

**Discussion paper
response
Submission
No 27a**

INQUIRY INTO REGIONAL DEVELOPMENT AND A GLOBAL SYDNEY

Organisation: NSW Government

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NSW Government Response to Discussion Paper

Legislative Council Inquiry on Regional Development and a Global Sydney

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Introduction

In June 2017 the NSW Government made a submission to the Legislative Council Inquiry on Regional Development and a Global Sydney. The submission provided information on how Sydney's growing prominence as a global city serves to enhance regional development in NSW. It outlined the NSW Government's commitment to ensuring regional NSW continues to be a vibrant and growing part of the NSW economy. NSW Government officials also participated in hearings conducted by the Inquiry.

This submission is the NSW Government's response to the Discussion Paper released on 14 November 2017. Responses are provided only to those questions in the Discussion Paper that were either not addressed in the previous NSW Government submission, or where additional information can be provided about initiatives or investigations underway.

Response to Discussion Paper Questions

Q2a: How should the NSW Government define regional New South Wales?

Regional NSW is defined as locations outside of Greater Metropolitan Sydney, Newcastle and Wollongong. In 2016 the NSW Government established boundaries for ten regions across the State following significant stakeholder consultation to develop the 2036 Regional Plans. The regional boundaries are aligned with NSW Local Government Areas. These regions are defined as Central Coast, Central West and Orana, Far West, Greater Sydney, Hunter, Illawarra-Shoalhaven, New England and North West, North Coast, Riverina-Murray, and South East and Tablelands. Q4: How can the NSW Government ensure that regional planning priorities are aligned with those identified by local councils and other regional stakeholders?

The Government's 2036 Regional Plans are the product of extensive consultation with Councils, stakeholders and the wider community. The Regional Plans are supported by an Implementation Plan for each region which commits the NSW Government to working with Councils. The Regional Plans articulate local planning priorities and actions to achieve outcomes on the ground and better meet the needs of communities.

The Department of Planning and Environment will work closely with Councils and stakeholders through the next phase of the program to ensure that regional priorities are being achieved through the implementation of the Regional Plan actions. This will include the translation of regional priorities into Local Plans.

Q5: How can the NSW Government work with local councils and other regional stakeholders to develop a more accessible and responsive funding application process?

Each NSW Government funding program has a customised application and assessment process. These are designed to be as accessible and streamlined as possible while also upholding the high probity standards expected when spending public funds. Workshops and consultations on the NSW Government's Regional Growth Fund programs have ensured stakeholders have helped shape the process and guidelines. Business case webinars have been offered to potential applicants. Feedback is routinely offered to unsuccessful applicants. Where possible, applications that are unsuccessful in one of the Regional Growth Fund programs may be considered under a more suitable fund. Stakeholders are able to subscribe to a newsletter on the Regional Growth Funds to keep up-to-date with the latest news and opportunities.

Q9b: What economic contribution do day visitors and overnight visitors make to regional economies?

Regional NSW	Day Trips		Overnight	
	Expenditure (\$m)	Visitors (000s)	Expenditure (\$m)	Visitors (000s)
Total	\$3,766	37,022	\$11,594	22,147
Percentage change on previous year	1.5%	2.0%	9.6%	4.9%
Five year percentage change (2012 vs. 2017)	10.2%	7.5%	29.2%	24.6%

Regional NSW	Day Trips		Overnight	
	Expenditure (\$m)	Visitors (000s)	Expenditure (\$m)	Visitors (000s)
Compound annual growth rate, 2012-2017	2.0%	1.5%	5.3%	4.5%
Percentage share of total to NSW	63.6%	65.3%	42.5%	64.9%

Source: National and International Visitor Surveys for the 12 month period ending June 2017, Tourism Research Australia.

Q9d: What tools are in place to measure performance to assess the effectiveness of funding allocation across Destination Networks projects?

The key measure for all tourism and events activities that attract funding is their contribution to the NSW Government's goal of doubling overnight visitor expenditure in NSW by 2020. All Destination NSW funding programs that are open to the Destination Networks have key criteria that have to be met as part of the application process and projects need to demonstrate how they address key performance indicators.

The Regional Tourism Fund comprises two programs: Co-operative Marketing Program and the Product Development Program, both of which have program specific assessment criteria. Applications to both programs have to demonstrate how they respond to the relevant Destination Management Plan and address assessment considerations. The Regional Co-operative Tourism Marketing Program assesses expressions of interest from applicants that have between \$100,000 and \$500,000 to invest, which would be matched by Destination NSW. The EOIs are assessed on the basis of the applicant's capacity to support the project, economic need and opportunity and strategic and marketing impacts. Following the assessment and setting of performance indicators, recommended projects are put to the Minister for approval.

The Regional Development Product Development Program accepts proposals for projects between \$15,000 and \$150,000. Successful proposals are funded and matched at least dollar-for-dollar. Destination NSW considers the following factors to evaluate funding applications: economic impacts, strategic and marketing impacts, community impact, and capacity to deliver the project. Proposals are assessed by Destination NSW and industry experts, and proposals are to be submitted at least three months prior to the proposed project commencement date. Recommended proposals are submitted to the Minister for consideration and approval.

Funding agreements are issued for all Regional Tourism Fund projects, under which funding is allocated as milestone payments according to a payment schedule which outlines the deliverables required at each stage. Destination NSW makes the final milestone payments upon receipt of a final report detailing results against the key performance indicators specified in the funding agreement.

Q10a: What changes could be made to the Evocities framework to ensure that the benefits that flow into the regional centres are passed on to the surrounding towns and villages?

The Regional NSW team in the Department of Premier & Cabinet is currently working with 37 Functional Economic Regions (FER) that have been identified across NSW to develop Regional Economic Development Strategies. These FERs typically include a key regional centre, such as one of the Evocities, as well as surrounding Local Government Areas. These Regional Economic Development Strategies will identify the endowments and industry specialisations of the FER and the investments required to support continued growth in the region for the regional centre as well as surrounding Local Government Areas.

Q10b: What is the future of the Regional Development Australia Committees?

Following passage of the *Local Government Amendment (Regional Joint Organisations) Bill 2017* in November 2017, the Deputy Premier confirmed in December 2017 that funding for NSW Regional Development Australia (RDA) Committees would cease as at 31 December 2017 and that funding would be re-directed to Joint Organisations to support delivery of regionally significant economic development projects including through the \$1.3 billion Regional Growth Fund.

The NSW Government will continue to work constructively with NSW Regional Development Australia Committees on projects that deliver economic development outcomes for regional NSW.

Q11: What are the forecasts for jobs growth in industry sectors across each region of New South Wales to 2036?

The NSW Government's forecasts for future jobs growth and actions to support this are outlined in the Jobs for the Future report. This is available on the Jobs for NSW website.

Q13a: Does the NSW Government have a clear strategy to ensure that the increasing volume of greenfield housing does not prevent an adequate supply of food and other agricultural produce?

The NSW Government encourages local councils to prepare rural land use strategies to ensure agricultural industries can continue to produce and expand without conflict. The NSW Government is rolling out a three year mapping program to identify and map important agricultural lands to support council decision making.

Q13b: Have the strategies proposed in the 2036 Regional Plans to protect and enhance the agricultural industry been informed by regional expertise and regional priorities?

Extensive stakeholders consultations were undertaken to inform the 2036 Regional Plans. All industries, communities and local governments were given the opportunity to provide input into the development of the 2036 Regional Plans.

Q14b: Has the online investment prospectus developed by the Office of Regional Development been successful? How can this success be measured?

The Office of Regional Development is developing a Regional NSW Investment Prospectus to promote business investment in regional NSW. The prospectus will be available in early 2018. The success of the prospectus will be measured by the number of investment leads it generates, an increased awareness of the investment opportunities available in regional NSW and an increased awareness that regional NSW is a great place to live, work and play.

Q20a: Do tertiary institutions currently have requisite student enrolment to meet future workforce demands for doctors, nurses and other health and support workers?

There are adequate enrolments in tertiary institutions for medical and most allied health workforces across NSW. There are current shortfalls within enrolled nursing, midwifery, psychology and optometry workforces. There are also projected shortfalls in the registered nursing workforce in the medium term from approximately 2020. There are workforce shortages in both particular medical specialties (for example, Psychiatry and Pathology) and in some geographic locations.

After completion of university, medical graduates must complete a 12 month internship and then a minimum of four to six years postgraduate study to become a specialist. The training occurs mainly in public hospitals and there is limited capacity to support any further increase of medical graduates entering the workforce and seeking post graduate training.

Q24a: Do the Destination NSW Destination Management Plans adequately incentivise Chinese visitors to disperse beyond Sydney?

China was included in the priority international markets identified by the Visitor Economy Taskforce in 2012 and has grown to become NSW's number one tourism market.

Destination Management Plans are being developed by the Destination Networks as their business plans for building and managing the visitor economy in the destinations they represent. While the plans identify key target markets they do not incentivise visitors from individual markets. It is envisaged that once all Destination Networks have developed their Destination Management Plans they will be used to inform a whole-of-state destination management plan. This project will be managed by Destination NSW.

In order to target visitors and increase destination awareness, Destination NSW employs a Sydney plus strategy in China to encourage regional dispersal, increase the length of stay and visitor expenditure from Chinese visitors. All co-operative campaigns undertaken by Destination NSW that target Chinese markets feature Sydney plus at least one regional NSW destination. In the year ended September 2017, 7.1 per cent of Chinese visitors travelled to regional NSW.

An example of this is the sale of Vivid Sydney travel packages in China which offer itineraries that include time in regional NSW. In 2017, a total of 23,009 visitors from China experienced Vivid Sydney on travel packages (up 29% on 2016).

Q25c: How is the Sydney Startup Hub progressing?

The Sydney Startup Hub is located in the Sydney Central Business District. The majority of tenants will be operational in the Hub by the end of 2017. The community space and the regional landing pad will be open in early 2018.

Q25d: What factors have contributed to the success of regional startup ecosystems already in place? How can similar ecosystems be established across the regions?

The NSW Government is investing in the future of our businesses and startup ecosystems across NSW.

The NSW Government has partnered with 11 universities and the CSIRO to invest \$18 million in the Boosting Business Innovation Program giving businesses access to technology, equipment, research and expertise to build strong local business communities and stimulate economic growth in metropolitan and regional NSW.

Over 80 local startup projects, research projects and business growth activities are being delivered in regional and metropolitan areas.

The NSW Government also continues to invest in the new Business Connect advisory program, providing practical trusted advice to startups and businesses in both our metropolitan and regional areas.

Further to these initiatives, the Jobs for NSW job creation agency has invested in the Sydney Startup Hub, which includes a regional landing pad where startups from regional NSW can network, operate and access information and advice on how to take their business to the next level. The latest GO NSW Equity investment vehicle is another way the NSW Government has

demonstrated their commitment to startups and businesses across NSW, where government is backing businesses through equity investment to accelerate their growth.

The NSW Government continues to roll out these projects and collaborating with industry and startups to work on future initiatives.

Q27b: How has the NSW Government worked with stakeholders in each region to ensure that funding for freight-related projects and the priorities published in the regions' 2036 Regional Plans address the concerns raised by stakeholders?

Actions within the 2036 Regional Plans informed the development of Future Transport's Draft Regional NSW Services and Infrastructure Plan. Stakeholders within the regions are engaged by Transport for NSW in a number of ways. In particular through area managers in the Rural and Regional Service Delivery and Performance Branch, complemented by regional Roads and Maritime Services staff. These teams have strong relationships with local government, other regionally-based state government agencies and local industry. Input and feedback from all these stakeholders has been included during the development of the Draft Regional NSW Services and Infrastructure Plan.

TfNSW is also updating its NSW Freight and Ports Plan and has released its draft for public consultation in December 2017. TfNSW will conduct extensive consultation with industry to inform the Plan, which will be available for a final release in mid-2018. This builds on the initial consultation with over 500 stakeholders that informed the direction of the draft Plan.

Q28: Given the primacy of port freight to exports for regional producers, what is the NSW Government doing to ensure that road and rail networks to key ports are able to accommodate forecasted growth in freight over the coming years?

There is a focus within the Future Transport Draft Regional NSW Services and Infrastructure Plan on investigating initiatives to improve east-west connectivity and access to the ports and Inland Rail.

The updated NSW Freight and Ports Plan will identify priority action areas to address projected road and rail freight transport growth in Sydney metropolitan and regional NSW in the next 5-10 years and also with a lens for potential initiatives in a timeframe horizon beyond 10 years. This includes separation of passenger and freight rail, as well as preserving and managing our road and rail freight corridors. The intention is to alleviate congestion and improve productivity for road and rail operators, especially with the movement of goods between Port Botany and intermodal terminals and distribution centres.

The Cargo Movement Coordination Centre is ensuring road and rail networks that are key to the port can accommodate forecast growth in freight over the coming years through initiatives including:

- / leading industry in change management, protocols and system enhancements
- / suggesting the use of price and non-price mechanisms as incentive schemes for rail; improving flexibility and consistency of train arrival times
- / significantly increasing rail TEU volumes and modal share in line with government policy
- / facilitating better communication and improve the accuracy and timeliness of information
- / implementing a Rail Forecasting Operating Model
- / providing a 'single' portal for industry participants to view integrated information on schedules, train consists and train movements
- / providing forecasts and evaluations of future freight rail capacity constraints

- / expanding on train scheduling services to incorporate optimisation processes
- / maintaining contemporary Ports and Maritime Administration Regulation and associated mandatory standards in line with best practices.

Q30a: What have been the outcomes of the Department of Premier and Cabinet’s discussions with the NBN Co as to actual internet speeds achieved at individual sites and options for improved service delivery?

The Department of Finance, Services and Innovation has been leading the discussions with NBN about the technologies being rolled out in specific locations across regional NSW. The discussions are ongoing.

Q30b: Is the NSW Government taking requisite action to advocate for a quality NBN rollout for regional and rural communities?

NSW Government can be a significant influencer in the digital connectivity and technology space and the Department of Finance, Services and Innovation is exploring options to use this influence to improve connectivity in regional NSW.

The NSW Government is also investing in improved data connectivity to rural and regional communities. The NSW government has committed \$50 million to improve rural and regional data and voice connectivity through Connecting Country Communities and \$46 million to upgrade wireless connectivity to 900 regional and remote NSW schools as part of the Connecting Country Schools program. The programs will invest in communications technology and infrastructure to connect regional NSW businesses to global markets and schools with innovative learning resources. \$39 million has also been committed for the management and delivery of rounds one and two of the Mobile Black Spot Program. NSW’s participation in the program has leveraged a total program investment of over \$120 million and will deliver up to 183 new or upgraded base station sites in NSW.

35a: What strategies are already in place to address the impacts of regional relocation for regional community groups?

The 2036 Regional Plans contain principles to guide the location of new urban areas and developments to ensure they are located in close proximity to existing urban settlements, maximise the efficient use of existing infrastructure and services, avoid or minimise the potential for land use conflicts with productive agricultural land and natural resources, avoid areas of high environmental, cultural and heritage significance, and avoid areas affected by natural hazards.

Each Regional Plan highlights the region’s competitive advantages, including strategic location and industry opportunities. Specific actions in the Regional Plans target a range of economic opportunities and address how land use planning can facilitate and support these for each Region. This attractiveness can prompt the relocation of residents, increasing demand for housing, services, and amenities. For regions close to global Sydney, relative attractiveness is substantially influenced by changing economic opportunities and the availability of suitable jobs. A robust economic environment, supported by the Regional Development Framework can support sustainable population growth that improves the region for all residents.

Q35b: What is the impact of rising housing costs in global Sydney on nearby regional areas?

Around 50,000 people (net) moved from Sydney to Regional NSW over the 2011-2016 period. This includes around 100,000 people that moved from Sydney to Regional NSW and 50,000 people that

moved in the opposite direction. In net terms, most people relocated from Sydney to coastal regions such as the Central Coast, Mid North Coast and the Illawarra.

Q35c: What opportunities and issues do rising housing costs create for regional areas across NSW?

Between June 2012 and June 2017, median sale price in regional NSW increased by 32% (Greater Sydney was 45%). For the first quarter of 2017, the median sale price in regional NSW was approximately 44% less than the median sale price for Greater Sydney. Between September 2012 and June 2017, median rent in regional NSW increased by 10%, compared to 16% in Greater Sydney.