

INQUIRY INTO REGIONAL DEVELOPMENT AND A GLOBAL SYDNEY

Organisation: NSW Business Chamber

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Standing Committee on State Development
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Inquiry: Regional Development and a Global Sydney – Discussion Paper

Dear Chair

The NSW Business Chamber which includes the Sydney Business Chamber, Hunter Business Chamber and Illawarra Business Chamber (collectively the Chambers) congratulates the Standing Committee on the Discussion Paper entitled, Regional development and a Global Sydney.

The Discussion Paper identifies many of the key issues and supporting evidence regarding the requirements for, and benefits of, regional development. The Chambers appreciate the opportunities extended by the Standing Committee to provide submissions and oral testimony.

The Chambers have already provided responses to most of the questions raised in the Discussion Paper, however, to further assist the Standing Committee the following additional information is provided.

Question 2

a) How should the NSW Government define regional New South Wales?

b) Does the concept of three tiers of regions have merit?

- The Chambers maintain there is also a need to re-examine the definition of 'regional' in respect to the eligibility of government funding programs and related initiatives. Existing NSW Government definitions are inconsistent across programs. Further to this, definitions as currently applied in NSW restrict the potential of securing Australian Government funding for programs requiring matching NSW Government funding.
- The significance of Regional Centres as defined in submissions from the Illawarra and Hunter Business Chambers to the Committee outline the potential of these areas to address some of the congestion pressures faced by a global Sydney. These areas also

provide competitive advantages for a number of industries facing acute operating cost pressures and there is a need to prioritise government investment that may increase productivity and economic activity in NSW.

- Greater commitment to regional economic centres is critical to boosting productivity and addressing a number of key socio-economic challenges including housing affordability, youth unemployment, urban congestion and labour force participation.
- The Chambers encourage the Standing Committee to consider those measures proposed in previous submission to extend more opportunities for local businesses to deliver government projects and initiatives. These measures may provide a greater focus on local procurement and content to deliver NSW Government programs, services and capital projects.

Question 6

What can the NSW Government do to address the impact that population figures, as a funding criteria, have on satellite cities and smaller regional centres?

- All business cases and applications for funds or grants are subject to a benefit cost ratio (BCR) assessment. In a regional context there is a need to look at economic impact and in particular benefit in a broader sense, and include social impacts and benefits and the potential of this investment to drive future regional employment and prosperity. The traditional disadvantage of BCRs for regional projects is scale. This has been a long-running concern for regional communities and business.

Question 3

What more can the NSW Government do to facilitate Sydney's role as a gateway to the regions?

Question 24

- Do the Destination NSW Destination Management Plans adequately incentivise Chinese visitors to disperse beyond Sydney?**
- Is Destination NSW doing enough to assist regional communities to market their local features?**
- How can Destination NSW work with regional universities to encourage the families and friends of students studying in regional areas to visit them in their regional communities?**
- How can Destination NSW market the quintessentially Australian experience of visiting and staying in a regional town?**

- Australia's growing tourism industry provides significant opportunities for regional NSW. Sydney is a recognised internationally as a global city and has high appeal for first time and

repeat visitors. Expanding the capacity of Sydney as an entry point for international tourists must be a top priority. Further to this is the need to increase tourist dispersal across NSW.

- The need to facilitate regional transport infrastructure, particularly for secondary cities as a key to unlocking the potential for economic growth, jobs creation and increased housing supply as a solution to the growing congestion in the Sydney Basin. Improved passenger and freight access projects including rail, road as well as ports are key to growth.
- Cruise ship tourism represents one of the fastest growing Australian tourism markets. More than one million people went cruising in Australia in the 2015/16 financial year, including 150,000 inbound international tourists.
- Australia is now the fourth largest source market in the world and the biggest by market penetration, with 4.5 per cent of all Australians taking a cruise. While the cruise ship industry is a significant national contributor, around 63 per cent of the industry's economic contribution is in NSW, at just under \$3 billion.
- Sydney is fortunate to have what is commonly acknowledged as the world's best deep water port as well as a port that is highly valued by cruise passengers. However, the trend of NSW's declining economic contribution to the cruise industry could continue if Sydney's current constraints in cruise infrastructure capacity are not addressed as a matter of urgency. Cruise ships are increasing in size which means that fewer ships are able to travel west of the Sydney Harbour Bridge and instead must use the already busy Overseas Passenger Terminal.
- Sydney's inability to manage multiple large ships is starting to impact the industry and risks losing visitors to other international ports. The Cruise Lines International Association contends that capacity constraints are impacting on the number of international visiting ships, leading to a 10 per cent decline in international visit days in 2014-15. The growth of the cruise industry presents opportunities for Sydney but also regions and investment in infrastructure to support this industry should be priorities to ensure NSW has the capacity to meet forecasted demand.
- China's growing middle class presents a tremendous opportunity with over 3 million tourists expected to visit Australia by the year 2026. Currently only one in twenty Chinese tourists ventures beyond Sydney. Infrastructure is a major inhibitor to dispersal to regional NSW and the Chambers has recently completed research that provides a series of actions and recommendations aimed at increasing regional dispersal. A link to this report is provided below.

- While the new Western Sydney Airport will increase capacity more should be done with Kingsford-Smith (Sydney) airport in the short term to increase capacity. Such measures might include a relaxation of the cap on aircraft arrivals. The airport is restricted to 80 aircraft movements per hour and 20 every 15 minutes. Advice from Sydney Airport indicates that an additional A380 service a day from China contributes some \$451 million to the Australian economy and contributes 5,200 jobs per annum.

Once again we thank the Standing Committee for the opportunity to contribute to this important inquiry.

Yours sincerely

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