

**REPORT ON PROCEEDINGS BEFORE**

**STANDING COMMITTEE ON STATE DEVELOPMENT**

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

**CORRECTED PROOF**

**At Orange on Monday, 14 August 2017**

**The Committee met at 9:45 am**

**PRESENT**

The Hon. Greg Pearce (Chair)

The Hon. Paul Green

The Hon. Natasha Maclaren-Jones

The Hon. Mick Veitch



**The CHAIR:** Welcome to the Standing Committee on State Development inquiries into regional development and a global Sydney, and the defence industry in New South Wales. I acknowledge the Wiradjuri people who are the traditional custodians of the land. I also pay respect to elders past and present and extend that respect to other Aboriginals present. Today is the third hearing day for both these inquiries. For the inquiry into regional development and a global Sydney, the Committee is examining ways in which 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 inquiry into the defence industry in New South Wales, 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 be travelling across the State over the next six months to visit stakeholders and to conduct hearings. Today the Committee will be hearing from local councils, regional development organisations and Charles Sturt University. Before we commence I will make some brief comments about the procedures for today's hearing. Today's hearing is open to the public. A transcript of the hearing will be placed on the Committee's website when it becomes available. In accordance with the Legislative Council's *Guidelines for the Broadcast of Proceedings*, whilst 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. I also remind media representatives that 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 their evidence at the hearing. I urge all witnesses to be careful about any comments they may make to the media or to others after they complete their evidence as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation. The *Guidelines for the Broadcast of Proceedings* are available from the secretariat. Media representatives who are not accredited to the parliamentary press gallery should approach the secretariat to sign a copy of the guidelines. There may be some questions that witnesses could only answer if they had more time with certain documents to hand. In those circumstances witnesses are advised that they can take questions on notice and provide answers within 21 days. Witnesses are advised that any message should be delivered to Committee members through Committee staff. I welcome our first witness, Mr Steven Bowman, Bathurst Regional Council.

**STEVEN BOWMAN**, Manager, Economic Development, Bathurst Regional Council, affirmed and examined

**The CHAIR:** Thank you for your submission. Would you like to make a brief opening statement?

**Mr BOWMAN:** Today I am wearing two hats—for Bathurst Regional Council and for Evocities as well, being a representative for the Evocities group. First and foremost, there have been a few developments since the submission was made to this inquiry and today I would like to provide the Committee with an update. Initially I would like to mention that there have been significant steps taken over the past few months regarding the connections between Bathurst in particular and Sydney that I would also like to bring to the attention of the Committee—of which the Committee is most likely already aware. In looking at the investment in linkages between Bathurst and Sydney, there has been a new daily commuter train service between Bathurst and Sydney, which is fantastic.

We continue to advocate with our local lobby groups to attempt to improve that service more and more—getting more people onto that train and improving the speed of that train between Sydney and Bathurst. It has been highly successful and we are trying to increase the success of that service. Also the upgrade of the Great Western Highway through the Blue Mountains has significantly increased the speed that it takes from Bathurst to Sydney, and we do encourage those developments in terms of greater linkages. More broadly, we are looking at investments in Bathurst. The \$1.3 billion Regional Growth Fund, which was recently announced, is fantastic. I cannot commend the State Government enough for that investment in regional New South Wales. The Bathurst Regional Council fully intends to make the most of that opportunity to increase investment in Bathurst and its infrastructure

Evocities was successful in receiving a \$300,000 grant from the Regional Growth—Marketing and Promotions Fund. It is great to see State Government investing in Evocities once again; it is great to partner with the State Government. Initially when Evocities was launched back in 2010 the State Government was a partner in that program, and it is great to welcome a State Government back on board in supporting that. With Jobs NSW there was a \$270,000 grant made recently for the new start-up hub that is happening in Bathurst. From what I gather, the intention is that the Bathurst start-up hub incubator will be linked in with the Sydney start-up hub as well. It is a great linkage in trying to transfer entrepreneurs between the two regional centres. That is also a fantastic move. There have been a few missed opportunities as well. I am happy to provide some more insights into my thoughts around those opportunities and also to continue to work with the Government in realising those opportunities.

**The CHAIR:** Thank for your excellent summary of the excellent work that the Government has been doing in regional New South Wales. The Committee is very interested in your point about missed opportunities. We would be happy if you could elaborate on that for a few moments.

**Mr BOWMAN:** Absolutely. There is a fair list here in looking at further plans to expand access links to Sydney. When it comes to freight access in particular—first and foremost, this is one I really want to spend a fair bit of time on—at Bathurst Regional Council we do view Bathurst as the gateway to the Central West, Lithgow and Bathurst. One of the key issues we see through a number of studies recently conducted through PricewaterhouseCoopers [PwC] and Regional Development Australia [RDA] is that there are quite a few load-restricted bridges between us and Sydney, going through the Blue Mountains. This places quite a few restrictions on manufacturers in Bathurst being able to access Sydney effectively and efficiently with those load-restricted bridges. Obviously that is a very complex issue in terms of the funding required to upgrade those bridges to make them suitable to have a higher load-limit allowance. We see that as quite a critical issue.

I guess also in linkages with that would be improving the Bells Line of Road. It has been around for a fair while now in terms of looking at the concept of a Bells Line expressway. We do believe that the flow-on impacts of having a much faster route to Sydney would be immense in terms of linking the Central West with Sydney—so logistics-wise, tourism, business expansion, population growth, you name it—to leverage from what is happening in Sydney at the moment. For me and for Bathurst Regional Council looking at issues around road and freight access, they are critical for us in terms of looking at growth of the Central West and leveraging off the growth of Sydney to grow Bathurst and surrounding areas.

We are also looking at tourism. Looking at the number of tourists coming into Sydney, especially from the Chinese market, it has been a bit of a missed opportunity for Bathurst and its regional partners when it comes to trying to leverage off tourism being drawn to Sydney. Linkages in trying to attract those tourists from Sydney up to the region, there needs to be a more structured plan around how that happens. I believe that Sydney is the destination for them—they want to explore Sydney—but are we effectively looking at

incentivising them to look at the regions? What is in the regions? What can they experience in the regions? I think we are not doing that as well as we could be.

We are looking at smart city development as well. The Federal Government has taken on this leadership role when it comes to encouraging smart city development with the Smart Cities Plan. Bathurst Regional Council is heavily involved in trying to become a smart city and leveraging off the opportunities to become a smart city. We have some great app development businesses in Bathurst. We now have the National Broadband Network, [NBN] which was recently switched on. We have Australia's first technology hub, called Gunthers Lane, which was launched about 18 months ago. It was an initiative of the Reliance Bank, which took it upon itself to look at an innovative way of bringing new and young people into the business model. The bank launched the technology hub, which is open to the community.

We are looking at trying to access Federal funding to implement a central business district free wi-fi system to increase tourism and give residents better access when it comes to high-speed internet. We are also looking at trying to incorporate smart lighting and smart parking. We are looking at trying to implement smart technologies moving forward. We believe that through doing this it will allow us to be placed on the map when it comes to businesses looking to relocate to Bathurst. We have great initiatives and innovation happening in the regions, and to attract businesses we need to show that you do not need to be in Sydney to run a number of technology research and development type businesses.

I would encourage the State Government to support those initiatives as much as possible. When you see regional centres wanting to take a leadership role when it comes to developing innovation and smart city concepts, it would be great to have the support of State Government as well. Health is another major item I want to mention, when it comes to getting doctors to the regions and getting specialist to the regions, Orange is considered to be the medical precinct of the Central West. Bathurst is considered to be the educational precinct of the Central West. Each regional centre has its own unique identity, but when we look at health in particular we are trying to grow Bathurst to have greater access to health services and specialists.

The feedback that we have received from residents is that there are frustrations around them having to travel to Sydney or to Orange to access the specialist services they are looking for. They want those services based in Bathurst. Any support State Government could provide around trying to relocate specialists and doctors to the regions would be greatly appreciated. There are pre-existing programs such as Beyond the Range, which is operated by Central NSW Councils [Centroc], the local regional organisation of councils [ROC]. We could look at the potential expansion of that program or funding or support to grow that program to more effectively target specialists and doctors in places like Sydney to get them to understand the opportunities present in regional centres like Bathurst.

When it comes to the Murray Darling Medical School, we encourage you to support the advocacy of Charles Sturt University [CSU] around the attraction of the centre to Orange. We do believe that the benefits for Bathurst would be immense in terms of looking at leveraging from that medical school, so training doctors in Orange. The University of Western Sydney does have a significant doctor training program in Bathurst and has expanded its presence in Bathurst, which is fantastic. Recently there were 16 fourth-year medical students now completing their studies in Bathurst through that university and through our local hospital. It is a critical item for us when it comes to trying to make sure that our health services equal the population growth and the availability of services equals the population growth we are experiencing in Bathurst at the moment.

Bathurst is currently the fourth fastest growing regional centre in New South Wales, behind Yass, Queanbeyan and Maitland. We believe that we are looking at 700 new residents added in 2016 and we need to make sure that the services we are providing, especially medical services, meet the growth that we are experiencing at the moment. That goes for all of the services and infrastructure in Bathurst; we need to make sure that there is provision of those services to cater to the growing population.

Another item I am keen to discuss is structured programs to support business relocation to the regions, especially Bathurst, so collaborating with State Government and also Federal Government across all levels to look at trying to attract or provide incentives to attract businesses to Bathurst. That could be through simple marketing campaigns around the benefits of operating a business in the regions by really notifying them about access to the NBN and services and opportunities available in places like Bathurst. I do believe that there are some unexplored opportunities when it comes to partnering across all levels of government for those kinds of programs around incentivising businesses. As I mentioned earlier in terms of looking at technology businesses and other R and D-type businesses, they do not necessarily need to be based in Sydney. They can very effectively operate in regions and still have access to the skills that they need in places like Bathurst, considering that it is an education hub.

When looking at opportunities for the relocation of businesses from Badgerys Creek, say, to the aerodrome in Bathurst or surrounding aerodromes, I believe that one of the key future goals for Bathurst Regional Council is to grow our aerodrome, our airport. We are looking for support and investment around growing the aerodrome precinct and attracting businesses that might be looking at relocating away from Sydney because they do not necessarily need to be based in Sydney airports. They are the key messages I was keen to get across to you. That looks at the list of the key opportunities I believe that there are between working with our partnering councils and with the State and Federal governments.

**The CHAIR:** That is fantastic. It sounds like Bathurst will be another one of our case studies.

**The Hon. MICK VEITCH:** Thank you, Mr Bowman, for your submission and for your opening remarks. You are talking about incentive programs to relocate businesses from Western Sydney, south-western Sydney and Badgerys Creek to the regions. Goulburn City Council in its submission advised this Committee that it had been in consultation with an organisation from Sydney that was going to relocate approximately 500 jobs to Goulburn. It approached the Government—we suspect maybe Treasury—and because there was no net increase in employment for New South Wales there were no incentives to move that business from Sydney to Goulburn. That business moved its 500 jobs to Victoria. We lost 500 jobs. I am hearing you say—and your submission talks about this—that things are pretty good. If this Committee is to make recommendations to government about structuring incentive programs around business relocation from Sydney to regional New South Wales, what would it look like?

**Mr BOWMAN:** That is a very good question. In looking at the program and its basic elements, it would be especially around marketing the benefits of regional New South Wales more so than I think the incentives themselves. I believe the communication gap between people in Sydney and businesses, in particular, understanding what it would be like to operate in the regions, there is a significant gap in their knowledge around how that would operate. I am obviously representing Evocities as well.

Evocities is particularly trying to change the misconceptions of Sydneysiders around what it is like to live and work and invest in regions. What we discover through our conversations with Sydney businesses, in particular, is their misconception around availability of skills and resources in the regions. We know that is not true but it is about challenging that misconception about what it is like to operate a business in the regions. I think it is an educational campaign. I think it is a campaign around allowing them to understand what the benefits are, that they are not restricted, in particular, when it comes to skills, or restricted around technology when it comes to internet speed. I guess it is going back to skills regularly. It is such a broad program when it comes to education. We are also looking at trying to provide some kind of incentive. I do not believe necessarily that monetary incentives are the best way to address this problem.

**The Hon. MICK VEITCH:** What you are saying is consistent with your submission. You referred to governments providing "practical incentives".

**Mr BOWMAN:** Yes.

**The Hon. MICK VEITCH:** What are you talking about when you refer to "practical incentives"? Based on the Goulburn experience and what you are saying here, you do not believe that governments should provide financial incentives to relocate businesses; you think they should use practical incentives.

**Mr BOWMAN:** Absolutely. I have looked at my experience when it comes to providing incentives and case studies not just in Australia but also overseas. When you are looking at monetary incentives to encourage businesses to relocate it is not always successful. I think that the biggest piece of work regarding this item is definitely around educating businesses in Sydney about the benefits of relocating.

**The Hon. MICK VEITCH:** In relation to the Evocities program you spoke about the \$300,000 it has received. How does that filter down to, say, Cowra? How do Cowra, West Wyalong or Parkes benefit from Evocities and Orange and Bathurst's participation in that program?

**Mr BOWMAN:** That is a good question. The example I would give is a relationship between Bathurst and Lithgow. Lithgow not being an evocity in itself, we look at trying to incorporate Lithgow when it comes to the evojobs platform. The evojobs platform is the big success story of Evocities when it comes to people looking to find a job before they relocate to a regional centre. That is the number one thing they are looking for before they look at relocating. We incorporate surrounding regional centres into the evojobs platform. So all jobs we can find available in Oberon and Lithgow, for example, are incorporated into the evojobs platform.

All of the other Evocities take this approach as well when it comes to trying to incorporate available jobs into the evojobs platform to allow people in Sydney to understand what the opportunities are when it comes

to work in the regions. I guess Evocities' initial goal was to look at the larger regional centres participating as we had the investment potential to be able to grow the program and to advocate effectively for regional New South Wales. We do not see it as a closed program. We always invite our surrounding regional councils to be a partner with us in Evocities, as I said, through initiatives like incorporating them into the evojobs platform and broader promotion.

**The Hon. MICK VEITCH:** You are saying the benefits that Bathurst gets will filter down to Blayney and to Oberon?

**Mr BOWMAN:** Yes.

**The Hon. MICK VEITCH:** They get a benefit from you being in Evocities, as opposed to living off the scraps from the table?

**Mr BOWMAN:** Yes, I believe so. I believe that us looking at trying to incorporate opportunities from Lithgow and Oberon into our model has been quite successful.

**The Hon. MICK VEITCH:** If I ask those councils that what are they going to say?

**Mr BOWMAN:** I could not tell you exactly what they would say. I cannot comment on that.

**The Hon. MICK VEITCH:** I believe you are answering questions on behalf of Evocities?

**Mr BOWMAN:** Yes, correct.

**The Hon. MICK VEITCH:** The Evocities submission states, "Since the campaign launch over 6,000 relocation inquiries have been generated." What is the conversion factor? How many of those 6,000 inquiries translated into someone moving to Bathurst, for instance?

**Mr BOWMAN:** Bathurst, in particular, has had 350 confirmed relocations through the Evocities program since its inception. We track those figures quite closely and carefully. We can look at confidently saying that is the return on investment when it comes to Evocities. When we refer to those 350 relocations, they can represent a family or an individual. We just term them as relocations—household relocations.

**The Hon. MICK VEITCH:** I am a little confused. During my questioning about business relocation you said you do not support monetary incentives from government. Is not Evocities a monetary incentive from government?

**Mr BOWMAN:** Evocities in its basic form is a little different when it comes to the target audience. Evocities' primary goal is the attraction of families and individuals who are looking to relocate to the regions. It has functions involved in it that are promoting the opportunities around relocating a business to the regions. But its primary goal is the attraction and relocation of individuals and families to the regions to secure work, to link in with and to effectively have a life, and to experience the great benefits of living in regional New South Wales. At the moment there is no dedicated program to my knowledge that purely targets the relocation of businesses. Evocities does not fulfil that function.

**The Hon. MICK VEITCH:** It is critical though. One of the recommendations of this Committee is about moving businesses from western and south-western Sydney to the regions.

**Mr BOWMAN:** I believe that is the gap that currently exists, yes.

**The CHAIR:** Can I explore that a bit more? In referring to financial incentives you may be putting forward the idea that giving a company cash usually means just that. It is a bit like some of the stamp duty concessions; it pushes up prices or it is taken as a temporary extra profit. However, it does not result in the sustainability of new jobs and that sort of thing. I think that is the sort of distinction you are making.

**Mr BOWMAN:** Absolutely. I believe that simply giving a monetary incentive to a business to relocate does not create the passion or attachment they need to relocate and sustain themselves in that regional centre. You need to sell them on the benefits and have them become an advocate for regional New South Wales. I believe that is the battle that needs to be fought. I think it is about looking at that education campaign, turning them into advocates for regional New South Wales and understanding why it is viable for them to consider operating in regional New South Wales.

**The CHAIR:** I take it that if there was some cash available as well you would not knock it back.

**Mr BOWMAN:** Definitely not, no. It would be an added benefit, yes.

**The CHAIR:** That is good.

**The Hon. MICK VEITCH:** Political parties of all persuasions will make promises about projects. They are elected, provide the money and then for some reason either they do not go ahead or they go ahead in an amended format. I have been exploring the application of Treasury's BCA, the benefit cost analysis, or BCR, the benefit cost ratio, that they impose on regional projects, which then means they do not get up because purely population base is one of the main components of that. First of all, what is your view about that? Is that a correct assumption to say that that is what happens? Secondly, are you aware of examples of projects that did not get up because of the application of Treasury's BCA or BCR?

**Mr BOWMAN:** It is such a relevant question, especially recently. A meeting was held here—it would have been around 18 or so months ago. There was a presentation that was made by the economic department which sits within the Department of Industry around the assessment of grant programs and how that process actually works. There was so much concern from the participants in that forum around the non-transparency of that process and how it had occurred up until that point. I suppose the realisation in that forum was that there had been quite a few missed opportunities around funds that were not received simply because we did not know how the process worked; there was no transparency around the Treasury guidelines and exactly what economic models were required to be used in grant submissions to improve their success.

I am quite a strong advocate of this process changing when it comes to greater collaboration between State government and councils in particular and community groups around transparency when it comes to funding applications,—how that process is decided, what is required to improve your chances to have a successful grant application. I cannot give you a specific example; however, it really has been such a great realisation for my council over the past six to 12 months, considering the relationship between ourselves and Stewart Webster's team in the department has improved immeasurably. It really does allow us to understand the economic models that they are requiring us to complete to improve the chances of successful funding applications.

The one item that I was quite surprised about was the differences in the assessment between Federal and State government when it comes to the sources of data. Normally, in my understanding, when it comes to grant applications within the State of New South Wales, the preference is ABS data—which makes perfect sense—to the exclusion mostly of the consultants that advise councils around economic data such as .id and REMPLAN.

**The Hon. MICK VEITCH:** Is REMPLAN an acronym?

**Mr BOWMAN:** It could be, I am not actually sure. But that is the name of the organisation.

**The Hon. MICK VEITCH:** Could you explain what that is.

**Mr BOWMAN:** You have two competing economic consultants in the industry, or two leading economic consultants; one of them is called .id and the other REMPLAN.

**The Hon. MICK VEITCH:** They are company names?

**Mr BOWMAN:** Company names. They interpret economic data to make it a much more easily understood platform, as opposed to the ABS website, which can be quite confusing when trying to extract economic data. Their business model is based on the conversion of that data to meaningful economic data for regions. A lot of the regions in the central west, and in New South Wales in fact, use the .id platform. The .id platform is a very easy way for us to be able to understand economics, but we do understand the State Government will not accept that as a source of economic data in grant applications as they believe it does muddy the water, I suppose, when it comes to those applications. They do prefer data to be directly taken from the ABS website and presented from the ABS website, which is not always realistic as we do not employ economic modellers within our council.

**The Hon. MICK VEITCH:** We should ask. I would like to venture to you now a project and how you think it would fare through the current Treasury processes. What happens if the central west said they want to electrify the rail line to Bathurst? How do you think that would get up through the current Treasury processes?

**Mr BOWMAN:** I think it should obviously be a joint funding model. I think a joint funding model would be the only way that would happen.

**The CHAIR:** It would not get through Treasury processes.

**Mr BOWMAN:** No, probably not.

**The Hon. PAUL GREEN:** Not with a cost benefit of about 0.01 per cent.

**Mr BOWMAN:** It is a challenge.

**The Hon. PAUL GREEN:** We have been doing two inquiries in one and we are interested in your thoughts about the defence opportunities out here. Do you have any comment about defence opportunities around your aerodrome? Has any work been done?

**Mr BOWMAN:** We have the air force cadets based at our aerodrome and they are looking to expand their operations at our aerodrome, which is fantastic. I always advocate for any government department to be located within a regional centre. I am a big fan of decentralisation and provide regular submissions around decentralisation for both State and Federal government. It would be fantastic for us to see those services or those organisations expand, air force cadets in particular, in Bathurst, and to see greater relocations of those types of military or defence organisations to Bathurst, absolutely.

**The Hon. PAUL GREEN:** Can you give us a bit of a snapshot what the air force cadets—

**Mr BOWMAN:** It is a flight training school for young cadets.

**The Hon. PAUL GREEN:** How many—roughly?

**Mr BOWMAN:** Roughly I would say around 100 or so out there at the moment. It would be great to see that expanded.

**The Hon. PAUL GREEN:** And they are from anywhere across New South Wales?

**Mr BOWMAN:** Correct.

**The Hon. PAUL GREEN:** That is good, is it not?

**Mr BOWMAN:** Yes, it is fantastic. They have been operating there for quite a few years now. I think they are looking to expand though. They have recently purchased, I believe, some land to expand their operations as well, which is great to see. Exactly what their plans are around that I am not entirely sure, but they are looking to expand.

**The Hon. PAUL GREEN:** How is your second track going for Bathurst?

**Mr BOWMAN:** We are getting there. The initial project cost is \$55 million. We have \$35 million that we have collected so far from State and Federal funding and also funding from council itself. Also, we have recently received some submissions around the track design; there are three at the moment that we are currently considering around the best track design for the second circuit. Two of those are international, one of them is local when it comes to the actual consultants who might be partnering with the design of the second circuit. But it is progressing quite rapidly at the moment, which is fantastic.

**The Hon. PAUL GREEN:** Is that being judged by a joint regional planning panel [JRPP] or a State significant project?

**Mr BOWMAN:** I am not sure where it is up to in that process, but yes, it would be JRPP.

**The Hon. PAUL GREEN:** Are there likely to be any environmental hazards?

**The Hon. MICK VEITCH:** Only if you stand on the track.

**Mr BOWMAN:** There could potentially be some heritage and environmental challenges we are looking at trying to address at the moment.

**The Hon. PAUL GREEN:** Can you enlighten us a bit more about your project on smart city lighting and the Smart Cities initiative, because I note that, from a recent trip out here, we took that back to Parliament and I did note that the Minister noted some grants coming forward that are applicable. Have you applied for those?

**Mr BOWMAN:** I believe the applicable grant—there are two streams that we may be able to apply for under the current \$1.3 billion Regional Growth Fund, although I believe that it is imminent that they will be opened very soon but they are not actually open. We are not quite sure of the criteria around those final two grants. There was a Regional Economic Fund, I believe, and another one around data connectivity and communications. So I believe that probably either of those two might be suitable for us to apply for some funding. Becoming a smart city is a major project that we are considering for the LGA; it is multifaceted. The definitions of smart cities are abounds of all different kinds of ideas. For us, we are looking at trying to incorporate initially CBD free wi-fi, which forms a base technology to grow our smart cities concept.

We are looking at trying to establish the foundation infrastructure for a smart city. So we do count that as NBN, obviously, CBD free wi-fi, and also innovation from businesses or led by businesses, and we are seeing that happen at the moment with the technology hub from the Lions Bank and also development businesses relocating and starting in Bathurst. We believe with those three elements operating together it forms a great foundation for us to develop our Smart Cities Plan. That will be the next stage for us. We are currently developing our new economic development strategy in partnership with State Government, through the Department of Industry in particular. Once that strategy is completed we will then start working on our Smart Cities Plan, which sets out the exact strategy around how we develop into a smart city. But for us, we believe that innovation is the cornerstone for us to attract businesses from places like Sydney out to Bathurst.

**The Hon. PAUL GREEN:** Especially if the NBN works.

**Mr BOWMAN:** Yes.

**The Hon. PAUL GREEN:** You talked about the Chinese market. I have seen some statistics on the Chinese tourism market in New South Wales; it is worth billions of dollars. Only about 23 per cent of those come to the regions. You talk about tapping into that market. What are your innovative ideas to move them towards the west?

**Mr BOWMAN:** I believe, once again, it would be partnering with organisations for an educational campaign. Destination NSW, for example, is a great platform for us to use to more effectively promote the regions. Once again, that comes down to funding and the ability to achieve those outcomes through having the funding to be able to promote the regions. It will be a very strong partnership model. Obviously it would not be able to be done effectively without knowing exactly what events are happening in regional New South Wales, when, and why, and without the great attractions that are currently in some of the regions. Mount Panorama is such a significant tourism attraction with 300,000 vehicles driving around Mount Panorama each year. We want to partner with these people and with all levels of government to keep them in Bathurst overnight, not just allowing them to drive around the track, but promoting what is happening. I believe the responsibility also falls on the respective councils to promote themselves, but I believe support around getting the message to Sydney would be greatly appreciated.

**The Hon. PAUL GREEN:** Are our tourism settings right for the picking for you in respect of applying for grants from Destination NSW? We have been through those grant applications and some of them make it virtually impossible and set people up to fail rather than succeed. Do you have any comment on Destination NSW?

**Mr BOWMAN:** You might be familiar with the recent Bathurst Winter Festival. Destination NSW allocated \$20,000 of funding for the Bathurst Winter Festival, which was fantastic. We see that happen. Destination NSW provided funding for the Evocities Mountain Bike Series as well, which is fantastic. We see funding coming through, which is great, but I believe that when we refer to the Chinese market, there are ways to improve how we promote ourselves as a State when it comes to looking at opportunities and tourism outside of Sydney.

**The Hon. NATASHA MACLAREN-JONES:** Following on from the Destination NSW plan, you said in your opening remarks that it would be better if there was a more structured plan. I am interested to know how you found the changes in developing your own destination plans and the synergy with Destination NSW. Is it all working? What support is needed to make it better if it is not working?

**Mr BOWMAN:** I believe there is quite a lot of movement happening at the moment. Tourism is not specifically my mandate at Bathurst Regional Council. At Bathurst Regional Council we have a manager and a destination development manager who would be in a much better place to comment.

**The Hon. NATASHA MACLAREN-JONES:** I am happy for you to take it on notice if there is anything particular you want to add.

**Mr BOWMAN:** We will come back to you on that one. I know there is considerable work being done at the moment around tourism in the regions—restructuring on how tourism is conducted in the regions. I have not received direct feedback around how that is performing at the moment, so I cannot necessarily comment.

**The Hon. MICK VEITCH:** You might want to look at the job application. I believe that the general manager for the regional New South Wales division of Destination NSW can be paid about \$320,000. It seems like a good restructure; it is more than a Minister is paid.

**Mr BOWMAN:** Yes. There is a lot of work happening in that area at the moment. It is good to see there is a review happening.

**The Hon. NATASHA MACLAREN-JONES:** I want to go back to transport and freight. You said it was a missed opportunity. Did you say KPMG did a review?

**Mr BOWMAN:** PwC. I found their study to be the most helpful when it comes to finding out what the issues and challenges are to accessing the regions from Sydney. Also, there was an inquiry held in Parkes, I think, that I attended around a year and a half ago. It was about freight access in New South Wales and accessing the last five kilometres of rail going into Sydney and the challenges around doing that as a regional operator. The PwC report was absolutely incredible and allowed me to understand the potential opportunities for us to increase access to Sydney. For me, like I said, it is around addressing those freight-restricted bridges in the Blue Mountains, but also making the Bells Line of Road, the Blue Mountains and the Great Western Highway more easy to navigate.

**The Hon. NATASHA MACLAREN-JONES:** Thank you.

**The Hon. MICK VEITCH:** What role does the RDA board have in coordinating between the three tiers of government, advancing regional development and economic development? Do they have a role? Does the role need changing? How is that interplay taking place?

**Mr BOWMAN:** I believe the potential for the RDA is quite high. In respect of looking at what their possible role is, it is limited by their funding. We have a very strong relationship with our local reps for the RDA, always have, and I believe that the work they have done to develop the Invest NSW website is fantastic. I believe that their advocacy around inland rail and infrastructure projects is fantastic. Someone needs to be able to lead those advocacy programs, which they do very well. I believe their hands are tied somewhat when it comes to assisting councils because of their funding model, which I think is very restricted. I believe their potential is very high and they have the skills to be able to do a lot more. It is just that they are unable to do so because of their lack of funding.

**The Hon. PAUL GREEN:** I heard you talk about the low restriction on bridges for freight. Do you have any examples when you have restricted B-doubles when it is blatantly obvious that you could have a different system of truck on that same bridge?

**Mr BOWMAN:** Yes. You might be aware that Bathurst actually is a food manufacturing hub. We have three major players in the market in Bathurst—Devro, Mars and Simplot—but we also have some of the smaller freight businesses like Grainforce, for example, which operate an intermodal terminal. There are two intermodal terminals in Bathurst; one is closed access and one is open access. At the moment, the preference is to access freight via rail because of the issues they have trying to freight road freight to Sydney. That is direct feedback that we have received from the manufacturers in Bathurst about those restrictions. The manufacturers, in particular, obviously use road freight regularly, but they believe there is a particular value of profit which is lost by the time it takes for them to get their freight from Bathurst to Sydney via road. They place numbers on that loss of profit. That is covered quite well in the PwC report.

**The CHAIR:** Thank you very much, your evidence has been very helpful. You took a couple of questions on notice. The secretariat will write to you and ask you to respond in 21 days.

**Mr BOWMAN:** Thank you very much.

(The witnesses withdrew)

**ANNA WYLLIE**, Economic and Business Development Manager, Parkes Shire Council, sworn and examined

**The CHAIR:** Welcome, Ms Wyllie. Thank you for making the trip. Hopefully you will be able to give us some really helpful information. Would you like to make an opening statement?

**Ms WYLLIE:** Absolutely. Thank you. Parkes Shire Council would like to thank the New South Wales Government for the opportunity to hear our evidence here today about regional development and a global Sydney. We are living in an increasingly global and connected world, which presents many opportunities and challenges for regional communities such as the Parkes shire and the wider region. Because of the strong demands on our agriculture, mining and manufacturing products and our connections to national road and rail corridors, there is great potential for regional communities like Parkes to play a more important role in Australia's economic performance as we move forward.

Cities and regions are increasingly shifting towards innovation, digitalisation and global connectivity in all aspects of human and business life. This is really important for regional areas when we are looking at health care, education, jobs and things like that. New approaches to planning are required to create an environment that supports community and economic growth. The Parkes Shire Council, as Mr Bowman mentioned, is developing a smart plan that is proposed, which is a 12-year strategic plan linked to our long-term financial plan, linked to our integrated planning and reporting documents, to focus on how we look at the disruptors, the megatrends, and how we move with modern society. These goals will require coordination of all tiers of government—local, State and Federal—working in co-design, in partnership, as equal partners, but they also require the support of the private sector as well.

Council strongly believes that there is major potential in transport and logistics for Parkes. It is something we have obviously focused on for a very long time with our national logistics hub and our advocacy of inland rail. With freight volumes set to double by 2030 and trip by 2050, we believe we will play an integral part in the intermodal transport link—those links into Sydney and NSW Ports as well as the Port of Newcastle are paramount there. We believe that we will act as a national node, linking all capital cities, not just Sydney but Brisbane, Melbourne, Darwin—you can chuck a right and go straight up to Darwin as you are popping over to Perth. We thank the New South Wales Government for the opportunity to discuss these matters.

**The CHAIR:** Fantastic. Thank you.

**The Hon. NATASHA MACLAREN-JONES:** In your submission you talk about the potential of the Parkes National Logistics Hub and the linkages. I want to know more about what the challenges are and your suggestions for solutions.

**Ms WYLLIE:** In Parkes we are really proud of the National Logistics Hub. We started planning for it a long time ago in 2006. It is a really fabulous example of how the State, private sector and local government have worked together. In terms of background, when we originally proposed the National Logistics Hub we looked at rezoning 90 hectares. We went to the State and they went: "Whoa! That is way too big!" We went to private sector and they went: "No, that is way too small." That is how we ended up with 600 hectares, which is now owned by Pacific National and SCT Logistics. But it is a challenge.

Obviously we have been huge advocates for the Melbourne to Brisbane inland rail. With that linkage up to Brisbane there are gaps around Toowoomba, North Star and right into those ports. There is a real lack of linkages into the ports in Brisbane and Melbourne, but there is also access to B-double routes at the moment. West of the Newell Highway, trying to get higher mass limit vehicle is always a challenge. Open access is a challenge. Transport and logistics companies really like to hold their products close to their chest. There is not a lot of open access, which can inhibit some smaller providers—say, grain silos and those sorts of things—entering the market. There are some challenges there but we think we have been very proactive in making sure we have those linkages in place.

Obviously another problem is getting over the mountains. That is a massive challenge, especially for trucks, and also for freight rail. There has been a lot of advancement in that into the Port of Botany. It was great to see in the Federal budget money set aside for that doubling of the rail infrastructure in there, because getting those products from regional New South Wales into those ports is really important. There have been some great steps, but I think more needs to be done, especially around that road and rail infrastructure. One of the things that has been really successful lately is the Newell Highway Corridor Strategy. It was worked on by the State and local government and has support from the Feds as well. That has identified where there have been freight blockages and how we work to overcome those blockages. It has been a really important document.

With the strategy around regional rail, it is great to see \$300 million associated with fixing Country Rail, but how about we first do a really great strategy? Work out where those bridges are that Mr Bowman was talking about previously and how are they stopping freight moving from regional areas. There is huge potential in the Central West of New South Wales. Infrastructure Australia came out last year with a fantastic 15-year plan which predicted that the gross regional product in the Central West would go to \$17.4 billion by 2030. Currently it is just over \$9 billion. That is a fabulous target that local government, State and Federal could really work together to achieve. How do we get that product? How do we make sure we maximise that product? How are we getting those producers to the transport markets and to markets overseas, even if they are niche markets?

**The Hon. NATASHA MACLAREN-JONES:** What is the integrated planning and reported process and why is it not working?

**Ms WYLLIE:** The integrated planning and reported process is compulsory reporting for local government. The State implemented integrated planning and reporting. It happens every four years. Councils have to do a community strategic plan, a delivery plan and an operational plan. We also have what is called a communications continuum. Every four years we go out to our community and we consult with them. We go to every single hall, every single showground. We go to shows. I was at Tullamore Show on Saturday. It was a great day out. It would have been great to see a few more people out there, but it was a fabulous day. So we go to the bowling club, mothers groups, the business community, consultative committees in our smaller communities, and we listen. We really listen to what our community wants. From that we set our list of priority projects.

So we listen to what the community say, we prioritise those projects and then we budget for them. We may not be able to always deliver the highest priority project in the first year of our delivery plan or the second year or the third year. It might actually end up in our long-term plan, but we are always looking at those. And every six months we go out and check again. Councils do a really rigorous process that is legislated. We have to do it. It is part of our requirements from the State Government. The reason was so that the State Government could see what local governments were doing. We report against those. We set our budgets against those. So they are very tangible, measurable and achievable documents that we legally have to produce that go up to council. I am very happy to send you a copy of ours. We have just finished our latest version of them for the next four years, plus we put a 12-year long-term financial plan over the top of that.

At Parkes Shire Council we are quite proactive. There is a lot of talk about the smart cities. The way in which we think about the smart cities is it is looking at business improvement. How do we do things better? How do we become more productive? How do we make sure that we are taking those long-term investments, like in 2006 setting aside a National Logistics Hub with a one-kilometre buffer around them? How are we making sure that we are looking at, when the bypass comes in in Parkes, having strategically placed land for that? How do we make sure that we have those entrance ways? But also how do we make sure that the hall in Tullamore gets a new floor so they can hold a dance and raise money for the local preschool? They are really important issues and they go from the great big ones down to the really important smaller community issues. They are really powerful documents.

**The Hon. NATASHA MACLAREN-JONES:** You say they go to the State Government. From there are there recommendations of where further support is needed? Do you get feedback?

**Ms WYLLIE:** No, we do not often get feedback, and that is the really disappointing bit. Our community could come to us and say, "We need higher standards of education." Education does not necessarily fall into local government's bailiwick. It is not one of our core activities. We do find ourselves advocating for things like education. Previously in Parkes we had a university study centre. The reason for that was the community came to us and said, "This is one of our top drivers." Unfortunately, lately we have had the sort of parent-child relationship happening with the State where things like regional economic development plans have come into place. Now the first step of the recommendations from the regional economic development plan is to create a sense of collaboration with local government.

We are yet to receive a letter asking us to participate in these regional economic development plans—they are for Parkes, Forbes and Lachlan. We are yet to understand how they are used. Are they going to be linked to funding? We do not know. How are they going to be managed? What are going to be the tangible, measurable, achievable goals of those plans? I have seen a draft of what the consultants are looking at. The State has already employed consultants without, number one, coming to talk to us first. We are yet to see exactly what it is but the draft from the consultant was: Look at population growth over the last 50 years.

Population growth over the last 50 years does not necessarily project forward. We have got this exciting time. Let's not look backwards looking forward. Let's think about how automation comes into regional areas. How do we upskill our workforce to have automation attracters? If we are seeing an increase in productivity in agriculture and a decrease in jobs, where are the new skills? How do we get automation? How do we look at technology to work-out how to move businesses out of Western Sydney? They might still have a head office in Western Sydney but they are doing some sort of manufacturing within the regional area, and if you do not have strong telecommunication links that will not work.

These plans, as far as I can see, are backwards looking forwards. We already know where our strategic strengths are. We can do a quick strengths, weaknesses, opportunities [SWOT] analysis. We are all over that sort of stuff. What we do and how we want to work with State Government is to look at: How do we grow these communities? How do we make sure that things decentralisation comes into play? How do we make sure that we are putting jobs in the right place? How do we make sure that we have got education in the right place? How do we open those markets into Asia and the world and make sure that we are using Sydney as the pivotal place to do that?

**The CHAIR:** Your point about not looking backwards in population projections is very important.

**Ms WYLLIE:** I think there is a huge opportunity to buck that trend.

**The Hon. PAUL GREEN:** I refer you to page 8 of your submission. You have an increasing population. Staffing issues at your local hospital and the demand for aged care services is a matter of concern because you cannot keep up with the flow from Orange Hospital to an ancillary hospital such as that at Parkes—physiotherapy and external services.

**Ms WYLLIE:** Absolutely. We have seen huge investment.

**The Hon. PAUL GREEN:** Not having that talent there really impairs potential wealth as well, does it not?

**Ms WYLLIE:** Absolutely. One of the things we are really passionate about is having a breadth of jobs. We want to make sure that we have professional jobs all the way through to your blue collar jobs. It is really important in modern society to make sure that you have that strong diversity. Something like aged care is always a challenge. We have seen \$14 million invested in our Southern Cross aged care facility with an expansion there. A Naola facility has just seen about \$6 million invested there. We have a \$120 million development application [DA] for an aged care facility that is active at the moment as well—whether or not that is built I am not sure. Then we have to make sure that we have the skills to run those—registered nurses, and we are always keen to have as many nurses as we can; physiotherapists; and occupational therapists. All of those are really important not only for aged care but also early intervention.

If we are looking at children with autism, all of those things, that early intervention so that we do not have the cost going forward is a challenge. We have had challenges around doctors—one of the places we have a challenge at the moment is at Tullamore. Tullamore is without a doctor at the moment. We seem to have picked up in Parkes lately but it does come in ups and downs. We are lacking doctors with obstetrics at the moment and we are seeing a lot of people going into Orange for medical care there. We do service a huge area out to the west—out to Condobolin and further out that way. We have the potential to take the pressure off larger centres like Dubbo and come into more regional places like Parkes and service those people so they are closer to home and do not have to go so far.

**The Hon. PAUL GREEN:** What can we do to address that? These people go into the mothership of the Orange Base Hospital, and that is fantastic, but they cannot stay there every day of the week. They return to their farms but need daily treatment so they go to Parkes Hospital. There is only so much the staff can do with inpatient and outpatient loads.

**Ms WYLLIE:** I think there is an absolute possibility of looking at flying specialists in and out of Parkes. We have got a fabulous air service. We have three planes daily. They could come in on the 10 o'clock plane, spend the whole day consulting and go out again on the 5 o'clock plane. They will basically be home for dinner if they are coming out of Sydney.

**The Hon. PAUL GREEN:** That is for specialists but what about the poor physiotherapists who are trying to manage huge loads?

**Ms WYLLIE:** It goes to what we were talking about—wages and making sure that we have got that equity there. It is about marketing the lifestyle. I quite often say that it is making sure that educated boys marry

educated girls, or educated girls marry educated girls and educated boys marry educated boys—whatever floats your boat there. It is really, really important that you have that breadth of jobs. So when you are attracting a physiotherapist and they have a partner who has a profession you have to have those jobs. You have to have the right sorts of housing and all of those things. I also think that maybe there is a role for the State Government to play in terms of incentives for coming out.

**The Hon. PAUL GREEN:** Thank you.

**Ms WYLLIE:** We have seen it in the past with the relocation incentives—they were \$7,000. I do not think professionals will make decisions for \$7,000; they do help make those decisions. I think there is more we can pay—whether or not it is looking at a reduction in stamp duty for housing? I am not sure exactly what that answer is but I think it is getting that incentive. Charles Sturt University [CSU] has a great start—around 74 per cent of its graduates who have a regional experience come out regionally. Whether or not we can look at some sort of rotation where we billet people out and then we introduce them to the great lifestyle that you can have in places like Parkes. There are not many places where you can get up in the morning, drop the kids at child care, grab a coffee and be sitting in your office in under 10 minutes. That is a pretty lovely lifestyle. You can pop out and go to your kid's school assemblies and sport and things like that. We are very privileged to live in regional New South Wales. We would love to get the word out and get more professionals. And if incentives help them to do it, even for a short time to have that experience, they are a great thing.

**The Hon. PAUL GREEN:** People want good health care and education opportunities for their children, do they not?

**Ms WYLLIE:** Absolutely.

**The Hon. PAUL GREEN:** Can you tell the Committee about the pinch points in your road network and your high priorities in that regard?

**Ms WYLLIE:** Obviously the road network going back to Sydney is absolutely high priority.

**The Hon. PAUL GREEN:** Bells Line of Road?

**Ms WYLLIE:** Bells Line of Road is a priority. A tunnel underneath would be quite good—I am married to a mining engineer who looks at that sandstone and thinks that a tunnel would be a good thing. Road train access to western New South Wales is an issue as well. It is a really delicate one; it is quite a hard one. Councils have the ability to lift the ban on road trains on all their roads but the responsibility sits back on individual directors. If they get that wrong there is a huge responsibility sitting on their shoulders. If there is a possibility of working with the State Government around that, I think that is a really positive thing to have a look at as well. Those bigger trucks are quite often safer. They are more productive. They move the loads more quickly. So less traffic movement on roads and things. I think there is definitely an opportunity. Some councils have opened up their road networks, which is fabulous, but we are not a council that has done that. We are a really productive council that wants transports, that loves big trucks—we absolutely do—but it is not something that we have felt comfortable with.

**The CHAIR:** When you said the responsibility falls back to directors, do you mean company or council directors?

**Ms WYLLIE:** Council directors. It falls back on their shoulders; they could go to jail.

**The Hon. MICK VEITCH:** It is on their professional decision.

**Ms WYLLIE:** It is a huge responsibility.

**The CHAIR:** Is that under occupational, health and safety?

**The Hon. PAUL GREEN:** Roads, Maritime and Freight.

**Ms WYLLIE:** I would have to clarify exactly where that sits.

**The CHAIR:** If you get the opportunity that would be very helpful.

**Ms WYLLIE:** Absolutely.

**The Hon. PAUL GREEN:** If they choose a road that does have the capacity to carry that freight—

**Ms WYLLIE:** If something happens then they are liable.

**The Hon. PAUL GREEN:** You can have six or seven B-doubles on a bridge but you could have three of these other trucks?

**Ms WYLLIE:** Yes, absolutely.

**The Hon. PAUL GREEN:** Those trucks will take the same load, but there would be three trucks on the bridge rather than six.

**Ms WYLLIE:** And the suspensions are better with the load spread across.

**The Hon. PAUL GREEN:** That is something I am looking into.

**Ms WYLLIE:** That is something we have been quite vocal about in the past.

**The Hon. PAUL GREEN:** Although we are undertaking other inquiries, I gather water is necessary for production if you are going to be the food bowl of the twenty-first century.

**Ms WYLLIE:** Water is an issue. Parkes Shire Council has just spent \$80 million upgrading our water and sewage treatment plants. We worked very closely with the State Government and are very proud of those two developments. We undertook a proactive and innovative procurement process and we have 36 per cent local procurement as part of the process. We are really proud of that fact. John Holland is our lead contractor, and we have worked really closely with our local community on that. We have three different sources of water, so we are quite lucky in terms of making sure that we are robust. We have bores, we have a river intake into the Lachlan, and we have access to Lake Endeavour in our hills. Having three sources means that if the river is flooding in Forbes, for example, we can still pump water down from the lake. But how we do that is still a challenge in making sure that we have water for industries such as an abattoir. We keep looking at our water sources to make sure that we have the robustness in our projects. We needed to make sure that when we upgraded the new plants, we had enough water for industry going forward.

**The Hon. PAUL GREEN:** In regard to tourism opportunities with Sydney 2020, say, does the way Destination NSW do business hinder those opportunities in any way? Could we do it better?

**Ms WYLLIE:** There are some things that we could do better. The objective of New South Wales tourism in the Vision 2020 is to double the number of beds. I think that is great and it is a tangible, measurable and achievable goal. I believe that we should work really closely together to reach that goal. Event tourism is very important. Obviously, Parkes is not too shabby at event tourism. Our Elvis festival attracts 25,000 people and we got over 200 million media hits worldwide. That is an insane amount of media hits, and we are really proud of that. In addition, it injects \$13 million into the economy. We leverage from that exposure year-round. We got exposure on the *Living Room* over the weekend—it was very funny, although I do not know that it was my favourite one. In terms of the new Destination Networks, they are massive. I do not understand how they are going to work. I do not know what we have in common with Cameron Corner, for example, except that we are in the same sort of zoning.

**The Hon. PAUL GREEN:** Is it too big?

**The CHAIR:** It is up on the border. There is a shop there.

**The Hon. PAUL GREEN:** I am asking Ms Wyllie to clarify her answer, not about Cameron Corner.

**The CHAIR:** Is the region too big?

**Ms WYLLIE:** Yes, I think it is too big. Marketing the Central West, say, is achievable. You can entice people to the Central West, and whether they stay in Parkes, Forbes or Cowra, I do not care. Within an hour of that location they can see and do all sorts of things. We can work as a region around tourism, but I am not sure how I work with Cameron Corner to promote the Elvis festival or going to the Peak Hill Open Cut. It is a big area, and the job for \$300,000 sounded pretty good, but it is going to be based in Dubbo. It will be interesting to see how it is rolled out and how we get consistency within the marketing of the product.

**The Hon. PAUL GREEN:** I think we would be blessed if you applied for the job. You are very good.

**Ms WYLLIE:** But I love my job in Parkes.

**The Hon. MICK VEITCH:** I have shorn at Tullamore and at Cameron Corner. You mentioned Cairncross and "The Death of Distance". The modern concept of regional economic development is different to the concept in the 1980s.

**Ms WYLLIE:** Yes.

**The Hon. MICK VEITCH:** What does a modern regional economic development policy look like for a State government?

**Ms WYLLIE:** I can tell you for a local government but need to think about for a State government. I think a State government has to take an overarching view. It has to look at what enables economic development and what hinders it. It needs to look at the major drivers in the economy and the disruptors. It has to take into account those and it has to go down to how the factors affecting local businesses and how they flow into the key strategic objectives of diversifying the economy. A State government needs to look at population growth and more jobs, and link into marketing and promotion. Economic development plans have to have a focus on marketing and promotion. They need to look at investment attraction and they need to look at lobbying, so identifying where those issues are. They also need to concentrate on key strategic projects to make tangible, measurable and achievable goals happen.

For the Central West, for example, you would look at water security; access by road, rail and air; education; healthcare; housing; aged care, and those sorts of things. I think you would find that is universal across all areas, whether you are looking at them at a micro level or a macro level. All economic development plans should talk to each other and they should take into account big multinational global markets as well as going down into the local shoe shop that is struggling. You need a top-down approach as well as a bottom-up approach.

That is why you need local government on the ground because local government understands that Joe at the local shoe shop is having trouble at the moment because he is competing with online distributors. How do we help Joe? How do we get him online? How do we get Joe a *Facebook* page and how do we get traction for him? All of those things need to be investigated. At a State level, we need to look at how to open up international markets and making sure that we have rail access into Port Botany and we can go straight into DP World. We need to look at those sorts of things. There needs to be a two-pronged approach.

**The Hon. MICK VEITCH:** In a modern, visionary, forward-thinking regional economic development strategy, what role does Regional Development Australia [RDA] play in implementing the strategy?

**Ms WYLLIE:** I think RDA plays a vital role. Its offices have really strong research capacity and they can take the politics out of different regional plans. They can look at how they fit and what they do. They can take a middle road, look at the facts and make sure that they are taking an overarching view of looking at where hindrances are and where enablers are. They can look at global market trends and bring those into regional economic development plans. When I say regional economic development plans, I mean regional like Central West not Parkes, Forbes and Lachlan. That is not a regional economic development plan. Regional is when you take a larger view of an area. Marketing is another area they need to look at. There is a really strong opportunity there.

**The Hon. MICK VEITCH:** One of the issues that arose in Tumut and in Young and other communities with even lower population bases would be that governments put up buckets of money and then there is a competitive bid process. The smaller councils miss out to larger councils such as Orange, Bathurst and Tamworth, and a lot of that comes down to resourcing. Smaller councils tend to fight for scraps from the table, essentially. How do we change that process so that there is equity in the distribution of money being put up by government?

**Ms WYLLIE:** It is a challenge for smaller councils. We are really lucky because we invest very heavily in grant applications. We have two grants officers and the cost-benefit analysis of our grants office shows a positive return. It goes back to the Hon. Natasha Maclaren-Jones' question around the integrated planning and reporting [IP and R] process. We have already identified what the top projects are. If you are a responsible fit-for-the-future council, you have put money aside in your budget for the sole purpose of working with State and Federal government to get funding. One of the things I am really loving at the moment is City Deals. I have been looking at the Townsville example with great interest, because they got everyone to the table. It goes to my example of the National Logistics Hub. When they got everyone to the table they asked: What are the key things that are going to create jobs and growth in this community?

What are the enablers and what are the things that are prohibiting that? They really concentrated on getting the State, the Federal and local governments on one page with a set plan, with a set lot of funding that was tangible and that could be budgeted to so you could achieve real projects. Our integrated planning and reporting process identifies those projects. The integrated planning and reporting process is the framework under which all local governments should work. We have to make sure that we do that every four years. We have to make sure that these grants reflect that. Quite often when a grant comes out—and I say this is in the nicest

possible way—I feel like a bureaucrat has fallen out of bed and had a brain pop in the middle of the night and we get this criteria. Who on earth has a shovel-ready project that fits particular criteria at a particular time? I always liked the Federal Building Better Regions Fund grants, which were Regional Development Australia [RDA] grants previously. They always have the same sorts of criteria so we can plan and proactively manage that.

Quite often though lately you keep coming out with ones that are so left field and with such tight timeframes that we do not know when you are going to announce the results. We have a family day care project we would love to get off the ground at the moment which looks at long day care and at socio-economic groups. It reuses infrastructure. It is a beautiful project and it ticks a lot of boxes. But we have got it into three different grant applications because we do not know when they are going to be announced. We know when they are going to close but we do not know when they are going to be announced. Some of them have expressions of interest, some of them are full applications, some of them ask for cost benefit analyses and some of them are go-for-your-lifers.

**The CHAIR:** Presumably from different agencies?

**Ms WYLLIE:** From different agencies and different places. I would love a beautiful whiteboard and get them all in a room and draw them up. I have on a beautiful whiteboard in my office the opening dates, the closing dates and the approximate announcement dates. It makes it really challenging for smaller councils. The cost of doing the economic assessments is huge. We invest and we budget for it but we are in a fortunate position as our council can afford to do that. You are looking at \$20,000 for a good economic assessment. The State has different criteria—Mr Bowman was talking about this before—from the Federal Government. They will not look at input-output modelling, which is a simple economic tool that most of us can do ourselves. But when you are looking at your net present values and at your discount rates and things, you need an economist to do that. You want an independent economist to do that. We need more streamlining and leveraging between the three tiers.

One of the best examples was that the Fixing Country Roads program leveraged off the heavy vehicle Federal program and was assessed by the same people—one-third each for State, Federal and local governments. We have done really well in those projects. But this year it does not seem like it is aligned as much. We would love to see that back again. We love grants, we love planning and we love project management. For the State it is a really cheap way of getting your projects done. Local government is quite good at project management. We had a great example of that recently on Trundle Road when we received funding through Fixing Country Roads and through new technology—the global positioning system [GPS] and our graders. We managed to get an extra 1.2 kilometres out of that money. We are not bad at it. It is better than having to get the Roads and Maritime Services [RMS] guys to come out and do it for us.

**The Hon. MICK VEITCH:** I refer to the recent floods that closed the Newell Highway and had social and economic impacts not just on Parkes but also on other communities. Has the council undertaken modelling to work out the cost to those communities? I ask you that question as I am moving towards the concept of betterment. At the moment money is provided to repair infrastructure damaged by floods to the condition it was in at the time of the floods as opposed to building a bridge over a drain rather than just driving through it so the next time it floods we are okay. It is the concept of betterment. Has the council done any modelling of the damage to the economy?

**Ms WYLLIE:** There has been a modelling of the damage and a report has been done, which we can forward on to you as well. I cannot remember the details but Mr Jeff Stien, who is sitting behind me, is more than willing to give you that.

**The Hon. MICK VEITCH:** We have some information from Mr Stien.

**Ms WYLLIE:** Anecdotally, we found that our visitor numbers at our Peak Hill visitors centre and our Parkes visitors centre were significantly down. I can forward the exact percentage points they were down. One of the things we found really challenging was that we had a \$12 million road budget last year. In November and December we had not started spending it because we were still going back and doing rehabilitation work. We would love to take that money and do better things—put in bridges and flood-proof those roads. It definitely had a flow-on effect and it slowed down the pace with which we did business last year.

**The Hon. MICK VEITCH:** After the very damaging floods in 2010—there were three floods in a row—Tumut Shire Council put on a project manager just to look at managing the flood rehabilitation works. There was so much work that it could not focus on anything else.

**Ms WYLLIE:** You could not focus on anything else. We found last year that a lot of our major projects got pushed back. We had to roll some money into this year's capital budget rather than last year's just because we could not keep up with demand. We had floods and we had storms; I think we had three separate flood events. It is very challenging. Eugowra Road was under water for six weeks. There is an easy bypass around it but it slowed down traffic and access to the Mugincoble Silos, which is one of GrainCorp's largest silos.

**The Hon. MICK VEITCH:** What was the recovery time for the tourism market?

**Ms WYLLIE:** During the September school holidays, which is traditionally one of our largest tourism times—it took until January and the Elvis Festival before we saw our numbers pick up again. It took a long time. But I can send you some statistics on that; that is no problem.

**The Hon. MICK VEITCH:** That would be good, thank you. We have the wonderful planning that council does for its local communities and then the State Government conducts regional plans for transport, economic development and tourism. How do they all interrelate with the council's plan? Is it top down, as opposed to bottom up? Who is responsible for ensuring that the outcomes, the targets or the key price indicators [KPIs] are being met in all those plans? Is it local government or is someone within government responsible?

**Ms WYLLIE:** That is a very good question. From our point of view we would love it all to come bottom up. We are out at the halls at Tullamore, Trundle, Peak Hill, Bogan Gate and Cookamidgera talking to the people. That is in our plans and we think our plans are really good. But in saying that we find that the State comes in over the top. It would be great to see most State plans start with picking up local government integrated planning reports. We have strong community plans, delivery plans, operation plans and long-term financial plans. We should start at that point. Last year we put in a submission to the Central West and Orana regional plan in which we said it would be great if Premier and Cabinet sat at the top and all the other plans flowed all the way back in so we ended up with one regional plan rather than regional plans for infrastructure, roads and planning.

How are they reported and who is responsible for those KPIs? It is not actually local government. We are responsible for our KPIs; you can read ours. There are dot points next to my KPIs indicating what I did every year; it is on the public record. I am yet to see one of those plans come back with something similar, with the exception of the Newell Highway Task Force plan which has been implemented which has clear KPIs. I might be wrong; I have not read every plan in the State because there are a lot of them. There have been some that have been really good, but that is what we have found. We would love just one plan that feeds up from local government plans—local government by region and by State. At the moment we have a spreadsheet that looks at the Premier's 12 objectives as opposed to the city GL6 objectives and our State objectives. We started mapping it but it is a very messy map.

**The Hon. MICK VEITCH:** Do you get regular feedback from respective government departments about the progress of the plans that they have implemented?

**Ms WYLLIE:** Yes and no. We meet regularly with the Department of Premier and Cabinet. We try to keep an open dialogue with the department.

**The Hon. MICK VEITCH:** Are they responsible for all other departmental plans?

**Ms WYLLIE:** No, not at this stage. It would lovely to see it all feed that way, but no, it does not. There are individual departments that are responsible for that, as far as I understand—RMS is responsible, Transport for NSW is responsible, Health, Education, whoever else it is. It would be lovely to see that coordination.

**The Hon. PAUL GREEN:** Dreams are free.

**Ms WYLLIE:** I could draw a picture of it on a whiteboard.

**The Hon. MICK VEITCH:** Words of wisdom. With regards to incentives and government incentives, and some of the questions you were answering from my learned colleague, do you believe there should be a mix of government financial incentives with leveraging off the back of local government or do you think there should be no financial incentives, or should we go back to block grant funding as opposed to competitive bidding? What is the structure of the governance program?

**Ms WYLLIE:** It depends where you are looking at incentives. At Parkes Shire Council we do not particularly offer incentives for businesses moving. We take the theory we will roll out the red carpet as much as we can, try and reduce the red tape and work with you as closely as we can through that process. But we are not

in a financial position to prop up businesses that may be tinkering on the edge. If you are a business looking to set up you need a strong business plan. That is not to say that if you are a business looking for research and development, that is not a role for incentives. If you have got a new product that is not proven—for example, it could be within the agricultural industry and automation—there is an opportunity there for government to work with the private sector.

In small incentives that might trial getting professionals out to regional areas, there is definitely a role there. Maybe a different tax rate for companies within regional areas could be something we could look at as well. That is not necessarily an incentive, but it does make the viability—puts their big toe in and takes that step. We have recently pitched for Amazon because we think that that is a pretty cool thing to have in Parkes. I do not know if you have seen it—it went viral; it cost us \$2,500 to make; it went to over 900,000 people, had a media value of nearly \$1 million; and we think Amazon saw it, from what we hear back from some of our contacts in the transport and logistics industry.

Whilst Amazon does not need incentives, and whilst we pitched for Amazon the idea is that we really want different businesses there—Amazon or someone else. So whilst we pitched for Amazon it was a cheeky way of spending \$2,500 and getting a million dollars worth of exposure there. To answer your question: incentives have a place but they are not always the answer.

**The CHAIR:** You know we are doing two inquiries; the other inquiry is on defence. Do you have anything to add in that space?

**Ms WYLLIE:** I think defence is a growing industry as well. It is interesting in terms of technology and the technology that comes out of defence. Parkes airport is traditionally a World War II airport, so it has a very sturdy runway. We have the Singaporean Air Force come out every two years with the paratroopers and they do exercises over Parkes because of the clearness of the air and all the air terminology that goes into that. So I think there is a huge opportunity around defence. Another thing is around fuel and fuel storage for defence. Areas like Parkes and central western New South Wales could act as that redundancy for fuel storages, especially when we see things like inland rail go through.

**The Hon. PAUL GREEN:** About the decentralisation and getting businesses into regional areas, we have put forward the idea of a sliding payroll tax deductions to encourage businesses to go out to regional areas. My understanding is that it is in the zone of a tax inquiry. But I think it is very worthy to decentralise.

**Ms WYLLIE:** Decentralisation has been a mantra of the State Government. I think I am up to my sixth submission on decentralisation; I have done two federally in the last three months. But what is really disappointing is that we saw last week in Trundle and Peak Hill seven jobs going between the two areas; that was three employees in Trundle, 4 per cent; four employees in Peak Hill. This is a government-owned organisation. That means about 14 people in both of those communities go. That has a huge impact on local health care, education, the local supermarket. We talk about decentralisation, and we are seeing this. Where is the social responsibility around this? This is a government organisation.

Jobs are being relocated to Parkes but that is not the point. These people deserve just as good a service as people in large and regional organisations. People say that that was a cost-saving exercise. At the moment Australia has the largest amount of coal, we are the largest exporter of LPG, we have the largest reserves of uranium, we have the highest abundance of wind and solar, and we are one of the biggest users of that. We are seeing solar parks in Parkes, yet we are seeing these jobs leaving the area, and the cost of power is just astronomical. One of our mines recently budgeted for a 25 per cent increase in energy and they saw a 53 per cent increase; that is millions and millions of dollars. So taking a couple of jobs out of Trundle and Peak Hill is not solving the problem.

**The Hon. PAUL GREEN:** The multiplier effect of that is on the local shop and if it has got a service station, they just hang on—

**Ms WYLLIE:** Absolutely. You could lose a school, a teacher, all of those things.

**The Hon. PAUL GREEN:** It is enough to close down a community. To encourage you, we have just put together a joint select committee on energy prices. You might want to put in a submission to that. I think it went out in the media on Friday afternoon; you can have a look at the media release.

**The Hon. MICK VEITCH:** Always working.

**The Hon. PAUL GREEN:** We are happy to bring them out here to have a look at Parkes and you can show us around if you like.

**Ms WYLLIE:** Absolutely. I am sure some of our local mining companies would love you to do that. You could hold the inquiry in Parkes.

**The CHAIR:** Thank you. I am sure he will take that on board. You did take on notice a couple of things. The secretariat will contact you to firm up exactly what it was, and if you could respond within 21 days that would be great. Thank you again.

**Ms WYLLIE:** Thank you for the opportunity.

**(The witness withdrew)**

**BILL WEST**, Centroc Portfolio Chair of Regional Development, Mayor of Cowra Council, Central NSW Councils, sworn and examined

**MEREDITH MACPHERSON**, Manager, Centroc Water Utilities Alliance Program, Central NSW Councils, sworn and examined

**The CHAIR:** Thank you for your submission. Would you like to make an opening statement, Councillor West or Ms Macpherson?

**Mr WEST:** Thank you, Mr Chairman. Firstly, Centroc appreciates the opportunity to address this public hearing to supplement the written submission that we have provided. For the record, Centroc represents a collective view of 15 member councils endorsed by mayors and general managers acting as a board of Centroc. We take a regional perspective, but that does not diminish the opportunity of individual councils to make submissions on matters which are specific to them. It is therefore the standing committee's window into the local government's perspective on regional development in central New South Wales.

The interest of Centroc is in facilitating sustainable economic growth for the entire region. The importance of Sydney as a global city and the opportunities this brings to regional New South Wales is recognised, but its status as a global city surely relies heavily on the productivity of its regions. According to the 2015 Infrastructure Australia audit, central New South Wales will be one of the top seven regional contributors to GRP by 2031 nationally, with the two prime economic drivers being mining and agriculture. A commitment by the Federal Government of \$8.4 billion to inland rail highlights the potential for growth. Having access to a freight link that directly connects to major ports will give local farmers, producers and industry the best opportunities they can to compete in Asia and beyond, and also provide an opportunity for products to come back into the region to assist local industry.

Critical to the realisation of this potential is access to reliable secure water supplies, a safe and swift road access across the Blue Mountains, road and rail linkages to connect to inland rail and of course good telecommunications. In 2016, New South Wales population and household projections for population in central New South Wales regions by 2031 is 220,000 people. With overcrowding and high cost of housing in Sydney, central New South Wales offers affordable housing, employment opportunities and a great lifestyle in close proximity to Sydney. There is a huge opportunity for our global city to reach out to the region for the international and domestic tourist market as well. Perhaps the question that should be asked is what can Sydney leverage from rural New South Wales? Our answer is we think a lot. It is a two-way street. We want to work with our global city on a more focused strategic place-based approach to regional development that sees Sydney maximise what is lying on its doorstep.

**The Hon. MICK VEITCH:** That is a very good submission.

**Mr WEST:** Thank you.

**The Hon. MICK VEITCH:** On page 6 of your submission paragraph 4 (d) states:

The funding framework does not serve the regions. It is so much easier to spend money in Sydney with a funding framework skewed towards larger population centres and designed with Treasury gateways and other barriers.

You were in the gallery this morning. You would have heard that I have been questioning and challenging those barriers and gateways that Treasury put in place. Can you explain further why Centroc makes that statement in its submission and, secondly, can you provide us with any projects that you are aware of that may have fallen over because of Treasury's application of its benefit cost ratio [BCR] or benefit cost analysis [BCA]?

**Mr WEST:** In respect of the Treasury guidelines, I am not sure that they provide the transparency or the clarity of being able to understand what the region might like. That is number one. You specifically mentioned BCRs. It would appear that they are heavily loaded against smaller communities and smaller populations as opposed to larger populations and metropolitan regions, in particular. We look at the money that is being spent. In respect of specific projects, it is very difficult to be able to provide that information, but I would certainly be happy to do more research on it.

**The Hon. MICK VEITCH:** If you could. I am looking at some projects that may not have got up because of the application of those formulas.

**Mr WEST:** I think that is right. Part of the problem is that there is an economic formula as opposed to aspiration, people's lives and how to build communities rather than an economic driver in respect of spending taxpayers' dollars.

**Ms MACPHERSON:** May I give an example. It is not a project that has fallen over, but it is the current willingness-to-pay process on the Lachlan Valley water security investigations. That particular process does not look at induced demand, so there is development slated for this region that would have a significant impact on the economic growth of the region, for example, in the mining area and agricultural productivity.

**The Hon. MICK VEITCH:** There is the Cranky Rock proposal.

**Ms MACPHERSON:** Whatever that proposal ends up being. At the moment it is an investigation, but the BCA or willingness to pay aspect of that does not look at induced demand.

**The CHAIR:** Can you expand on that a little?

**Ms MACPHERSON:** For example, if we have a new mine that is looking at development in the Kings Plains area, for example, that stands to provide a huge amount of investment productivity, jobs and growth in this region, but that is not taken into account in the BCA process because it is not something that is there currently. It is putting the cart before the horse. The same things applies, for example, with agricultural production. You cannot take into account what the productivity may be because you do not know what it is yet. That is just one example where a project has not fallen over, but it is an example it defies logic when you know there is the potential for huge development that is not being taken into account through a BCA style process.

**The Hon. MICK VEITCH:** In your submission you talk about your memorandum of understanding [MOU] with Regional Development Australia. Apparently you are the only Regional Organisations of Councils [ROC] to have that arrangement. What is your MOU with the local Regional Development Australia? What makes it is so good?

**Mr WEST:** The first point is that we are the only ones that have an MOU with RDA and we recognise the importance that RDA can bring to the table in respect of our region. There are concerns that it is not guaranteed funding and concerns that it does not perhaps have the structure around it delivered from its political masters in terms of how it should operate. So there are certain uncertainties and certainly securities around RDA. We, on the other hand, are quite happy to have an MOU with them so that we can have a terms of agreement on how we should work, not only at a formal level but also to create that informal atmosphere where certain projects will take the investigation on and certain areas around agriculture, RDA will be looking at that very closely. It is a document that provides the guidelines on how we will work together and collaborate. There is nothing specific in respect of a goal that has to be reached but rather it is an agreement to work in a collaborative manner for our region.

**The Hon. MICK VEITCH:** How does RDA work with the ROC? I can see quite a lot of value in that process. What are some of the projects or the things that you work together on?

**Ms MACPHERSON:** I can give a couple of examples. Adding to what Bill has said, the MOU with RDA is a great opportunity for us to work hand in glove. Obviously they are not particularly well resourced and I heard another person giving evidence talk about that; I think that is true. Likewise, Centroc is not that well resourced so it is a great opportunity for us to maximise working together where we do not have the resources to do everything in one organisation. We work fairly close with them particularly on things that start to delve down into the regional economic development area. For Centroc, we do so much work around big infrastructure items like water storage, the Bells Line of Road expressway, telecommunications, but with RDA, we are able to work with them so that they will drill down a little deeper in some of these areas.

For example, they have done a lot of work in partnership with Centroc on telecommunications around the mobile black spots program, NBN and also looking more closely at the transport linkages. They have done some specific work around transport linkages and also value add into agriculture. We have an overarching strategy in Centroc for those things, but RDA is able to go out and do a specific piece of work based on that overarching strategy. It is quite a close relationship and obviously we draw on the work of each other. It is the work that they are doing around agricultural productivity, particularly at the moment, because they are taking a few businesses over to China and looking at access to markets and obviously that capitalises on what is going on at the moment with inland rail and the whole potential for growth within that industry.

**The Hon. MICK VEITCH:** My next line of questioning relates to the competitive bidding for government funds. You are the mayor of a council which is the next size down from Orange, for instance, a bit like our friend from Parkes. What is your view about that competitive bidding process? Is it equal? How could it be improved? I want to explore with you how government make sure that we all equally get access to that money.

**Mr WEST:** I thought the response from the Parkes representative was outstanding and I wish I could remember it so I could repeat it. It is one that we find very confusing. There is no one set of rules that seems to apply. We currently have grants being handed out and we are not quite sure where they are coming from in some respects of the announcements being made.

I am here to talk about Centroc, but from the Cowra perspective we find it difficult. It is costly to put in grants. The applications can be difficult. From a local perspective, we recently had one with a benefit-cost ratio [BCR] of 3.6 and it did not get funded, so we are quite interested to find out how that did not quite match it. It was a Federal bucket. There are a lot of questions to be asked about how every local government area and every community can get equitable access to those funds. I am not suggesting that it is not equitable. I am not suggesting that there is not good intent with the guidelines. But the reality on the ground is that smaller communities do not seem to have the access and the ability to get access to the bigger buckets of money in particular. That creates problems for communities.

That is highlighted when, for example, they are chasing money for their medical centre. We had a population of 4,000 people and one doctor in a community which is 4½ hours from Sydney and two hours from Canberra. It is intolerable that a community of that size only has one doctor. They are resolving that issue. What they required was some money from the Federal Government to help them build a medical centre so they could house a doctor. They had incredible difficulty getting that funding and getting their way through that maze of grant applications. It is that uncertainty around how successful you will be. It is that uncertainty around the time frame.

Particularly in a smaller community, it is about the availability of a grants officer to apply for those grants, to be aware of those grants and to have some consistency over grant applications. It would be better if it was based on community needs and social needs as opposed to some of the overemphasis on BCRs and economic rationalists looking at history and at yesterday's figures, rather than being aspirational and looking at what communities can build on and what they need to build on, be that Orange, Cowra or even the smaller communities who also need social infrastructure around them, as well as the major centres. Without those smaller communities and that social infrastructure, they decline. That then puts pressure on the larger communities, which in turn puts pressure on the bigger communities.

When you look at the population projections from the department of planning—not that any of us are fans of the department of planning and their population projections—they are talking about the western area health district growing by 11 per cent in the next 10, 15 or 20 years. When you look at the population growth in Western Sydney, 11 per cent across the entire region pales into insignificance. That then transcends through to the grant applications and the way funding will be handed out around the regions and around the State. Does that answer your question?

**The Hon. MICK VEITCH:** Yes, it does—very well done. I was around at the time of the conception of Evocities and I was involved in some of those discussions. It was said of the larger population bases that the advantages of Evocities as a program would filter down to the communities around places like Orange, Bathurst, Tamworth and Wagga Wagga. I have been told that as time has gone by that is just not the case. I do not want you to be critical of Orange and Bathurst because of their participation—

**Mr WEST:** No—they are behind me.

**The Hon. MICK VEITCH:** Yes. But also because of their participation in Evocities. Is there a filtering-down effect from Evocities to places like Parkes, Cowra and Young and, even more so, places like West Wyalong and Weddin?

**Mr WEST:** I take the point it is not about Orange or Bathurst. My understanding and observations around the broader region is that I am not seeing too much evidence that the communities outside of the Evocities are being engaged in a conversation as to how an evocity could leverage the entire region. There is an opportunity to do that. There is the potential for Evocities to provide, through collaboration, a really good network and a platform for regional growth. I personally have a very strong opinion that sometimes we get regionalisation confused with centralisation. I would even go back to the global city. I note that in some areas global cities have been accused of bleeding the hinterland around them dry. I am not suggesting Evocities will do that, but that is a real risk that needs to be managed.

The strong centres around an evocity will strengthen the evocity. It has to be very carefully managed. Look at Weddin—I think it was alluded to in the conversation a minute ago—and some of the communities west of Weddin, for example, where there have been some large companies buying farms. The village dies because the post office closes, the pub closes and the Rural Fire Service has no volunteers because people basically fly in

and fly out. It devastates the entire community. It is a matter of social concern as much as dollars. A lot of it is created around goodwill, for which none of us can legislate.

**The Hon. MICK VEITCH:** In your opening remarks you mentioned an interesting concept about how Sydney could leverage off regional New South Wales. Can you explain that concept a bit further? As a bushie, I am pretty keen to hear how this happens.

**Mr WEST:** I think the answer is probably: Have we got a deal for you!

**The Hon. PAUL GREEN:** Now I am worried.

**Mr WEST:** We have talked about transport constraints, for starters—water issues but transport constraints in particular. But our region produces a significant amount of agricultural product. We produce a significant amount of minerals. I think most of the gold production in New South Wales comes out of our central New South Wales region. We have problems getting access into metropolitan markets and there are significant impediments to freight—both road and rail, and to a certain extent air as well. Yet we are only just over that sandstone curtain.

The real opportunity for the global city is to open up those transport corridors so we can allow the freight, the product and the tourism to flow two ways, not one way. There has to be a change in thought process. Yesterday or last night someone alluded to the fact that in rural areas we have to change our thinking too: Rather than being the poor country cousin over the hill and feeling sorry for ourselves, we have to promote what we have and sell that message to the metropolitan regions and to the State and Federal governments. It does not matter if we are living in central New South Wales or on the south coast or the north coast. We have a lot to offer.

We have housing affordability. There are wonderful opportunities for people to come and visit our regions for tourism. We have clear night skies. Visitors from Japan come to our region and they are amazed they can actually see the stars. There are all those things that we have. We have the mining industry and the agricultural industry that help to feed and provide not just food and the resources needed—the food and the fibre—but we also have that export commodity which is produced for the betterment, I guess, of the national and the State economy. We also have the capacity to grow our regions and take that pressure off that two million people that are going to have to live in the western suburbs of Sydney.

By moving those people into our regions, we strengthen the regions but we also provide an opportunity for the metropolitan area—the global city—to establish those transport corridors, which I would suggest are not even in the embryonic stage as they probably should be in terms of corridor preservation. Corridor preservation was something Infrastructure Australia commented on a couple of weeks ago. If we are not careful, we will have a global city that will be strangling itself when sitting over the hill literally within an hour is a community that offers so much and can take so much pressure off, as well as provide that food and fibre, the economic drivers through the mining industry and that untapped potential for industry to be relocated into our region in a thoughtful and careful way.

**The Hon. MICK VEITCH:** With the transport links, if you think about Badgerys Creek airport, all the conversation in Sydney in particular around Badgerys Creek is around the transport links into Parramatta and the city. But what you are saying is we need to think about the logistical connections to Badgerys Creek as well for this part of the State.

**Mr WEST:** Very much so. I thank you for picking that one up. The Bells Line of Road has been raised twice this morning. From the Centroc perspective, we have been on the Bells Line of Road bandwagon for some considerable time. I note that there are 12 kilograms of reports written on the Bells Line of Road. But the Centroc perspective now is to preserve the corridor and in particular the eastern end of the corridor, which is in real danger of being completely closed out because of the pressures from housing and industry that are going to come out of the western suburbs of Sydney. That would include a second crossing place for the Hawkesbury so we can jump up onto the mountain around the Kurrajong area.

Without that planning it is going to be difficult and probably unaffordable in years to come to try to preserve those corridors and then build the necessary infrastructure to get out of Sydney. Sydney is at the base of the escarpment as we speak. There is a real issue there in that eastern corridor in particular getting access into Badgerys Creek but also, from our perspective, in rail links getting product to Port Kembla, Port Botany and the Port of Newcastle. There is an opportunity to have an inland linkage between those ports and take the pressure off trying to get through Sydney, which is becoming far more clogged.

**The Hon. MICK VEITCH:** So Maldon to Dombarton, Demondrille to Blayney—

**Mr WEST:** Maldon to Dombarton offers the State the opportunity to drop product from the Riverina, in particular. It will open up Port Kembla and the Wollondilly area, which is going to be subject to substantial residential growth as well. It will open up this region if we go the Blayney to Demondrille rail line from the Western Line—just down the road at Blayney—down to the Southern Line at Harden. It provides a direct link into Port Kembla, Port Botany and it is an alternative route should something happen over the Blue Mountains, which is congested. A lot of our freight movement, our traffic movements and our corridors are around east-west and we get caught on the Blue Mountains, which is an incredible impediment if we are not careful to development both in Sydney and our region. But there is an opportunity also to go north-south and access into the South Coast and Port Kembla, and Canberra may I say.

**The Hon. MICK VEITCH:** Informative, as always. Thank you.

**The Hon. NATASHA MACLAREN-JONES:** In your submission you say that we are missing opportunities to leverage off inland rail. Could you expand on that a little more for the Committee?

**Mr WEST:** I would go a little bit further to some of the commentary we had from Transport for NSW in particular leading up to the announcement of inland rail. There was a reluctance within Transport for NSW—I am not saying the Government—to not engage in the possibilities and options of inland rail, not understanding the opportunity of being able to leverage off inland rail. They saw it more as a line going from Melbourne to Brisbane and that it was not going to be of any benefit to New South Wales. We would completely disagree with that. We would have a total opposite point of view. Inland rail offers an opportunity to open up our region—through Parkes in particular but through Dubbo, Wagga Wagga and the broader region. It therefore provides an opportunity for the State to bring out of the region back into Sydney, not just avoiding Sydney, and into Port Kembla and Port Newcastle.

It is a matter of how we can now look at the Blayney to Demondrille rail line and how that can impact on providing a corridor to get product from that Southern Line at Harden to Blayney, and then access back into the inland rail port. It is a matter of how our Newell Highway will continue to grow and the role that will play. The comment was made about high-mass vehicles, bigger vehicles and how they maybe able to bring product in to an inland rail port at Parkes, for example, to hook-up to inland rail. Bear in mind that there is a restriction on B-doubles going across the Blue Mountains. That is another impediment to how we move product around. I think there is a real opportunity to now look, in a strategic way, at how that inland rail will work for New South Wales.

**The Hon. NATASHA MACLAREN-JONES:** Are you finding that the attitude of Transport for NSW has changed or is it still resisting?

**Mr WEST:** I have had not had a discussion with Transport for NSW since it was announced but I think its attitude has changed over the past few months. The same as its attitude has changed over the Maldon to Dombarton corridor.

**The Hon. NATASHA MACLAREN-JONES:** I refer you to page 6 of your submission. What is the resource case management approach in relation to new developments in the area?

**Ms MACPHERSON:** I always love following Anna Wyllie because the things that she said really encapsulate a lot of what Centroc think about this thing, so we work very closely as a region and Parkes are an integral part of that. From a Centroc perspective what we are looking for is really that grassroots-up approach. Anna spoke about the integrated planning and reporting [IPR] process and the identification of projects from the community up working with our councils, based off that IPR process, on the prioritisation of projects. We have got a very strong idea in our region as to what projects we think we need across all councils, from the grassroots up, to see the development of our region. When we are talking about a resource case management approach, we are talking about something that is really driven from our region up. We are looking at projects—it is not a case that one particular initiative is going to work particularly well for one case; it might work differently for another case—where there might be a very specific approach that needs to be taken and it is one that is very locally based and driven from the local level up.

**Mr WEST:** If I could follow on from that? I give the example of inland rail and how that could be leveraged off and supported. I think Bathurst has a start-up hub for prospective businesses, which again is a particular project that really suits that particular environment in that particular region, using agriculture as an example. Research stations, for example, are very much in the Dark Ages in regard to money being spent on research and development. You would put research and development in places like Cowra or Orange or Condobolin, not in Fish or George streets.

**Ms MACPHERSON:** It is also about resourcing. We often find that projects come up but they are not resourced sometimes by the State Government agencies that are charged to see these projects happen, and they are not always well resourced at the local level.

**The Hon. PAUL GREEN:** For many years the city has lent on the country for gross domestic product. It is a no-brainer that you should have the infrastructure you need. There is no doubt that there is a massive gap in the infrastructure of the Bells Line of Road and the rail infrastructure that Mr Veitch has spoken about. If we do not build that while it is still quiet in terms of the food bowl of 2050—where we will need an increase of 75 per cent—we are going to be caught with our pants down. Now is the time to be building this infrastructure.

We may not be able to pay for it now, but if we are going to become the food bowl of the twenty-first century our best days are ahead. We need the infrastructure now, rather than later. We will not be able to get all that product across the globe if we do not build the infrastructure. There appears to be a massive mismatch from the integrated planning that you guys talk about. You do all your operational plans, financial plans and then delivery plans but the Government is not matching that to the real needs of your priorities. As Ms Wyllie said earlier, the goal posts keep moving—you are about to kick for goal and that project no longer qualifies; you are then kicking for goal for something else.

**Ms MACPHERSON:** But we still need it.

**The Hon. PAUL GREEN:** That is right because it is in line with what the Government told you to do. You have ticked all the boxes and they then come up with a new idea. It must be incredibly frustrating.

**Mr WEST:** It becomes very frustrating. If I can back to agricultural interests for a second? Food and fibre is not just for export, it is also providing food and fibre into the metropolitan regions. Going back to Mr Veitch's question, "How can we help the global city?" We can help feed the global city. This is probably a fair start. It was noted that 5 per cent of the State's landmass in the County of Cumberland was producing 25 per cent of the food needs, but that is now under bricks and mortar so there is a problem there. My quick comment on IPR and how it relates to the State Government would be that it probably does not. The goal posts do change. For those who have been around awhile, and probably go back to farming at some stage in our lives, there is a little bit of cynicism that you almost start not to ignore them but to become a little bit blasé about them.

When we do some of the reporting to the State government, some of the instructions and changes to the goal posts become: Here we go again. With the planning policies that come out, the Department of Planning population figures, once upon a time we used to jump up and down and say, "They are wrong." Now we just read them and just move on. I acknowledge that we have a good rapport with some State agencies. I would that Trade and Investment, or whatever its name is now, is in the room. It is nice to see them taking an interest. It is a real challenge for us. As a chair of Centroc at the time we did a pile of joint operations [JOs], and I would go down the path of saying so much was offered and at the moment so little has been delivered in terms of that intergovernmental collaboration that was spoken about. The Department of Premier and Cabinet are not resourced to do the job. There are departments that, rightly or wrongly, would not want to tell the Department of Premier and Cabinet what they are doing in some respects. They run their own race and their own bureaucracy, so they are probably entitled to do so. But getting synergy back to local government is a real challenge.

**The Hon. PAUL GREEN:** That is why we are here. We are looking at building on Sydney 2020, but there is no doubt that water, energy and infrastructure have to be ticked off sooner rather than later if we are going to benefit.

**Mr WEST:** If the State is going to benefit, both Sydney and rural and regional areas need to look at water but also transport infrastructure—road, rail and air—and how we get people in and out. Food and telecommunications are also key issues. We need to attract specialists and high-end white-collar workers. It is not terribly complex to look at the four or five key drivers, but we need to work together to get them right. We will not solve it overnight, but it is a matter of having a strategic direction. I guess it is looking into the future, but not looking backwards.

**The Hon. PAUL GREEN:** But a 12-kilogram report on just Bells Line of Road is a no-brainer. How much more information do you need?

**Mr WEST:** It gets to the point where we become blasé about it.

**The Hon. PAUL GREEN:** It is discouraging, is it not? It is like nobody is listening

**Mr WEST:** It is discouraging, yes.

**The Hon. PAUL GREEN:** I am sure they are listening. Please tell us about the tourism opportunities and hindrances. Roughly 23 per cent of international tourists come to the regional areas. Are there hurdles to writing grants to Destination NSW? You said that you normally spend \$30,000 applying for a \$20,000 grant.

**Mr WEST:** Ms Macpherson is keen to make a comment. I liked the quote about Cameron Corner. The new region is a vast region, and I would go as far as saying it does not make sense. It is difficult for anybody to get their head around how that is going to work. We are very keen to work with the new Destination NSW regional board, but it is still early days to see how it will unwind and manifest itself. Given the fact that there does not appear to be any more money on the table in terms of promoting the local region or the broader region, which is a concern because a lot of money will be eaten up in administration of the new body, Centroc had a position some time ago.

We raised with the Minister at the time the concerns that we had about the direction the new world was going to take. Putting that to one side, we accepted that we are where we are. Central New South Wales had a very successful tourism body within the region, which was partly established by Centroc. Under the new world the Central New South Wales tourism, which was an incorporated body, has decided to wind up. That role and responsibilities are being passed over to Centroc. We have our own working party dealing with that, but it is still early days to see how it will manifest itself and how we are going to get access to grant funding. As I said in my opening remarks, from a regional perspective we will acknowledge that individual councils can go down their own path if they so choose.

**The Hon. PAUL GREEN:** Do you have good collaboration as Centroc?

**Mr WEST:** Yes.

**The Hon. MICK VEITCH:** It is a great ROC.

**The Hon. PAUL GREEN:** You are a pilot regional joint organisation [JO].

**Ms MACPHERSON:** We were. We are not sure what we are now.

**Mr WEST:** Unless you know something we do not know.

**The Hon. PAUL GREEN:** No, but I talked to the Premier the other day about your situation and how to make very clear decisions about the JO and getting the pilot started. How does that hinder your progression?

**Ms MACPHERSON:** Not knowing whether we are JO or not?

**The Hon. PAUL GREEN:** Yes.

**Mr WEST:** The one very grave concern is that we are currently a section 355 committee of Forbes Shire Council under the Local Government Act 1993. In terms of legal entity and how we operate, it is really worrying us, particularly when we are in procurement and delivering contracts. It puts our legal onus back on Forbes Shire Council. That is one side of it, and the second side is that we would like to move on with the JO on three core components. I think we do advocacy quite well and we to the intergovernmental collaboration reasonably well. But that is an area where we would like to have an opportunity to streamline some issues that we spoke about earlier in terms of how we engage with all the bureaucracies or most of the agencies within our region with whom we have good cause to work. We work very closely with RMS, but there are some that are maybe not that close.

**The Hon. PAUL GREEN:** It leaves you at a bit of a disadvantage when you do not know about the governance situation.

**Ms MACPHERSON:** Yes, it is really difficult. My daytime job is as the program manager for the Water Utilities Alliance. We achieve great benefits for our local water utilities through working collaboratively on regional procurement. The year before last we had funding of \$2.3 million through the Federal Government to deliver an energy efficiency project. That had to be managed through Forbes Shire Council, as the auspicing body. That is a huge responsibility for Forbes to take on. It is a big risk; we are doing a lot of work across 14 councils. It makes it really hard to do the procurement. We have found ways to manage it, but it would be in a lot easier if we had a better legal structure.

**Mr WEST:** A legal entity would be a non-incorporated body or a body politic. Either one would need the Minister's consent. The latest advice we have taken is that perhaps a body politic would be the preferred option, as opposed to an incorporated body, which could put some legal liability back onto the member councils.

**Ms MACPHERSON:** Having said that, we are just keeping on doing what we have always done, and doing it well, in terms of collaboration. It has not changed that; it is one of the most collaborative ROCs. It is perhaps because that has been thrown at us and we are dealing with it on a day-to-day basis, particularly with procurement, but we are still getting on and doing the things that we have always done.

**The Hon. PAUL GREEN:** Does that include smart lighting? How is it going?

**Ms MACPHERSON:** It is still going. Jenny Bennett is not here today because she is at an Australian Renewable Energy Agency [ARENA] meeting. We are still working on that. Obviously, energy is a huge issue for everybody. This region is working collaboratively with its sister ROCs in other parts of the State to come up with a joint project that will stand to benefit our communities significantly. We talk about enabling regional economic growth and development; you could not pick a bigger thing at the moment than energy costs because of the impact on businesses at the local level.

**The Hon. PAUL GREEN:** We will be back here again shortly, which will give you an opportunity to present those cases

**Mr WEST:** Good. We are hearing scary stories from some of our local businesses and significant employers.

**The Hon. PAUL GREEN:** We are very concerned.

**The Hon. MICK VEITCH:** Energy costs would be causing some angst to your constituent councils. IPART in its determination for rate increases of 1.5 per cent said energy costs would come down this year. Have you had any dialogue with IPART about getting it so wrong? This is a serious issue because you have to absorb energy costs into your budget even though councils have not increased their rates because that was part of the IPART determination.

**Mr WEST:** It is disappointing the way that some of the IPART recommendations have come out. It is one of those areas where sometimes in local government we just get on with business because we do not have the capacity to challenge IPART. The Government probably has that capacity more than we do. The fact that we cannot pass on some of these costs long term will have a massive detrimental impact on our residents. It is as simple as that. We cannot increase our rates to keep pace with many costs. You have alluded to energy costs, which are affecting businesses, households and local government. I think everybody is aware of the impact of these increased costs, but we do not seem to be able to engage IPART in a meaningful discussion, despite the fact that we would be writing prior to rate pegging but we seem to get no real response other than a projection, in this case, that energy costs would go down. IPART got it wrong.

**The Hon. PAUL GREEN:** It is annoying that financial assistance grants [FAGs] do not take into account the effect of climate change on coastal communities and neither does IPART. Where do you go?

**The CHAIR:** The Hon. Paul Green normally has the final word. Do you have another question?

**The Hon. PAUL GREEN:** I come back to the trucks. A lot of freight comes through on high mass vehicles. Are you hindered in any way by those definitions of the B-doubles as opposed to the bigger trucks which have more of a load but less impact on your roads? I think they are called dogs, are they not?

**Mr WEST:** Trucks and dogs. The impact on our roads and on our road surfaces is not something that is causing massive alarm. It is something that we are aware of. It is getting them access to and from the first and last mile. Bearing in mind the comment I made earlier there is a 19-metre B-double limit going across the Blue Mountains on the Great Western Highway. That obviously creates freight constraints. Getting road trains west of the Newell, getting them to the Newell and then getting them beyond the Newell is something I think we will have to have local and State government discussions about—how we can have those corridors. From a local government perspective the other issue is the height and the width of trucks and larger trucks on our local roads which are requiring access into properties, industries and businesses. That will result in councils having significant expenditure on upgrading some of our roads, even if in some cases it is minor such as cutting limbs and branches off trees for stock floats.

**(The witnesses withdrew)**

**(Luncheon adjournment)**

**JEFF STIEN**, Senior Economic Development and Senior Adviser for Bland Shire Council, sworn and examined

**The CHAIR:** Thank you so much and welcome. You have already tabled some material. If you want to refer to it go ahead as we have it. If you would like to make an opening statement that would be appreciated.

**Mr STIEN:** I would love to make an opening statement. First of all, apologies from Mr Ray Smith, General Manager of Bland Shire Council and Councillor Tony Lord, Mayor of Bland Shire Council. Bland Shire Council would like to thank the Legislative Council Standing Committee on State Development inquiry into regional development and a global Sydney for providing the opportunity to give evidence to the Committee. A strong regional New South Wales is central to ensuring Sydney and New South Wales are strong. As mentioned in our submission, Bland shire had a population of 5,865 in the 2011 census. In the 2016 census it was about 6,000, and covers an area of 8,558 square kilometres. Bland Shire Council has one of the largest New South Wales local government road networks of 3,248 kilometres, which is made up of 879 kilometres of sealed roads and 2,369 kilometres of unsealed roads. The Bland shire's history is deeply ingrained in agriculture and gold production, and exploration which continues today. The Barrick Cowal goldmine commenced construction in 2004 with gold production in 2006. In 2015 the Barrick Gold Corporation sold the mine to Evolution Mining and the Evolution Cowal gold operations forecast produced 238,000 ounces of gold in 2016.

Mining and exploration companies that are currently undertaking activities in the Bland shire include Evolution Mining—it has extended the licence of its mine to 2032, which is great for New South Wales and the Bland shire—Argent Minerals, Thomson Resources, Sandfire Resources and St Barbara. Agriculture and regional New South Wales have an important role in New South Wales economic and cultural history. In the first half of the twentieth century agriculture accounted for about a quarter of the nation's output and between 60 to 80 per cent of Australia's exports, which is significant. Agriculture is the major economic driver of New South Wales and the Bland shire. In 2011 the Bland shire had a gross value agriculture production of \$328 million, the most in the Murrumbidgee and Central West, Orana regions. This was \$47 million more than the irrigation areas of Griffith.

A vibrant, innovative and competitive agriculture sector will create jobs, encourage investment and help build stronger rural and regional communities and in turn a stronger New South Wales and Australia. New South Wales and Australia cannot afford not to have vibrant and rural remote townships and a vibrant, healthy, profitable agriculture sector. The 2016 Australian Infrastructure Plan mentions that Australia's regions contribute substantially to the nation's growth and prosperity. Regional Australia produces many of our key exports, such as minerals, energy, agriculture and tourism. It is also home to around a quarter of our population. A vibrant, progressive rural community is vital to support the agriculture and mining sectors where they can have access to educational facilities, purchase supplies and have access to services, including banking, mechanical, engineering, medical, allied health, agricultural machinery companies, car dealers, tyre and exhaust services, et cetera.

There is a rationale for investing in slower growing regions based on social regions or to unlock potential opportunities. Our slower growing regions should have access to the vital services as mentioned previously. Over the longer term the expansion of a regional hub will continue to connect our regions and these areas could become even more attractive places in which to live and work. So that is quite a lot of significant investment without much government support. The mining exploration companies, Sandfire Resources and Argent, have received government exploration assistance, which is really nice and appreciated. In a recent NAB customer spending report, the Bland Shire was the seventh fastest-growing local government area in regional Australia—not bad for a small place. Bland Shire Council supports that regions should benefit from the expansion of international trade, infrastructure, employment, tourism, innovation and research across all of regional New South Wales and not just targeted towards larger regional centres such as Wagga, Bathurst, Griffith, Albury, Dubbo, Queanbeyan, Orange, Newcastle, Wollongong, Goulburn, Tamworth, Armidale, Gosford, Coffs Harbour, Tweed Heads, Port Macquarie, et cetera.

A report that was released by the New South Wales Department of Industry from the Centre for Economic Development highlights that they are supporting the larger regional centres and there is not much support for the smaller centres. Bland Shire Council would like to see a greater collaboration between all levels of government, including between the government departments. There appears to be no collaboration in the preparation of regional plans between the government departments and agencies and that the plans are targeted towards the larger regional centres. There also appears to be a disconnect and lack of understanding of the requirements of the smaller regional centres and that most policies are targeted towards the larger centres again.

A recent example relates to the Government's recently announced funding programs where the application or the funding rounds require minimum funding and a \$1 million buy-in. So there are not many regional councils who can afford \$500,000 or even \$100,000 for 50,000 for that matter. To ensure that regions benefit from the expansion of international trade and infrastructure, employment, tourism and research, there needs to be significant improvement of regional New South Wales for the mobile phone network and internet services. Many rural areas, including the Bland shire, do not have access to the mobile phone and internet services that are taken for granted in urban Sydney and Australia. This is vital for the growth of regional New South Wales and Australia.

Today's trading environment requires real-time access to and sharing of information, and enhancing mobile phone coverage in regional and remote areas also has clear social, economic and safety benefits. Some of the barriers: the imposition of the 1.5 per cent rate peg announced by the independent pricing tribunal will push New South Wales councils further behind the financial eight ball, effectively preventing councils from becoming financially sustainable and addressing councils' infrastructure renewal and backlog. Rate pegging is placing a significant barrier for regional development. The amount of information required to apply for and acquire State and Federal grants is extremely demanding, time-consuming and costly if you are required to prepare a cost benefit analysis and a business plan. The grants appear to be targeted towards larger regional cities and the lead time given to apply for some of the grants is also very short.

To assist, Bland Shire Council would like to see a percentage of the royalties derived from the mining activities in local government areas put back into the communities from where they came. To improve the efficiency and productivity of our agricultural producing areas in New South Wales, investment will be required in the road network including the Newell Highway. The Newell Highway is New South Wales' premier inland touring route and the third-largest freight corridor. In late 2016 the Newell Highway was flooded between West Wyalong and Forbes for six weeks, which had a significant effect on the New South Wales freight task and the Australian freight task. A preliminary report has been released for comment, which has shown that the impact just between West Wyalong and Forbes and the immediate LGAs was \$132 million. In the final report that will be closer to \$200 million, and that is a very conservative figure. Imagine if the M5 was shut for six weeks, or the M2 or M7.

Bland Shire Council would like to see financial assistance for relocating businesses to regional New South Wales. The previous State Government had a very good program called the Regional Business Development scheme, which assisted the creation of a minimum of three new jobs or more, but at least it was three jobs. The current Government's policies have got a minimum of 10 jobs now. One job in the Bland shire is worth a lot more than one job in the larger regional centres, and there is no assistance for them. We would also like to see relocating government offices to regional New South Wales. I did distribute some information where 3,000 government jobs were relocated from Sydney out to the western suburbs; some jobs were even moved from Sydney to Homebush and then out to the western suburbs. We would like to see them moved over the mountain.

There is a new New South Wales freight ports plan being released. We will be commenting on that, but it has to be holistic, including the regional roads. I mentioned before that the Bland shire had a massive regional road network. If you want higher mass limits we just have not got the budget to fix those roads; we are way behind the eight ball now. Infrastructure is also required if we are going to get these mining companies established. One of those mining companies could be as big as Ok Tedi and Cadia—just one of them—and we are looking at three others; we are exploring that at the moment.

Destination NSW also needs an overhaul. In funding they get \$175 million, yet regional New South Wales does not see much of that. They are in the process of establishing these new destination networks, yet most of the money is going into the administration cost for them. For example, Country and Outback have been allocated \$516,000 just for the administration of them and nothing for marketing. Cost shifting from State and Federal governments is also having a big impact on the smaller LGAs like the Bland shire. We would like to see alignment of regional plans. An example of that was last year we had the New South Wales Department of Planning coming out with a regional plan and then two weeks later the Department of Industry decided to engage L.E.K. to come up with a regional plan. There was no correlation on that.

I mentioned before about the establishment of the Centre for Economic and Regional Development out of the NSW Department of Industry. They have employed six economists to prepare this report. This report is going back to the future, not forward. I am also led to believe that the Department of Industry's headquarters at Orange are too small and they may have to build a bigger one. We would like to see that money coming out on the ground. Thank you for my opening remarks.

**The CHAIR:** The small population and the large area, and the road system in particular, are two big issues for you. Just for the record, and I know it is in your submission, can you just run through the main towns and centres?

**Mr STIEN:** The main towns in the Bland shire are West Wyalong and Wyalong—they have got a population of about 4,000. The other smaller towns and centres are Tallimba—Tallimba is the home of the largest eucalyptus oil processing facility in the Southern Hemisphere; we have got Ungarie, Weethalle—Weethalle has just had a really great silo art project unveiled out there. We have spoken to the State and Federal governments to come up with a New South Wales silo art trail and you have received that information on that. Ungarie was flooded four times in 2016. Barmedman is another small town in the Bland shire.

**The CHAIR:** What is the population of Ungarie?

**Mr STIEN:** Ungarie has a population of 557.

**The CHAIR:** You went through that quite impressive list of projects that are going on. Evolution Mining obviously is head and shoulders above the rest of them.

**Mr STIEN:** Absolutely.

**The CHAIR:** You mentioned at the end of your remarks some other potential mining projects.

**Mr STIEN:** Argent Minerals are exploring at the moment in their drilling. I have sent you a copy of their latest media release. I do not have it with me. If they determine that the resource they expect is down there, it will be quite significant. Evolution Mine—this is a rough figure—employ around 300 full-time people at the moment. If Argent Minerals kicks off, it will be double that and there will be a major requirement for infrastructure—gas, water, electricity. The Bland shire is one of the largest energy users in southern New South Wales as a result of the mines. If we get Argent Minerals and if we get Thomson Resources, which I mentioned briefly—they are a tin mine down near Ardlethan, smaller operation, 70 jobs—if they get going, the energy requirements will be quite significant.

**The CHAIR:** You are also the chair of the Newell Highway Promotions Committee. Thank you for your second submission. Do you want to add anything in relation to the Newell? I know you have touched on it.

**Mr STIEN:** From a promotions point of view, once again, working with Destination NSW, it is near impossible to get any marketing funding out of Destination NSW. I have sent you some information about the requirements to access money from them. There is \$100,000 buy-in that you have to hand over to Destination NSW and they do all the marketing for you without any input. How many small local government associations or small organisations can come up with \$100,000 and then hand it over with no input? At the moment, regional New South Wales has improved recently, but it is not marketed very well. The other thing I will mention is that about 88 per cent of tourists and visitors driver to regional New South Wales, so they do not fly.

In the information I have provided, I have included the analytics of the Newell Highway website, and for page views alone, we are tracking this month at about 15,000 page views. If you look at where the inquiries have come from, it is Australia, United States, New Zealand, United Kingdom, Singapore. If you look at the actual break down by State, it is New South Wales, Victoria, Queensland, South Australia, Australian Capital Territory, Tasmania, Western Australia. Yet Destination NSW does not support the driving sector of the tourism market. I have sent you a copy of the Queensland Drive Tourism Strategy. It will be great if Destination NSW picked up on that.

**The Hon. PAUL GREEN:** Are you saying they do not have one?

**Mr STIEN:** No, the New South Wales Government is targeting the flying market. I have sent you information on the previous tourism funding round which targeted the airports. With 88 per cent of people driving and only 6.7 per cent flying, I think that—

**The Hon. PAUL GREEN:** You say 80 per cent of people drive?

**Mr STIEN:** Yes, 88 per cent of people drive to regional New South Wales.

**The Hon. PAUL GREEN:** It is interesting.

**Mr STIEN:** The other sector that is not being picked up by Destination NSW is the caravanning and camping sector. I have provided you with information on the caravanning and camping sector. The fastest growing sector is Airbnb, followed by caravan and camping, yet there is not much in the Destination NSW portfolio for that.

**The Hon. PAUL GREEN:** Is it Airbnb or homestays?

**Mr STIEN:** I think it is Airbnb.

**The Hon. PAUL GREEN:** Normally homestays picks up in the regions.

**Mr STIEN:** And farmstays as well.

**The Hon. PAUL GREEN:** I note your comments about regional telecommunications. Obviously that will play a big part in the future. The lack of service of telecommunications seems to be a big issue. Do you want to comment on that?

**Mr STIEN:** Absolutely. From a Bland shire point of view and Newell Highway point of view and also emergency services and safety, there is quite a lot of black spots, grey spots and other spots where you cannot get coverage. In the recent mobile phone black spot roll out, it was quite interesting. At Ungarie, Optus received funding to install a tower. A farmer now has to have an Optus phone and a Telstra phone. He uses the Optus phone while he is on the farm and when he gets off the farm, he uses Telstra. The competition is good but there has to be a bit of reality as well. We have got NBN rolled out in the Bland shire. We have fixed wireless and we have fixed lines. Fixed lines are being turned on. A lot of the farms have switched over to Sky Muster as well.

**The Hon. PAUL GREEN:** Is that working well?

**Mr STIEN:** Sky Muster was not. Now that and Sky Muster II is there, it has improved quite a bit.

**The Hon. PAUL GREEN:** Until that fills up?

**Mr STIEN:** That is right, yes. Also, allegedly, Qantas has taken up a fair bit of the bandwidth. The other thing is that being a small community we have quite a good relationship with other organisations because we have to do things ourselves and we do not get much support. In the five years I have been at Bland Shire Council, I have had one official visit from the Department of Industry, yet we have all those investments going on. We have to do it ourselves. We have a good relationship with NBN and we had an information session recently. It was quite well attended. We had 80 people turn up from the community.

Some of those people on the outer lying areas actually sat down with the NBN representative and they have gone from Sky Muster into fixed wireless. That has really improved their business, so they are open to discussion but you have to get in early. It is a bit early for us to tell how good it is. The Bland Shire Council assisted one new business to open called Seek Fitness Club. They are really impressed with the NBN. All their business is run from a smart phone, so they control lighting, sound, noise, access. So they can control everything from the phone.

**The Hon. PAUL GREEN:** Are you getting your fair share of resources for the region?

**Mr STIEN:** No. There have been four rounds now of Resources for Regions. In round one, they came out with two local government areas in tier one, so they got funding. The second round came out and we thought we would have got assistance with that but we did not because they snuck another tier in, so we missed out. In tiers one and two I think there was about \$200 million given to 10 local government areas [LGA], then they announced tier three with a massive amount of \$32 million in the third round and that was opened up to every LGA in the State, but you had to be mining affected. So, no, we have not got anything out of Resources for Regions.

We have applied for the rounds that we could do, for example, in round three with the \$32 million. The project that the community identified we really needed was a community cultural centre. If we are getting all these jobs and potential people coming into town, we need those facilities to serve the people in the town. At the moment we do not have a picture theatre, we do not have a conference centre. Destination NSW released a big regional conferencing package last week or the week before. We do quite well out of regional conferencing with the facilities we have got, but we target the small agricultural conferences without any assistance from the Government.

**The CHAIR:** You do have an airport?

**Mr STIEN:** We have a great airport. Do you want me to start on that?

**The CHAIR:** No, because we are going there tomorrow.

**The Hon. PAUL GREEN:** Tell us about the airport and have you thought about any defence industries building around that?

**Mr STIEN:** Yes, we have, and I have given you some information. Hopefully you have a blue piece of paper. So far as our airport, the tourism infrastructure fund that came out selected airports that had a regular passenger flight from 2008 onwards, so even if you did not have current flights, you could apply for them if you had them up to 2008. Ours finished in 2006 once Barrick Cowal goldmine was built, so they cut the services out so we could not apply for it, yet that airport is vital when it comes to firefighting, medical, businesses. I go down to Avalon every second year, and I say, "We have this great airport. How about relocating your businesses up to the Bland shire?" Temora is doing the same, Cowra is doing the same—everybody is doing the same. One of the benefits of West Wyalong, which you will see tomorrow when you fly in, is that it has an excellent gliding climate.

We have gliding clubs come into the Bland shire on a regular basis. The beauty of the location of the Bland shire is you can glide 360 degrees around it. For example, if you are at Bathurst where the defence have got their gliding facility, they can only really glide to the west. So I approached the air force and said, "Do not forget about West Wyalong." Of course, they are already established in Bathurst, but we are working with them. We are realistic about what we can try to get to the Bland shire airport, but it costs the council quite a significant amount of money to maintain it. We are going to submit a grant to redo the runway. The runway needs to be done up and we also do not have fuel facilities, which makes it harder.

**The Hon. PAUL GREEN:** When you do up the runway, will you be doing it to a higher capacity?

**Mr STIEN:** We have to look at the budget. We are getting costs and quotes at the moment to go into the application. We are already do that—yes.

**The Hon. PAUL GREEN:** In regard to the Newell Highway and the flooding impact of that six weeks, what is your solution for that?

**Mr STIEN:** For the State and Federal governments—

**The Hon. PAUL GREEN:** On page 12 of your submission you talk about the Newell Highway and the flooding. You say:

There has to be a better and timelier process as with roads, to get New South Wales Government funding, the bureaucratic red tape means that we can't start on the road works or get the funding until the RMS has inspected the damaged roads.

**Mr STIEN:** That is correct. There are two different parts to that. The Newell Highway is a national highway so that is funded 80 per cent by Federal and 20 per cent by the State Government. The Newell Highway Corridor Strategy was mentioned before. It needs to be redone. How can you have the third-largest freight corridor in New South Wales and Australia shut for six weeks? That period cost \$132 million. Doing a patch up job every time it floods—I have the figures on how often it has been flooded but it is every five years except for during the major drought—is quite costly. In the cost-benefit analysis in the report it is about \$0.7 billion. It has to be fixed properly. The figure I have is that it would probably cost about \$300 million to flood-proof the section between West Wyalong and Forbes. That is one of the major sections. The other section that needs to be fixed is down near Narrandera. That also goes under, but only for a week, not six weeks. I am led to believe that in 1990 the Newell Highway was shut for 12 weeks

**The Hon. PAUL GREEN:** Would the part where it flooded be grade separated?

**Mr STIEN:** It could be.

**The Hon. PAUL GREEN:** Because otherwise it will push the water out to other areas and have another impact.

**Mr STIEN:** If you have culverts then it is a natural floodway. Because you have got Lake Cowal.

**The Hon. PAUL GREEN:** Once a floodway is full—

**Mr STIEN:** Yes, well. It flows out to the Lachlan River.

**The Hon. PAUL GREEN:** There is flood velocity and flood storage. You have to work out which one has been impacted.

**Mr STIEN:** In the latest flood we even had floodwaters flowing up from the Lachlan River, backflowing up into the Bland catchment system. There was some discussion of putting in storage facilities upstream or damming it somewhere. I will take that on notice to send you a better map I am getting of the actual flood catchment. The Office of Environment and Heritage are helping with that. I am led to believe that with 100 millimetres of rain in the catchment it is the equivalent of the capacity of Warragamba Dam, so it is quite significant.

**The Hon. PAUL GREEN:** Yes, it is.

**Mr STIEN:** The other part of the question—

**The Hon. PAUL GREEN:** About red tape.

**Mr STIEN:** Yes. We have to wait for Roads and Maritime Services [RMS] to come out to inspect the roads before we get funding. I am led to believe they visited the Bland shire last month, I think. We want to get on and do it because it is affecting farmers and livelihoods.

**The Hon. NATASHA MACLAREN-JONES:** In your opening remarks you spoke about the grants process and how difficult it was. Could you elaborate specifically on what could be done to make it smoother and easier?

**Mr STIEN:** For a start, get rid of the cost benefit analysis. Also there needs to be collaboration between the different departments and governments. It is great that the New South Wales Government has come out with all these grants recently but they are all one on top of another. For a small council like the Bland shire, I am the grants officer—I am everybody's officer. I am the jack-of-all-trades. If you have all of these multiple applications coming in with the same deadline, we cannot get them all in.

The cost of preparing a cost benefit analysis has been mentioned before—that \$20,000. It depends where you go. That is a minimum, then more if you get a business plan. You have to find the people to do that. If every other local government area is out there trying to get their applications in, it is backed up. Also there are the requirements of getting the grants. I mentioned at a community forum in Young recently that they required getting two quotes for the work to be done and then also a quantity surveyor to look at that as well. We are lucky to get one quote in the Bland shire. A lot of the work, for example, for these community projects is done by in-kind support, so they roll up their sleeves and get in and do it, so we will not get a quote. We have to have an estimation, so it is pretty hard to even meet that.

The other thing is that some of them require an external consultant to do the cost-benefit analysis and the business plan. For others it is in-house, but then where is the expertise in-house? The other one is that some require an expression of interest before you go to the next round. So you do an expression of interest, putting in the time and effort into that, and then the second round requires a cost-benefit analysis and a business plan but there is no guarantee you will get it. For one application process we went through, we only spent \$10,000 on getting a cost-benefit analysis and we did not get the grant.

Also, with Destination NSW grants it is probably even harder to get because there is not much information collected on the caravan and camping industry. That is our biggest market. If people are driving their caravans up and staying in their caravans, it is an estimation. I am led to believe that Tourism Research Australia [TRA] are going to look at other ways of trying to get better information for that. If we have to put in an application, we have to say, "How are you going to track this visitation?" How are you supposed to get out and count every caravan and camper that goes through?

There is a project we are working on at the moment with the Caravan Industry Association of Australia—I have sent the information to the Committee—called tourism tracker. They did a pilot program in Tasmania last year. That has the ability to track to within 60 metres and time where a visitor goes. We are hoping to get funding for that. We have applied for the Federal Government smart cities program to get that funding. We are through to the second round of that. If we get that, we will be doing a mini trial of 50 caravaners and then rolling out to 500 caravaners. We will be tracking them. If that is successful, we will hopefully be rolling that out all over Australia. If we can get some State Government support for that, that will be really great.

**The Hon. NATASHA MACLAREN-JONES:** Do you find with feedback that your pathway with the process and your engagement with departments work at all, or are you just getting nothing back?

**Mr STIEN:** Nothing back. It varies between State and Federal governments. I have even asked for written feedback but then a lot of the time they will not even give written feedback. It is over the phone. For example, with the latest Federal Government Building Better Regions Fund they came out with a facts sheet of what worked and what did not work. You have the ability to ring up and have a conversation with them to see where you did not go too well, where you could improve and so on, but a lot of the times they say it is way oversubscribed and yours did not—

**The Hon. NATASHA MACLAREN-JONES:** Did not make the cut.

**Mr STIEN:** Yes—did not make the cut. Even though it was a really good application, the bang for the buck was not as good as some of the others.

**The Hon. NATASHA MACLAREN-JONES:** You mention in one of your submissions the Regional Tourism Product Development Program. You say it does not include upgrading existing assets and facilities. What does it cover?

**Mr STIEN:** New facilities.

**The Hon. NATASHA MACLAREN-JONES:** Only new?

**Mr STIEN:** Yes. As a small local council, we would rather refurbish or improve an asset than build a new one. With that one they are saying, "We have a really great park with barbecues and so on. We cannot refurbish that. We have to build a new one." It does not make sense. Then we have to maintain both facilities, so we do not even submit an application. It has gotten to a point where some of the smaller local government areas are not even putting in applications because of having the ability of putting it in.

**The Hon. MICK VEITCH:** Thank you, Mr Stien, for your information and the submissions. You have been in the public gallery all day today. I noticed earlier today when I was asking questions about Evocities you became pretty animated. You now have the microphone so you can put your views about that program and why on the record. That is properly fair and just. At least you get to have your say.

**Mr STIEN:** Evocities is a great program for the participants who are involved in it. I am not sure what the buy-in per local government area is at the moment for that, but it is quite significant. If you have invested your ratepayers' money into that program, you would like to see a return of that investment into your local government area and not sharing the love with the surrounding local government areas. I would like it if it did happen—if Wagga Wagga, Orange and Bathurst would send jobs our way—but it is not happening.

**The Hon. MICK VEITCH:** You are saying that the Evocities program is good for Orange, Bathurst and Wagga Wagga but that its benefits have not filtered down to Young, Cowra and West Wyalong?

**Mr STIEN:** I can answer that question another way. There was another program out recently called Country Change. Peter Bailey used to be involved in it and there were two different aspects to it. Peter used to—and he still does—run a website that he markets and he used to have a regional exhibition down in Sydney. That was sort of a smaller version of Evocities and the Evocities councils used to take advantage of that as well. Country Change did not go ahead last year—I am pretty sure that is right—or it might go ahead this year. Temora Shire Council, Temora, Coolamon, Cootamundra-Gundagai and Junee are stepping in and running a mini Country Change expo to be held in Temora.

Temora are inviting people to come and visit for a weekend away. There is a need there from the State Government to market regional New South Wales better for its capabilities. At the moment everybody has regional plans but what happens with a regional plan once it is done? Where is the marketing behind it? We are located in between the Riverina Eastern Regional Organisation of Councils [REROC] and Central NSW Councils [CENTROC]. I will put a plug in for Centroc because they do it really well. Their websites, marketing and plans are better than other Regional Organisation of Councils [ROCs]. There is a need there for the New South Wales Government to market regional New South Wales.

**The Hon. MICK VEITCH:** To date you are a representative of the smallest council, in terms of population, to present at this inquiry. So the evidence you are giving is from a different perspective to others. I am keen to hear your comments around Treasury gateways, the cost-benefit analysis [CBAs] and the benefit-cost ratio [BCRs] they use and their impacts. For example, Muswellbrook council were keen to get the Muswellbrook bypass. It was promised at two State elections and a couple of Federal elections by all political parties but it was knocked out by Treasury after the election process because it did not make BCR.

**Mr STIEN:** That is correct, or there could be a better BCR from another project and if there is only a small pool of money then it does not get it. So even though it might be a really great project, they have a lot better potential of getting their projects over the line like we have out in regional New South Wales.

**The Hon. MICK VEITCH:** With the smaller councils how big an issue is this compared with, say, Western Sydney?

**Mr STIEN:** It is a show stopper. As I said before, some of the smaller regional local government areas are not putting in applications for that because they cannot afford to do the CBA and the business plan. So we are just saying, "Right, we are not doing it." Also we have not got the resources to do it. Let us say that there are half a dozen funding programs or grants open at the moment, all with a similar cut-off period. Unless you have got paid grants officers and everything, we have not got the resources to do everyone of those and the information that is required to do it. I have supplied the Committee with all the information on the Treasury and

the guidelines on a CBA and how to be successful and everything. If it was me, for regional projects there has got to be a better way. Either throw it out the door and—

**The Hon. MICK VEITCH:** What is the better way? It is one thing to be critical of the process but you have got to have an alternative.

**Mr STIEN:** That is correct. That is working with the relevant parties and coming out with something that we are both happy with. Sitting around the table and working a way around it. Instead of saying, "This is it" and getting feedback saying, "You have not been successful."

**The Hon. MICK VEITCH:** Earlier today a witness from Parkes said that they have already identified all the projects and done all the planning. They know what needs to be done.

**Mr STIEN:** So do we.

**The Hon. MICK VEITCH:** Most, if not all, councils do that because it is required. The witness from Parkes said, "Why not use that as the basis upon which you fund the proposals?"

**Mr STIEN:** I agree 100 per cent.

**The Hon. MICK VEITCH:** The Committee has heard that the larger centres—whether they be Wagga Wagga, Tamworth, Orange or Bathurst—have a greater advantage over the smaller councils in the bidding process for government money mainly because they have the resources and the capacity, whereas the smaller councils often miss out because they cannot do it or their submissions do not meet scale.

**Mr STIEN:** I refer back to this report again. The Centre for Economic Development has identified a number of economic zones. The economic zones are: Albury-Wodonga, Armidale, Bathurst, Bega, Broken Hill, Coffs Harbour, Dubbo, Goulburn, Griffith, Lismore, Moree, Mudgee, Orange, Parkes, Port Macquarie, Tamworth, Tweed, Wagga Wagga. Nothing about Young, nothing about West Wyalong yet. You have heard about all the investment we have had going and the potential investment; we are not even on the radar. If you are not in a lot of these reports then you cannot get to round one of the funding. The same with Destination NSW, if it is not in a Destination NSW management plan you cannot put in for that funding. For example, the Riverina Regional Destination Plan was done in 2013 and if new projects that are coming in are not in the plan then you cannot apply for the funding. It is too onerous. If you look at this document and say, "Is this the New South Wales Government's road map? Is this what they are going to support?" You mentioned before about Goulburn. There is another report that the Government put out called the "Regional Development Framework".

Maybe they should reword some of it where it says, "Our efforts are explained as three programs of investment providing quality service and infrastructure for regional New South Wales." Maybe they should change that to "providing quality service and infrastructure to the larger centres in regional New South Wales." It says further, "...aligning effort to support growing regional centres". We are a growing regional centre. Where is our assistance and support?" It also says, "...identifying and achieving economic potential". We have had one visit from the Department of Industry in five years yet we are the seventh largest growing local government area in Australia.

**The Hon. MICK VEITCH:** The Committee also heard evidence this morning from Parkes Shire Council that the councils have their own plans which they have worked on with their communities, yet the State Government plans are developed from up here and they do not draw from the plans prepared by the respective council areas. Would that be a fair comment?

**Mr STIEN:** That is absolutely fair comment.

**The Hon. MICK VEITCH:** How do we, as politicians from all parties, try to get a recommendation from this Committee that those council-developed plans, which have been prepared in consultation with the local community, feed into State Government planning?

**Mr STIEN:** As far as I am aware, the integrated planning and reporting system [IPR] is a legislative requirement from the local government. We go ahead and put all the time and effort in—I will give the Committee an example. When Barrick Gold had the Cowal goldmine they were looking at shutting down in 2024 because they had to divest of some assets—they were overcapitalised and so forth. We said, "Right. If Barrick Gold Cowal mine is going to shutdown in 2024 we need to start planning for that." We wrote a letter off to the Premier and the New South Wales Minister for mines. They came back and said, "It is too early to start planning yet." We have to have a 10-year plan for our planning, yet they do what they want to do. It should be legislated that the plans take into account the IPR documents that local governments put together. We put a lot of time and effort into it. We do go out and consult on a regular basis.

**The Hon. MICK VEITCH:** The Committee also heard this morning, and we have heard elsewhere, people saying that they are not sure who is coordinating the delivery of all of those plans. They are also not sure who is responsible for reporting back and saying, "This is what the plans have actually achieved." Is that the same in the Central West?

**Mr STIEN:** There have been few changes recently with the New South Wales Government in that the Department of Industry is now part of the Department of Premier and Cabinet. There is a regional coordination and management group. One would have thought that that would be a good forum to coordinate certain activities, but I do not think that is happening. As I mentioned, you have all these different departments with their own plans and there is no coordination. As you mentioned, they produce a report card saying they have ticked boxes and everything.

**The Hon. PAUL GREEN:** It is no wonder that communities are cynical about governance because councils draw up four-year plans and then go to the communities to consult about priorities but get shafted by the State Government saying it has different plans and it is changing the goalposts. It is frustrating, is it not?

**Mr STIEN:** Exactly right. I refer to the New South Wales Government's submission. If you look at the priorities the Government selected, some of them excluded tourism, and an area like Murray has a big tourism market. It makes you wonder.

**The CHAIR:** Thank you very much for your helpful evidence today and your submission. Also, thank you for organising tomorrow.

**Mr STIEN:** I did not mention Canberra Airport. Another document we should be abreast of is about the effect of artificial intelligence [AI]. This document is entitled "How Australia can seize two trillion opportunities for automation and create millions of jobs". You have a copy of that too.

**(The witness withdrew)**

**GARY STYLES**, General Manager, Orange City Council, sworn and examined

**KATHY WOOLLEY**, Director, Corporate and Commercial Services, Orange City Council, affirmed and examined

**The CHAIR:** Thank you for your submission. We will primarily talk about Defence, but if you want to talk about other aspects of regional development, that would be fine. Would you like to make an opening statement?

**Mr STYLES:** Before we start, can I point out that Ms Woolley is a bit unwell so I will do most of the talking.

**Ms WOOLLEY:** If he is off track, I will dig in.

**Mr STYLES:** Our submission was based on the potential for military or military supply potential in the Orange area. We will also cover off on regional development, particularly given the questions I heard earlier. Essentially, the submission we put forward is very positive about the prospects of a role for the regional cities into the future in the framework of metropolitan cities, towns and rural areas. We have a strong future and a strong role, we believe, and we think that there is plenty of potential for growth and progression. In relation to the military in particular, we focus on what we call locational preference factors to put forward our submission on why Orange. If you look at some of the key elements of our economy and our social fabric, there are lots of factors that would drive a positive decision in relation to employment-generating developments such as military or military supply.

To people in making relocation choices, the effect on the people they will employ to carry out their function is very important. If you look at the Orange area compared to other areas, we have quite affordable housing, top-shelf medical facilities, which is important for families, and good education. We have quite a diverse workforce and we have a track record of bringing on specialities that might arise. Recently you may have seen on the news that we have a local company called Trent Engineering that has taken on military supply contracts in specialist engineering. The amenity of the area is very important to locational preferences and decisions about locating businesses. In Orange you can see the fabric for yourself, but it is quite an upbeat and diverse city with high service levels.

We also have very robust and, importantly, scalable infrastructure. We have an upgraded airport with lots of capacity. We have an upgraded water supply to do our role in the future in terms of growth. We have quite a well-serviced road network. We have good proximity to Sydney and Canberra. On top of that, we have a diverse range of supply options for land. We can do the standard small-scale industrial area quite easily. We can step it up to the smaller campus style or the very large campus style, should you so choose. On top of that, if there is something of a specialist nature, there is the opportunity for rezoning. We have the opportunity to both service the land demands and provide the land demands. More recently, we ventured into a sizeable development around the airport. We rezoned to provide critical mass going into the future for both growth and underlining the operations of our airport. There has been a lot of investment in increasing the capacity of the airport, with runway lengths, terminals, aviation subdivisions and things like that.

Our community is very welcoming to new people, growth, new opportunities and bringing to our city jobs for our kids and our grandkids. I do not think we should underestimate the importance of that sort of characteristic in pulling some substantial employment-generating developments. We have runs on the board with that; the Department of Primary Industries' head office was relocated here. The Newcrest Mining operation at Cadia employs a large number of people, and more than 90 per cent of its staff live in Orange. More recently, some specialist new people have come into the framework with Paraway, an offshoot of Macquarie Bank. We have brought a massive health cluster here and facilitated it in our community. Over the years we have stepped away from being solely reliant on the more traditional areas for a regional city and become diverse, welcoming and upbeat in terms of seeing the opportunities jobs bring and providing a great community for the people who come here.

I have mentioned the proximity to Canberra and Sydney. The council here has a proactive role in bringing steady growth to Orange in terms of working with the other two tiers of government and prospective companies or local companies trying to grow jobs. We have quite a number of programs. More recently we have facilitated a very large medi-precinct that is very close to turning a sod, with well over 500 jobs in that. We have runs on the board and an appetite for seeing those opportunities come to our town. If you look at the question of

military or military supply across the regions, there is no reason it could not be here, if you look at the runs on the board in other localities like Wagga and Townsville.

I do not think it is wrong to bring those outcomes to our city. On top of that, having those sorts of employment generating developments here, there is an offshoot for the area. The proximity of our near neighbours with the councils benefit from the spreading jobs. For argument's sake, the supply of rural residential land and the take up by our near neighbours is very solid. When you look at some of our economic statistics you find that they talk about Orange, Cabonne and Blayney together. They also talk about the growth level—the steady 1.2 per cent population growth, the low unemployment rate and things like that. It is spread across that patch. I understand from some of the material I heard earlier that the spread might not be very wide but there is certainly a regional benefit in bringing those sorts of entities to the regional cities. As I said before, the regional and rural cities and major cities have a role in the framework. It is part of the overall flow of the economy.

Moving on from the military side of it and branching more into economic and regional economic development in general, again we are very positive about that. We have had to work very hard but we have had some good results over the years and we are keen to continue to see that happen. There is a role with funding support, or probably more capacity building from the State Government in that framework. I believe that our communities are quite resilient and building economic capacity will lead to the flow-on effect. Our broad strategy is to focus on those locational preference factors that I mentioned earlier. We have a strategy that focuses on some of our key clusters. If you look at Orange you find it has fantastically strong clusters in medical and human services, and in education and mining. But it looks at what has happened in the past to predict what is going forward.

We believe that a whole host of opportunities will arise with future technologies and where we think we need to position ourselves to take up future jobs. It would be easy to look at strategies and to try to do more of the same. I think we need a strategic direction to pull on things like start-ups or perhaps new manufacturing based on agribusiness, or things like that. I think there are opportunities for our areas in that frame. Looking at where the State Government has historically been with some of the regional investment, it has had a period of bits and pieces—some investment but a hard framework to get through. It is talking currently about a base plus approach. That I gather fits the equity argument of providing a particular level of support and service. Then there is merit. A lot of the investment needs to be based around the merit of the project and the opportunities it will bring as well as getting a fair share for everyone. But where there is merit you can see the further investment there. I think that is where the roles of local government, the regional group of councils and the State Government can fit together pretty well. Have I missed anything do you think Ms Woolley?

**The CHAIR:** We will catch you on the way back. I am interested in what you were just saying about the way that Orange has been able to identify niches and specialities, and pursue those sorts of things. In the defence space, without pre-empting where we will end up, we are basically seeing there are niche opportunities to build on strengths and to get into the global supply chain—sometimes very specialised things. There is no reason why those sorts of things should not come to Orange. The other really big part of it is the ongoing maintenance and sustenance of equipment. That is 30 to 50 years of business. Maybe in the health and other spaces you will have an opportunity. You mentioned Wagga Wagga and Townsville, which are historical bases. You probably will not get a base here but you will be able to use the skills that you already have. I was interested to read about the metalworking and engineering cooperative but cannot work out why it is called RENWELD.

**Mr STYLES:** It is an acronym for something.

**The CHAIR:** That is clearly the sort of thing that is possible in regional cities and that would make a big difference.

**Ms WOOLLEY:** That RENWELD collaboration is a great example of when you can get businesses and councils and all levels of government working together. It is not just doing one industry—engineering work—it is also doing manufacturing and engineering work across a range of industries. So they have been able to help each other grow, I guess.

**The CHAIR:** Then you combine that with the Charles Sturt University engineering faculty, which we will hear from later.

**Ms WOOLLEY:** We are taking five engineering students over the next three years out of the engineering school from Charles Sturt University.

**Mr STYLES:** In our submission we have deliberately talked about military supply. We have taken on board already the point you made about bases versus supply or maintenance. We have been quite deliberate in identifying that as an opportunity, given some of the specialisations we have.

**The Hon. MICK VEITCH:** I am interested in the airport concept plan in your submission. You have extended the runway and there are a number of other works. How far have you progressed in planning the concept?

**Mr STYLES:** We have been through Gateway with rezoning with the State Government. It is before the State Government now for determination. There is quite a bit of land that we own, some of which is within the airport proper and which provides opportunities for aviation-specific activities. But we have expanded that to employment land and light industrial land as well.

**The Hon. MICK VEITCH:** Is there any proposal to use some of the land already in the airport precinct for maintenance contracts for defence?

**The CHAIR:** If we can get the contracts for him, yes.

**Mr STYLES:** If there were it would be the subject of a nondisclosure of evidence, I guess.

**The Hon. MICK VEITCH:** You cannot say?

**Mr STYLES:** No, I cannot say.

**The Hon. MICK VEITCH:** You were in the gallery for the previous testimony. As one of the larger leading councils in this area of the State what are your views about the issue of Treasury's benefit cost ratios [BCR]? Has Orange City Council had any experience with that thwarting or dampening potential projects, or even delaying them?

**Mr STYLES:** It is true that it costs a sum of money to pull it together. I think there is a role for the Regional Organisation of Councils [ROCs] wherever they are in helping with the capacity building for each and every council. Unless you get to the point of fiscal equalisation type arrangements—on a population basis it is fairly crude—you will need some sort of framework for sorting out priorities. Centroc has had a crack at that with a matrices type analysis; that is, a multivariate analysis based on taking into account the criteria for lots of different grant programs. It is not perfect but it is very helpful. But you will still need to be able to justify such a project.

At one level you could do the fiscal equalisation, which makes a bit of sense, but at other levels I think you will have to introduce the merit of it. I acknowledge that it is probably tougher for the smaller councils to muster that. But having said that, I think there is a role for the ROCs in helping with that capacity building. We are a member of a ROC and we put our bit into it. It is a collaboration to assist. But whether it is BCR, a social impact statement or a comprehensive exploratory factor analysis [CEFA], or whatever—input-output benefits, you name it—there will still be a need for some sort of criteria at that merit based level unless you are going to do the fiscal equalisation thing.

You could go for a two-part thing where there is an element of fiscal equalisation and the rest is on merit assessment. There is a bit of difficulty, not just for the rural councils but also for the regional councils, in mustering some of the benefit cost by comparison to the highly populated parts of Western Sydney where you can get a really big bang for your buck. So you almost need to be a master of all three tiers to provide equity in it, and I guess that is where the State has been heading with this base-plus-plus approach.

**The Hon. MICK VEITCH:** Do you think that it is timely for a review of that process as it is being applied at the moment?

**Mr STYLES:** I do not know it has got enough runs on the board as yet to analyse. You are part-way through this six tranche program from the poles and wires and stamp duties and everything like that, but we have not really got a lot of translation. You talked about resources for the regions earlier; you can probably get a bit of analysis for that, you could get a bit of analysis for Fixing Country Roads, but the base plus plus is probably still in its infancy a bit and because of that it is not particularly legible to me about how the outcomes have gone.

**Ms WOOLLEY:** I think though that Centroc model, the matrices that Centroc has—and is in its infancy—the top project was for one of the smaller councils and probably would not have got that kind of boost and the support regionally without that sort of analysis framework. So suddenly you go from being a little voice to being at the top of the tree with all of the Centroc councils saying "That's our number one project".

**Mr STYLES:** Actually that is very true, when you all got behind the Grenfell medical centre amongst the Centroc group to provide it with support.

**Ms WOOLLEY:** The next two were big projects that you would expect to have BCA screamers, but the first one was a medical centre in Grenfell that they had been trying for as long as I have been in local government to get help on.

**The Hon. PAUL GREEN:** That does not take in the social capital of the value, does it?

**Mr STYLES:** Depending on how you operate the matrix.

**The Hon. PAUL GREEN:** It cannot quantify it.

**Ms WOOLLEY:** It does do comprehensive exploratory factor analysis [CEFA].

**Mr STYLES:** The matrix is very broad. You can turn on or turn off the different criteria. The social fabric, the CEFA analysis, the whole medical supply argument was able to be given appropriate weighting within that framework.

**The Hon. MICK VEITCH:** We are talking about the role that ROC plays, and Centroc has obviously played a very good role in assisting or analysing projects, what is the role of the RDA? Does their current role fit regional development going forward? Is there a case to modify, improve, enhance? How do they interplay with councils and the ROCs?

**Mr STYLES:** I would suggest there is a case for goodwill. You see across the State—I do not know what happens interstate—there are varying amounts of goodwill between local government and RDA. The RDA here, local government and the regional local council, there is a lot of goodwill and we do collaborate. So it is down to how people want to behave. In that framework the RDA has been very positive and quite helpful. Its role has morphed over time. I was once upon a time on the RDA and it has changed from—

**The Hon. MICK VEITCH:** I do remember those days.

**Mr STYLES:** It has changed to more capacity building in industry and offering support for community or local government or regional projects. It does do quite a few things in terms of the statistics around our industries and our sectors, and that provides a lot of support to the councils. But I think it is a matter of goodwill. I am not sure why there are so many conflicts with RDAs and the local government sector.

**Ms WOOLLEY:** I think here the ROC has worked very hard; it has an MOU with the RDA and they have worked very closely. They have delivered freight supply chains, studies together and have done research work together. I have to confess I was on that board earlier on too, but when it first started the sort of ambition for it to be that kind of entity has been achieved here, but clearly the other RDAs have gone in different directions and are perhaps not so closely aligned to their regions.

**The Hon. NATASHA MACLAREN-JONES:** In relation to your comments regarding safeguarding the Orange community in relation to economic shock, both positive and negative, I am interested in how you have done that, in particular for the defence area.

**Mr STYLES:** I have had experience both positive and negative in terms of economic shocks. Recently we had the closure of Electrolux, which was a very traditional manufacturing plant here with 550 jobs. The multiplier effects are up to about 85. We have also had the experience more recently of massive construction expansion of Cadia, at the same time there is a massive expansion of the hospital here—or a new hospital, in fact—and a couple of other things. So we had this great influx of workers and we worked a lot with the individuals like health infrastructure and about who was coming, what the numbers were, how it was going to affect accommodation. It was sort of a collaboration to try and smooth the way with how that happened.

It did have its impacts: it was very, very hard to get accommodation in Orange for a long period, and that spilled into as far away as Lithgow. So knowing that those shocks, whether positive or negative, are coming brings on a role between different parties—take that Electrolux thing: a role between the State and local government in trying to sort out what was going to happen. Of course, there was lobbying first to stop it and then it was seeking assistance and then, when the reality of it closing happened, it was about getting the right programs in place to get the best result out of retraining and new opportunities for people. So it is really around planning. We did not get everything right. I can remember there was some temporary accommodation with one of the big developments that some of the social fabric stuff got a bit tough, but it is a matter of identifying what is coming and working collaboratively to form a plan to make it as good as possible.

**Ms WOOLLEY:** I think the other thing that Orange did in the case of the Electrolux closure—500 jobs in one go is a lot—we used it as an opportunity to assess the structural adjustment requirements and to look at our economy across the board and work out where our advantages were and build a jobs creation program out of that, which has been successful for us too. All the eggs are not in one basket; we have got that advantage of having lots of different strengths, but we used it almost as a launching pad for a new jobs creation program.

**Mr STYLES:** That worked out very positively because the State were quite good and aligned their training around a lot of the economic clusters that we identified where the opportunities were going to be for future jobs. Down the track, the outcome of the retraining was very, very positive for that group of those workers who were not at that sort of retirement age.

**The Hon. MICK VEITCH:** The role of the RDA, to go back to defence, what work have you been putting in with the RDA around helping the capacity for defence contracts, defence organisations, support organisations being located in Orange?

**Mr STYLES:** We have not asked the RDA for support on that yet because we are still going through the framework. Obviously we have had some ideas around what might happen and there has been a Federal Government paper on it as well. At a point in time we will seek their support if any of those projects get to the highly prospective level.

**The Hon. PAUL GREEN:** How did you go with your mountain biking issue?

**Mr STYLES:** It is front and centre in one of the grant programs right now. The reclassification of the management plan for Mount Canobolas is gaining support with National Parks and Wildlife.

**The Hon. PAUL GREEN:** They have not made that decision?

**Mr STYLES:** No. We have managed to shorten up the time frame though to get to a decision, which is a happy thing.

**The Hon. PAUL GREEN:** I thought 1 July was your D-day really.

**Mr STYLES:** It was. We had two stages to the project in getting the planning framework right and then doing the project. We have identified a very large opportunity for mountain biking on Mount Canobolas. We have done quite a bit of work with one of the leading trail designers who has identified some world-class trails amongst 11 different trails and we are pursuing that as a regional development opportunity.

**The Hon. PAUL GREEN:** Do you still need some support on that or is it underway?

**Mr STYLES:** I might take that offline, double check and come back to the Committee, if that is alright?

**The Hon. PAUL GREEN:** Yes. From memory you were doing something recreational that was really good for sports tourism?

**Mr STYLES:** We have a major sports precinct to build with a longer term proposal for a stadium and rectangular field. The one you are talking about is the Cricket Centre of Excellence at one of the main parks here. We are trying to integrate that in with a new grandstand to lift the whole outcome. That is a good project for collaborative funding. We have put in about three quarters of a million dollars, Cricket New South Wales or Cricket Australia, I cannot remember which one, has put in about \$250,000 along with the local cricket clubs. The State has been good in providing \$1 million towards that. We are now trying to leverage it to the Federal Government to pull the grandstand over it as well. In terms of that sort of sports tourism, if you like, when you do some of these carnivals—whether it be a cricket knockout or whatever—you fill the town up. You bring a lot of people here and they spend a lot of money. It is a super opportunity for towns and cities in the regional areas because the spinoff for spend and gross domestic product [GDP] is enormous.

**The Hon. PAUL GREEN:** Sydney 2020 does not only mean tourism but also Sydney will be full of people and they will need other areas for these events. It is quite strategic the way that plays into the hands of this inquiry.

**Mr STYLES:** The cohort we are looking at for the mountain bikes opportunity is very squarely drawing on that population.

**The Hon. PAUL GREEN:** You have become Sydney's backyard?

**Mr STYLES:** Quite possibly. If you look at the sports visitation—we have hosted statewide carnivals, the New South Wales gymnastic championships, and New South Wales country diving—it might have even

been New South Wales diving. That draws not only from our areas but also a lot from the metropolitan areas as well.

**Ms WOOLLEY:** We have also looked at the secondary market for cycling as well. So not only the high achieving, thrill seeking athletes but also the mums and dads who want to take their kids mountain biking. We have lots of mountain bike trail grades as well. We are sort of thinking about it as a multi-tiered marketing opportunity for us.

**The Hon. PAUL GREEN:** That is really smart. You have got to get the edge on other regional towns across New South Wales for, say, young professional couples who love mountain biking and have children.

**Mr STYLES:** I talked a bit earlier on about the merit of projects. Trying to draw it more broadly, there is that mountain out there and its got these specific topological and geographic shapes that give it merit. I was talking before about fiscal equalisation but at other tiers having merit, that is the sort of thing we were talking about.

**The Hon. PAUL GREEN:** When we were coming in people were talking about the gas works. How is that going in terms of bringing gas to the airport?

**Mr STYLES:** The main pipeline from the South Australian fields through to Victoria and Sydney goes close to that site. Because of the current complications with gas, getting a supply can be difficult. We are a bit hopeful that some of the changes afoot will relieve that in the future. The price of the gas is a bit unfortunate at the minute but, again, we think there is a policy framework, particularly at the Federal level, that will help with that.

**The Hon. PAUL GREEN:** Are you making reference to the gas reservation policy?

**Mr STYLES:** I think it is more about the export issue.

**The Hon. PAUL GREEN:** That comes into it.

**Mr STYLES:** We are the number two world exporter for gas and the number one for coal. We have got massive endowments for solar and wind, yet we pay the most for energy in the OECD. Obviously there is a policy framework that needs to be changed to restore that balance. The regional areas need to benefit from that because we have an ambition for employment and prosperity that relates to the jobs around that, let alone the consumption by the residents. There is a long way to go in resolving that because there have been a lot of years without getting to a point of resolution. The amount of gas that is approved to be extracted under development will be an issue, but the policy framework is probably the more powerful thing in reducing exports, getting to a sensible balance between base load and renewables that might work a bit better in South Australia and that sort of thing.

**The Hon. PAUL GREEN:** What about telecommunications? How is the NBN service for Orange and its future needs?

**Mr STYLES:** The NBN has been rolled out. That leaves us with a particular level of service. There is lots of discussion about the NBN and how good it is. I guess in response to that, there is the tier of NBN that you buy through your provider—25, 50 and 100—and how well that works when everyone is on the network. It is obviously going to make an improvement but I just wonder sometimes about the saleability of it in comparison to the very large teledensity areas, which will be a matter of demand or scaled up because there is a business case for it, and how that works in seeing the distribution of economic activity across the country. I think there is a way to go but I probably only hear from people who have not had a pleasant experience with the NBN. I have certainly had a bit of feedback about the speeds and the capacity from time to time but at the same time we talk about, "Have you grabbed NBN 25, 50 or 100 because you might need a higher-end product to meet your needs?" We have also seen the various retailers selling cheap as chips NBN but it may not be at the speed and capacity that you really need.

**The CHAIR:** Thank you for appearing before the Committee today. We look forward to seeing Orange continue to be out there in front.

**(The witnesses withdrew)**

**PETER FRASER**, Director, Government and Community Relations, Charles Sturt University, sworn and examined

**ANDREW VANN**, Vice Chancellor, Charles Sturt University, affirmed and examined

**CHANG-TSUN LI**, Professor, School of Computing and Mathematics, Charles Sturt University, affirmed and examined

**TERRY BOSSAMAIER**, Professor, School of Computing and Mathematics, Charles Sturt University, affirmed and examined

**The CHAIR:** Thank you for your submission. Would any of you like to make a brief opening statement?

**Professor VANN:** I do have an opening statement which I hope is not more than two minutes, but it might be a little bit more. It is a privilege to appear before this inquiry on behalf of Charles Sturt University during the Standing Committee on State Development's review of defence industry in the State of New South Wales. Charles Sturt University is Australia's largest regional university, with more than 39,000 students, with a reach that spreads from the mid North Coast in Port Macquarie down into Victoria, with a concentration in the central and central western regions of New South Wales. Our university offers a comprehensive suite of teaching, learning and research that focuses on addressing rural and regional labour market needs, including those of the Australian defence forces and New South Wales defence industries, growing regional economies, and preparing students for the jobs of the new economy in regional and rural as well as metropolitan Australia.

As one of Australia's largest online and distance education providers, Charles Sturt University has been able to leverage its course profile and specialist expertise in education provision for the delivery of study programs that support labour market skills development, including those of the defence forces and industries, regardless of student location. Our undergraduate cohort is largely made up of first-in-family, mature-aged and part-time students, as well as those from disadvantaged and minority backgrounds. We graduate almost 40 per cent more Indigenous students than any other Australian university.

While our written submission provides a range of recommendations relating to the policy outcomes and program objectives contained in the New South Wales Strong, Smart and Connected defence and industry strategy 2017 statement that details the Government's defence industry strategy for the State, in the next few minutes I want to draw your attention to three key areas. Firstly, technology development and commercialisation. We support the defence industry policy outcomes and program objectives of the Government as set out in the strategy statement.

However, we do believe that the Government's outcomes and objectives would be best achieved through additional State investment in a range of initiatives that would strengthen implementation of the strategy, including: the defence industry innovation, research, education and future workforce elements of the Government's statement be strengthened by direct investment, including a defence industries technical skills development fund of up to \$25 million per annum; a professional development fund of up to \$10 million per annum; and, most excitingly of all in our view, implementation of a "development-intensive" research fund of at least \$25 million per annum modelled on the highly successful Small Business Innovation Research Program [SBIRP] in the United States.

The SBIRP provides public funding to develop research and development [R and D] partnerships between defence and small and medium-sized enterprises [SMEs], leading to highly innovative solutions to often intractable defence challenges. The SBIRP is largely credited with the technological, industry, investment and export success of the United States, not only underwriting the technological superiority of United States defence capability but giving rise to the firms of the future. Implementation of an SBIRP in New South Wales would catalyse: defence industry innovation, research and education, including developing the future workforce; the ability of defence to procure goods and services from homegrown businesses; and opportunities for New South Wales-based defence-focused companies to grow exports and attract investment.

Secondly, community capability and capacity. We recommend that the defence industry innovation, research, education and future workforce elements of the New South Wales Strong, Smart and Connected defence and industry strategy 2017 be strengthened without direct Government investment, including: establishing a \$5 million per annum community development fund to support establishing and sustaining defensive supportive communities.

Finally, ensuring success. We do believe that the policy outcomes and program objectives sought by the State will be maximised through effective governance arrangements that are not only representative but skills based. To this end we recommend the establishment of a ministerial council for defence industry development; and strengthening the regional development element of the Government's policy by establishing a committee of the ministerial council for defence industry development that would focus on defence force and defence industry development in the regions. This committee would work towards maximising the regional economic benefit attained from colocation of defence bases and defence industries in the State's regional centres. Its membership would be drawn from regionally-based defence, industry, scientific, educational and training and community sectors.

In conclusion we commend the Government's defence industry outcomes and objectives. Importantly, in putting forward our recommendations Charles Sturt University also acknowledges the pressures on the State budget. However, we argue that development of defence force capacity and defence industry capability in regional New South Wales will be a key driver of regional economic growth that can address the prosperity disparity between city and country. Therefore Charles Sturt University urges the Committee to find and recommend to the Parliament that the Government ensure delivery of its policy outcomes and program objectives set out in the New South Wales Strong, Smart and Connected defence and industry strategy 2017 statement through tangible investment in real industry capability for a fair, accessible, equitable and sustainable approach to economic development and participation in our regional communities.

**Professor BOSSOMAIER:** I am delighted to appear today before the Committee in support of Charles Sturt University's submission. Charles Sturt University has been building expertise over two decades in three areas germane to the defence industry. They are computer simulations; image processing and pattern recognition; and, more recently, machine learning. We have established significant hardware facilities to support such research. We have a range of computer controlled video cameras, some with high frame rates; an eye tracker; and a hyperspectral image camera. Hyperspectral imaging uses the visual, infrared and ultraviolet spectral regions, but does so at a much higher colour resolution than an ordinary camera. We also have a dedicated 3D visualisation laboratory and a wi-fi sensor laboratory.

To provide the computing resources for machine learning we acquired at the end of last year a graphics processing unit [GPU] cluster—a small supercomputer with specialised software for deep learning, one of the most important recent trends in machine learning. Part of the thinking behind the university's course offerings in the computing domain has been the belief that software can be developed successfully in regional areas since the transport costs are insignificant. The Central West is particularly appropriate due to its proximity to Sydney. An early but outstanding success in the regionalisation of a knowledge industry was the development of the spatial industry in Bathurst. Therefore we believe that the Bathurst and Orange area is extremely suited to research and support to the defence industry in New South Wales. In concluding I would like to thank the Committee for the invitation to appear here today.

**Professor LI:** I would like to take this opportunity to thank the Committee for the invitation to appear at this hearing today. Information and communication technologies [ICT] play a key role in defence systems, and it is one of Charles Sturt University's many strengths. ICT can foster a knowledge-based defence industry in New South Wales which is environmental friendly. It also has a cross-fertilising and transforming effect on other industries. Charles Sturt University [CSU] is strong in cybersecurity, machine learning, image processing, computer simulation, pattern recognition and sensor network. Good examples are our research into steganography for covert communications and steganalysis for detecting covert communications that finds its use in counter terrorism.

The university's multimedia forensic technology has been used by a number of international law enforcement agencies, including Sussex Police, Metropolitan Police, Home Office and Guildford Crown Court in the United Kingdom, and was incorporated into INTERPOL's database for combating crime. It can also be used in the defence sector for source authentication and information assurance. With our expertise and capacity of delivering deployable systems, Charles Sturt University is well placed to contribute to New South Wales's defence industry, particularly in the areas of enhancing situation awareness, cybersecurity and digital forensics. The university also benefits from the proximity of our Wagga Wagga campus to Canberra, which allows us to work closely with the Federal agencies and Australian National University [ANU]. Again, thank you for the opportunity to appear today.

**The CHAIR:** During this inquiry we have all been amazed at the sophisticated research that is going on in universities. Notwithstanding Mr Fraser's great efforts, I guess there is a need to get that information out

there. It is quite extraordinary. Mr Bossomaier, is there anyone else in Australia working in those areas you are talking about?

**Professor BOSSOMAIER:** In the machine-learning area, Australia is very strong. There is definitely a lot going on. There is also quite a body of work going on in the simulation area as encapsulated by Simulation Australasia. In general, Australia does very well in the computing domain.

**The CHAIR:** We also appreciated very much that you put forward some proposed recommendations. I want to focus on those for a minute, and I know Mr Veitch does as well. I certainly am pleased that somebody has suggested a ministerial council because we have not had the actual suggestion yet, but I wanted to get there. That will probably go somewhere. On the research and official development fund, you have put in some specific numbers. Can you explain how you got to those numbers and what they would provide in a general sense? If we were to go forward and pick up those, how would we describe that we got to the dollar numbers and how would we make an argument about it?

**Mr FRASER:** In putting forward our submission, we looked at other government programs that are currently rolling out at a State and Federal level, and also some of the programs that we are working with in partnership with the New South Wales Government. If I can highlight, for example, the Boosting Business Innovation Program is a \$10 million fund that has been spread across the 10 universities in New South Wales to promote innovation and entrepreneurialism across the State. In looking at the specific programs, we looked at what is already working well and, in a sense, spreading the success further by investing significantly in defence programs. Also looking at what is happening federally with the significant Commonwealth investments in South Australia and Western Australia, in our view, New South Wales must remain competitive in that race, that is why we are putting the numbers together and looked at the comparisons where we can actually drive home the advantage for the State.

**Professor VANN:** To add a general comment, something that all of the vice-chancellors have been keen to talk about with government has been getting State level support for innovation funding. I have to say, it has been great to see more of that coming in recent times. When we have bid for Federal funds, we have found that without supporting funds from State, it is often hard to get the attention of Federal Government, or it will tend to go to other States where there is more State money on the table. It is an important theme, and certainly from our perspective in regional New South Wales we would love to see more of that Federal money coming to the State and for us to grow our regional economy.

**The CHAIR:** It would help us if you were prepared to embellish that a little and give us some of the programs that we should refer to. If you could point to two or three existing programs that we could compare to support a proposition it would make it much more forceful for us. The Government will not be surprised to hear that we can tell them about some program that is already working.

**Professor LI:** In this regard I can add one example, which is Innovate UK. Innovate UK is a government agency which is responsible for supporting SME research. Therefore, already this is also funding research, but only the industry, especially the SME category can take a lead, but in a consortium. They can have academia partners in a consortium. That is quite a similar agency to the SBIRP in this case, and that has been running very successfully in the United Kingdom [UK] for many years. I can probably provide some information to the meeting.

**The CHAIR:** That would be great. Thank you very much.

**Professor VANN:** Professor Li has just come to us from the University of Warwick in the UK.

**Professor LI:** One thing to add at this point, Innovate UK is an interface between the government agencies and the industry. Therefore, they handle the co-proposal from the defence, from the law enforcement and from different British government agencies, so not a single window.

**The CHAIR:** Are you enjoying the blue skies and the clear air.

**Professor LI:** Yes. They also provide funding for IT protection as well. That was everywhere.

**The CHAIR:** That would be very helpful if you could supply that information.

**The Hon. MICK VEITCH:** A winter's day in Orange would be a summer's day in Warwick.

**Professor VANN:** Not too far off, yes, speaking as someone who emigrated from Britain.

**The Hon. MICK VEITCH:** I have a couple of questions similar to the chair. Professor Van, in your introductory remarks, you spoke about technology development and commercialisation. I want to explore further the difficulties in commercialising some of the research that CSU undertakes.

**Professor VANN:** We are looking at various things in this space, including engaging with other universities and some early stage venture capital funding is the right term. It is well known that we probably should be working harder on commercialising research out of universities. I think all of the Australian universities are looking at things to progress this, but you need a source of capital that is willing to take risk. You also need structures that will work with researchers and universities to get things out of the lab, if you like, into commercial ready form. I think one of the issues that most of us in the universities in Australia see is that we have not had those structures as well developed as other countries. In particular, the United States [US] is an example we all tend to look at in respect of innovation. I think an important point not to be lost is that a lot of the US innovation is actually underpinned by government money. I cannot remember where I heard this now, but I remember hearing a report that about two-thirds of the venture capital money that is supporting start-ups in the US is actually government money and much of that is around the defence industries in the US, I believe. Does that answer your question?

**The Hon. MICK VEITCH:** Yes. That then feeds into your proposal around the development intensive research fund.

**Professor VANN:** Yes.

**The Hon. MICK VEITCH:** That is good. I am also keen to hear about your recommendation concerning the Ministerial Council for Defence Industry Development. How do you see that operating? What would the ministerial council do? How do you see its performance and how will it enhance the role of government in this part of important public policy?

**Mr FRASER:** The reason we have put that forward is to elevate the importance of the sector, and to bring some focus within government, particularly at the ministerial level and also with the Premier, in driving the growth and development of the sector. In a sense, when we were putting forward the proposal, we were again looking at other States and what they have focused on over many years. In putting together the submission, the focus of CSU was previous experiences in Victoria. Victoria has had a long-term history of putting together ministerial councils focused on specific industry priorities or industry sectors to that drive that importance through government, but also bringing together business, industry, universities, and other key stakeholders across the sector to be able to use it as an opportunity to help drive policy change, drive policy awareness and also identify any particular barriers or blockages at a policy level in government.

As we all know, there can be barriers or blockages at the bureaucratic level and you try to short-circuit those. That was part of the thinking behind framing a ministerial council. What would be unfortunate in this model would be if it was formed but it met irregularly and turned into nothing more than a talking shop. That is not what we want to see; we want to see it as a peak body within government, in partnership with government, industry, business and other stakeholders to drive a focus on Defence and Defence opportunities for the State. A subset of that is focused on rural and regional communities, because often there is a thought process that nothing really exists outside of Parramatta—that is as far west as you go. That is why we want that subset focused on growing those opportunities in rural and regional New South Wales.

**The Hon. MICK VEITCH:** Are you saying that it is really important for a ministerial council to have a clear remit from the Government about what it should focus on?

**Mr FRASER:** Correct. It should have a very clear set of priorities and terms of reference against which it can be measured for success and/or failure to help to guide government in developing policy moving forward.

**The Hon. MICK VEITCH:** In your very good submission, on page 16, you say that the council's remit would be to maximise the economic benefits from co-location. Please expand on what you mean by co-location.

**The CHAIR:** We are finding how the synergies between Defence opportunities and regional areas' innovation and infrastructure are full of opportunity.

**Professor VANN:** I will give you my take on the benefits of co-location and Mr Fraser will correct me if I am putting on a different spin from the party line, but what we see generally in terms of regional development is a concentration of resources into regional cities away from smaller centres, just like we have seen the capital cities getting bigger. Something I am keen to drill home whenever talking about regional

development is that sometimes, when you see news stories, there can be a view that regional Australia is shrinking and the capital cities are growing. That is actually not what is happening. We are seeing cities in regional Australia getting bigger, but the population in regional Australia is getting bigger too. We are seeing a general theme of development. I am always keen to point out that we need to get investment into these communities if we want to support the infrastructure, jobs and economy into the future, which is required, as well as relieve some of the pressure on the capital cities.

The opportunity I see around co-location is that we have fantastic intellectual assets in these communities through Charles Sturt University, in our part of the world, as well as other universities in other parts of the State. We have significant Defence industries in some parts of New South Wales—in Wagga and Albury particularly in our footprint—and other industries are building around them and the cities are getting bigger too. There is a synergy that it is possible to assist by making investment decisions about where the money is. I think that is the point.

**Mr FRASER:** Yes, that is correct.

**The Hon. NATASHA MACLAREN-JONES:** I think a ministerial council is a very good idea. You highlighted opportunities that we have missed including putting in bids at a Federal level but not necessarily having them matched at the State level. I am mindful of commercial-in-confidence matters, but please elaborate. How did this occur? Was it that the synergies did not line up or was it pushed back at a State level? You can take this question on notice.

**Professor VANN:** Speaking from my own experience, the specific example, which unfortunately is not available to us any more, was the Education Investment Fund. We had bids on the table but we were not able to get State support at that time. Part of the feedback that we got from the Federal level was that that was one of the things that was effectively a black mark against the proposal. More generally—and we can look for specific examples, including in this space—this is often looked at from a Federal level and State support has a critical impact. Not related to the sector at all, but one of the questions asked at the Federal level about our medical school bid at the moment is whether it has State support. The general view is wanting all levels of government to be lined up behind these things. We will look for some specific examples.

**The Hon. NATASHA MACLAREN-JONES:** Please include costings.

**Professor VANN:** Yes.

**The Hon. NATASHA MACLAREN-JONES:** In your submission you state that you are working on a number of areas in cybersecurity and digital forensic work. Have you lost some of your talent or even research to overseas institutions, because we do not provide sufficient support here or the job opportunities?

**Professor VANN:** Certainly one of the concerns that Australian universities have is that there is a global talent pool here and a global market for talent, particularly in this area. If we are not able to provide career opportunities for researchers, we can be at risk to losing them to overseas institutions.

**Professor BOSSOMAIER:** We have certainly had situations where we had very promising young researchers over the last couple of decades who subsequently moved elsewhere, basically looking for further opportunities. It has been an issue for us in the past.

**Professor VANN:** The standard career structure would be that you would do a PhD and then you would look for a post-doc to build to your publication profile off that. Those are more difficult to fund in Australia than they are in the US, for example. If you cannot provide that opportunity for people to get their career fully fledged, certainly they will look around. We have enormous advantages in Australia from the point of view of having a safe and civilised and affluent society. It is a marvellous place to live, and the fact that Professor Li has joined us is testament to that. In terms of early career researchers, the Australian system is not very supportive compared to some other countries. That is a problem for us.

**The Hon. PAUL GREEN:** I am sure you are familiar with *Australia's Got Talent*. On your suggestion for ministerial councils, that is a yes from me and you are going through to the next round. What are you doing in the area of artificial intelligence [AI]?

**Professor LI:** I mentioned that I work more with Interpol, which is part of a typical artificial intelligence project. In that project we have been able to cluster a database of 5 million shared pornography images, with the number of classes far greater than the size of each class. In this context, the class that we present is the camera. Interpol currently anticipates that each camera might contribute 200 images, but there are hundreds of thousands of cameras that have contributed to that enormous database. If you use traditional

machine learning technology to classify this kind of database you will fail because the number of classes is so big and therefore you cannot create a smaller database that is representative of the whole population to classify it. We managed to bypass this problem without going through the training process. That is a typical artificial intelligence example, which we have delivered.

**The Hon. PAUL GREEN:** People who are producing things for defence are saying to us that they have to find out what the defence force needs in 15 years, not today. They can produce things and they do produce things for today. They say they have to be 15 years ahead of the game. Do you participate in the defence circle of influence to be in the game, because there is a lot of technology that I can see here that would be compatible? Are you trying to be 15 years ahead as well as to what the defence force will need?

**Professor VANN:** As far as we can. Fifteen years is a long time. My PhD was in what used to be called artificial intelligence 20 years ago but would not pass muster for that now. Where we have done the bulk of our work—by the way I do not think we said this in the submission—we believe we are the largest provider of policing and security education in the world. We have done a lot of work with the Australian Federal Police [AFP] and in counterterrorism spheres. But with a lot of that, obviously there are techniques that cut across into defence as well, particularly in image recognition type things. Yes, we are trying to look as far ahead as we can in those spaces and I think we would say that the work we have done in the policing and counterterrorism space fits well with the defence space. Many of the same ethical issues arise. For instance, our ethicists have done work around drone usage, which is a straight out defence application. Many of these things are not just about the technology but also about the ethics and the legal aspects of using those kinds of force.

**The Hon. PAUL GREEN:** You are on the other side of the scale with this technology. The Committee has heard evidence from small industries who are doing amazing work that is compatible with defence and they do not have a clue that they have a whole market sitting there—a potential global market.

**Professor VANN:** Yes.

**The Hon. PAUL GREEN:** How are you finding the capacity and reliability of the National Broadband Network [NBN] to service this huge technology because it needs to be reliable for the sort of work that you are doing?

**Professor VANN:** As a university we are on Australia's Academic and Research Network [AARNet], which is the university's own research network, which is at least one order of magnitude and maybe two better than you get through the NBN. The NBN rollout has been patchy. It is more of an issue where, for instance, researchers might want to work from home. Where they are not connected to the university network that can be a productivity killer. It would also be an issue I think for businesses in that, as Professor Bossomaier was saying, there are a lot of people who are now quite interested in relocating out of Sydney, cashing in on the real estate market in Sydney and moving to regional locations like Bathurst, Orange or Wagga Wagga. But if they cannot be productive, particularly in the cybersecurity area, that is probably going to be a restraint. It is definitely a concern for us. As I said, personally speaking yesterday I checked when the NBN might come to my house, and it has now been pushed back to the end of September. So I wait with bated breath.

**The Hon. PAUL GREEN:** I will race you for it.

**Professor VANN:** Connectivity is certainly something we are concerned about. If we are not well connected as a nation I think that will be a problem for us in the future.

**The Hon. PAUL GREEN:** It really comes down to essential services: water, energy, and the internet are quickly becoming essential services if you really want to qualify.

**Professor BOSSOMAIER:** We have found in the past that for the possibility of companies locating activity in Bathurst, internet access is extremely important. It ranges not just from the computational domain. One example we had was the need for overseas companies to be able to do effective videoconferencing back overseas, for which you need basically a high bandwidth. So the NBN is extremely important to us in that respect.

**The Hon. PAUL GREEN:** I have no further questions but I compliment you on your submission because it has great references like no other submission I have seen, which I would expect from a university of course. It is amazing technology that you are investigating and working with—it is intriguing and incredible.

**Professor VANN:** I am pressed to go back to a point that the Chair made at the start. I think we are very conscious that we needed to get the story out about Australian innovation better than we do. I think

sometimes as a nation we beat ourselves up for not being innovative. But there are some really incredible things happening in Australian industry and in Australian universities.

**The Hon. PAUL GREEN:** I think you are right. As the Committee has been visiting areas in the State, it has become aware that small and medium-size enterprises [SMEs] are focused on their product and research. Every dollar and cent is going into that but they have no-one marketing it, or no avenues to go to. Hopefully, as an outcome of the defence inquiry, the Government will be putting more resources into that. We can be a catalyst for these people and their projects to go on to global markets and opportunities.

**The Hon. MICK VEITCH:** Professor Li, I found after reading your biography that you are still the coordinator of the principal investigator [PI] of the European Union international project?

**Professor LI:** Yes, that is right.

**The Hon. MICK VEITCH:** Are you able to talk us through the Computer Vision Enabled Multimedia Forensics and People Identification Service? What is that?

**Professor LI:** There are two components to it. The first is multimedia forensics, which is about identifying the source of the content. Given the digital image, can you trace to the camera responsible for the creation of that image or not without getting hold of the camera? You need to be able to check the so-called device fingerprint from the content which was laid at the moment you pressed that button to take the photo. That is about multimedia forensics. It is about identifying the device. The second component is people identification, using a similar technology—artificial intelligence, computer vision, image processing and recognition to identify people. Usually it is also called biometrics. So we can use iris, fingerprint, palmprint, or face, or even the way people walk—gait—to identify people. Although we are talking about different features, the features for identifying people and devices are different. But the underlying identification technology, machine technology is similar. That is why we can use the same set of underlying technology to support different applications.

**The Hon. MICK VEITCH:** You are probably the person to ask this question as it is directly relevant. Recently I was told or I read that within five years PIN codes for mobile phones will be irrelevant because you will either have the iris—

**Professor LI:** Iris or fingerprint.

**The Hon. MICK VEITCH:** That is the sort of thing you are talking about?

**Professor LI:** Yes. Iris is one of the types of human characteristics we use to identify people.

**The Hon. MICK VEITCH:** The submission talks about the cybersecurity and digital forensic projects at CSU. Is that what Professor Li is talking about?

**Professor LI:** Yes.

**The Hon. MICK VEITCH:** I think we are lucky to have Professor Li in Australia.

**Professor VANN:** So do we.

**The Hon. MICK VEITCH:** You were based in Slovenia. Australia has hopefully some advantages on Slovenia.

**Professor LI:** I spent eight months there.

**The Hon. MICK VEITCH:** Your biography is amazing. I am very impressed. We are quite fortunate.

**The Hon. PAUL GREEN:** I was watching something recently about NBN technology. It will be irrelevant in five years as we will be moving through plasma or something like that and the signal will be 500 times faster. I cannot remember what the medium was but that is pretty exciting for universities—the ability to work with that sort of bandwidth.

**Professor VANN:** The university has a house for the vice chancellor which has AARNet piped into it. Having teenage children though, I was not particularly keen to have them on it. So I have a Telstra line into the house as well as the AARNet line and the AARNet line runs at basically a gigabyte a second. You are still getting six megabytes per second out of the Telstra line. So it is 160 times as fast on the AARNet.

Even that, because of the climate of the university where we are very distributive, we do most of our meetings with a videoconference aspect to it, whether it be one-on-one; we use a lot of bandwidth as a university and it is still not enough. Even having that much connectivity we have still got a bit of delay when we

do the videoconferences, which makes it less natural than a conversation like this. We can see there are still a couple of jumps in technology we need if we are going to live the way we really want to live into the future.

**The Hon. PAUL GREEN:** I have six children and we are first on our street, we are on ADSL too. So it does not get past our house. Our poor old neighbours are always emailing about the capacity of their internet and there is a firehose coming into our house but it is like a dribble and it is going down the rest of the road.

**Professor VANN:** We have a very challenging geography in Australia. I must get these stats; we are in the top 20 most urbanised countries in the world and the top 20 least populated. So we have enormously sparse geography and yet many of us live in the capital cities and I think it makes it a real challenge to provide infrastructure of all kinds effectively to our communities because we have got this real disparity between being very, very urbanised and then very sparse.

**The Hon. NATASHA MACLAREN-JONES:** In your position and the networks you have across the region in defence, I am interested to know if you have any suggestions on actual infrastructure that needs to be improved or if you can make recommendations that would help in the region.

**Professor VANN:** Transport infrastructure do you mean or any kind—

**The Hon. NATASHA MACLAREN-JONES:** Anything.

**Professor VANN:** I think if you talked to any of our local businesses they will tell you that logistics is one of the things that is a problem for them. We have been having a round of regional consultative committee dinners and we spoke to the head of Mars in Bathurst and he said—I think these stats are correct, and the previous general manager said the same thing, that they can do three return trips from their Thailand factory to Japan for the same cost as getting it from Bathurst to Sydney basically. So our logistics are slow and expensive and he said if they were re-establishing the factory they would not put it in Bathurst in the future largely because of that. So certainly logistics are a problem; some of it is rail, some of it is road. But they would certainly say that investing in those kind of freight logistics is an issue. I would guess in the defence space that is really important to the Defence Force to be able to move things around.

To come back to the connectivity, I am sure the Defence Force themselves have adequate capacity in their networks. As I said, we are okay in the universities, although we can see the limits to it and we could certainly do with an uplift. It is a problem once you get beyond that, and once you move to a mixed economy of firms being part of subcontracting I think that is something we will need to think about into the future. The other thing, given a free kick I would have to mention the mobile network as well because I find once I am more than five minutes out of any of our cities the signal is very unreliable.

**The Hon. MICK VEITCH:** How good is that?

**Professor VANN:** That is a big drain on productivity. In some ways it is good because it means I can have an hour or so drive without—

**The Hon. MICK VEITCH:** I am with you.

**Professor VANN:** But you do want to make phone calls. Mobile signal is an issue too that we will need to address here.

**The CHAIR:** Professor Bossomaier, you glossed over a little statement where you said, "At the end of last year we acquired a GPU cluster, a small super computer with specialised software for deep learning", and I let you get away with it, but can you explain what that means?

**Professor BOSSOMAIER:** Deep learning is an important new development—a fairly recent development in artificial intelligence. For example, it is being used by Google, or a company that Google now owns, to essentially produce a player in the Chinese game of Go, which until the last five years was regarded as one of the grand challenges in computer science. That grand challenge has now been met using these deep learning techniques developed by a company which Google bought. Deep learning can be used for a whole range of things. One of the important characteristics of it compared to many of the early techniques which have preceded it has been its need for data—it needs very long volumes of data to be effective—and, of course, we have now essentially entered the era of huge volumes of data, so these techniques are now becoming realistic. Hence, we decided that we would invest in this special purpose machine for enabling that sort of research.

**Professor VANN:** The interesting thing about that breakthrough, as Professor Bossomaier was saying, this was thought to be something that computers simply could not do and humans would be able to beat computers. In fact, the Grand Master who took the machine on fully expected to win but he lost the first game

and then lost the rest of them. The other interesting thing was that the machine won by playing it in a totally unexpected way. Because it was able to build its own database of games, it found ways of playing that no human had thought of.

**The Hon. PAUL GREEN:** I was just reading on LinkedIn they had a couple of machines talking to each other, AI, and they did exactly that, they started going from the human input to artificial intelligence and they found out that these machines were able to talk because they found a more efficient way to do it. Very exciting times in one way.

**Professor BOSSOMAIER:** One of the challenges when you do AI games like that is that these machines can play much faster than people. So effectively they then do a lot of their development by playing against themselves. So you combine the access to large volumes of data with self-play, which was developed before the game was developed with backgammon.

**The CHAIR:** You also mentioned the spatial industry in Bathurst. Is that centred around the land titles people?

**Professor BOSSOMAIER:** Absolutely, yes.

**The CHAIR:** Is the private sector as well around that or is it basically the governments?

**Professor BOSSOMAIER:** That comment was really referring to the New South Wales Government movement of the spatial industry to here in Bathurst, and that has been one of the most successful organisations of its kind in the Southern Hemisphere probably.

**The CHAIR:** I will pat myself on the back for that. We will conclude there. Thank you very much for your input. You were going to take a few things away and do them for us. The secretariat will contact you in relation to those and if we could have your replies within 21 days or whatever time you need. Thank you all very much. We really appreciate your time and effort in coming along, and thank you so much for giving us some firm recommendations.

**(The witnesses withdrew)**

**(The Committee adjourned at 15:27)**