

REPORT ON PROCEEDINGS BEFORE

STANDING COMMITTEE ON STATE DEVELOPMENT

**REGIONAL DEVELOPMENT AND A GLOBAL SYDNEY, DEFENCE
INDUSTRY IN NEW SOUTH WALES**

CORRECTED PROOF

At Armidale on Tuesday, 29 August 2017

The Committee met at 9:00 am

PRESENT

The Hon. Greg Pearce (Chair)

The Hon. John Graham

The Hon. Paul Green

The Hon. Natasha Maclaren-Jones

The Hon. Mick Veitch

The CHAIR: Welcome to today's Standing Committee on State Development public hearing. The Committee is inquiring into regional development and a global Sydney and into the defence industry in New South Wales. Before we commence, I acknowledge the Anaiwan people, the traditional custodians of this land, and pay respect to elders past and present.

This is the fifth hearing of each of the Committee's inquiries. For the regional development and a global Sydney inquiry, the Committee is examining ways the State's 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. For the defence industry in New South Wales inquiry, the Committee is considering how to incentivise and grow the State's defence industry. A key area of focus will be to look at ways to further encourage defence industry innovation, research and education, and workforce development. For both inquiries the Committee will travel across the State over the next six months to visit stakeholders and conduct hearings.

Today we will hear from the Armidale Regional Council, the Office of Regional Development and the University of New England, and I thank all witnesses for their participation and support. Before we commence, I will make a few brief comments about the inquiry and procedures. Today's hearing is open to the public. A transcript will be placed on the Committee's website when available. In accordance with broadcasting guidelines, while members of the media may film or record committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. If there are media representatives present, they must take responsibility for what they publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside the evidence of the hearing. I urge witnesses to be careful about any comments they make to the media or to others after they complete their evidence, as such comments would not be protected by parliamentary privilege.

Guidelines for the broadcast of proceedings are available from the secretariat, and if media representatives are present who are not accredited to the parliamentary press gallery, they should approach the secretariat to sign a copy of the broadcasting guidelines. We are happy for witnesses to take questions on notice if they wish, and we would like the answers within 21 days. Witnesses are also advised that messages should be delivered to Committee members through the Committee staff. Finally, please turn mobile phones to silent for the duration of the hearing.

PETER DENNIS, Chief Executive Officer, Armidale Regional Council, sworn and examined

LINDSAY WOODLAND, Group Leader, Organisational Services, Armidale Regional Council, sworn and examined

The CHAIR: I now welcome our first witnesses, Mr Dennis and Mr Woodland, from the Armidale Regional Council and thank them for their participation. We would normally invite you to make an opening statement, but I think you also have a presentation for us—whichever you wish to start with is fine.

Mr DENNIS: I have some short introductory remarks, and then I will hand over to Mr Woodland to provide an overview of the presentation. Welcome to Armidale, a vibrant and growing region which is a vital and integral part of the future of New South Wales. Armidale Region currently has around 30,000 people and a median house price of \$360,000. We grow 14 million kilograms of tomatoes, have a commute of three to five minutes in peak hour and are one of the seven Evocities. Armidale is a unique region based on agribusiness. That is not just livestock—I understand you are going to the SMART Farm this afternoon—but also horticulture. It is a real hotspot for horticulture on the eastern seaboard, and that is evidenced by the tomato farms up at Guyra, which have been incredibly successful in producing food for the east coast but also jobs for the region here.

Armidale is also unique because it is a high-quality education centre. We have the University of New England [UNE] based here, digital TAFE is based here, and we have got some of the best private schools in the State. We have got a critical mass of human capital here. Armidale is also unique because we have the National Broadband Network [NBN] fibre to the premises [FTTP], which is a great opportunity for connecting into the global world and a great place to do business. Tourism is a real opportunity. We have got an amazing arts collection: Howard Hinton Collection. Armidale is on its way to becoming one of the main arts capitals outside of Sydney. We have also got World Heritage national parks. It is a very liveable city—access to health services, low cost of living, short commute, close proximity to schools and great sporting infrastructure. In Armidale we have also got access to extremely high security—we have got water for 50,000 people yet only 30,000 people live here. So we are looking at connecting that into Guyra to further grow the horticulture business in Guyra.

The opportunities are significant for us to become the food bowl not only for Sydney but also into Asia, an agricultural powerhouse focused on really high quality food. The opportunity is also significant in terms of an alternative place for the private sector: Why move to Western Sydney when you can come to Armidale? And a clear case for sustainable and affordable growth of a self-sustaining and diverse economy based on water security, sustainable waste management, high-quality NBN and no congestion. We are also investing in being a smart city. So the imperatives for us as a region are to continue working with Jobs for NSW to grow the agribusiness, to really focus on transport linkages into Asia and Sydney—that is, what we can do in terms of augmenting our airport, maintaining our rail into Sydney and becoming a renewable energy hub. I will hand over to Mr Woodland who is going to provide a short showcase of our region.

Mr WOODLAND: Thank you for the opportunity to present this morning. We have an economic development vision in the Armidale region to create a vibrant, nationally significant regional economic hub, providing global reach and local prosperity. In some ways we are already achieving that global reach with businesses right here in town—one in particular is exporting to 51 countries around the world in the ag-tech industries. That is an aspirational vision for us to achieve over time with a population target of 100,000—as Peter has mentioned, we are currently at 30,000. Our strengths in this area are that we provide many of the amenities and facilities that you would ordinarily see in larger metropolitan areas such as Sydney but we have the benefit provided by a regional environment in the midst of national parks and through creating a regional lifestyle for families and children particularly. Most importantly, is affordable housing. The average housing price is one-third of that in Sydney, so it is very attractive for the population of Sydney. It is very attractive for retirees who want to cash in their properties and assets in the Sydney, Melbourne and Brisbane markets and move to where you can buy a reasonable quality home at one-third of the price in Sydney. It is a great area for retirees.

We have available a skilled workforce. We have all the modern hospital and health facilities, and the secure local water supply that Mr Dennis mentioned. We are an education city—I will go into that in a little more detail. We have already started, in conjunction with the UNE, incubator and start-up programs here so there are all sorts of opportunity. Our proximity to both Sydney and Brisbane—being the mid point between both along the New England Highway, which is the major arterial that serves freight transport and passenger transport through to Sydney and Brisbane. Going to the next slide, our goals are really around growing the

population to that aspirational number of 100,000 but we are a long way off that. Historically, Armidale has not grown. It has had a static population for many years; whereas neighbouring centres such as Tamworth have doubled their population over the past 20 years. We have the opportunity to grow. We believe now is the time to put that accelerator down and to really focus on population growth, which requires the creation of jobs.

We have a fantastic education system here from cradle to grave through education—preschools, some of the best private schools in the State are located right here in Armidale, boarding schools and we have got the UNE, which is for higher education, plus we have got the TAFE based here as well. We have some great education foundations where we educate our kids but they pop out at the end to not have a job here in Armidale. Our job is to create jobs for those people so that they do not need to move to larger centres such as Sydney and Melbourne. We want to build on our strengths. I have mentioned the education and knowledge services that we have here. The horticultural successes? We have got 30 hectares under glass up at Guyra—and that is an amazing thing to see—but our aspiration is to take that to much greater heights. We need water security for that and we are doing more in that space. We want to grow our agtech industry. We already have a very sound, small agtech industry here but we want to grow that. We want to increase visitors and tourism, and to improve the hospital and medical facilities that we have right here today.

Diversification is very important to creating new jobs. That means more work to attract government and corporations. We have been speaking to people like Telstra, for example, about the potential to set-up research development sites here, data centres, call centres potentially. We want to attract and grow start-up businesses here and to nurture those businesses to grow. We want to revitalise our urban centres. Our urban centre is the welcome mat. Our central business district, the mall here is the welcome mat for visitors, for people working and living here. We need to do a lot of work in that space and to develop urban residential areas. We want to pursue environmental sustainability for the region, and that in itself is an industry. We have a new solar farm being developed out at Hillgrove, quite a substantial investment out there, and wind farms in the region as well.

Turning to the next slide, I have mentioned the cradle to grave but we have some great facilities. A decision was made by the New South Wales Government recently to establish a new super school here, which will cater for 1,500 students and be a modern facility for education. Hopefully, it will be attractive to people in Sydney and when families want to move to Armidale they will see that our education facilities are first class. I have mentioned that we have some great private schools. TAFE NSW made a decision recently—it is the process of setting that up and recruiting people—that its digital headquarters will be based right here in Armidale. They will be providing all their online services from a central location in Armidale. That makes sense because Peter mentioned our NBN—we were the first city to be NBN connected. Today, unlike many other cities being NBN connected, we actually have fibre to the premises not fibre to the node. So we have got the gold-plated NBN, which makes a big difference particularly for businesses in the knowledge services area, in call centres and those sorts of businesses. It is quite attractive to have that sort of high-speed data capability. The UNE has 22,000 students and it is a leader in agricultural sciences and research—we will talk about the SMART Farm in a minute.

Mr Dennis mentioned growing food for the world, Sydney and the nation. We believe it is right here and we can make a substantial contribution in the Armidale region, particularly through advanced horticulture. We have 30 hectares of glasshouse now and our vision is to help to facilitate that to grow to 300 hectares under glass. That is a big ask but when you think how quickly that 30 hectares was established and the fact that—if you go to the bottom of that slide—water security is one of things inhibiting that. We have got proposals and business cases to establish a pipeline from the Malpas Dam to Guyra to support that growth in horticultural development. And we are an agtech hub. Part of that, Jobs for NSW, New South Wales Government have recently announced that they are investing in an agtech cluster in the Armidale region. We have an agtech cluster champion now appointed and we are working with Jobs for NSW to help facilitate the growth in the agtech industry in this town. We have the University of New England [UNE] Smart Farm. I believe you will be seeing that later today. The APVMA is relocating from Canberra to Armidale.

The CHAIR: Did you say APVMA?

Mr WOODLAND: It is the Australian Pesticides and Veterinary Medicines Authority. They are based in Canberra and they have requested to relocate to Armidale and that relocation will happen over the next year to two years. About 150 people are employed by that organisation. We have got local agtech manufacturing. I mentioned the exporting potential of that. We have got some very advanced and unique technology and agtech. Peter mentioned tourism. There is the opportunity for ecotourism here. We have some of the most beautiful and natural landscapes in Australia. We have about four national parks in the vicinity. We have a lot of local gorges,

waterfalls, walking tracks—some of the most spectacular scenery that you could imagine. While we have done some promotion and marketing in the past, I do not think we are leveraging that enough, and there is a lot of opportunity to continue to promote New England and this region as a major destination for tourists.

We are also planning, and one of our proposals, is a rail trail, which will ideally attract international interest. That rail trail eventually, if it goes ahead, will run from the border of Queensland all the way through to Armidale and will be one of the longest rail trails in Australia. It will be a signature tourism project for the State. Promoting unique regional destinations. Peter mentioned the New England Art Museum [NERAM]. We have a fabulous collection at NERAM. It is one of Australia's best kept secrets. We have some of the best art works in Australia sitting in our backyard, and so we are promoting that and expanding that. Saumarez Homestead is an historical building. It is an example of one the oldest homesteads in New South Wales, representing a famous family that lives in the region. We have planned the UNE Discover Centre, and an Armidale Motor Vehicle Museum is planned. These are tourism destinations in our region that we are planning to develop and promote. A regional centre for sports and events. That picture there is Bellevue Oval at UNE, and we have plans to double capacity from 5,000 to 10,000 spectators, which will take it to State or national level where we can hold National Rugby League games, rugby games, international rugby games. It will be that sort of standard, and we are about to put in new lights at Bellevue Oval. We have other sporting facilities here, and we have plans to develop those.

The terminal for the regional airport. If you flew in you would have seen that the terminal is under development as we speak. We are doubling the capacity of passenger movements from 140,000 to 280,000 per annum. We have upgraded security. In fact, I do in the think we have any security at the moment, so we are putting in security, and we will have new baggage and more modern facilities for passengers flying in and out of Armidale. We have an airport apron development, bus parking development is underway, or being planned, so that is all happening. The biggest link that is missing is the new runway. Our current runway is at end of life. As Qantas is upgrading its Q300s to Q400s, we need to upgrade the runway, not just for the Q300s. We want to take it much further and have it future proof so this airport and runway is able to support food freight to all parts of the nation and eventually internationally. We also want to enable instrument-only landing, because we do get fog from time to time and planes are diverted because pilots do not have that facility.

I will not go into too much detail about other developments but we have the plans for revitalising the central business district [CBD] and urban precinct, particularly around that mall precinct. There are plans underway, and we are looking at the grants and funding that are available now to invest in that mall precinct, but also opportunity for urban residential development. We have the airport industrial estate, which is a great location for an industrial estate, because it will help us to support the avionics industry. We have some small players in that industry. We would like to attract larger players. There are up to 100 sites on the plan now. We would like sites to bring other industries to Armidale. There is immediate access to the airport, of course, but also on the New England Highway and close to the rail. We have a start-up incubator hub. No doubt UNE will talk to you more about that, but the 17 incubator projects are underway at the campus now. We are wanting to help UNE to expand that capability and have a presence in the middle of our CBD and expand the incubator hub into the CBD.

Why Armidale? Housing affordability is a key factor. Availability and affordability of land for agriculture, commercial and industrial use. We have plentiful land. We have low-cost land. We have the foundational technology and communications network, the NBN, which is already established. As I say, it is the gold-plated version. We have a significant regional education hub. We have an available skilled workforce. Unfortunately, we do not have enough jobs for those skilled workers, so they have to migrate to Sydney, Melbourne and Brisbane. We have a sweet spot for horticulture production in respect of climate, light and water supply. We are unique in that regard. Guyra is unique in terms of where it sits in respect of being the perfect location for horticulture food production, which is why Costa set up shop in Guyra. We are located on a major arterial highway, the New England Highway, which is six hours to Sydney. We have access to rail, Armidale to Sydney, which does need some upgrading, and we have got the regional airport, which is a one-hour flight from Sydney.

I will not go through too much of the detail, but how can the Armidale region benefit from Sydney's growth? As Sydney grows, there is the opportunity for us to be a food provider to Sydney, or tourism, in respect of having a destination for Sydneysiders to travel to and being able to promote what we have to the Sydney market for regional ecotourism, inland tourism. There are employment opportunities in the agribusiness as demand for food supply grows. Opportunities for aged care. I mentioned the retirees, but aged care facilities help service retirees to transition to lower cost regional centres. We can take that opportunity. There is the potential to achieve employment growth through the fact that we have terrific NBN connectivity and to attract

more knowledge-based service industries here. I will not go into too much more. I think I will leave it there and wait for your questions.

The CHAIR: Thank you. That was very comprehensive and probably a little bit longer than I would have liked, but it was helpful because you have given us a very good picture. In fact, the picture is so good I wonder why you are not standing at the airport collecting people who migrate to Australia to bring them out here. You mentioned the jobs issue. What do you do to cure that? I see you have strategies, but horticulture is not going to bring in masses of jobs, normally, unless you have got processing?

Mr WOODLAND: Yes, in peak season horticulture employs 600 workers in a variety of roles. If you double that, obviously that doubles. Those 600 people represent something like \$200 million to our gross domestic product in the region, which is about 16 per cent or 17 per cent of the total. If you double that, that is significant. If we get to where we want, which is 10 times that, that is very significant for this region. I am not sure that we will ever achieve that lofty target, but certainly that is the area for growth. Knowledge services is another area for growth. We are looking at ways to bring in and facilitate call centres. Our mantra is do not offshore, inshore. We were very vocal in presenting our case with the Telstra board when it was in Armidale to have it think about setting up businesses. There are departments here, research and development, call centres, data centres, et cetera, and so we have still got conversations going on with Telstra, but there are many other organisations, utilities, banks and so on who we need to talk to and promote. We have very good infrastructure here and low costs and rather than think about setting up offshore in the Philippines and India and so on, they should think about setting up those centres inland.

The Hon. MICK VEITCH: The Committee was in either Wagga or Orange and the Evocities concept was raised. A number of councils on the next tier down—the satellite councils—said they had not obtained any benefit from the Evocities model, and they challenged whether it was an efficient use of money and time. How does Armidale ensure that those satellite communities obtain benefit from your involvement in Evocities?

Mr DENNIS: If Evocities are growing that flows on to the more regional communities. If Armidale is growing and attracting people to the region then that flows on to Guyra and the whole region. The Evocities concept is very much about working together to promote regional New South Wales. For example, the Evocities are working together to get the right deal to get the NRL out into the regions. By working together we get a much better regional outcome than we would with each individual centre working in its own right. Across the board, whether it is affordable housing, benchmarking or learning from one another, there are many benefits. I would argue that if we can create strong regional centres like Bathurst, Orange, Armidale and Tamworth then that flows on to the surrounding areas.

The Hon. MICK VEITCH: The Committee spent a day looking around West Wyalong and the Bland shire. It is one of the councils that is very critical of Evocities. It is saying that it is not flowing down; in fact, it is all concentrating around the larger centres and there is no flow through to the smaller population bases. They are not involved in the planning or decisions about some of the projects you referred to. You are saying that is not the case around Armidale.

Mr DENNIS: I can certainly see the benefits of Evocities to Armidale. They will definitely flow on to our region and they will have benefits in places like Guyra.

The Hon. MICK VEITCH: I have been asking all witnesses about Treasury and its application of the benefit-cost ratio [BCR]. Councils are telling us that they have good projects but they are not funded because they do not meet the BCR criteria. One of the issues is bang for buck and the population base that it services. That in itself means that regional communities are knocked over. What is your experience with Treasury's application of BCR to some of the projects you have been talking about?

Mr WOODLAND: It is fairly early on in both Peter's and my roles here; we have been here for just over six months. My experience is that we have submitted five applications to the Regional Growth—Environment and Tourism Fund, and we got one through to the next phase. Not all of those projects could demonstrate the benefits that you are talking about, and perhaps that was something to do with why they were held up. We have not received the specific feedback on each of the applications that was not successful. Our sense of it is that this is round one and we will look at the applications again for round two after we get the feedback about why they were not accepted. The New England Regional Art Museum [NERAM] project is a cultural initiative. We wanted to expand NERAM, but it is difficult to quantify the exact benefits. For instance, it does not charge for entry; it is free. There are limited revenue opportunities, but it is opening up the Howard Hinton Collection to a much broader audience. What is the benefit of that and how can you quantify it? Sometimes that is difficult to do.

The Hon. MICK VEITCH: Is there a better way for State governments of all political persuasions to roll out money into the regions? The Committee is hearing that places are not getting funding because they do not meet BCR, but the project might involve a critical piece of infrastructure and not developing it would stop them from advancing or growing because of a range of other things hanging off it. In your opinion, is there a better way for State governments to roll out funding into the regions?

Mr DENNIS: I think there is an opportunity to be much more strategic in investing money in regional New South Wales. A huge amount of time is spent writing submissions for grants.

The Hon. MICK VEITCH: The Committee has heard that.

Mr DENNIS: You spend a lot of time writing submissions, but only one in three might be successful. While the cost-benefit ratio is important, it depends on the project. From a program perspective, we must recognise that water security and public health for small towns are important. That might make it very difficult to get across the line. Regional New South Wales must provide safe water for all communities. It is about being cognisant of that fact. With bigger programs there must be sensible economics, but there will be programs that need to be run that are about public health, water security and things like that. There needs to be a rethink about how money is channelled strategically into regional New South Wales so that we can best support a growing State economy. The value proposition for regional areas of a growing New South Wales is incredible. We outlined that in our introduction.

The CHAIR: What was the business you said was exporting to 51 countries?

Mr WOODLAND: It is ICT International Australia. It has sap flow or water monitoring technology. It is doing unique work in Indonesia, South America and all over the world. It is now exporting its technology to 51 countries.

Mr DENNIS: It enables optimisation of agriculture by measuring tree sap flow. It is incredible technology. On a global stage it has incredible opportunity where food and water are the big issues.

The Hon. PAUL GREEN: It appears that you are poised for growth. The Committee has travelled through the regions, and you have more going for you in Armidale in terms of access to water and land for housing. Surely you have done some homework about the blockage. You have all these advantages that other regional communities cannot line up, but you have them all.

Mr DENNIS: It is a key focus in our economic development strategy exhibition. It is about how we create that diverse economy around food. Getting the logistics right is important. Brisbane West Wellcamp Airport at Toowoomba was privately funded. What that has done for Toowoomba in terms of enabling infrastructure is very important. We are looking at that enabling infrastructure, which includes getting funding to take Malpas Dam water security to Guyra.

The Hon. PAUL GREEN: Tell the Committee about that. What is the price? Have any grant submissions been made?

Mr DENNIS: Yes.

The Hon. PAUL GREEN: How long is it?

Mr DENNIS: We are actively working on it. It is a \$12 million to \$14 million project. The Guyra community has water security issues. Probably just as importantly there is an opportunity for economic growth. Mr Woodland talked about taking 30 hectares to potentially 300 hectares and the limiting factor is water. The Armidale region has excess water and a lot of water security. The opportunity is there to link that into a regional water scheme.

The Hon. PAUL GREEN: How long does that pipe have to be?

Mr DENNIS: About 15 kilometres.

Mr WOODLAND: Nineteen kilometres.

The Hon. PAUL GREEN: And how big is the pipe?

Mr DENNIS: We are looking at a few different sizes. It is either going to be 200 or 250 millimetres in diameter.

The CHAIR: Are you making a bid?

The Hon. PAUL GREEN: No, I am trying to get the right picture of what you are trying to do. In regard to that infrastructure, who will pay for that pipe and will that become unaffordable for those interest groups?

Mr DENNIS: We have had a cost-benefit analysis.

The Hon. PAUL GREEN: Was it greater than one, otherwise you have no hope?

Mr DENNIS: It was \$2.80 for every dollar spent.

The Hon. PAUL GREEN: That is pretty impressive.

Mr DENNIS: That is pretty good. That is because of the economic development opportunity.

The Hon. PAUL GREEN: What have you asked of the State Government?

Mr DENNIS: We are currently working with Minister Marshall to get funding for that, and with Ken Gillespie on both State and Federal. Our funding submissions are quite advanced.

The Hon. PAUL GREEN: What have you asked Minister Marshall for?

Mr DENNIS: We are trying to get funding for the project so it can go ahead.

The Hon. PAUL GREEN: Can you be more specific? What have you asked for, how much and what will that do?

Mr DENNIS: It is about \$10 million.

The Hon. PAUL GREEN: And where will the other \$2 million to \$4 million come from?

Mr DENNIS: We will fund that out of our own revenue.

The Hon. PAUL GREEN: Council's revenue?

Mr DENNIS: Yes. We are also trying for Federal funding.

The Hon. PAUL GREEN: Excluding that \$10 million?

Mr DENNIS: To try to top up so we do not have to fund it.

The Hon. PAUL GREEN: Will the proponents pay any of that? Will there be a levy that feeds back in to cover that?

Mr DENNIS: Absolutely. The residents of Guyra will pay and any company that hooks into that water supply will pay user charges.

The Hon. PAUL GREEN: And where will that money go to?

Mr DENNIS: That will come back into council.

The Hon. PAUL GREEN: To do what?

Mr DENNIS: To fund the operating costs and labour associated with running a regional urban water supply.

The Hon. PAUL GREEN: With your aviation you spoke of 130,000 passenger movements coming through and you are aiming for 180,000 passenger movements. What is the number on the aviation once it is built?

Mr WOODLAND: We have capacity for 140,000 passenger movements per annum and we are doubling that.

The Hon. PAUL GREEN: What comes through there now?

Mr WOODLAND: About 140,000. It is at capacity now.

The Hon. PAUL GREEN: The capacity will be for?

Mr WOODLAND: It will be for 280,000.

The Hon. PAUL GREEN: What is the growth you are allowing for? Is it to cater for the population going from 130,000 to 200,000?

Mr WOODLAND: It will not cater for all of that, no. That is a far off aspiration. Even today without population growth we are getting growth in flights. We can provide those numbers to you. We have had good growth in flights and passenger movements over the last couple of years and we expect to have more. For instance, when the Australian Pesticides and Veterinary Medicines Authority moves here there will be a lot of movement from Armidale via Sydney to Canberra. We have other industries hopefully moving here and having a good airport facility will grow the passenger numbers.

The Hon. PAUL GREEN: You talk about the freight side of it and the runway being upgraded. It is at end of life now. What sort of money are we talking about? Are you talking about increasing length as well?

Mr WOODLAND: We are talking about a brand new runway. The current runway has a small hump in the middle. It is more about the length of the runway. The Q400s Qantas is now introducing have to be half empty in summer to take off. That is the physics they have to deal with because of the altitude here. For them to bring in the Q400s to replace the Q300s they need a longer runway. We believe for the future of this region we need a brand new runway.

The Hon. PAUL GREEN: Obviously if you could increase the 30 hectares at Guyra one would assume they are moving their product here to fly out to Asia or Sydney.

Mr WOODLAND: They transport product now largely by road to capital cities around Australia. Blush tomatoes in Woolworths and Coles is from that farm.

The Hon. PAUL GREEN: The hope would be to take that by air?

Mr WOODLAND: Ideally, yes, and not just the tomatoes that exist. There is new horticulture such as berries and mushrooms, which fly better. Tomatoes do not lend themselves to flying too far. It is the new products we are focused on such as berries into China and Asia. That is a big story for us. We are looking at ways we can facilitate that outcome.

The Hon. PAUL GREEN: Where is that runway up to? Who has done what?

Mr WOODLAND: We have the initial planning and design for the runway. We are yet to do a more detailed analysis. But, before our time, people put forward a proposal to the State Government to look at one of the signature projects of the future as that runway.

The Hon. PAUL GREEN: How much?

Mr WOODLAND: It is about \$30 million to \$35 million.

The Hon. JOHN GRAHAM: I would like to ask about the National Broadband Network [NBN]. We have had others speak to us previously about the impact on the Armidale region. Will you give us a brief feel for what changes that has made to your community? What regional opportunities has the NBN provided?

The CHAIR: What capacity does that give you for growth? What do you have to do to build new businesses and homes to take advantage of it?

Mr WOODLAND: You are talking about the NBN?

The Hon. JOHN GRAHAM: Yes.

Mr WOODLAND: We were the first city to be fully connected to the NBN. It is fibre to the premises. I do not believe we have leveraged that opportunity well enough. That has to do with a number of things such as changes in council, amalgamation and distractions such as that. I believe there is an opportunity to sell that story and to attract knowledge based and technology based industries that would ordinarily set up shop in Sydney and Melbourne, not understanding the quality of the network we have here and the fact that you can do it at a much lower cost here setting up those services and get outstanding connectivity in a much lower cost region. We believe that there is an opportunity. It is a matter of putting a strategy together and targeting those industries.

Mr DENNIS: I think NSW TAFE's decision to locate here would have taken the NBN into account in that decision.

The Hon. NATASHA MACLAREN-JONES: Thank you for your presentation outlining your priorities and costings. I am interested in looking at the grants and getting feedback in relation to how you found that process. Even with the CBD precinct development you have gone with three different funding applications. Is it trial and error? How are you finding the process and the interaction with government?

Mr WOODLAND: To some extent it has been trial and error and that may continue. Having certainty around what would give us our best shot such as: Do we put one project in and hang everything on one project that is a sizeable significant project, or do we have three projects so we have backup in case one does not get across the line? They are the sort of things we would like more certainty and advice about.

The Hon. NATASHA MACLAREN-JONES: Feedback.

Mr WOODLAND: Yes, as to what would give us the best shot. We were in Uralla yesterday with a facilitator and people doing the strategic plan, which is the Uralla and Walker shire councils as well as ourselves. We had limited time to have the discussion and many voices. We have done a lot of work. We have a draft economic development strategy in place and it is online and open for exhibition. We have done a lot of work in this space already. We are going back to terms of reference. We have done a lot of engagement on that strategy already for our region.

I cannot speak for Uralla and Walker, but things like the airport runway, tourism, horticulture and agtech businesses are all in our plan. When we talk about infrastructure we have provided you with the list and they are our priorities. It comes from a lot of engagement and our own experience about what we need to go into this forum. Decisions are going to be made about quite a lot of money being allocated but feeling we have no control of that process is, frankly, concerning to us.

The CHAIR: Thank you, that has been very helpful. Will you table these documents?

Mr WOODLAND: Yes.

Documents tabled.

The CHAIR: Good luck. You have done the work, so I hope you get some luck as well.

Mr WOODLAND: Thank you for the opportunity.

Mr DENNIS: Thank you, Chair and thank you Committee.

(The witnesses withdrew)

IAN SMITH, Director of Regional Operations, Office of Regional Development, sworn and examined

PETER SNIEKERS, Business Development Manager New England Region, Office of Regional Development, sworn and examined

The CHAIR: Would you like to make an opening statement?

Mr SMITH: Thank you. As I said, I am Director of Regional Operations with the Office of Regional Development. The Office of Regional Development is the leading New South Wales Regional Development agency and we aim to leave a lasting legacy for regional New South Wales by fostering vibrant and sustainable communities. We lead the promotion and effective delivery of government programs that are aligned with the regional development framework. We identify and activate economic potential. We deliver a wide range of facilitation and assistance programs to help businesses establish, expand and create more jobs. We also promote regional New South Wales as an attractive environment for investment, which I think is what we can focus on today and what I would like to talk a little bit more about. We have 13 offices across New South Wales and 46 staff. I have been with the Office of Regional Development for about five months now, having come from a start-up background and a private sector background with 20 years international trade experience, so the way I describe it to people is that we assist businesses to grow, we identify potential inhibitors that they may have in their business and we seek to rectify those and help them employ more people.

In regard to linking regional New South Wales with Sydney, we see that Sydney and regional New South Wales are inextricably linked. In fact I would say that regional New South Wales is on Sydney's doorstep and is the gateway to Asia. That is important as we look at both export markets and also inwards investment. We are a long way through a particular piece of work at the moment, which is a regional New South Wales investment prospectus. This has not been done before. This will be an interactive web-based tool that will showcase the nine regions of regional New South Wales. The target audience for that will obviously be international investors but also domestic investors from other States that are looking to relocate to regional New South Wales. A really important point is that it is an interactive web-based tool; it is not a hard copy document. We know that if a hard copy document is produced, it is out of date the next day, so we are making sure that it is interactive and can be updated. Thank you for your time today. I am happy to answer any questions and I will pass to my colleague Peter Sniekers who, as he mentioned, is the Business Development Manager for New England.

Mr SNIEKERS: Thank you, Chair and members. Just to put my background into context, I am the Business Development Manager for the New England region with the Office of Regional Development. I am a graduate in Agricultural Economics and Business Management from the University of New England. I worked for the Federal Government with the then Bureau of Agricultural Economics for seven years, undertaking research into overseas agricultural policy, research into domestic and international grain and oil seed marketing, as well as undertaking supply and demand forecasting work for the grains and oilseeds sectors. I left Canberra and returned to the region and helped cofound four businesses in Armidale, spanning the commodity trading, poultry processing and risk management sectors, employing at one stage more than 25 people.

I have since been working in the regional development space for the State Government for 16 years and during that time it has been a privilege to be able to work with local government, other agencies, businesses and non-government organisations, to contribute to the development of the New England region to both contribute to a global Sydney as well as benefiting from a global Sydney. We do this by developing the region's food and wine resources, improving the business climate in general, helping to attract new industry and jobs to the region, helping those industries grow, accessing new markets, collaborating, innovating and becoming export ready and generating new revenue and new jobs.

Over my time working in regional development we have had access to an evolving range of tools to help deliver those outcomes. I feel more than ever that we are getting the mix about right and that is a blend of mentoring to help small businesses start up and expand, assistance to gain access to skills and knowledge, incentives to collaborate and innovate and to help in developing new export markets and especially now, a new set of targeted infrastructure programs to help provide a vibrant environment to foster true economic and community development. This region, as you have heard, is blessed with an exciting range of endowments representing a real opportunity for future growth. I look forward to continuing to assist where possible in that growth. Thank you.

The CHAIR: Just before I ask the Hon. Natasha Maclaren-Jones to pursue the issue of grants, you sat through the Armidale council's excellent presentation. We end up with the obvious question: What is happening

with new jobs and why has there not been much more significant growth, given all the good things we have heard and all the good work you have been doing?

Mr SNIKERS: I feel we are on the cusp of some growth. We have a lot of potential projects in the pipeline that look like they are going to generate jobs. I think we have come through a difficult economic climate following the crisis of the late 2000s and the region has suffered from a drop or stagnation in population growth. I feel that is about to change and council has outlined those sectors that provide real opportunity. If we can help accelerate those opportunities, all the better.

The Hon. NATASHA MACLAREN-JONES: You would have heard the previous presentation and you would have heard the comments made in relation to grant applications. I am interested to know what role you have in facilitating but also working with councils in the region to help them prioritise so that their energy is focused on the key things that can be delivered.

Mr SMITH: Yes, absolutely. As I said, we have 46 staff around the State. We are very much at the pointy end of the regional growth fund that was recently announced. Our staff are in with councils every week, working with them on the ground to identify priorities but to also assist them with business cases. All our staff have been through a two-day business case training and they are now out there, working with councils day to day, to assist them with their business cases. It is important that we can provide that support on the ground. We can help them prioritise what projects they want to put up but also make sure that they are taking a regional focus. In the past it has been very much local government area [LGA] focused. Take the region where I am based out at Dubbo, for example.

There is a functional economic region based around Dubbo that includes my hometown of Wellington, Narromine and those surrounding towns. Mr Sniekers can talk about the functional economic region that he was at the meeting yesterday—we are coming up with an economic development strategy for that functional economic region. That will drive those investment decisions. So it is not just about the LGA and their priorities. Even though I know that Armidale council has done a fantastic job in putting those together, it is also about looking at a regional context so that the region benefits. The way we have come up with those functional economic areas is based on people movement—basically, where do people go to live, work and play?

The Hon. NATASHA MACLAREN-JONES: Comments were made about Armidale. How do they know what they should prioritise? It is great that you have the plan but how are you communicating and linking so that they are not wasting time putting in applications for things that will never be part of a broader plan?

Mr SMITH: Absolutely. We are very conscious of that. The Regional Growth—Environment and Tourism Fund that they mentioned was oversubscribed. Obviously that goes through a process to identify which projects should go forward. There was an expression of interest which then goes to a full application. There are some other funds that we are looking at. For the Growing Local Economies fund, for example, there will be an allocation of funds for a functional economic region. That is where the priorities for that particular region come in, so that they know that is the allocation of funding for that region. Therefore if they prioritise, as a region, they will know that they are not just putting up an application that might be thrown in with 200 others; they will know that application and the business case that they put up will be for funds that are allocated to them in that functional economic region.

The CHAIR: What is the timeline for that process for those funds to be allocated?

Mr SMITH: It is a four-year program. There is another change for that particular fund. I go back to the example of Regional Growth—Environment and Tourism. That had an opening and a closing date and then it went to expressions of interest and the application phase. The Growing Local Economies fund will be an ongoing program, which has been one of the really strong issues we have had in feedback from councils. Firstly, they need more time for the application. Secondly, they are uncertain as to whether that application will be successful. So we have tried to address that with this on-the-ground support to help them put the business cases together but also move into this model where there is an allocation of funding that will be ongoing.

For example, if there is a shovel-ready project that is a regional priority at the moment, and it is agreed by groups like the joint organisation or the Regional Organisation of Councils [ROCs]—this came up in other discussions as regional priorities and there has been a number of research papers done on this—then that is something that will go forward. It obviously still needs to go through the benefit cost ratio [BCR] process. That is external to us—it is at arms-length from us because we are providing support on the ground. It still needs to go through that BCR process but we are trying to make sure, upfront, that councils are better prepared to make sure that those applications are given the best chance of success.

The Hon. NATASHA MACLAREN-JONES: Mr Sniekers, did you want to comment?

Mr SNEEKERS: I see this as a game changer. Just to reiterate, the way it is being marketed is that this Growing Local Economies fund is partly a decentralisation of the funding decision. Because the funding is going to be ring fenced and quarantined for a functional economic region it means that one region is not competing with another region. They are going to be allocated funds and so long as they can put a project up that meets the criteria and satisfies the scrutiny of the BCR process it will get funded. So the real wish is to get key economic enabling infrastructure projects on the ground and generating outcomes as soon as possible.

The Hon. JOHN GRAHAM: I am interested in particular in the regional New South Wales investment prospectus that you have flagged. Can you give us some detail about the problem that you are trying to solve. Where is the opportunity here?

Mr SMITH: By way of background, I have spent 20-odd years in international trade. I was Australian Trade Commissioner in Chicago. I looked after 13 states in the Midwest as Australia's trade representative. What the US does really well is that, because it is such a competitive market, they promote each of their states really well but also promote regions within states really well. There is actually a gap at the moment for regional New South Wales. We do have some information on the Department of Industry website but there was no stand-alone investment prospectus. The challenge we have in regional New South Wales is that regional New South Wales is not a strong brand. New South Wales internationally is a somewhat known; the really strong brand internationally is Sydney. So we have to provide a hook, which is Sydney. That is what we are intending to do with this investment prospectus so that people come to the website and they can see the information and the opportunities that are there in terms of investment. In my short time in this role I have travelled extensively across the State. I have seen the opportunities that are there. I have a regional background but even I do not know of the opportunities that are there.

The Hon. JOHN GRAHAM: Tell us a bit about those opportunities. If this goes well it will mean some of these opportunities are financed. What are those opportunities that you have seen as you have had a bit of a look around?

Mr SMITH: It just depends on the regions. We have obviously divided it into the planning regions. For example, down along the Murray there is major agribusiness development going on and vertical integration of that agribusiness. So it is not just about farmland; it is about almond processing, cotton gins and all those sorts of things. So there will be an opportunity there. Do not forget that this is not just about international investment; it is about interstate investment as well. Let us take western New South Wales as an example. There are opportunities in mining and the visitor economy. If you look at this region you see that having the ag-tech cluster here. From my experience in the US I can say that an investor is not going to come to Armidale because it is a nice place to live, even though it is a very nice place to live; they are going to come to Armidale because it is an ag-tech cluster and they know that other like-minded companies will come and invest here. I will give you a quick example from the United States. Eighty per cent of the multinational headquarters for animal health companies are based in a corridor in Kansas-Missouri. So if I am an international investor going to the States I would set up there.

The Hon. JOHN GRAHAM: You would experience that sort of economic clustering.

Mr SMITH: Yes.

The Hon. JOHN GRAHAM: How much of that problem that you are trying to solve, that might see these opportunities develop, is a financing problem? Obviously these regions are bidding into the State Government and maybe the Federal Government; what you are trying to really harness here is private investment. How much of that economic development potential is being held back in these regions by that financing gap?

Mr SMITH: From my experience, having travelled, I think financing is certainly an issue. It is more about the speed of growth. It is a bit like a start-up going from the start-up phase into the scaling phase. So they will be able to scale a lot quicker if they have the finance to do that. That is certainly an issue but there are some amazing things going on without that finance. The thing at the moment is that those international and interstate investors do not have a resource to go to and say that the New England area is strong in agtech or that the Central West is really strong in pet food. I did not know that, but around Bathurst there are three major pet food manufacturers.

The Hon. JOHN GRAHAM: So the key role the State can play is getting that information to them. Who are the target investors that you are looking at? Where are these funds most likely to come from? Are there particular firms or investment sectors that you are looking at?

Mr SMITH: There are a couple of levels. We have looked at markets. The New South Wales Government has trade offices overseas. Austrade has offices overseas. The New South Wales Government has target markets. We have looked at those. The investment prospectus will be translated into three languages. So we will be looking at those markets. Then we will be looking at where the opportunities are. We have identified about 12 industries where there are opportunities. Then it will be about proactively seeking out potential investors from those markets and also from interstate, if that is appropriate. I am not sure whether that answers your question.

The Hon. JOHN GRAHAM: So you are working market by market. Let me put the question more bluntly: Why can these problems not be fixed by the existing big banks in Australia? Why is this system not working anyway? What is the problem here? It sounds like a very sensible approach but why is this not happening anyway with Australia's big banks?

Mr SMITH: I think the banks are one source of finance and they will make investment decisions based on a risk profile and all the things we know about. International investors might be looking for expansion opportunities—for example, we are working with one of the largest Spanish olive oil manufacturers along the Murray at the moment which is looking at setting up not only farms but also processing down there. It has seen an opportunity, counterseasonal production—Australia is well placed to provide that—so it is a whole range of things. I think the banks are one source of finance. I know Jobs for NSW has put together, is currently putting together, a range of products to assist where there are gaps in finance, but there are also expansion opportunities that can be fulfilled by international investors. Some of those investors out of Asia are investing in Australia to ensure that they can supply back into those markets because they know that our access to Asian markets is so good.

The Hon. MICK VEITCH: Have you had the opportunity to read the submissions to this inquiry?

Mr SMITH: I have not had a chance to review the submissions, I am sorry.

The Hon. MICK VEITCH: Goulburn Mulwaree Council's submission to the Committee was about an organisation that was looking at moving its 500 jobs from south-western Sydney to somewhere else. It says it spoke to someone in Government—I am not sure who—and there was no State Government assistance. According to its submission, that was because Treasury deemed there would be no net job gain for New South Wales. That company moved to Victoria, so we have actually lost 500 jobs. How does that happen?

Mr SMITH: I understand—and I understand you spoke to my colleagues in Sydney about this as well. Unfortunately it was right when I was starting in this position that it got to the pointy end of that particular project. I think there are processes in place. The Government obviously has policies around this in terms of those companies moving from Greater Sydney into regional areas, and we certainly provide as much support as possible on the ground to make that happen, to make sure that they are moving to regional New South Wales. As an example, this week a poultry company is moving from Greater Western Sydney to the Central West. That is 70 full-time jobs, and it is not just poultry sheds but processing as well. We do as much as we can on the ground with what we have got. There are some levers that we can pull around skills and things like that to ensure that we make that transition. I am not across the detail of the Goulburn case, but I understand that it is disappointing to lose those companies. We certainly do all we can to make sure that we keep them in New South Wales.

The Hon. MICK VEITCH: Does the Office of Regional Development look at situations like that and ask what it and the State Government could have done better? Is there a post mortem or analysis exercise to work out how to do things better? It is clearly not advantageous for New South Wales to lose jobs—

The CHAIR: We are the post mortem.

The Hon. MICK VEITCH: Hopefully that is not the way it is done. I am guessing it is up to the department.

Mr SMITH: We are constantly looking at what we are doing and improving. We have actually just developed an Office of Regional Development strategic plan for the next 12 months, looking at our focus areas and investment attraction. Business attraction is one of those areas that obviously is a key focus for us. In that particular case or in other cases when a company has moved interstate we definitely will look at that. I think there is a review currently going on of some of the tax aspects of that and we obviously provide input into that.

One thing to point out is that, again, just as I was coming in, the Office of Regional Development moved from the Department of Industry into the Department of Premier and Cabinet, and we now have a regional New South Wales policy team and a number of other resources that are making sure that regional New South Wales is front and centre. We provide feedback and, I suppose, sense-checking from on the ground that all of that policy that is being developed has a regional flavour and making sure that those regional aspects are taken into consideration.

The Hon. MICK VEITCH: Picking up on your comments about your plans and strategies, we hear from local government and others that there seems to be a plethora of plans and strategies in place for New South Wales but no-one knows who is responsible for ensuring that they are delivered, there appear to be no key performance indicators attributed to anyone and there is no feedback two or five years down the track to say, "We got this far with the strategy" or "We didn't do this in the strategy." We develop the plans but implementation and monitoring seem to be falling over. How do you make sure that that is not the case?

Mr SMITH: The real benefit of the Office of Regional Development is that we are on the ground, and you have people like Mr Sniekers who are extremely passionate about their region, want the best for their region, and are working towards that with companies every day to make that happen. There is a whole range of plans, these economic development strategies, we are developing. We will own those in collaboration and we are working very closely with councils on those economic development strategies. The Regional Growth Fund has shifted our focus slightly, I suppose, to probably work closer with councils. Where we were meeting with councils once every couple of months, we are now in there every couple of weeks or speaking to them to make sure that we understand their priorities and to make sure that those priorities are front and centre so that if there is opportunity to fund those priorities we can do that. In terms of planning and other things, because we are now in DPC we have much more visibility across government. We work extremely closely with all of our colleagues in Planning and Environment, and there is the regional coordination branch within DPC as well. Because we are out and about and on the road, we are even getting involved in looking at some of those infrastructure projects to say, "Where's that project up to? What's the status of it?". That is the real benefit of our group in that respect.

The Hon. MICK VEITCH: What is your relationship with Regional Development Australia committees? How closely do you work with them?

Mr SMITH: RDAs are partly funded by the New South Wales Government. We work closely with RDAs—again, in that great example from the Central West just last week, that poultry farm was a direct referral from the RDA. The RDA has quite a small staff; we have resources in that region who have worked in that region for many years and can assist that particular company with everything they need to do to move into that particular area. We work very closely with them. We actually identify priority projects at the start of the year so our funding goes towards, basically, priority projects for that region. Last year it was around skills, and a number of skills projects were done. Obviously there has just been a review into RDA, and we will continue to work very closely with them. As far as I am concerned, again, I am quite new to this job and I come from a private sector background mixed with some government, but I see partnerships particularly across government but also across industry as being extremely important to what we do. It is not just about the RDA and councils; it is about chambers of commerce and other industry groups—NSW Farmers, manufacturing groups on the Hunter—all of those people coming together and making sure that we are working together for the benefit of those companies in that particular region.

The Hon. PAUL GREEN: That is a good segue into my question about working relationships. Are you aware of Destination NSW's work to gain opportunities through the Commonwealth Games?

Mr SMITH: To be honest with you, I have had a very close association with the tourism group in the south. It was more for my understanding, because I see tourism and economic development as being very closely linked. I have actually gone to a couple of board meetings of that new group down there to see how it all operates. I have not been involved in the north, but I know you spoke to Craig Jenkins yesterday. He is our BDM.

The Hon. PAUL GREEN: Apparently I did; apparently I asked him a question below his pay grade!

Mr SMITH: We work very closely with—

The Hon. PAUL GREEN: But that is not my question. What initiatives are you taking on board for Destinations NSW to capitalise on the Commonwealth Games? If you wish you can take the question on notice?

Mr SMITH: Absolutely. If I could just add one thing? There is a working group up there which Craig is part of to make sure that we are taking advantage from an economic development perspective of opportunities arising from the Commonwealth Games.

The Hon. PAUL GREEN: It would be great to see those. Another point concerned establishing light rail from Coolangatta Airport. In your submission you talk about 23 per cent of our international visitors getting to regional areas. I gather that most of them are coming from our south or Sydney Airport. I see the opportunity of Coolangatta being the north connection for our State. Do you have a comment about the light rail opportunities of linking back to the Tweed.

Mr SMITH: I might take that one on notice, if that is okay?

The Hon. PAUL GREEN: I am happy for you to have a considered view.

Mr SMITH: Absolutely.

The Hon. NATASHA MACLAREN-JONES: In response to questions from Mr Graham earlier you said that internationally Sydney is well-known but our regions and what they offer are not well-known. Are we competitive against our other States internationally in having commissioners and trade officers? If not, what needs to be done?

Mr SMITH: I would say that we are absolutely are. There are two parts to my response. One, is regionally—and I can tell you without fail having worked in this space for 20 years in TradeStart teams, or regionally based export advisers, they are probably the best group of people I have ever worked with—they are providing the on-the-ground support, getting people export ready, getting them to go to market. What I would say about the international network is that I think absolutely we are competitive with our other State counterparts. Obviously it is a very difficult thing to set-up an overseas network—for example, one of my ex-colleagues who used to work for me, Laki Kondylas, was our trade commissioner in San Francisco. He did an amazing job in that role to basically put New South Wales on the map and make sure we were at the table there. He did a lot of work around water, for example, and worked with the World Bank. What you do have are States like Victoria that may have more presence in some of those markets. In the United States, for example, Victoria has a stronger presence in terms of more locations—

The Hon. NATASHA MACLAREN-JONES: Do we currently have people in the United States?

Mr SMITH: Yes. There is an office in San Francisco. Then you have also got obviously other markets—I think a list was provided after the last hearing—and also working really closely with Austrade. I have worked with Austrade; I have seen it from both sides of the fence. Austrade works really closely with those State Government colleagues and where that State does not have representation it still provides support back to that State—for example, when they get an investment opportunity they do not just provide it to one State; they have to provide it to all States, then they provide that top-down support.

The Hon. NATASHA MACLAREN-JONES: Do you think that we are as aggressive as other States or aggressive enough in seeking opportunities for New South Wales?

Mr SMITH: There are always opportunities to be more aggressive, it is just having an understanding of what your strengths are. International trade facilitation or trade craft or whatever you want to talk about is not finding opportunities offshore and sending them down the line, it is actually a mix of understanding what your core capabilities are within the State and then matching those to opportunities offshore—for example, we have now got an ag-tech cluster here in Armidale and there is a massive animal health corridor in Kansas City. There are opportunities to basically develop those relationships. So I think in that respect understanding what our core competencies are, where our key strengths are in terms of industry clusters and then matching that to opportunities overseas.

The CHAIR: Perhaps when the Committee does its interim report and then its final report, we might ask you to address your key performance indicators [KPIs], whatever they are, and show some of those results. I am sure that would also help in your own operations. Mr Smith, you hit the key as to what this inquiry is all about—namely, the brand recognition of Sydney.

Mr SMITH: Yes.

The CHAIR: I think you said you wanted to see Sydney as a gateway to Asia for the regions. That is really the essence of what this inquiry is about. Perhaps Mr Sniekers in that context could again address the Armidale/New England opportunities. How do we deliver on that key goal of Sydney becoming much more of a gateway to Asia and the rest of the world for regional New South Wales, in particular New England?

Mr SNEEKERS: I think some of the relationships that are being built—for example, the smart regional incubator, the start-up incubators and the venture capitalists in Sydney is a good starting point. It gives the Sydney incubation sector a regional outreach, and I think they are doing that with the other incubators that

have been established regionally. Certainly that is one pathway. A lot of what we can do is to nurture a business environment that encourages that kind of activity. It just paves the way so that when somebody from overseas or from Sydney is interested in doing something to draw those connections to overseas, then the pathway is smoother than otherwise—some of the roadblocks have been taken out. Rather than working straight with individual businesses and trying to identify those, if we can provide a really healthy environment to encourage that collaboration and innovation, then we are halfway there in providing a smoother pathway to capturing those opportunities.

The Hon. MICK VEITCH: You were talking about working with councils on projects they put forward for a range of funding programs, but what work is done with councils for those projects that they miss out on—the ones that do not get across the line because of the BCR or whatever?

Mr SMITH: We are sort of in the process at the moment—it is through the regional economic development strategies but it is also through work that has been done before—of doing a basic stocktake of all the projects that are out there. Checking that with councils to make sure that they are still the priorities, getting input from the councils as to what their current priorities are and looking at what those projects are. If there has been a funding application previously and it has not been successful, then sitting down with them and saying, "This is where we think it fell short in terms of the business case and this is where we think it can be added to." Then having a look at the funds that are coming up and where it might fit—for example, regional growth environment tourism, there will be another round next year but some of those projects will also have an economic activation component. So they might fit with growing local economies, for example.

The Hon. MICK VEITCH: But there is follow-up work being done?

Mr SMITH: Absolutely.

The CHAIR: Thank you for your evidence. It is a revelation that the thinking is changing so well. As I said, the Committee is looking forward to seeing some of the KPIs and the runs on the board.

Mr SMITH: I should say on the KPIs, this is the first time—I have sort of come in and we put our strategic plan together. We are just putting some numbers around that at the moment. They may not be in terms of dollars or any of those things, they will just be the number of companies we are working with, the number of new companies we are working with, but also then, most importantly with those funds, the number of councils we are working with, the number of applications that are being put in. They are the sorts of things that will be measured.

The CHAIR: Everything needs a beginning; it sounds as though we are getting a beginning.

Mr SMITH: Exactly. I would like to say too that I am only new to this role but I have been nothing but impressed with the guys that are on the ground. As I have said, they have got a real passion for their regions and they do some great work out there.

The CHAIR: Thank you.

(The witnesses withdrew)

NEIL ARGENT, Professor of Human Geography, University of New England, affirmed and examined

PAUL McFARLAND, Lecturer, School of Behavioural Cognitive and Social Sciences, University of New England, sworn and examined

GREG WINSLETT, Director, Teaching and Learning Support, University of New England, affirmed and examined

The CHAIR: Would any of you like to make an opening statement? We are also very interested in the defence aspect. Who wants to go first?

Dr WINSLETT: I can make a few quick remarks.

The CHAIR: Tell us what you are doing in the defence sector.

Dr WINSLETT: I have been working for the University of New England and living in Armidale for the past four years. The project I can say that I am most proud of during that period is that the University of New England—my department, Teaching and Learning Support—collaborated with the Royal Australian Navy. For me, it was a flagship project. To provide some information about this, we were engaged to help redesign their maritime logistics officer course. It was a series of courses that would help prepare these students for postings at sea, postings at shore and a range of specialty areas that were a part of their role. The project proceeded over 18 months, and in many ways it was a radical restructuring and re-imagining of their approach to training. What was previously a process of nine-hour days and, in some cases, over 40 days of lectures and literally thousands of PowerPoint slides, thousands of documents, we worked with staff from the training part of that area to completely re-imagine what that experience would be for the maritime logistics officers. There was a lot of digital storytelling, a lot of innovative pedagogical technologies, basically new approaches to what that meant, a lot of authentic assessment.

When I reflect on why I think it was so successful, I have to contrast it with my previous 14 years working for a metropolitan university. There are many reasons it was successful, but one of them was the skill set of the staff in my department, specifically that they had a comfort level with working at a distance, working with people who are geographically distributed across many different postings across the country, and their ability to use information and communication technology effectively to communicate and collaborate. Whereas that might be a quirk or idiosyncrasy of a university like UNE, it is certainly not shared by my experience of other metropolitan universities who spend a lot more time face to face, more historical approaches to training and collaborating. That is my initial sense of why it was so successful.

The CHAIR: How were you selected for the job?

Dr WINSLETT: We were approached by UNE Partnerships, which is a commercial arm in some way of some parts of the training from UNE. They went through a tendering process, and we competitively bid for that particular project, and then we were approached as part of the university teaching and learning support area to contribute to that project.

The CHAIR: We are doing two inquiries. One of them is focusing on this issue of Sydney as a global city and how the regions can benefit effectively. The last speakers were talking about some strategies in which the essence was that Sydney is the brand that is known overseas. How does Sydney work as a gateway for the rest of the world for regional New South Wales? Have you got any views on that sort of process? Does what you do in any way hook into that?

Professor ARGENT: We would like to think so. That is one of the key things that State and Federal governments and regional organisations will have to think long and hard about over the next 20 to 30 years if we are going to make Sydney more liveable in the context of ongoing fairly rapid population growth and change. It will not just be growth, there will be change as well. The composition of the population in Sydney will change quite dramatically as well. There is a high international population that looks like it will continue to increase. Sydney's population growth will be driven by international migration, immigration. Sydney loses more population to New South Wales regions and the rest of Australia than what it generates. It is only through international migration that Sydney's population growth is being driven.

In respect of making Sydney more liveable and making the New South Wales population distribution and the broader economy more sustainable, we need to find ways in which we encourage people to think about life outside of Sydney, making starts in business, employment, whatever the case might be, in other parts of New South Wales. That is a crucial aspect and crucial strategy that needs to be mastered. It is harder to do today

because of the fact that immigration has been so important in being at such a high level for a period of time. We have fewer people living in our capital cities who actually have relations who live outside the capital cities. If you go back a generation, a lot of people living in capital cities would have relatives in rural parts of Australia and they would go and see them on an occasional basis. The number of people living in cities now having an understanding of what rural life is like is getting smaller and smaller. There is a psychological gap to get over. The way in which the rural regions are marketed to the cities will be increasingly important if we are going to do anything about those issues that I first mentioned.

Mr McFARLAND: In respect of land use planning, which is my thing, one of the things that becomes apparent from a local government perspective, when I have been speaking with them, is that the image of planning that is adopted through government in Sydney is passed out through the whole of the State as if the whole of the State is homogeneous, and it frustrates people in regional areas who want to set their own agendas and directions for how they see their regions and how they would like to respond to the pressures under which they are operating. I appreciate there are competing priorities in respect of maintaining stability and services and so on, but I think that is an increasing pushback from the regions, the frustration from the land use planners who, at the coalface, are trying to implement these strategies without much of their ability to use their own talents to help their own communities.

The Hon. MICK VEITCH: Mr Winslett, have you identified any opportunities arising from your experience with the defence training?

Dr WINSLETT: My particular thing is educational technology and flexible access. The short answer is yes. There are enormous possibilities to provide a whole range of course wear and training opportunities to the defence force, and these could be large scale. These could be what we did with the maritime logistics officer tranche of programs, but I think that there is an increasing appetite more broadly to be looking at microcredentialing, if you have come across that term. These are the short bursts of training or skill sets that help particular people who are already graduates to target specific skills and areas, and these microcredentials are a way of acknowledging that these are small bursts of activities that can be assessed and can be validated by a university like UNE. I think that has enormous application in the defence industry. I am not saying I am an expert with defence industry training needs, but I see that as a broader trend for education in Australia.

The Hon. MICK VEITCH: Professor Argent, has there been much modelling of the migration of people west of the Great Dividing Range to the east of the range, not just to Sydney? How rapidly is that happening over the years? What are the demographics of the people moving? Is there anything the Committee can access to see what modelling has been done?

Professor ARGENT: I can provide the Committee with the research that we have been doing on it for some time. There are complicated processes. Many people think it is purely a shift from the west to the coast or into the cities. It is a bit more complicated than that. There are often a series of moves going on, and it is different in different regions as well. One of the things we are working on at the moment is looking at some longer-term trends in age-sex structures in rural areas and the relationship between regional cities and the hinterland areas. One of the alarming things we are starting to see is this process call "structural ageing".

Effectively, the ageing of the population is at a local scale at the town or local government area level, and that begins more quickly or extends to the more remote rural areas surrounding regional centres. However, we are now starting to see some of the crucial early markers of rapid ageing and then ongoing population decline in the hinterland areas. That will start to spread to the regional centres as well. That has obvious implications for a range of aspects because of workforce recruitment, sustainability of educational institutions and so on. Some fairly worrying signs are starting to develop in our hinterland areas, and even around some of our most successful regional cities, which have population growth rates that exceed national growth rates. There are some worrying signs beneath those levels of success.

The Hon. MICK VEITCH: Is there anything the Committee should take on board to recommend to the Government about longer-term strategies to deal with those structural problems?

Professor ARGENT: We can provide the Committee with information about our work.

The CHAIR: Have you looked at the population stagnation that has occurred in the New England area? Do you have any clues about why it has happened and whether the strategies being examined now will reverse it?

Professor ARGENT: I was doing some work last night looking at the 2016 census. New England has a healthy population growth rate. It is below the State rate, but once you start peeling back the layers and refine

the scale or geographic resolution, the region is doing okay. However, it is being driven by Tamworth, whose population is growing the fastest. Armidale is a fair way behind the pace; it is growing, but much more slowly. There are smaller plates like Uralla, which are doing very well. Inverell continues to do very well. However, further west—in the broader cropping belt—they are really struggling and losing population. Places like Walcha and Glen Innes struggle a bit some years but they grow and in other years they are losing population. Tamworth is a real success story, as is Uralla. Guyra is growing on the basis of its success in horticulture and things like that. However, it is about ongoing loss in the farming regions and ongoing urbanisation of the population—that is, increasing numbers of people living in the towns and regional cities.

The Hon. PAUL GREEN: Why is Uralla growing?

Professor ARGENT: I suspect it is what we would call a "spill-over" effect from Armidale. Armidale is growing slowly, but Uralla is a nice choice for people who want to move into this area, and the real estate is cheaper. It has a really nice community feel. Armidale people often go there to do their shopping, to have breakfast and to do things like that because it has a nice small-scale feel to it.

The Hon. PAUL GREEN: Is it not also an opportunity for regional areas given that the ageing population will increase? It is suggested that by 2050 there will be five million people over the age of 65; that is seven million-plus. Coolamon Shire Council is involved in the aged care sector and as a result people will be able to spend their twilight years in a lovely rural setting.

Professor ARGENT: Yes, I thoroughly agree.

The Hon. PAUL GREEN: The sort of job growth that Armidale is looking for would be increased in the aged care sector.

Professor ARGENT: Yes.

The Hon. PAUL GREEN: It is not all downhill.

Professor ARGENT: No, of course not. The ageing of the population is a given; it will happen. It is happening more rapidly in this part of the world and in the more remote areas of the country. But, as you say, it is an opportunity.

The Hon. PAUL GREEN: People want to age in place; they want to die in the village where they were born.

Professor ARGENT: Yes.

The Hon. PAUL GREEN: We need to make that possible.

Professor ARGENT: Yes.

The Hon. PAUL GREEN: Is that not fair?

Professor ARGENT: Yes, absolutely. I agree wholeheartedly. I believe very strongly in ageing in situ. Ageing in place is fundamental to healthy ageing. In terms of the first point you raised about capitalising on the ageing population, places like Inverell went with this early in the piece. It has become a leader in aged care. A portion of its ongoing population growth is related to that.

The Hon. PAUL GREEN: We know that health services tend to struggle in regional areas. Obviously we do not have the same situation as Sydney. All these things are improving with telehealth and fly in, fly out. There is an opportunity for people to age in place very well as long as we get our regional health strategy right. Would you be of the same opinion?

Professor ARGENT: That is true. If we are going to rely on telemedicine, we need to make sure we have high-speed internet linkages and NBN speeds are as robust as they can be. We cannot short-change on that.

The Hon. PAUL GREEN: I was at a presentation the other day where there was a discussion about phone apps. Phones are getting so intelligent that we will be able to take an iris scan or a blood sample and it will be predictive for about 85 per cent of our health needs. That sort of technology will be amazingly important for global health, not only regional health. There are many pluses coming in terms of ageing. We are not investigating the technology that will complementary rather than detrimental.

Professor ARGENT: That is true. We can manage these issues with canny investment and things like that. However, that does not solve some of the issues such as workforce recruitment. There are top-heavy age

structures in areas where remoteness is increasing due to population shrinkage and population densities are declining. How you recruit a workforce in a regional area then becomes a key issue.

The Hon. PAUL GREEN: That is a good point. I strongly believe that that should be happening in our high schools. We could have school-based apprenticeships in aged care. Many kids who are not academic could certainly pick up the first couple of levels of nursing care and be very functional in that area. They could have a long-term career in aged care.

The Hon. NATASHA MACLAREN-JONES: I am interested in the benefits of the NBN, particularly from the university perspective because this was the first regional site for it to be rolled out successfully. I notice that you have a large number of international and domestic students enrolled in online programs and courses.

Dr WINSLETT: I will make a few obvious remarks. It is absolutely essential and it will become increasingly important. The kinds of teaching and learning interactions that we are anticipating over the next five to 10 years will be intensive in terms of their reliance on the NBN and similar broadband speeds. To circle back, the wearable technologies you referred to that allow for the transmission of data about health and a range of other things will rely on that kind of infrastructure. It is an essential investment for the University of New England.

The Hon. NATASHA MACLAREN-JONES: What were your student numbers five years ago on campus versus what might be the case now?

Dr WINSLETT: I am not sure about five years ago.

The Hon. NATASHA MACLAREN-JONES: Or 10 years ago?

Dr WINSLETT: At the moment I believe we have 4,000 on campus and 18,000 online. By contrast, I was speaking to an alumni in Indonesia who was here about 15 years ago and the numbers were 6,000 on campus and 4,000 at a distance. Our online student cohort has increased dramatically and a real feature, a real signature of our curriculum is to be able to support those students at a distance.

The Hon. NATASHA MACLAREN-JONES: In the submission the council put in they spoke about incubator projects currently underway on the campus. Could you outline what those are?

Professor ARGENT: They are from a different part of the university. That is in economics, business and law. I am aware of them but I do not know the details. I am on the local regional development Australia committee and one thing I will say is that the committee, with the help of the Federal and State governments, put together a smart home nearby the university wired up with the full-on NBN technology and trialling some of the telehealth measures that have been spoken about. That proved quite a success. That has been wound down now.

The Hon. NATASHA MACLAREN-JONES: What is a smart home?

Professor ARGENT: It is basically wired up to the NBN and it allowed for telehealth communication. It is the kind of place where an aged person could live unassisted but with all the bells and whistles that new technology provides. The details I am not 100 per cent across. We had this as a display for the region. It has ended now.

The Hon. JOHN GRAHAM: I will return to some of the demographic trends. You have spoken about some of the forces in place particularly with the recent census data. Can you give us more detail on how you see that changing over the next 10 or 20 years? What are the demographic trends that are likely to intensify?

Professor ARGENT: In this part of the world?

The Hon. JOHN GRAHAM: Looking across New South Wales.

Professor ARGENT: It will be different in different rural areas, there is no such thing as a single rural area. There are different processes that occur in different areas. I think on the coast where you have different processes there will be ongoing population growth, there will be ongoing aging in places we have been talking about and there will be continued in-migration from capital cities for retirement depending on what happens with natural hazards and climate change. You would expect those areas to grow, but not as fast as they have been. The population structure will be very much older, so there will be ongoing need for intensive, acute and chronic healthcare. This part of the world will continue to grow more slowly over time. I would like to think that the quality of life that the regional cities and the small towns around them offer will be attractive to people. We will continue to grow.

Returning to the coast: you will start seeing natural decrease occurring, that is, more deaths than births. That is one of the reasons that population growth will tail-off to be topped up by migration. But, you will see growing areas that will slowly decline. That will occur up here on the tablelands as well to a certain degree. I would like to think that we would see places such as Armidale and Tamworth continue to grow quite well. Those places will continue to receive migrants and they will continue to grow through natural increase as well as with younger population structures. Further west the situation is going to be more dire because it depends on broadacre agriculture. There is mining and gas exploration that may change the situation. Those broader scale farming areas will continue to lose population and the populations left will age much more rapidly as well. There will be a growing need for acute and chronic healthcare.

The Hon. JOHN GRAHAM: How would you broadly characterise the key drivers? You have described immigration and employment as levers. What are the other factors driving this?

Professor ARGENT: The ongoing technological revolution in agriculture in this part of the world and further west is a great success story. Some of our most successful single export businesses and industries are still very much concentrated on agriculture and processing agricultural commodities. They are highly successful with wonderful global connections and are successful businesses, but their technological innovation means that they are net losers of jobs. That is a major concern. Entry level jobs are disappearing. That is a key driver. The ongoing urbanisation of the population that is occurring across the world is occurring in Australia and New South Wales, and that is another factor. Due to the process I have been talking about people are shedding agricultural jobs. The ongoing amalgamation of farms and an increasing corporate interest in agriculture has more people living in towns rather than in dispersed rural areas.

The Hon. JOHN GRAHAM: The strongest theme we have had put in front of us when people have talked about the way to cope with some of the pressures you are describing is connectivity: strengthening transport connections, strengthening communication connections and strengthening people's ability to move, communicate and interact across communities in New South Wales. That is the best way to deal with some of the inequalities that may arise and to gain benefit from a global capital city.

Professor ARGENT: Yes, I think that is true.

The Hon. JOHN GRAHAM: Have you got any observations about that view that has been put to the Committee or what factors can strengthen those connections?

Professor ARGENT: I very much agree with those views. In this part of the world the university and individual businesses transfer financial and logistical information electronically. It is incredibly important. Those information and communication linkages need to be maintained at a extremely high level, but this is an agricultural and agricultural processing region that moves lumpy stuff, heavy stuff. Those infrastructure linkages have to be world-class as well. We have world-class businesses in this region producing fibre and food for the world that is in high demand, but they are going a step further and processing that into commodities that are high value added that are demanded here in Australia and internationally. We need to ensure that those individual businesses and the industries that they are part of have those reliable infrastructure linkages to national and international markets. There is an enormous amount of opportunity out there waiting.

The Hon. JOHN GRAHAM: Earlier in the year the Productivity Commission completed its interim report looking at regional communities and their economies. Do you have any observations or views about that early work?

Professor ARGENT: I have not seen it, to be completely honest.

The Hon. JOHN GRAHAM: It looks like an area it has not traditionally looked at, but it is some early reasonably rigorous work.

The CHAIR: The issue for UNE and the changing demographic of your students seems to me to be significant. Is the model going forward to focus on those distance students and, if so, what do you do with the physical assets that are there at the moment? I would be interested to understand how that is being planned and implemented. Does anyone wish to comment?

Dr WINSLETT: I have a personal view. My view is that in the short term the university needs to extend an already fairly formidable approach to supporting our distance education students. We already have a good track record and we need to continue to improve the learning support that we provide. I see a future in the next five to ten years in which the difference of experience whether you are on-campus or off-campus becomes less. Part of that is driven by canny use of technology and very effective pedagogies that help drop the boundaries between whether you are dialling in on Skype from a location in Western Sydney or standing in

front of the academic teacher. That is the pedagogic direction I believe UNE will be going—where that becomes less of an issue. In the short term we do need to keep extending on our strengths and supporting our distance students. That is a broad statement.

Professor ARGENT: I would agree with you. I do not think that the vice chancellor really has to answer questions as detailed as that. But I would agree with what Dr Winslett has said. We are in a fairly interesting transition phase at the moment. We are probably not quite there, in having the internet tools that allow distance students to have the same or similar experience as our face-to-face students. At the same time, the proportion of our face-to-face students as a total student body is declining all the time. So it is part of this juggling process that we are going through. But at the same time there is the capacity of new technologies to allow face-to-face intermediate contact and tuition is increasing all the time. At the same time we maintain a commitment to face-to-face teaching for those students who want to have it. So we are trying to cover both areas as well as we possibly can.

The CHAIR: Mr McFarland, our Committee conducted an inquiry last year into regional planning issues, pursuing some of the things that you mentioned at the beginning. I do not know whether you saw our report, but any other hints in that space for us?

Mr McFARLAND: If I could just make a broad observation about the previous point. There has been a lot of focus in the questions about technology, connectivity and all that. They are wonderful things. We all use them, I use them and make great use of them. The university takes great advantage of it. But in regard to places—and we are talking about regional places in decline—one of the issues is that you need places to be areas where people have direct human contact and interaction. It is all right to say you can do all your medical scanning online and so on, and that is wonderful as a tool, but if you are looking at an ageing population, those people still want to interact with a broader range of the community and not just, as my father would put it, "a whole bunch of old people who get around and talk to other old people". They look for connectivity with young people to help pass on their knowledge and experiences. There is anecdotal information about the number of medical visits that old people take and part of that is a social outing. You cannot necessarily get the same experience online.

In regard to the challenges for places, it is about trying to keep people in situations as much as providing them with connectivity in other ways. Part of the issue of regional employment and so on would be trying to think of ways to value add to the industries. So we move the lumpy stuff from one place to another. Is there something we can do with that lumpy stuff closer to the population and production and therefore give everybody a reason to get that economy of scale that works for people to be there, to keep their families there and so on? We see that in some good regional examples. Orange is going hand over fist and once they have got to that big population and multiple activities going on, it just breeds upon itself because of all the multipliers and that sort of thing. Maybe Parkes will be another one of those centres close by to Orange, but decentralising Orange in a way when the facilities go in there. There are opportunities to do that.

In the planning inquiry and so on, there were some good things in there but I still see quite often that New South Wales is doing a bit of what the other States have been doing—we have been avoiding it to a large extent—that is, replacing legislation. Queensland is now up to its fourth planning legislation in eight years. So every time they decide it is not working for them they create a whole new system, which is very frustrating for all concerned. In our case, what we have been doing with the planning system here is coming up with ideas that seem to fit the need at the moment centrally and then applying that broadly across the State. It is still frustrating to planners out there, despite the best endeavours to try to give some autonomy to councils. So the feeling from the people out there delivering is that they have less and less autonomy.

One of the indicators in the New England North West Regional Plan to deal with the peri-urban growth issue, which is one of the key areas I am interested in, was to ask the councils to try to solve the dilemma that Macquarie Street has not yet solved and that the Department of Planning has not come to grips with—how to maintain prime agricultural land while allowing for urban boundary growth. That is a vexed question and it is one of the times when councils have been asked to come up with something for themselves in that strategy. I think that is a good thing. Some councils will say, "We have not got a clue" and others will come up with some innovative and creative ways of identifying the land that should be preserved and the land that should be developed. We can learn from those sorts of applications. I think if you allow the ideas to come from the regions, they will help solve some of the problems that you are confronting.

The CHAIR: Unfortunately one of our members, Rick Colless, cannot be here today but he would be very happy to be hearing your testimonies. That is why I thought we would transgress a bit. Do you have any practical suggestions for that issue of how to identify the different land uses?

Mr McFARLAND: Yes, I have just submitted a PhD talking about peri-urban land.

The CHAIR: Perhaps you should let us have a copy of it.

The Hon. PAUL GREEN: A summary at least.

Mr McFARLAND: The big issue really, in my view, was to start with communication with people, to talk about what is happening with the fringe growth and how it is affecting place and space and get people engaged in that discussion to identify it. Most people can talk about urban fringe and they can identify what is urban and what is not urban. But you start to say, "Which bit should we keep and which bit should we not and how are we going to preserve them from creep?" Melbourne has suffered from that over the past 40 years. Every time they need a new bit they say, "Those bits we preserved last time, we can preserve them further out next time." They have done that in several iterations now. When communities—local communities as much as anyone else—are developing planning schemes they need to start with that broad dialogue and that discussion needs to be fair, reasonable and transparent. Then we can start to define "peri-urban". There are people out there, even in the academic world, who say you cannot define it. If you cannot define it you cannot put on a planning scheme, therefore you cannot zone it and you cannot preserve it. That is part of the challenge for us. I think it is the dialogue really, in my view.

The Hon. PAUL GREEN: It is easy to say that. In New South Wales a few years ago we did a growth management plan—good legislation by the Labor Government that made all local government areas identify the land for Ageing in Place—contracts with the community, as I call them. You do the consultation, hear what they say and you mark up something on the map. That is all fine and good but when there are population pressures, something goes off in your area and suddenly 200,000 people want to live there, rather than the 100,000 for which you have planned. You have to do something different, even though the contract with the community was made. These are the sorts of pressures that governments have. So that push out of peri-urban is for that very reason. Something becomes trendy, someone famous moves into the area and another 10,000 people follow them and the growth management plan does not fit any more. You cannot sit on your hands and say, "We are not going to do any more" because you will end up with ad hoc planning which is far worse. So what do you do?

Mr McFARLAND: I suggest that good and appropriate models are already in existence around the world. Copenhagen in Denmark and Portland in Oregon provide some really good case study examples of how that push-back has been maintained, how land has been appropriately identified for urban growth and land has been appropriately identified for preservation at the fringe. They are always going to exist in a tension but they have been able to maintain the balance. The edges may chip and erode but there is a push on both sides to keep that system in check. We tend to have an urban growth focus which is very much an historical pioneer approach in Australia when it comes to land use at the fringe.

The Hon. PAUL GREEN: That is fine because those sorts of things are not a one-size-fits-all. Take my area on the South Coast as an example. You have the ocean on one side and national parks on the other. You do not have other areas to move into because it is not all farmland. You either split the green that you have and start to put dual occupancies, or you have to go up. The regional communities do not want to go up and they do not want to divide the house next to them, so it is pretty tricky stuff. You have to come up with a solution.

Mr McFARLAND: Land-use planning is never easy.

The Hon. PAUL GREEN: Exactly my point.

Mr McFARLAND: But my finding is that it starts with the community sitting down and having that tough discussion.

The Hon. PAUL GREEN: Absolutely.

Mr McFARLAND: Somebody at the end of that has to recognise that if you want to keep those values at the fringe that are so important you have to make decisions—and they have to be hard decisions. If you want to recognise that you are going to rip, bust and tear and lose it all, you have to do that. But you have to make that decision as a collective, and with everybody's eyes open, looking at the consequences of those decisions. You can make those decisions; that is fine. I am saying that we need to start with the dialogue. Quite often now we start with the strategy, give it to people and say, "Here is the image we have created. You either like it or do not, but we have to move forward." I think that is not producing the outcome.

The Hon. PAUL GREEN: I agree with you. I have no problem starting with the people first.

The CHAIR: Just going back to global Sydney for a second, a couple of people have said that global Sydney offers a unique opportunity for areas like this because we are squeezing out the suburban areas where

there has traditionally been market gardening and farming and so on in Sydney. Do you have any comment on that, and any particular strategies that you might suggest for regional areas to pick up on that?

Mr McFARLAND: There are two different views you can have. Pure economics would say that the loss of production in the peri-urban area of Sydney would be replaced by buying that from markets elsewhere. What we have seen in Australia is that we can buy food in the global market. We can have fresh produce all year round but in the Australian situation we have seen a concentration, more and more, of fresh vegetables—Sydney has been producing a significant amount of them—but when we have had major storm events there has been an effect: a shortage of supply. That was okay in the old traditional cycle when people knew that tomatoes and bananas were seasonal, but these days that creates all sorts of problems and then there are pressures to import supplements from overseas. Some of our industries, like the apple industry, have been very concerned that that will ultimately affect our biosecurity. The loss in that way is important to understand.

So an economist would say, "Just let the market sort it." From a land-use point of view that is a fraught problem, but we could look at the regions—Guyra as an example—trying to encourage other technologies to be used to grow these things in places where we would normally not grow them, where we would think there are challenges. Technology can help overcome those challenges. Therefore, in those regional areas you could use technology to increase and preserve production diversity and also provide employment opportunities. It is an opportunity as well as a threat.

The CHAIR: Thank you. You have been very helpful. Good luck with the future of the university.

(The witnesses withdrew)

The Committee adjourned at 11.13 a.m.