skills and the local economy in regional areas
- (iii) Potential to free-up industrial land in Sydney for other uses (new industry, commercial, residential or otherwise)
- (iv) Supporting specialisation across NSW. There is no need for Sydney to be an efficient producer or manufacturer of food and fibre when such products can quickly and efficiently be transported to consumers in Sydney from adjoining regions.

It is a similar narrative for timber and forestry. The communities of Oberon and Bathurst are home to a significant softwood resource, timber manufacturing and supply chain. In Oberon, the economic contribution of agriculture, forestry and manufacturing accounts for almost one half (41.5%) of its Gross Regional Product.

Further investment and development of this sector in the region is a logical and natural next step. Indeed, Borg Manufacturing in Oberon announced this week it will invest a further \$106 million to expand its medium density fibreboard facility to increase capacity, creating 230 construction jobs, 70 permanent jobs and an additional \$51 million to the local economy.<sup>22</sup> Such investment decisions recognise the degree of existing regional specialisation and enhance it. In other words, the region builds upon the strengths (people, resources, infrastructure) already in place and drives further innovation, skills, and ultimately jobs and economic growth in our regions. This supports not only the local communities and regional NSW more broadly but customers and downstream industry in metropolitan areas including Sydney.

### **Natural Resources - Mining and Energy**

As at 2014, the mining sector was the largest contributor to the Central West’s economy with a gross regional product of \$2.1 billion. The region has a significant thermal coal mining industry and power generation assets in Lithgow LGA. There are also a range of metalliferous mines across the region and development projects in progress.

Of note, the Central West has been identified as having the highest bioenergy potential in NSW.<sup>23</sup> The projected biomass potential of the Central West region in 2030 (including Wagga Wagga and Midwestern LGAs) is 5,000 kilotonnes per year. In addition, there are two existing wind generation sites to the east of the region and high solar power potential west of Molong, Canowindra and Cowra.

Further private and public infrastructure investment and development of the energy sector will enable the provision of cost effective, clean energy that can assure energy security not only for those in the regions but potentially for a growing Sydney as well. In this way, the benefits of a global Sydney that

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<sup>21</sup> Professor Torger Reve, BI Business School, Oslo, Norway quoted by Ifor Ffowcs-Williams, *Cluster Development Handbook*, second edition, October 2016, page 8.

<sup>22</sup> ABC News Central West, 31 May 2017, [http://www.abc.net.au/news/2017-05-31/timber-processing-plant-to-create-jobs-oberon/8576308?WT.ac=localnews\\_centralwest](http://www.abc.net.au/news/2017-05-31/timber-processing-plant-to-create-jobs-oberon/8576308?WT.ac=localnews_centralwest)

<sup>23</sup> NSW Department of Industry, *Renewable Energy Resources of NSW Map*, 2016

arise from investment in technology and innovation, as well as economic growth generally, can sensibly be invested in regions rich with natural resources to develop the key projects that will underpin a sustainable future.

### **Concluding Remarks**

Sydney will undoubtedly continue to reap the benefits of its growing popularity and position as a source of global capital, innovation and research. The opportunities in Sydney for investment and development are relatively well known, those in regional areas less so. As an organisation that collaborates with all three levels of Government, as well as business and community stakeholders, RDA Central West is eager and well placed to facilitate regional promotion, collaboration, and develop an investor network and capability for our region.

We welcome the opportunity to work with the NSW Government and other stakeholders to promote and advance the opportunities that an increasingly global and prosperous Sydney will provide. Carefully done, NSW's cities and regions can all benefit.