

REPORT ON PROCEEDINGS BEFORE

STANDING COMMITTEE ON STATE DEVELOPMENT

REGIONAL DEVELOPMENT AND A GLOBAL SYDNEY

At Macquarie Room, Parliament House, Sydney on Tuesday, 27 March 2018

The Committee met at 9:30 am

CORRECTED

PRESENT

The Hon. Taylor Martin (Chair)

The Hon. David Clarke

The Hon. Scott Farlow

The Hon. John Graham

The Hon. Paul Green

The Hon. Natasha Maclaren-Jones

The Hon. Mick Veitch

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The CHAIR: Welcome to the wrap-up roundtable of the Standing Committee on State Development Inquiry into Regional Development and a Global Sydney. Before I commence, I acknowledge the Gadigal people, who are the traditional custodians of this land, and pay respect to the elders past and present of the Eora Nation and extend that respect to other Aborigines present. Today is the culmination of the evidence-gathering phase for this inquiry. Last year, the Committee held a number of hearings and site visits and in November we released a discussion paper that encouraged responses on how regional New South Wales can benefit from Sydney's growing prominence as a global city.

Today's roundtable will consist of four panels, each focusing on a different area. The first panel will examine economic and social development; the second will seek the views of local government; the third will consider community impacts; and the fourth will have input from State government departments. Today we will hear from a range of stakeholders from across the panels, which will include government representatives and organisations representing community, industry and economic sectors. Before I commence, I will make some brief comments about the inquiry and the procedure for today's roundtable. It is expected that the round table will follow the usual question and answer format of a hearing, however, participants are welcome to answer any question, even those directed towards other panellists, if they feel they can make a valuable contribution to the discussion.

Today's roundtable is open to the public and is being broadcast live by the Parliament's website. A transcript will be placed on the Committee's web site when available. In accordance with broadcasting guidelines, 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 remind media representatives that they are responsible for what they publish about the Committee's proceedings.

It is important to remember that parliamentary privilege does not apply to witnesses for anything they may say outside the hearing. Therefore, I urge witnesses to be careful about any comments that they may make to the media or others after they have completed their evidence. Their 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. There may be questions asked that a witness could only answer if they had more time or certain documents at hand. In these circumstances, witnesses can take questions on notice and provide answers within 21 days. If witnesses have any messages for Committee members they can be delivered through the Committee staff.

LUKE AITKEN, Senior Manager, Policy, NSW Business Chamber, on former oath.

ROBERT MILLAR, Policy Manager, Infrastructure, NSW Business Chamber, affirmed and examined.

The Hon. MICK VEITCH: Thank you for coming to present before the Committee for the roundtable. There are two areas in the discussion paper that was circulated that I would like to explore. The first issue—and there is probably a thesis or two in this—is the definition of "regional New South Wales". The term comes up a lot. Local government or community organisations use it when applying for government funding and the Government itself has a myriad of definitions for "regional". What does the NSW Business Chamber see as the best definition of "regional" and why?

Mr AITKEN: There are big gaps in the ways in which "regional" is defined at the moment. We do find from our members within the Hunter and Illawarra and the experiences that they are having with infrastructure investment, that when they are competing against Sydney and when they are grouped within that for the Restart NSW fund, they are finding it challenging to get projects up. Is there a clear definition? Looking at anything outside of metropolitan Sydney, we would probably take it up to the Central Coast and not much further south than Campbelltown.

At the end of the day, from the chamber's perspective, we want to argue for policies that are geographically blind and that support all businesses. A business on the outskirts of Campbelltown—a small- or medium-sized enterprise—that is looking to grow and invest in people is the same as a business that might be operating in Orange or in a regional area that is looking to do the same thing. Ideally, we are looking for geographically blind policies, but we do recognise that there are some circumstances for regions and we do need to look at ways in which we can help them along a little bit more.

The Hon. MICK VEITCH: The issue that often arises is that government funding will be allocated so that Newcastle and the Illawarra are often either included or excluded from funding for the Sydney Basin. The Central Coast will argue that it is neither here nor there, it always seem to be left out. Then there is the far north and far south coasts and the region west of the Dividing range. Those areas also never get the money because it always goes to Sydney, Newcastle and Wollongong. There is an imperative in defining the regions and whether we do that environmentally via water catchments or population catchments. If the Government is trying to figure out the best ways to allocate those funds, what is the best way to define a region? Mr Aitken, are you saying that you would like to see geographically blind policies that do not look at any regions?

Mr AITKEN: From a policy perspective for supporting business growth, we should support business growth wherever it is occurring. There are obviously different ways in which we can break these things up. For example, cities were established because there was a major church or lord mayor and those sorts of things. We have always struggled with the issue of defining what a major centre is. We have proposed that the Hunter and Illawarra are special cases. They are definitely connected to Sydney but are definitely able to exist in their own right. We are going to put forward a proposal—with just the infrastructure funding at the moment—that major regional economic centres, primarily the Hunter and the Illawarra, be recognised so that their projects are assessed in a different way or that a different funding pool be allocated to them.

Currently, at least from the projects that we have seen come through so far, for major road and rail projects, it seems that the Hunter and the Illawarra are missing out on some of those significant funds. There are some great opportunities, especially when we are looking at some of the population challenges that Sydney is facing. These areas already have quite established economies, the capacity to grow even more, strong connections back to Sydney, and port facilities. These are all definite indicators that they could grow a bit more. We would like to see a lot more done for those two areas in particular. Outside of that, there are challenges in getting some alignment. We have the struggle in Australia of having three tiers of government. We have multiple government agencies, multiple overlays, Regional Development Australia, and destination networks all trying to do things.

Potentially, since we have advanced so much since we originally tried to craft geographic boundaries, we have so much more geospatial data at our disposal, utilising some of that, understanding where people access their services and how they move within an area might be a better way in which we might be able to capture what it is, where people go to, what services they use and define boundaries by the user rather than a top-down proposal.

The Hon. JOHN GRAHAM: Would you agree that the worst situation in government is for different policies to have different regions, chopping and changing?

Mr AITKEN: Yes.

The Hon. JOHN GRAHAM: Would you agree there should be a relatively consistent approach in government rather than program by program drawing the boundaries?

Mr AITKEN: It should be, but it is very challenging when you have large departments—you have things like local health area networks, local area commands and the like. Looking to see how those services can better align would be something we would definitely support because you would probably get more efficient delivery of the service.

The Hon. MICK VEITCH: That last statement is pretty important. You are saying it is almost critical that government makes sure it gets those alignments right for the delivery—

Mr AITKEN: For the efficient delivery of services to the community, yes.

The Hon. MICK VEITCH: The second thing I want to explore is the benefit-cost ratio [BCR]. Those of west of the Great Dividing Range hear a lot from our councils, regional development organisations [RDOs] and groups. They make submissions for government infrastructure projects in particular and they miss out because they do not make Treasury's BCR calculation. The discussion paper explores that a little bit and I note in your submission that you also make a statement around a business case and applications for funds and grants being subject to the benefit-cost ratio assessment. This is a long-running concern. It is an issue that has been explored quite a bit by this Committee in this particular inquiry but other committees of the upper House have also been encountering this issue. What is the solution to making sure there is an equitable distribution of funds to some of those communities who are being knocked out purely because they do not meet BCR, and that is around population?

Mr AITKEN: Absolutely. I think population is a big reason for why you cannot get that scale, especially when you are competing for projects where there are other priorities with the more populated areas. We are concerned about the primacy of the BCR and how it is being applied. You are right that Treasury has a policy in place. It was revised last year and it does indicate how to apply a BCR. We think rather than the BCR within regional areas, identifying a base level of service that people can expect and ensuring that there is infrastructure investment to achieve that base level needs to be the fundamental building block in how we make these allocations. But, yes, some better Treasury advice—we still think benefit-cost ratios are very useful but some work to assist some of the councils which obviously make the applications in terms of how to communicate the benefits, to be able to communicate as well the wider social benefits.

We were in a hearing yesterday discussing zonal taxation. We were discussing some of the motivations behind people moving to regional areas. People relocate for employment, but even when there are employment opportunities they often do not relocate because they are concerned about the level of service that might be in an area, health services and education being the primary ones. There could be a more nuanced look at the BCR to ensure that regions are not missing out, but most definitely at a fundamental level there needs to be a base level of service that people can expect in our regions and we should be looking to lift it up. If a project can deliver on that, it should be supported.

The Hon. MICK VEITCH: Are your regional chambers raising this as an issue?

Mr AITKEN: Absolutely, yes. We hear this all the time. We have some councils that are also members of the chamber so we engage quite closely with them in our region, obviously wanting to see projects move forward. They have the same concerns. They are trying to attract staff and they are finding it quite difficult at times. It is that hesitancy around some of the service delivery of government that often stops people from moving there.

Mr MILLAR: I was speaking to our regional manager yesterday in Albury, obviously in a border town. He made the comment that a lot of funding has not gone their way compared to other regions and part of the problem is, of course, that the economic benefits if I extend across the border while they can be accommodated are often not impacted in the BCR as it stands up to being developed. It is a real issue for border towns. Albury is a prime example of where that falls down.

The Hon. MICK VEITCH: It is interesting that you say that. We heard in Tweed Heads that from Coolangatta and the airport down there is a proposal for a very short light rail but it does not meet Treasury's BCR because they do not include the benefit of the airport across the border, which is just crazy.

Mr MILLAR: Yes, that is right.

The Hon. PAUL GREEN: Small thinking. I want to carry on that comment. I am glad, because one of my first questions was whether you put a submission in to the Legislative Assembly Committee on Investment, Industry and Regional Development, particularly in zonal taxation, because it is something we have been

floating in this Committee for probably six years and have been told there is an inquiry underway. Sadly, with all due respect to my colleagues in the other place, the report is a temporary report where it should have been something showing some leadership.

The Hon. MICK VEITCH: You are putting the knife in.

The Hon. PAUL GREEN: Only because I believe in regional opportunities, and I think there is just a slow train to the regional areas, like the South Coast line. You mentioned cross-border challenges. In the Chair's foreword, that report talks about Victoria, where the payroll tax concessions are now provided to employers based in areas considered to be part of regional Victoria. There is a direct conflict against New South Wales business, is it not? Across the border there are no zonal tax opportunities that we know of at this point in time. If you are a business trying to re-site at the southern end of New South Wales, why would you do that when you can go just a couple of kilometres further and you will get a zonal rebate from another government?

Mr AITKEN: Absolutely. And we have just had the experience of a change of government in South Australia coming in with a commitment for a lifting of its payroll tax threshold to \$1.5 million. I think it would be fair to say that the finances of South Australia are in a bit more of a dire state than the finances of New South Wales. The chamber, while not supporting a specific zonal taxation, is proposing a lift in the payroll tax threshold from the current \$750,000 to \$1 million. The chamber has 20,000 members, 65 per cent of those are outside of metropolitan Sydney—they are out in the regions. The reason we are pushing for that threshold change, and it is not a zonal taxation but it benefits regions more than it does metropolitan areas, is there are more businesses sitting at that payroll tax threshold out of metropolitan Sydney than in metropolitan Sydney.

If you spoke to Treasury, Treasury would probably push you to do a payroll tax rate reduction rather than doing the threshold increase. If you do a rate reduction, that is going to benefit more of your larger businesses in metropolitan Sydney and not help out your regions as much. We think as a competitiveness measure a lift in the payroll tax threshold would be absolutely vital and it would definitely assist businesses out in regional New South Wales and definitely at those margins where it starts to become a very big consideration about whether or not you take on an additional employee.

The Hon. PAUL GREEN: I want to clarify that. Are you saying that the zonal tax thing probably is not as great as an initiative as lifting the threshold to \$1 million?

Mr AITKEN: Absolutely, but the benefits accrue to businesses more—

The Hon. PAUL GREEN: Yes, they are more likely to weight towards regional businesses because of the make-up of their annual turnover.

Mr AITKEN: Yes.

The Hon. PAUL GREEN: Have you had any soundings from the Government of moving towards a \$1 million threshold?

Mr AITKEN: The soundings have been going one way at the moment. We will keep on hammering the point. We were pretty disappointed with the budget last year that we did not see much in the way of tax relief. We saw some old nuisance taxes come off, which was welcome, but we have not seen much in terms of payroll tax relief since the Government has moved the threshold. It moved the threshold a few years ago. The feedback we are getting from members when we go out and poll them, the number one priority for business moving forward, is that they want to see a lift in the threshold. Some of the experiences of some of our members are that, for a very small payroll tax liability, they are being hit with significant compliance costs. Our red tape survey which was last conducted in 2016 indicated for a business just tipping over into the threshold the cost of compliance is \$10,000. The cost of compliance can often far outweigh the actual tax liability.

The Hon. PAUL GREEN: Have you ever tabled that survey report to us? Could you?

Mr AITKEN: I think we have, but if not I would be more than happy to.

The Hon. PAUL GREEN: If you could do that afresh, that would be great to see what that red tape survey was.

Mr MILLAR: I think our members have indicated too that if the payroll tax threshold was raised then there might be more opportunities to employ more staff as a direct correlation there.

Mr AITKEN: We have heard that the opposite has happened, when a business has not taken on an employee, or tipped over the threshold and decided, "In the next 12 months I will get rid of that employee, because I want to sit under the threshold and not deal with the hassle of compliance."

The Hon. PAUL GREEN: Yes, it is a great initiative, isn't it? The second part of that inquiry looked at the perspectives on possible stamp duty concessions for regional commercial properties. Do you want to speak to your thoughts on that approach?

Mr AITKEN: There is potential around that, depending on the way in which you model it. We believe stamp duty is one of the most inefficient taxes imaginable. I think it costs \$1.80 to collect \$1 of stamp duty, in terms of the welfare costs that are impacted from it. We have been pushing for some time for the Government to reduce its reliance on stamp duty. It is quite an inefficient tax. Whether we can do something around that to help regional businesses in terms of relocation, stamp duty concessions can be attractive but the challenge for government is to make determinations around where these regions lie. The regional relocation grants of a few years ago were a wonderful initiative, especially for my friends who moved from the Illawarra to the Shoalhaven and got a regional relocation grant for doing so. They were going to move anyway.

The Hon. JOHN GRAHAM: It was \$7,000, was it not?

The Hon. MICK VEITCH: I may have prosecuted a case. I dined out on that program.

The Hon. PAUL GREEN: You did. I remember that.

The Hon. SCOTT FARLOW: I am sure you welcomed them to the Shoalhaven.

The Hon. PAUL GREEN: We did, for those who came from a bit further than the next suburb.

The Hon. MICK VEITCH: From across the street, this was.

Mr AITKEN: We need to look at how that works for businesses that you want to attract to your region that might not want to purchase property but might want to rent commercial property in an area. Obviously they cannot get access to that stamp duty concession. So we need to be a little bit more creative around that. Employees that you need to bring to an area or attract to a region will often be looking to rent rather than to purchase property.

Mr MILLAR: Also, there is red tape reduction generally. Obviously in Albury and Wodonga you have the container deposit scheme in place in Albury but not in Wodonga, which is in Victoria. That is having an impost on a lot of our members in terms of compliance and because you can go across the border and get a cheaper carton of beer. Those sorts of schemes need to be re-thought in terms of their impacts, particularly on those cross-border towns.

The Hon. PAUL GREEN: There may not be a lot that people want to take from Donald Trump, but one of the amazing things he has done is reduce regulations by 100,000 pages down to 60,000 pages in his first year. That is the sort of aggression we want to remove red tape and let businesses do what they do well, that is, prosper and employ people.

Mr AITKEN: We obviously always need a little bit of regulation. We accept that there needs to be regulation but it can be more intelligently applied.

The Hon. PAUL GREEN: Yes, smarter.

Mr AITKEN: There are opportunities for technology. The chamber has started to do some engagement with RegTech companies, which are operating in the financial sector. It is a bit of an offshoot from FinTech. There is an opportunity there to utilise technology to reduce some of the regulatory burden that businesses face and getting a little bit more creative in terms of how we might apply it. I am thinking about payroll tax in terms of how that is applied and some of the auditing processes around it.

It is not a slight against the Revenue NSW; it implements the tax as best it can. But the way in which it undertakes audits is really a fishing exercise for a business. Revenue NSW asks a business to open up all its books when it really only wants to have a look at a small bit. That is a significant cost impost. The Australian Taxation Office [ATO] has changed its practices in the last few years. Good for them. When I speak to members, I do not hear that many complaints around the ATO, but I do get plenty around how Revenue NSW goes about its work.

The Hon. JOHN GRAHAM: I just want to pick up on my colleague the Hon. Mick Veitch's questions about the BCR. I support the direction he was heading. I do that because as we have gone around them we have learned that there is a frustration in some of these regional communities about being able to see the tangible benefits of a project they know well but they cannot communicate those benefits to the centre of government and have it authorised and supported by the centre of government. That is really the breakdown that we are grappling with. I think we have to be cautious not to be backing projects that do not stack up. There is also a history of that in State and Federal governments. There does have to be a ruler that you can run over

projects. I want to ask about the application of the discount rate that applies under that BCR model. Do you have any views about the appropriateness of the discount rate we are using in that model?

Mr AITKEN: Are you talking about the broader benefits or just the general discount rate?

The Hon. JOHN GRAHAM: I think that in the BCR model we are still applying, I believe, the 7 per cent discount rate that we have been applying in New South Wales for 30 years.

Mr AITKEN: I think so. That is an area that could be examined in a little bit more detail, especially for the regions: whether or not you can apply that for regionally based projects. On the first point—as members of the upper House you are representing the interests of the State as a whole—it is always a challenge for local areas; there is always a bit of "me too-ism". It is very difficult; there is always a bit of, "Wagga got it, we didn't get it," or "They got it, we didn't." One of the big challenges is in ensuring that there is transparency and consistency between planning frameworks, and with respect to communication the State Government should be working hand in hand with local government.

The Hon. JOHN GRAHAM: Is this fundamental to the problem? We have had issues raised where regional communities are saying, "We know this project will be of tremendous economic benefit to our community, but we cannot get to a BCR of 5:1. One of the reasons for that is that the discount rate that applies is 7 per cent. That was appropriate 30 years ago, when it was drafted by someone who, I presume, was at the time a junior Treasury analyst. The economy has fundamentally changed; interest rates have dropped dramatically. Applying a 7 per cent discount rate in this economic environment is dramatically underestimating the economic benefit of those projects, is it not?"

Mr AITKEN: Yes, I would accept that.

The Hon. JOHN GRAHAM: When this was drafted, interest rates would have been 7 per cent. Real interest rates are now down at 1 per cent. That change is one of the keys. We are still applying that 30-year-old economic model, and that is why these regional communities cannot make these projects stack up. Would you say that that is part of the problem under the hood with this BCR model?

Mr AITKEN: Yes, I believe so. I would accept that but emphasise the point that with projects it is hard at a local level to see if there is a larger strategic piece and how that might be communicated back. We have not done regional level planning at all well in Australia—and this is Australia wide.

The Hon. JOHN GRAHAM: Yes, we have to have a ruler to run over these projects.

Mr AITKEN: Absolutely.

The Hon. JOHN GRAHAM: My question is: Is the scale on the ruler wildly out of date?

Mr AITKEN: Yes.

The Hon. JOHN GRAHAM: We are using an imperial scale. We need to change to metric. We need to change to the sorts of interest rates we are using in this world if we are going to have a real assessment of the economic benefit of these projects. Otherwise these are just fantasy numbers. It is New South Wales that really sets that rate, is it not? Infrastructure Australia and New South Wales Treasury are using the same number, but it is really driven by New South Wales, given that our capital expenditure is much higher than the Commonwealth's, I believe.

Mr AITKEN: I am not sure on that.

The Hon. JOHN GRAHAM: I certainly believe that that has been set at our level and then driven into the Federal sphere. Obviously it is a difficult area to get the right rate. It is something that you want to test robustly. Some economists have suggested that for social investment building the environmental costs at a discount rate as low as 1 per cent might be relevant the current era we are working in now? I am not proposing that but I think it does go to how far from our model the discussion is moving. I do not know if you have any views on that.

Mr MILLAR: I think Infrastructure Australia has recently updated their guidelines to include a couple of things. One is city shaping infrastructures—that is a bit of a more broader concept—and the second one, I believe, is sort of climate change-type policies. So there is scope, I suppose, to recognise more broadly positive externalities in so far as regional investment. We have called for a review of the New South Wales Government Guide to Cost-Benefit Analysis that the Treasury does. I think there is scope to recognise all those sorts of—

The Hon. JOHN GRAHAM: We have been able to be flexible in these other important areas, but for regional communities we should be looking at whether there is a systematic way to do it? You want a systematic

way. You do not want projects popping up wildly just because there is local enthusiasm or political enthusiasm for them, but we need some flexibility.

The Hon. PAUL GREEN: Particularly when we talk about the stadiums where the BCR is 0.6, as reported, and then it is suggested that it will be dragged up. That could easily come under that $BCR > 1$ —0.8, 0.9. Yet that would be a triple bottom line for regional areas. Just because it does not have the local knowledge of what that really means to that community it fails and we either lose that business or we lose the opportunity. It is just wrong that the Government can drag its 0.6 upwards and poor old regional will still get disqualified at 0.8, 0.9.

Mr MILLAR: I think local councils also have a role to play. My understanding is that under the Local Government Amendment (Regional Joint Organisations) Bill, councils can voluntarily join up together to plan and collaborate on various ideas, of which infrastructure investment would be one of them. So I think there is a bit of a role there for councils to take a bit of ownership too.

The Hon. PAUL GREEN: That does not always work either. We had a bridge down over Old Allen ford that seven councils came on board for Federal funding and got kicked in the knees each time when they applied, even though they had seven mayors saying this is incredibly important. Just having that unifying factor does not help either. You need someone that gets it, and that is, sadly, rare.

Mr AITKEN: It is a bit frustrating. Robert mentioned the City Deal, which was historic in the fact that you had the councils coming together and the State Government and the Federal Government working together. You would hope, if you had seven mayors together talking about something you might have some State support for that proposal since there is such a groundswell on it, because that just reinforces the need for collaboration on those sorts of things.

Mr MILLAR: There is a recent bill—2017—so maybe we will start to see more incorporated.

The Hon. PAUL GREEN: Yes, joint organisations, which is good legislation.

The Hon. MICK VEITCH: One of the issues that the regions have is the councils will have their own strategies around freight, passenger corridors and infrastructure that actually assists in the development and amenity of the community. That has not been consistent with the strategies that have been put in place over the top by the State. So often the State will then conduct their own consultations to develop what they think are the strategies, not taking into consideration whether that has already been conducted by local government at their level. So you have this clash of projects and strategies and whatever else.

Last week I had the opportunity at 5.30 in the morning to sit in a little bakery in Singleton and watch the constant flow of traffic on that highway through Singleton. That Singleton bypass, unbelievably, cannot get Treasury's $BCR > 1$. It is almost a permanent peak hour of all the people travelling up there to the mines and then in the afternoon it is the reverse. Singleton Council wants a bypass, and Muswellbrook Shire Council wants a bypass for the same reason. There is a political will on both sides to push this to make it happen but for some reason it keeps being knocked over when it gets to the Treasury level because it does not make $BCR > 1$.

Mr AITKEN: Absolutely. The challenges in terms of the interface between councils and the State Government is really poor at times. Absolutely the chamber would support greater collaborative work together, but that would also mean that probably the State Government needs to get some more skin in the game in terms of supporting councils in terms of the best approaches to take. There were some quite significant reforms undertaken to councils through the integrated planning and reporting reforms in terms of how councils monitor their assets to ensure they are up to standard. So if the State Government leads and provides enough insight to the councils in terms of what they are looking for and engagement and that they work in partnership, hopefully we can start to get a few more of these projects up. But, as it stands, sometimes it is the information or just the datasets between the councils and the State Government that do not work together so it gets dismissed, or there just is not that effort taken to really collaborate on a project.

The Hon. MICK VEITCH: Productivity constraints that some of the infrastructure creates for the State as a whole should also be identified and—

Mr AITKEN: Yes, absolutely, in terms of the potential benefits of the project.

The Hon. MICK VEITCH: One of the questions in the discussion paper was around maybe having three tiers as a definition for regions so that Newcastle and the Illawarra would be competing against each other for the same pool of funds because they are on a similar population base. Orange, Bathurst, Wagga Wagga and Tamworth would compete on a tier 2 level because they have a similar population size and their regional economies are the same. Then we have a third tier for those communities of maybe less than 10,000 population

base. As we have travelled around—West Wyalong Land Council gave some compelling testimony to the Committee that they miss out all the time because they are a community of about 5,000 people and the projects that they put in for, the bids they put in, are knocked over because it goes to Orange, Bathurst or Wagga. So they are almost at the point of giving up. What are your views on having a tier process like that for State government-funded projects for the people who are competing against each other?

Mr AITKEN: We probably would not support what you suggested but maybe taking a look again at the local government boundaries might be a start. Some more sensible boundaries—I do like the Hunter and the Illawarra proposal. It is probably a little bit trickier when you go out to regions because of the vast differences in terms of some of those communities. You would be aware that a lot of those regional communities, some of them, from a council perspective, have their own rates base; others are fundamentally relying on their financial assistance grants from the Federal Government to continue operations. Some sensible grouping, yes, that might work. There was an attempt to define it in the Fit for the Future proposals around the communities where we just sort of went to the Far West and we left those alone and then we did the larger regional centres. But there is always a challenge in terms of trying to get like for like in terms of assessing communities beyond your majors of Sydney, the Hunter and the Illawarra.

The Hon. MICK VEITCH: There are also the differences in not just geography but also the make-up of those communities. The Far North Coast is quite different to Orange or—

Mr AITKEN: And the industry sectors are obviously quite distinct in these areas too. But, like I started with, we do need to be identifying some base level of services for these communities that they should all be reasonably able to expect, and if they are putting projects forward that will lift up to that level of service we should be looking to support them.

The Hon. MICK VEITCH: The chamber suggested a review of BCR. What sort of a time frame would you have on that and how broad and far-reaching do you envisage that review to be?

Mr AITKEN: As I understand it, the Treasury issues guidance material on how to apply BCR to all State agencies. So it would just be a review of that policy. I would expect it to mean maybe some targeted—as Mr Graham suggested, that we go and take a look at that at the discount rate as a specific area to examine to see whether or not it is appropriate in the current circumstances to be applying a certain per cent.

The Hon. PAUL GREEN: You previously said in terms of Newcastle and the Illawarra they are missing out on opportunities with rail. Could you elaborate upon that comment?

Mr AITKEN: There are two projects. There is a rail project from the Hunter, which thankfully received State Government support to receive Federal funding for further examination. There is \$20 million for a rail study.

The Hon. PAUL GREEN: Faster rail.

The Hon. TAYLOR MARTIN: That is a great announcement.

Mr AITKEN: It is a great announcement.

The Hon. PAUL GREEN: For the north.

Mr AITKEN: For the north. Unfortunately, the Illawarra business chamber is pushing quite strongly for a South West Illawarra Rail Link [SWIRL], which would allow for passenger connections.

The Hon. PAUL GREEN: That is the Maldon-Dombarton rail link?

Mr AITKEN: Yes, but with a passenger connection towards Campbelltown connecting the south-west Sydney with the Illawarra, which I think is essential. It is a massive growth area and Campbelltown is far closer to the Illawarra than the Sydney CBD.

The Hon. PAUL GREEN: Did that benefit-cost ratio [BCR] match up?

Mr AITKEN: It has a strong BCR.

The Hon. PAUL GREEN: It has now, but initially it was pretty low, was it not?

Mr AITKEN: It is strong enough that if it got State Government support we would have likely had some further examination on its potential. We think that is a real missed opportunity. We will continue to advocate that it be examined and supported by State Government. We think making those sort of sensible investments will transform the regions and Sydney like the Committee is trying to look at.

The Hon. PAUL GREEN: What is really annoying is that the \$20 million is not for the actual work. My understanding is that it is for a work-up of what can be done?

Mr AITKEN: That is right.

The Hon. PAUL GREEN: I do not know why the Feds, with a 20 to 25 per cent unemployment rate for youth and young adults in the south of the Illawarra, would not spread another \$20 million for a work-up on the south and do an alignment to each other and then prioritise the projects accordingly. It is disappointing. What are the opportunities to push through the tunnel at Thirroul and get a 60-minute ride from Wollongong? What are the projected opportunities that exist in rail terms?

Mr AITKEN: Off the top of my head, I am happy to share a copy of that report with the Committee if you wish. Absolutely we appreciate there is quite significant challenges with the community services coming to Sydney. I cannot remember the numbers in terms of people that travel from the Illawarra each day that come to Sydney for work. Ideally we would like to see more of that occurring with travel to Campbelltown rather than coming all the way to the central business district [CBD]—growing, obviously, the south-west of Sydney as well as supporting the Illawarra with more employment opportunities. It would be quite significant, I believe, but I am more than happy to share that more detailed report.

The Hon. PAUL GREEN: And to Badgerys Creek. It opens the whole corridor between Port Kembla—

Mr AITKEN: Yes.

The Hon. PAUL GREEN: —a thriving port with its best days still ahead of it, to link with the Badgerys Creek situation?

Mr AITKEN: Yes, absolutely.

The Hon. MICK VEITCH: Maldon-Dombarton also provides freight linkages from my part of the State, from the south south-west, and down into Port Botany. It is a crucial critical freight corridor.

The Hon. PAUL GREEN: It is. Freight for Port Kembla and for Port Botany in those terms with the passenger opportunities.

Mr MILLAR: The demand for freight services from Port Kembla is predicted to double over the next 20 years and the SWIRL solution would be an obvious one.

The Hon. PAUL GREEN: From memory, Port Botany was two million containers roughly, probably a lot more than that now, and it was projected at eight million in the future. You are talking massive freight movements, so you have to have the infrastructure to do it.

Mr AITKEN: The challenges of having an airport, port and major CBD all located in close proximity strengthens the case.

The Hon. PAUL GREEN: Do you have a comment about further south than Wollongong, in terms of rail? Does the chamber have any thoughts on either electrifying or making it more efficient?

Mr AITKEN: Not highly detailed at the moment. It is focussing on that SWIRL proposal.

The Hon. PAUL GREEN: What about north of New South Wales? We are seeing stuff up through Armidale, a campaign about keeping the rail opportunities open to the north as well. Do you have a comment about that?

Mr MILLAR: More generally one of the things we have argued for in the recent freight submission is for Fixing Country Roads and Fixing Country Rail and Bridges for the Bush programs to be accelerated. They have not been progressing as quickly as they should be. We have the Snowy Hydro sale or the \$4.1 billion that has been released going to regional areas. Those three projects in particular would be ones to start with that fund. Rail more generally is important for freight. The road is still going to be the largest mode of transport. We need to have as much freight on rail as we can.

The Hon. PAUL GREEN: Do you have a comment about the F6 and the importance of that being established in the future?

Mr AITKEN: Not specifically.

The Hon. PAUL GREEN: And the linkages to Sydney?

The Hon. MICK VEITCH: You have declared your interests here, haven't you?

The Hon. PAUL GREEN: I am merely looking after New South Wales, my duty electorate.

The Hon. MICK VEITCH: They are all your duty electorates.

The Hon. PAUL GREEN: They are.

Mr MILLAR: The F6 extension was one that has been articulated as one of the five key infrastructure projects. The other four are Sydney-based ones, hence my comment around the other three projects going regional.

The Hon. PAUL GREEN: We talk about regional growth and the opportunities regionally. Do you have any comment in terms of water and the accessibility and affordability of water and energy?

Mr AITKEN: Did you want to touch on energy first?

Mr MILLAR: You go with water.

Mr AITKEN: Water more generally. I participated in a group; the State infrastructure strategy was released a few weeks ago. Part of the strategy is going to be focusing on smart cities. That is a misnomer. We are not talking just about cities, we should be thinking about a smart State and initiatives that help regions. There is a big opportunity around water to make some quite sensible investments in new technology to help us address the challenges that regional New South Wales is facing in terms of reliable access to water. As members would be aware there has been floating around for a number of years proposals around high speed rail access to Canberra and beyond to Melbourne.

It is funny when you look at some of the proposals and ideas around what sort of uplift you could have in terms of development in some of these regional areas, which have no consideration that the water resources within those areas would not sustain massive increases in population growth at the moment. I think potentially applying some of the Smart City investment that is coming from Infrastructure NSW into projects to regions that would examine specifically the issue of water and how we might apply new approaches and new technology to ensure there is sufficient water for residential and commercial use is absolutely something we should be exploring.

Mr MILLAR: Obviously energy affordability remains an issue. We met the other Committee a few weeks back about that. Having said that, obviously the State has an issue with its own gas supply; we have to import a lot. There is a proposal for the Narrabri project. I believe that is stuck in the environmental approval mode. That could supply up to 50 per cent of the State's domestic gas. Something should be considered about how that can be progressed. The other issue we could comment about in terms of infrastructure is broadband.

Broadband is a big issue for regional communities, both in terms of the tellie working and being connected to the broader economy. The chamber recently called for a national broadband service guarantee. Something similar exists in the energy sector. We would like to see that the parties that are meant to work together to deliver broadband services have an incentive to coordinate their efforts better to deliver the broadband outcomes that are expected from an essential service. While it is something that would have to be applied federally, it should be championed by the State Government.

The Hon. JOHN GRAHAM: It has come up for discussion in this Committee and also in estimates, what is the engagement of the New South Wales Government with the Federal Government over the issue of broadband and access for our communities? The truth is there is now some engagement but there has been very little. That is one of the things that the State Government can do, because it makes an incredible difference to our communities. Are you aware of any contact from New South Wales or pressure from New South Wales or would you like to see some?

Mr AITKEN: Absolutely, wherever possible. There are more people banging the drum about this issue. We undertook a survey of members looking to connect to the National Broadband Network [NBN], and it was costing them on average \$9,000 to connect because of the challenges in terms of having either the wholesaler or retailer point at the other and tell them that it was the other person's problem. I think there is a role for State Government to be playing, but last year I participated in a roundtable where State Government, to its credit, brought together telecommunications groups with advocacy groups to have a discussion about how to work more effectively.

Obviously, NBN is now happening with the shadow of 5G coming upon us and new technology opportunities. Mobile blackspots still remain a major issue, and people often think of NBN as an internet service and a telephone service. We have had members who were not connecting to the NBN; it was their neighbour that was connecting to the NBN and that connection affected their telephone service so that they have been left without a reliable phone for over nine months, I think. There are some major issues.

The Hon. JOHN GRAHAM: It can be difficult to connect, but the reports about when something goes wrong show that it is then devastating. The pressure is on to roll this out, and in the wake of that rollout often businesses are reporting, "Something broke and then I could not get anyone to take responsibility and fix it". Is that the feedback you are getting?

Mr AITKEN: Yes, that is right.

Mr MILLAR: A couple of other things—for example, a lot of the new technology with broadband, and I am certain with NBN, means that if there is a power outage your phone will not work. As you can imagine, in regional areas it is a double whammy, in terms of reliability of the electricity grid becoming more important and the NBN service being unreliable for phone services. The other thing about the broadband guarantee is that it is going to be technology agnostic. It basically recognises that broadband is an essential service. In terms of what State governments can do, in the energy sector, for example, they signed up for the National Energy Retail Law. There is no reason why governments cannot support those sorts of frameworks, as we have asked for in the guarantee. It is fairly unusual for a business association to ask for regulation, but the situation deserves it in this case.

The Hon. JOHN GRAHAM: We should certainly be involved in a strategic discussion about how this interacts with the sorts of infrastructure and communities you have talked about. There has to be a strategic discussion about how this rolls out and how businesses are supported as this happens. I was pleased to hear about the roundtable you referred to, but this is a big priority for New South Wales communities and businesses.

Mr AITKEN: Yes, and I think it will become an increasing issue over the next 12 to 24 months, because the rollout will start to slow down in regions. It has been focused in regional areas so far, but it will be more so within Sydney. We are already hearing about connection issues for buildings within the central business district [CBD], which have lost connections after having a quality service. There have been problems at the commercial level for larger scale businesses coming across with their huge data needs, so I am sure all tiers of government will be hearing about this from businesses.

The Hon. MICK VEITCH: It is fair to say that there are significant differences in accessibility to broadband from one community to the next. In Tumut I often go on a Saturday morning to the shops to buy a cup of coffee and the electronic funds transfer point of sale [EFTPOS] does not work, which hampers the operation of that small business. It is frustrating for some communities that they do not have the same degree of access as others. People in Wagga Wagga do not get the same access to NBN or the same type of NBN as those in Armidale.

The Hon. JOHN GRAHAM: It is not even the same access; it is just access to the basics needed to operate. That is often what they are asking for.

Mr MILLAR: The other thing is tourism. With Chinese tourism, which we are trying to encourage because it is a huge area, if they go to regional areas they expect a certain level of broadband connectivity because they like to share their photos and all that sort of stuff. If they are not getting it, that is a disincentive to visiting regional areas. Infrastructure is important for a whole range of reasons.

The Hon. SCOTT FARLOW: On the issue of Chinese tourism, in your submission you said that there is a disparity in Chinese tourists going to the regions. Is there a similar disparity when it comes to other international tourists, or is it a particular phenomenon within the Chinese tourism community?

Mr AITKEN: It is particular to the extent that currently China is a very new tourism market to Australia; it is a maturing market, as the industry might say. Initial visitors just want to go on guided tours. We are seeing a turnkey opportunity for tourism through visiting friends and relatives of students, so you find that Chinese students—and Australia attracts quite a few of them—are visited by friends and family. We are seeing a lot more self-directed tourism through that. These visitors come and the students want to show them the whole of New South Wales or the whole country.

There is a big opportunity in terms of the Chinese market to ensure that we align what we do as StudyNSW, which is attracting people from overseas to study in Australia, and the efforts of Destination NSW. I know there is work already happening on how to marry up those two, but there is probably more that can be done. It will be a slow burn, because on current projections, if the Chinese middle class keeps growing, we can expect that visitors from China will equal all visitors from every other nation. It is such a significant market that we want to achieve.

The Hon. SCOTT FARLOW: In terms of your point about what a Chinese tourist expects in regional New South Wales, what other services would improve the Chinese tourist experience in the regions?

Mr AITKEN: Obviously, commuter rail investment is a big one, so making sure it is as successful as possible. Some of it is around ensuring that our public transport services connect to destinations. We did two roundtables late last year in the Hunter and the Illawarra, again to engage in what they saw as some of the challenges. You have quite interesting places such as the Nan Tien Temple, which is a big attraction, and the Symbio Wildlife Park. How can we get a commuter bus service to these attractions? I know there is a point-to-point or an on-demand service that the Government is trialling at the moment. How can we engage with that to ensure that those destinations have a loop service?

It might be an opportunity for private sector investment, with government helping to lead them into that through the transport agencies. There is a lot that can be done around basic things like signage and some of the promotions that occur. Some destinations become popular because someone has posted them on *Weibo*. They become very popular very quickly but often the services are not prepared for the growing numbers. There are some definite opportunities and some smaller investments could have some significant outcomes for tourism.

The Hon. SCOTT FARLOW: Have any other States had more success in getting that Chinese tourist market to the regions?

Mr AITKEN: Tasmania is an obvious one. It is packaged as a discrete area and there is a clear tourism path that you can take. As a longer term strategy we need to target the Chinese market by saying, "As a first-time visitor from China, you might go on tour. What are you going to do next?" If they have studied in Australia, they have probably visited one area and potentially been in a region with a host family or something like that. They might come back to visit with their friends and family afterwards. How can we promote that and make sure that there is return visitation? We should be promoting that they cannot do the whole country at once; it is not just the Opera House, the Blue Mountains and the beach. They should go and see a little bit of New South Wales.

The Hon. SCOTT FARLOW: A few more things on the bucket list while you are here.

Mr AITKEN: Absolutely.

The Hon. SCOTT FARLOW: You discussed payroll tax. You have advocated for increasing the threshold to \$1 million and the closest to that is Queensland with its \$1.1 million threshold. What impact has the payroll tax threshold had in Queensland supporting regional businesses?

Mr AITKEN: I do not have those sorts of figures available, but comparing New South Wales to other States in terms of payroll sizes, New South Wales has the least competitive State payroll tax of the eight States and Territories. From feedback from members that have chosen not to take on an additional employee or have spoken about not taking on an additional employee, we would expect that there would be definite employment benefits from lifting the threshold. From our analysis, in terms of where those businesses sit, more of those businesses are based in regional New South Wales so you will get that uplift in those areas.

The Hon. SCOTT FARLOW: Earlier you mentioned statistics. Was it about an \$8,000 compliance cost for businesses that become payroll tax-paying businesses?

Mr AITKEN: Ten thousand dollars.

The Hon. SCOTT FARLOW: That is why you have advocated for the increase in the threshold rather than Victoria's system where there is a differentiated regional rate compared to a—

Mr AITKEN: That is right. With that threshold increase we have calculated that it is a \$40 million saving annually. You get that each year if you lift the thresholds. If you do something with the rate, that does not happen; everyone still has to comply with it.

Mr MILLAR: I am not an expert in payroll tax so I will not claim to be one, but we were talking earlier about historical legacies around the thirty-year discount rate, how old that is. My understanding is that payroll tax was originally brought in for war brides after the Second World War. I would have thought that its relevance probably would be worth re-evaluating generally.

The Hon. SCOTT FARLOW: You outlined in your submission about the rise of cruise ships and the important part they play in our economy. In New South Wales a few regional ports are used for crew ships. Is there growth in that market as well or is just everybody coming to Sydney?

Mr AITKEN: I believe there has been some growth there. I think the Port of Newcastle has been doing quite well and obviously there is work to revitalise that port at the moment. It is one of those scenarios where we are getting so much demand. There is a significant demand for boats to come in at Sydney for obvious reasons. Everyone would like to come into Sydney Harbour and see it once in their life, especially on a boat. The

way in which to look at the crew ships is to also consider that there are plenty of people who go on cruises from Sydney who are looking to get out somewhere. When it is your point of embarkation being a resident of Sydney it is probably not as attractive, and you do not mind as much if you go to a different port. I think there might be some opportunities to look at some other commencement points around the Sydney Basin and then just touring up and down the coast. There could be some quite major opportunities off the back of that.

The Hon. SCOTT FARLOW: So where would you be thinking of as commencement points around the Sydney Basin outside of the harbour?

Mr AITKEN: I know there have been six or seven put forward but there is potential around Port Botany, close to there. It is challenging in terms of getting the infrastructure developed now at another point in Sydney Harbour. I cannot remember the number of deep point ports we used to have, I think it was almost 200 round the harbour, and we are down to about eight, I think. There are obvious challenges in terms of getting under the bridge for larger boats and we do need to think about how we can do that more effectively. It is also thinking about how do we transport people once they get off the boat and get them into Sydney quickly. How can we make that connection as seamless as possible? That is one probably for more exploration beyond this Committee.

The CHAIR: For the benefit of the Hon. Scott Farlow, a cruise ship terminal is planned for Newcastle. We are looking forward to that. Mr Aitken, earlier you said something along the lines that the interface between councils and the State Government is quite poor. That seems to come up quite a lot and I have given it quite a lot of thought. While we talk at a high level here about road, rail and water infrastructure that may or may not be needed in different areas of the State, it seems to me that those experts on the ground, especially in local government, are not able to effectively get their priorities across to us as elected representatives and also potentially to departments because of a bit of a firewall, so to speak, between some councils, government departments and parliamentarians. Is that something that continually comes up in the work that you do in the regions?

Mr AITKEN: I think there is frustration occasionally on both sides. It is challenging still. We have gone through a period of reform of local government but there are a lot of councils still in New South Wales, so it is quite challenging to deal with all of those bodies at once—different sizes, different capabilities and different skill sets. Skill shortages within local government is a major challenge, in terms of ensuring that you have got suitably qualified staff to undertake some of the work at times. There are probably opportunities for some aggregation of some of that work. I know of some rural councils that might share a town planner, which is an effective way to do it. Whether or not you can do that with your engineer and get him working across boundaries? Mr Millar raised the joint organisations. We would see that as a potential opportunity for councils to share some resources and human resources to ensure they have got those skills and capabilities.

It is a difficult one. We have got a pretty small Office of Local Government. I think it is less than 100 staff meant to be managing 100 councils, which employ I guess 25,000 people across the State. It is a significant challenge obviously interfacing with a range of government departments. Roads and Transport are beasts in their own right. Whether or not that joint organisation can start to be a little bit of a model in terms of how they interface with the State Government, that might be an approach to take a look at, and ensuring that the State Government is not simply the gatekeeper on everything, that if there is some targeted investment towards local government. There has been in years past the Local Infrastructure Renewal Scheme, which at the local level ensures lots of services so that commercial development might be able to occur. It might be that the council expected to make those investments in 10 years and the Local Infrastructure Renewal Scheme allowed them to do it in two or three years, to actually get those jobs and investment going. There are some sensible changes that can be made but definitely on the interface part I think joint organisations might play a key role in that.

The CHAIR: Is Regional Development Australia [RDA] supposed to play a role in the interface between councils and the State Government?

Mr AITKEN: Yes.

The CHAIR: On my understanding that area of communication and lobbying is not happening effectively?

Mr AITKEN: Is it the RDA? Is it the Regional Organisations of Councils [ROCs]? Is it the regional tourism organisations? Is it Destination Networks? There is a lot of noise out there. The Federal Government flew a kite a few elections ago around the removal of RDAs. We believe their function has grown. Initially it was around basically being an assessor of funding applications; it has now grown into a sort of regional economic development role. We believe that we should just get rid of the RDAs, take that funding provided by

the Federal and State governments and apply it to the regional joint organisations. They are the ones that should be undertaking that. They have elected representatives participating on them and an opportunity to really get a coherent voice happening. You can imagine from an industry perspective looking to engage or invest in an area and you have got these six different body speaking to you, then on top of that you have got the Department of Industry running some functions in terms of regional investment. It is a pretty tricky minefield to know who speaks for what.

The CHAIR: In your opening statement you mentioned different regions and whether they are or are not part of the Greater Sydney metropolitan area. I could not determine whether you said the Central Coast was or was not part of that.

Mr AITKEN: I would include the Central Coast in Sydney. I mean with the investments that are going on now in terms of our further road and connections, and that is not to say that there are some specific investments that might be made there. I think absolutely we would love to see some more employment growth happening on the Central Coast. We simply cannot have so many people travelling from the coast each day. For a lot of people who work primarily in the north of Sydney, they are travelling down from the Central Coast each day to work in those jobs. I think the connection there is quite strong.

The Hon. JOHN GRAHAM: I am interested in infrastructure priorities in general across the State, regional and metropolitan. In the past 24 hours Infrastructure Australia has put out its priorities looking at the country, and many of those were in New South Wales—in truth, many of them were in Sydney.

When you look at those priorities, it is often the roads that we are running with. Often, we are a little bit slower to fund and activate some of the freight, rail and port infrastructure at a broad level—it is not always true of individual projects. There is an issue with that, and it is presumably driven by the fact that the road funding is often driven by tolling—there is a way to finance it from government. We know that some of these other projects are priorities, but they are not necessarily receiving the support that the country or New South Wales could provide. Do you have a view on that?

Mr MILLAR: I think that the only update to the Infrastructure Australia release yesterday was a reference about improving rail links, but I think that was really more code for improving signalling. I do not know whether that is actually going to result in the outcomes one would expect. We have called for a little bit more movement, certainly on the Fixing Country Roads programs that we talked about earlier. But even if you look at the investigation report or the initiatives that are identified through investigation, we have proposed ones that have zero to 10-year timeframes. Those reports should be completed by March next year. There is no reason why an investigation should take that long.

The Hon. JOHN GRAHAM: The chamber is more concerned with the speed with which we tackle all of these projects, which is fair. The International Monetary Fund [IMF] took similar view when it did its most recent country report for Australia. There are urgent road projects, and then there are urgent rail, port and communications infrastructure projects. From the IMF's point of view, we are on track on road but off track on the others.

Mr AITKEN: It is a bit of a walk and chew gum.

The Hon. JOHN GRAHAM: Yes, we should do both—we have got to do both—from a New South Wales point of view. But I wondered if that was part of the chamber's analysis of the—

Mr AITKEN: Yes, obviously, we would like to see it. Sometimes we do find that things like freight are not the sexy projects that other ribbon-cutting announcements might be. But they absolutely lead to quality outcomes. I think that 10 per cent of the cost of any product you purchase is the freight cost to get it to your door. Investments around our port—absolutely. Rail—looking beyond commuter rail to freight networks—is why we have welcomed what the Government is looking at in the Hunter. But we would like to see those things moved along a little more quickly.

Potentially, whether one or two of those might be prioritised above others to make sure that we keeping up to pace could absolutely be a sensible idea to take. But it is hard to push much more in terms of what they are constructing at the moment. It is quite challenging. We are hearing a lot of feedback, as you would probably be aware, around some of the skills shortages that are happening in New South Wales. Obviously, we want to create as many jobs for young people in New South Wales, not just import skilled labour from Queensland and Western Australia.

The Hon. MICK VEITCH: There is a real issue around some of the regional communities languishing. There is high youth employment, slow jobs growth, skills shortages in certain fields, and under. People in those areas may have three or four jobs at two or three hours each and still do not make enough in a

week to really exist in the communities. This Committee was set up because Sydney was doing really well and the regions were asking how they could get a part of that action. West of the dividing range, there are some real issues in some of those regional communities. It is a big issue.

Mr AITKEN: Absolutely. We consistently hear from members, usually from regional New South Wales, about skill shortage challenges within specific industry sectors. Obviously, we are aware that the Government has made some quite significant changes to 457 visas over the last little while. There are absolutely skills in demand out there that are currently not being accommodated through either the current training or employment market—they simply cannot get the workers that they need. Long term, we think that there needs to be a little bit more of a flexible approach in being able to utilise workers from overseas. But, absolutely, long term, we need to be investing in skills and ensuring that kids are getting the skills and training that they need to get an employment outcome. There is a range of initiatives that we can apply to that. We have worked closely with the Government in the Infrastructure Skills Legacy Program. Currently, that has three projects targeted towards lifting apprenticeship participation in the delivery of infrastructure.

We believe that we should be targeting a few more projects under that program to ensure that we are training kids as much as possible. The disconnect between schools and the training sector, the push for young people to move straight into university, and the idea that university is the only pathway to get a quality employment outcome do not gel very well with reality. As I understand it, 85 per cent of kids who get a trade or undertake a traineeship are full-time employment two months after they finish. For a person who has finished their university degree, I think it is around 65 per cent after six months. There is definitely a demand out there for the skilled trades. We hear a lot about the idea of automation and the like. One of the areas that is going to be disrupted more than others will be the provision of services. It is actually a lot of those skilled trades that cannot be replaced. It is often the kids that undertake that who have the skills and capacity to do some further training and develop themselves even further.

The chamber itself puts its money where its mouth is. We work quite closely with Productivity Bootcamp in south west Sydney, which is an eight-week program that takes young unemployed people from south west Sydney and gets them ready to work on infrastructure sites. It has been a marvellously successful program. It is small scale—I think there has been around 150 graduates from it. But most of those kids are now working. We have been pushing that quite strongly. We have been seeing some pretty good examples in some of the Catholic schools in terms of the ways in which they are approaching skilled trades. Southern Cross Catholic Vocational College in Burwood was created when the Gillard Government had the training centres.

All of the schools could have applied for some funding for vocational education. All of the schools in the Botany Bay diocese could have applied for funding; but instead they brought that funding together to create one new trade school. It is a fantastic school. It has about 350 kids, who are drawn from every school in the diocese—it is like the United Nations of Catholic Schools in Sydney. But the employment outcomes the school is getting—they are measuring the kids not only on getting an exam result, but also on what they are doing after school. The school is following them two or three years afterwards and there is an employment rate of around 85 to 90 per cent, or in further training. It is fantastic to see. There are really positive and professional kids. We do need to break the mindset around "I just want to get an ATAR and get into university."

JO HEWITT, Acting Economic Development Team Leader, Albury City Council, affirmed and examined

BILL WEST, Portfolio Chair for Regional Development, Central NSW Councils, on former oath

JENNIFER BENNETT, Executive Officer, Central NSW Councils, affirmed and examined

BEN SHIELDS, Mayor, Dubbo City Council; and Member of Orana Regional Organisation of Councils, sworn and examined

MICHAEL McMAHON, General Manager, Dubbo City Council; and Member of Orana Regional Organisation of Councils, sworn and examined

The CHAIR: I welcome witnesses from various local governments across New South Wales.

The Hon. MICK VEITCH: Thank you again for your attendance at this inquiry. Most of the questions today are going to arise from the discussion paper that pulled together all the submissions and evidence from earlier hearings. My questions will relate to the discussion paper that was circulated. The first thing I would like to raise, which is explored in the discussion paper, is around the definition of a region. The discussion paper talks about having three tiers, for example. What are your views of how the State Government defines a region and what do you see as the best way of doing that?

Ms HEWITT: Certainly from Albury's point of view we would be interested to see that the regional capitals are identified separately and the fact that regional New South Wales is very broad and one broad-brush approach to that is not going to be helpful for regional development across New South Wales. We recently undertook the regional economic development strategy planning. Through that process with the Department of Premier and Cabinet we identified some functional economic zones. Looking at those zones in terms of how they are made up, how they function economically, would be a good start for the New South Wales Government to look at regions in that sort of way as opposed to the other tiered system that was further discussed.

Ms BENNETT: For what it is worth, the Government did determine some boundaries so that you got your planning boundaries and your sub-regional planning boundaries. Getting, as much as possible, State agencies to do some alignment in that space would be really useful. Even the functional economic region from our perspectives have taken folk out of our region—I think they have called them "the rest", so that is Weddin, Hilltops, Cootamundra and a few other councils all sort of lumped in together. That is an example of how it is a really good idea in theory but occasionally in practice it does not quite work. If we could at least stick to and encourage all State agencies to stick to one set of boundaries then over time the regions will become regions. To try to draw separate boundaries, you always have a lot of different reasons—be it water catchment, be it catchments for commercial bases or whatever it is. Just stick to your boundaries and go from there would be my recommendation.

Mr WEST: The broader context of this question probably arose from a bit of frustration in local government when the conversation was turning to regions being funded and what constituted a region. We saw some of the metropolitan areas, for example, putting their hand up as being a region. Then the conversation out in rural and regional areas or country areas—call them what you will—was that suddenly the region had been considered something that we did not consider a region. In terms of what a region is, I think there is probably more than one level to determine a region. We are regional communities. I do not think it matters whether you are a population of 10 or 10,000 or 110,000—you are still part of a regional community and you are entitled to be sharing in the wealth and the growth of the entire State.

In terms of the Greater Sydney, it should be excluded from any conversations regarding the regional terminology. It could be a part of Sydney but not the regions. When you move forward, as Ms Bennett indicated, it is probably logical that we just look at what is probably already in existence with the State Government including planning boundaries and existing boundaries, and over a period of time morph those into almost sub-regions so you can actually talk of central New South Wales, you can talk of the Orana regional and central New South Wales combined, you can talk of the Riverina Eastern Regional Organisation of Councils [REROC]/Riverina and Murray Regional Organisation of Councils [RAMROC] region and you can identify and take out of the conversation—which many of us get concerned about—that the regions of Newcastle and Wollongong as well, but they do not fit in Sydney, so they have to be a region. There is a broader context and then a sub-context, I think.

Mr SHIELDS: I certainly agree with Albury's comment that there is a differentiation between some of the larger regional centres—you could almost use Evocities as an example on that one. The Evocities are certainly a different talking point when we are talking all of regional New South Wales—they are a different

level of regions, that is true. In my mind there is a broad difference between city, regional and country or rural areas, so that needs to be taken into account. But my simplistic view on that is to at least find what the definition is and stick to it, because if the definition is properly established and applied not just throughout all State agencies but if we can also get the Feds to agree to that, we can get the proper definitions out there. Whilst ever there are confusions out there amongst government agencies and even within councils, it is going to be hard to manage. Find the definition and then run with it, and stick to it right across all of government.

Mr McMAHON: I take the view about regional collaboration. Even though the definition itself underpins the requirement of having some form of major centre as part of a regional collaborative, when you think of it, it is really about how a region operates and how it functions as compared to in fact whether it is defined by its localities or boundaries. I concur with Mr Ben Shields and also with Albury City Council in relation to its view that it should include a regional centre, and that that regional centre should be part of that collaborative approach to getting better outcomes for the local regional area. I know it is funny to say that I spend most of my time in the city. Some of these small regional areas are known as "regional in the city". An area in the eastern suburbs of Sydney might have 650,000 people and might only include three local government areas [LGAs] but they regard themselves as a regional centre looking after regional issues and taking a collaborative approach to getting better outcomes for its locality.

The Hon. MICK VEITCH: One of the reasons this is in the discussion paper arises from a number of testimonies we received in our travels. It relates to the allocation of Government funds and the competition for Government funding. With respect to Sydney-Newcastle-Wollongong, the Central Coast often says that it is neither here nor there. It is not always in or out of the Sydney basin. But then the smaller centres in regional New South Wales—I think Bland Shire Council, West Wyalong, probably gave the most forceful evidence—have the view that they compete with places like Dubbo, Orange and Bathurst and never get a cent in the competition round.

So in the discussion paper we are looking for your views on maybe having three tiers of funding allocations so that places like Parkes, Cowra and Young compete in the same pool, and Dubbo, Orange, Bathurst and Albury compete in their own pool of funds. That would mean that the smaller centres are not being left behind in the allocation and the competitive bids for government funds. What are your views around looking at tiers? It would not have to be three; there could be four tiers. What are your views around trying to create fairer access to government funds?

Mr WEST: Certainly some of the smaller communities feel almost left out of it. If you look at the broader context of this inquiry it is about the benefit for regional New South Wales of the global city. I think the question is probably about the benefits of the global city for regional New South Wales but you have asked the question in reverse form, which I think is probably more important. Certainly in one state everybody has to be able to get a fair share of the growth and the wealth of the State. That is a given. If you go down the path of having one, two or three subcategories, I do not see that as a major issue.

The real one that this should be predicated on is the fact that it is about regional growth and development. It is about jobs. It is about leveraging off the global city or vice versa. Whatever development funds or regional growth funds are out there, they need to be put in place in such a way that there is actual growth in the region. If the regional centres grow—not at the expense of the smaller communities around them—then the region grows. It has to be put in place in such a way that the region will grow. Whatever money goes to anybody it has to be for regional development, not for a smaller specific purpose to one individual or to individual growth centres. Indeed, a place like Dubbo or Albury will struggle if the region does not grow around it.

The Hon. MICK VEITCH: That is right.

Ms HEWITT: We certainly agree that it would be fairer to have some tiering in the categorisation of regional cities, towns and villages. We know that a lot of the surrounding towns and villages do not have the capacity or the funding available to put together really complex funding applications as Albury is able to do. By the same token, Albury does act as a commercial, retail and cultural centre for those outlying towns and villages. So it is warranted that it is looked at as a capital sort of centre, but understanding that it would probably be competing with places like Orange and Armidale and those sorts of cities as opposed to the smaller places.

Mr SHIELDS: I certainly agree with different levels of classification of regional, but I would also like to expand on what Mr West has said. There is a level of regions which is even further down than the smaller places that we have been talking about, like Cowra; there are the far west regions. That is why, just recently, I decided—and my council decided—not to join an Orana joint organisation [JO]. It is a situation where you have an Orana Regional Organisation of Councils [OROC]. My council is a big fish in OROC and has been quite happy to be the big fish over the years. But at the end of the day there are massive geographical councils—in

some cases they are as big as England—but may have only a few thousand residents. Those councils are so poor and so under-resourced—even compared to the smaller councils we have been talking about here—that they are in an even lower category. They need to be put in a separate category again. So you are looking at four or five different categories of region.

I think it is even more important to define what is the capital. Is it Sydney? Is it the District of Cumberland? Is it Sydney-Newcastle-Wollongong. I would suggest Sydney-Newcastle-Wollongong and those beat up areas; we could get rid of those guys, frankly! We have to have a defined boundary between the major built-up capital and the regions. That is the first thing. Then from the regions onwards, we need to work out what are the steps—whether it is the large regional cities such as Dubbo, Albury and Tamworth, and then going to a mid-tier and a lower tier and also the extremely poor areas: the far western councils.

The Hon. MICK VEITCH: This leads me to my next question, which I explored previously but is also in the discussion paper—the application of Treasury's benefit-cost ratio, and how it impacts upon local government receiving funds for some of those infrastructure projects that you really need to address the productivity constraints you have in your own regions. Can I get your views on the application of the benefit-cost ratio assessment. If it were to be refined, enhanced or improved, how would you see that occurring?

Mr SHIELDS: From my point of view, it is very hard for Treasury to try and measure how much areas get in funding. I will give you an example: Dubbo. Dubbo has a population of about 52,000 within the local government area, but 130,000-odd people who do business in Dubbo and come to Dubbo for business, medical or whatever reasons. So does the Government go about funding our area based on 52,000 people or does it fund our area based on 130,000 people who are always here from far out west? It is very hard to place a definition on what sort of funding is allocated based purely on the population structure. That has been my frustration, from a local government point of view over the last 18 years. They cannot seem to get the measurement right with respect to defining the allocation of funds.

The Hon. MICK VEITCH: Can I just clarify? What you are saying is that one of the issues you have with the BCR is the population component that Treasury uses to determine it.

Mr SHIELDS: Absolutely. It is so hard to measure in regional areas because of the size of the catchment area which is serviced. Down the road in Orange, for example, there is a smaller catchment area but is a similar size to Dubbo. So there needs to be some sort of formula worked out which can appropriately identify not just existing population areas but also the catchment areas, based on how often people are coming in and using the services which are funded by State Government.

Mr WEST: It is not for me to comment on Mr Shields, but I think the BCR has caused a great deal of concern for quite some time because it does not measure aspirational or social goals. I agree with Mr Shields that a lot of priority is given to population bases, which makes it incredibly difficult for a community of any size to come up with a BCR in some areas where funding is required. The funding is necessary but the BCR is never going to match up with metropolitan areas of a higher population. So there has to be some way of massaging the BCR process to take into consideration the aspirations.

The BCR is only measuring what happened yesterday and someone's forecast going forward, so it does not really give you an indication of what might happen. We need a way of making sure, as I initially indicated, that we share the resource and the wealth of the State fairly across the landscape. I am not concerned whether it is a population of 100,000 or 10; the community needs to be looked after and given a fair crack at the funding. Smaller communities needs to be protected in terms of getting access to the funding they need.

Ms BENNETT: It is a fairly blunt instrument. It has served its purpose, I think, and so have the Treasury guidelines, but it is time for a change. It is too complex; it is introducing enormous complexities based on the BCR. We have got councils going out investing \$20,000 on getting benefit-cost ratios for projects that really are not that hugely expensive. It is generating a whole industry out there of navigating this benefit-cost ratio. There are other ways to do it. Centroc has gifted its prioritisation matrix to the State. It has got its challenges like any other process, but at the end of the day it is infinitely cheaper and it has shown us, because we base our matrix on the criteria in the funding framework, and it has really exposed the challenges in the funding framework, which are how do you, for example, identify the incredible priority of the Grenfell community for getting a medical centre when the benefit-cost ratio is never going to get you there? But they absolutely have to have that.

How do you prioritise getting quality, secure water into a community where you are never going to get a benefit-cost ratio for those sorts of things? So we have recognised that it is a blunt instrument. Interestingly enough, all councils would have received a letter from the Deputy Premier in the last few days talking about having to review and reapply for the sports funding that went out because the benefit-cost ratio was just too

blunt—they were not the words in the letter, but they need to have a look at the criteria. So some serious work does need to happen. We are absolutely in the frame for doing that work. There are completely different ways of doing the funding framework. At the moment Parkes Shire Council has got 53 applications into the competitive funding framework—it is crazy. We really do need to be doing things differently, and conversations around benefit-cost ratio and what a region is and those sorts of things to some extent are only part of a much bigger conversation that needs to happen around the whole funding framework and its rejigging.

Ms HEWITT: From Albury's point of view we have got probably two main concerns. The first one is around the discounting of economic impacts for border communities. A lot of the time that we put our information in there they are discounted due to the fact that Victoria could be receiving some of the jobs and investment that is going into the project. Similarly, we obviously receive jobs and investment from Victoria. What we hope is that the discounting would discontinue and that we can be funded on the basis that every other New South Wales regional city is funded and, secondly, we do spend a considerable amount of money in getting independent third parties to do our cost-benefit analysis, which is often presented as part of our business case and then ignored. The Treasury model is then overtaken in terms of the numbers and the methodology that they use and we have essentially wasted \$20,000 on getting this information together and it is done in a method that is obviously certified and agreed but for some reason it is not taken into account. They are probably the biggest concerns that we have.

The Hon. MICK VEITCH: The Hon. John Graham will probably venture down this path, but for a government of any persuasion you still need to measure bang for your buck; you need to make sure that money spent on infrastructure or whatever is actually achieving for the people of New South Wales. Earlier, the chamber were talking about having a review of the guidelines and the application of the BCR. Ms Bennett, you talk about the tool that Centroc has developed. Are you aware of any other tools that could be looked at?

Ms BENNETT: There are lots out there at the moment. There is some really exciting work happening in the regions currently. I think it is more about your approach and whether Treasury would give a gold star to an approach. The matrix that we use is a multicriteria analysis; it makes Treasury run from the room screaming and scraping their tongues like a Moccona ad—they do not like it. So there needs to be a serious rethink about what is acceptable and affordable and reasonable so that particularly smaller communities can engage better in the funding framework. That is definitely our pitch. Multicriteria analysis is part of it. We were hearing here about a scenario planning tool that was agreed to by Treasury; that is another potential very useful tool that could happen.

You will hear this afternoon from Stewart Webster. Fabulously, we had Stewart Webster come and speak to us about why our grant applications were being thrown in the garbage, and he will talk to you about the complexity of what they will find acceptable. It is very difficult. A lot of the work that our councils get done by I.D. Profile, for example, is not acceptable. So then you have to go out and spend a whole chunk of money, and sometimes even really serious, good, reputable companies do not do it in accordance with the Treasury guidelines. These poor councils are wasting tons of money in this space. There must be a better way to do it. With our prioritisation tool, for example, the top 10 projects under the State funding criteria are the top 10 projects. Why do we not sit down with the State Government and talk about how these things could potentially work? Look at a collaborative approach to the funding framework rather than this competitive approach we have got happening at the moment.

You will hear in our region, the mayors of our region saying from time to time that the Grenfell medical centre is the top project in our region, and the whole region gets in behind and advocates for that one project because we have identified as a region that is what the priority is. If every region in New South Wales was doing similar stuff, the elected Government—parking Treasury to some extent—you guys could, in confidence, invest in the regions knowing that you were getting feedback not just from one parochial community but from a whole region where all different size communities recognise each other's needs and take them into consideration.

The Hon. PAUL GREEN: We were in an inquiry yesterday and we were talking about how you have your day mayor but you have a night mayor for the night economy. I am wondering if we should have a Premier for the bush and a Premier for the metro. I nominate you, Bill. We spoke earlier to the Business Chamber and we spoke about zonal taxation and trying to get the initiatives of regional businesses to the bush. They came up with the idea of not having a zoning sort of sliding scale taxation initiative as opposed to having an increase in the payroll threshold to \$1 million and their comment on that was that that would help far more than probably a zonal tax rebate. Would anyone like to comment on that? Has there been any discussion with the JO about zonal tax initiatives to bring businesses out to regional areas?

Ms BENNETT: Centroc supports it as a policy position, but really is part of a suite of looking hard at every possible solution—it is a lever you can pull and it is a lever you can pull that makes sense to the State Government. But I think there is a whole way you can look at it. Certainly, the idea of whole Federal zones would be wonderful and changing the whole taxation framework—absolutely, happy days. Centroc has written—and we can give them to you—varying submissions along those lines in the past. But I think our position at the moment would be that it is one of many things that the State Government could consider.

Mr WEST: We would see it as a tool, not necessarily the answer—I think that is the short terminology. I think from a political perspective you would need to go down and have a really good look at what the benefits might be and you would also run the risk, I think, of dividing the State and the community and other areas then wanting some sort of reform as well. I think as far as a tool or lever it is a good idea, but I think it is not the panacea.

Mr SHIELDS: I certainly agree that it is not the silver bullet that is needed, but I certainly think it is something that should be considered and should be seriously considered. I certainly agree with what Councillor West just said, although I point out that there is already some sort of zonal—you would not necessarily be on taxation, but when it comes to the public service line where public servants further west of Dubbo are given further incentives to live out there, work out there, that can be Police Force or many other government agencies, that is already working to a certain degree.

The Hon. PAUL GREEN: Is that mostly Federal though?

Mr SHIELDS: No, that is the State.

The Hon. PAUL GREEN: The State as well, because federally I think the taxation system has remote—

Mr SHIELDS: They do. But it is quite interesting, we had a meeting just recently with our local police and this line goes straight through the middle of the Dubbo regional council area where it is quite hard to get police officers, for example, for Wellington, but easier to get them in Dubbo because the line goes straight through the middle of it. That is a separate issue, I admit, but it is interesting that the State Government is able to understand that it is an issue that they can do this on one hand but not the other, and that is when it comes to public servants' salaries and conditions. So following that model, surely that can be applied to a taxation system.

The Hon. PAUL GREEN: It is a major issue for Albury, on the border with Victoria, who is using the initiative of zonal tax rebates. Do you have a comment?

Ms HEWITT: Certainly. Victoria's regional tax rate is 3.65 per cent compared to New South Wales' 5.4 per cent and if you are considering big business and wanting to move to our region generally it is a big thing for them to consider. We have lost some considerable businesses because of that factor; it is more expensive to operate in New South Wales. If we could either increase the threshold or lower the rate to a regional rate we would welcome that and it would definitely make us more competitive in attracting businesses and jobs to the region.

Mr McMAHON: I agree. There is a whole aspect of competitiveness and if you bring any taxes or rebates in taxes it comes with the ability of those companies to pay those taxes or those individuals to pay the taxes. As long as it is a fair and equitable process of introducing some form of tax or rebate then as long as it is across various regions it is a reasonable outcome. I am worried about the fact that further indirect taxes might have an impact on the ability of these people that are providing services in the regional area to uproot and go as a result of introduced new taxes.

Mr WEST: Can I ask a question? The conversation with the business chamber would have been the State business chamber, is there an opportunity for us as regional representatives to talk to our local business chambers and see if they have any advice they would like to provide in terms of this? I am comfortable to comment but I am not an expert in this field and there are abattoirs and other employers in the region who may have a different opinion. I would be quite happy if we could provide feedback.

Mr SHIELDS: It is one of those things that different sizes of businesses would have a different opinion.

The Hon. PAUL GREEN: If you look at the *Hansard* you will see the context. They said they had 20,000 members across the State and this would weigh to the side of regional areas because the size businesses are in regional areas, there is a heavier percentage of those businesses that exist there. It works out through all the businesses but it would give strategic help to regional businesses. Obviously west of the divide, with the loss of manufacturing that we see in that area, tourism has become significant and the lifeblood of a lot of

economies. I was at Parkes at the tourism conference and I noted that the State Government committed a few million dollars to Destination NSW. That always helps, but when you divide that amongst 140-plus local government areas it is a pittance. Parkes has 53 applications in. That is one. If you times that by 47 councils. Does anyone want to make a comment whether Destination NSW is working, whether the systems are working, is the allocated source acceptable to address the needs of tourism west of the divide, given how important it is?

Ms HEWITT: One of our major concerns is the way the Destination networks were cut up. We originally had the Murray Tourism Authority, and the Riverina was quite separate. They have since been amalgamated by Destination NSW. The issue is that they have a very different product offering. The way that we had it originally—the Murray network still exists but it is a subcategory and it does not get the funding it used to. It exists across the New South Wales and Victorian border. Tourists do not see a border when they are going to the Murray, they just want to enjoy the Murray experience. What we would hope is that Destination Murray can be reinstated to its own Destination network so that it can adequately promote the region. We know what is going on in the region and it is not being confused with what is happening in the Riverina.

Ms BENNETT: We have been through advocacy around regional tourism organisations for about a decade. Each time we go and diligently say what we think will work and each time something I think slightly worse comes out the other end. The current design of the Destination networks I believe is a design that will fail. I do not think our board has a great deal of confidence in it. The people involved, do not get me wrong, they are great people, they have just come out with a very good Destination management plan. Given it is for over 60 per cent of the State that was a remarkable rabbit to pull out of the hat. They have done very well. They are not resourced to succeed.

It is not clear what their role is at this point. There is not a great deal of clarity around what their role is. It seems to be some kind of brokerage role, but it is not super clear. In our region our response has been to fund our own regional tourism organisation [RTO] going forward, building on the work that has been happening in the past, and it is going from strength to strength. If you have a look at the funding framework for Destination NSW: marketing funding is administered from Sydney. We stump up our marketing dollars, we give them to Sydney, and they come back at some point with some marketing program for us.

You were at the event, and it was lovely to see you there, Mr Green. The Minister announced funding on 12 March for an event in April of \$20,000 for marketing. How is that organisation going to market an event in a month with \$20,000? Is that a reasonable spend of public money? I know it is not a massive amount of money. We need to see better Destination NSW funding programs, structural stuff happening, how they manage the funding framework, all of those sorts of things need to seriously be optimised and they are not optimal at the moment. There is such great opportunity in the regions. The offering we have out there is incredible but it is not being optimised at the moment by the State.

The Hon. PAUL GREEN: Is it still too Sydney centric?

Ms BENNETT: Without a shadow of a doubt. All the funding comes in to Sydney. Without a shadow of a doubt. We have regional officers living in Sydney. What is that? We seriously need to get a more place-based approach, much smaller regions, go back to what the regional offering is, such as the Orana offering around the Taronga Zoo, the night sky offering. Some of the offerings are not, and that is what is so great about this Destination management plan that has just come out. It has some very clever ideas around a State fossil trail and a State night sky trail. It has some wonderful ideas in it. It talks about much bigger collaborations, which is great, but you need to do it on a much smaller basis. A person is not going to get in a car and drive the whole way around New South Wales as a trip. They might, but it would be pretty rare. Most people are looking at a weekend or a specific kind of experience and it needs to be managed on a much smaller scale.

Mr McMAHON: First, I want to table documentation that relates to the Destination marketing we do on behalf of a number of councils as part of the regional initiative. Great Western Plains includes: Dubbo, Wellington, which is now part of the Dubbo Regional Council, Coonamble, Gilgandra, Narromine, Warrumbungles and Warren. To say how successful this particular process is in relation to the collaborative approach to getting that marketing out there, to see us as a destination to come to, that is a bit of competition with other destinations in New South Wales. Of course, you are always competing against each other. At the end of the day that is part of the process and part of the benefits of going to various regions.

The idea is that you could effectively go on four or five holidays a year in New South Wales and enjoy the benefits of the various regions and not compete against each other. If you look at the way these have been developed there are specific examples of things held in these regions throughout New South Wales across the year and a lot of the times they do not stop other people from going to other regions in other parts of the year, because we try to ensure in a collaborative approach we have dates which do not interfere with other dates set across New South Wales.

The Hon. PAUL GREEN: That is wise.

Mr SHIELDS: It seems to me, I get reports coming in from my councils, that it is a problem when it comes to ad hoc funding. On one hand we are hearing stories like the \$20,000 given to a council when it has to be spent within a month. That does not realistically work within a local government framework. We need to have long-term stability when it comes to funding. Obviously the best way to do that is to have long-term programs when it comes to marketing such as a three-year program. Councils can understand and get their budget house in order when it comes to funding and working with other industry stakeholders, including Destination networks. Ad hoc funding, in my mind, is not something that works well with local government, because we have to work in such a rigid framework when it comes to funding. We all have to look at our budget issues and nearly, obviously, and it does not lead to best outcomes when you are not putting together a long-term funding structure.

Mr WEST: In response to Ms Bennett's commentary, the Central NSW Regional Organisation of Councils [CENTROC] wrote to the Minister in January this year outlining some of our concerns and the issues we see with Destination NSW, which also go to the question of Mr Green. If it is appropriate, we are happy to table that letter, which will provide some of the correspondence.

The CHAIR: Yes, thank you.

Mr WEST: Part of the commentary around funding for tourism is also around some of the broader funding and the mechanisms in place to get funding and work through with government agencies to get appropriate decisions and agreement.

The Hon. NATASHA MACLAREN-JONES: I would like to know more about the level of engagement that Destination NSW has, particularly with some smaller council areas. This goes back to Mr Shields' comments about how smaller councils find it harder to get funding. To what extent are you getting feedback from the smaller councils?

Mr SHIELDS: I am happy to answer that and I will give you an example. In the two years since the announcement, the network boards have had three newsletters come out which are largely just information presented to us. Communication from the top down is simply not there.

The Hon. NATASHA MACLAREN-JONES: Are there no regular meetings or engagement seeking input?

Ms BENNETT: The Destination board does meet in varying locations. It is a very big area; 61 per cent of the State, which makes it very challenging for that group of people. In my view, the structure is unworkable. Imagine them trying to get to a really small location. Our little group met out in Lachlan recently and we went to the Wiradjuri centre to learn about their wonderful new night sky Aboriginal stories—incredible stuff that they are doing. How is an organisation with responsibility for 61 per cent of the State ever going to manage to do something like that? It is just not workable.

They are now talking about a sub-regional approach, which is a good idea, but how is that going to work and be resource? How are the ideas in their Destination management planning going to be implemented? The funding framework is not their friend; it is not anybody's friend from the Destination Networks perspective. We have sought funding federally—that would be great for New South Wales, I guess—because it is just too hard to get the Destination Networks funding happening. We have sought Federal funding for tourism initiatives in our region. We do not want to be in that place in New South Wales; we want to be working collaboratively with our State Government getting really great things happening. It is seriously not working at the moment.

Ms HEWITT: We have had really positive results when we have been able to work with Destination NSW to get funding in advance. The outcomes of the Albury Gold Cup and other really big tourism events have been outstanding and really good the region, when we have been able to do that planning and have that engagement.

The Hon. JOHN GRAHAM: On the question of funding, we know that \$43 million has been allocated over four years. Is that not enough or is it being used for other things? You talked about the quantum of funding for the Destination Networks.

Ms BENNETT: In our region, we do not have a chief executive officer [CEO] yet, so we are waiting for them to be employed. I attended a board meeting where they said they did not want to replace a board member because they did not have sufficient money to be able to do that. Obviously, they are feeding the pressure because the funding is insufficient.

The Hon. JOHN GRAHAM: Where is the \$43 million going if that is the case?

Ms BENNETT: I thought that a significant some of that money was going into the marketing and product development campaigns as well. The marketing campaign at the moment is where you have to spend dollar for dollar. We are being told that the dollar that our region spent—and you are talking about regions like Orange, Cowra and Parkes, which are very mature organisations in the tourism space—will be administered by Destination NSW, who give you a month to sort out the marketing budget they just gave you. Our confidence is very low and we think that we have the maturity to deal with our own budget. Imagine asking Cowra to give all their money to folk in Sydney and they will double it. It is just outrageous. Therefore we are not applying and I guess it is staying in State revenue.

The Hon. JOHN GRAHAM: That might be something we will chase up.

The CHAIR: Ms Bennett, you talked about having a hard time dealing with the State Government, which was also said by earlier witnesses from the Business Chamber. They said the interface between local councils and the State Government can be quite poor with communication between local and State government being quite poor. Please tell us about your experiences and the views you have about the role that communication plays. This Committee is investigating road, rail, tourism, health projects et cetera, but those on the ground know what services and infrastructure are needed. While those needs are obvious to the communities, those views are not always funnelled through to State government departments or parliamentarians. What are your views on that topic?

Ms HEWITT: From Albury's point of view, when we are putting together our communities strategic plans [CSPs] and the regional economic development plan, all of our priorities are laid out in those plans and we hope that the New South Wales Government understands what is of importance to us and how what we are doing is achieving the State goals and priorities. When we apply for funding for specific priorities, the Government should understand that the application is coming from a well-researched place and has been long planned and thought about. In terms of the local State government representatives, we have a good relationship with them, but there is certainly always more opportunity for input and engagement.

The more information we can get the better, and in terms of when we are waiting for funding application determinations, we hope funding can be expedited. We often wait months and months to understand if we can actually progress with projects. For example, we have a number of applications in at the moment, as a lot of councils do, and we are waiting to understand if we have been successful, with the start date of these projects being 1 July. A whole lot of planning needs to go into those projects before they can start, and without knowing whether we can proceed with those projects, it makes things really difficult. That is a major thing that would help us to plan and work better if we knew where we stood on the funding point. Any information that we can get, especially from our local representatives and the input they have in our strategic planning, is really important.

The CHAIR: In the role played by the ROCs—and CENTROC seems to have been quite active—is it your view that the ROCs are working to improve the efficiency of communication? Ms Hewitt, you said you have a good relationship with your local reps, but that is not true for every region of the State.

Ms BENNETT: We were part of a joint organisation, and the structures that have been put in place for joint organisations, in concert with the regional plans and the possibility of doing really amazing things with our CSPs, I think will fundamentally change the landscape out there. At the moment the State has an opportunity, and we could talk about the social justice program that is happening in Cowra, for example. Imagine if all the State agencies informed CSPs so that every community actually knew its domestic violence statistics, its greatest areas of sickness, its obesity levels—imagine if it knew everything about itself, so when it had a conversation about the service levels required then the councils could talk to communities in detail every four years, which is their job. Imagine the information would come out of an informed discussion. That is one real potential opportunity, but that will require a level of work to be undertaken by the State.

Community strategic plans are done every four years by local governments as part of their integrated planning framework. They go out and have a really serious conversation with their communities about their aspirations and priorities, and those are documented. That is a real opportunity. If I was the Premier, I would want that information from every local government area [LGA], knowing that it is being talked to in the community. That would be amazing. Then there is the purpose of the joint organisations, which is to do prioritisation and leadership and have a role in intergovernmental collaboration. They will be working with the regional leadership executives, which is where the Parliamentary Secretary sits with all the heads of the different State agencies. That should improve communications. It is very early days and regional leadership executives are changing the way they are doing business. We need to get our elected representatives, whether they be at the State or local level, respected appropriately in this governance framework. That has not happened yet.

We fought really hard just to get our parliamentary secretaries into the room. We would much prefer to have the chairs of our joint organisations in the room too. We just have to have our elected representatives respected appropriately. Finally, the regional plan that has rolled out, our joint organisation put a lot of effort into that. We need to resource, structure and delegate to have these State agencies able to do stuff better in the region because they cannot at the moment—they have not got the resource from the delegation. They are great people. The people who worked with us on the regional plan, honestly, they worked night and day. They were incredible. But, there is not enough of them. The Department of Premier and Cabinet [DPC] is not resourced well enough. The regional development folk are not resourced well enough. We seriously need to have more resources with better delegation in the regions and then I think you will see a much better relationship happening. It is very difficult when our folk write a CSP and send it out to every State agency and get nothing back. That is what is happening at the moment.

The CHAIR: Councillor West?

Mr WEST: There is probably not a lot of room to move on that one. I think Ms Bennett has got it pretty much spot on. We have discussed this over a cup of coffee on many occasions and over board meetings. I think the other comment made by Albury was that the current funding arrangements are really difficult to follow, create uncertainty and are not rolled out well. There is an opportunity, as Ms Bennett has said, for the State to get backsides on seats, to get people into positions where the State agencies can engage with local government into the future. I think we are talking about today and now, but the opportunity into the future. About how we can engage with local government and bureaucrats, agencies, as well as engaging with our local members. Engagement with local members is usually pretty good across the board irrespective of politics.

The CHAIR: Mayor Shields?

Mr SHIELDS: I have the point of view that our community strategic plan does not collaborate as much as what it could do when it comes to our State colleagues higher up the chain. They are certainly a very good tool for planning everything to do with local government, particularly over a four-year period at the start of every term, but it does not seem to me that there is much communication between local government and State agencies when it comes to community strategic plans. In fact, in a lot of cases they are just simply working independently of each other. I have always had the view that a community strategic plan should not necessarily be exclusive to local government, and that if they were more collaborative between the agencies, between the levels of government, you would actually get better outcomes and, in some circumstances, less duplication of services.

It is something that we should be having further collaboration about. When it comes to how we communicate individually as councils to our local members and further up the chain, a lot of it is personality based, basically area to area and electorate to electorate. It is very hard to manage regardless of the personalities involved. Some councils are naturally going to have better relationships with their local members or not. It is important that all areas, regardless of political colours, be treated fairly on that and equally on that. On top of that too, I am not necessarily sure that is the case all the time.

The CHAIR: Mr McMahon?

Mr McMAHON: I suppose the problem with the parameters of the Integrated Planning and Reporting [IP & R] framework is that it is modelled and based on the Local Government Act. The Local Government Act is very specific—it deals with local government. That is the reason why the question of the CSPs—in my experience, I have been in local government for over 38 years and I have been a general manager for over 27 years and, unfortunately, it does not matter what council—metropolitan or rural or even small rural—there is no collaboration between councils in relation to the development of the CSP. The problem we find is to expect the State governments to have that collaboration. In fact, to be involved in developing a CSP is beyond probably their capacity because they are not actually covered by the Local Government Act.

I think you would have to change the Local Government Act to allow for those government agencies to be able to provide comment in relation to how those CSPs are framed and the IP & R framework is in fact used across the four-year period. I think it would be a very good opportunity to make amendments to the Local Government Act to provide for that. You would also have to make sure too, because we are all under extreme tight timelines to actually create these CSPs, particularly when you have a period of about six months in which to create a CSP based on a new council being formed, you get that feedback from the State government agencies as quickly as possible. In Dubbo we are quite fortunate in that we have the office of DPC and the office of regional development there. We have that capacity to interface with them and get that information. But the councils that are around us as part of the Orana region do not have that capacity. They rely on the ROC to provide for that capacity in which they can get that feedback from those government departments based in Dubbo.

The Hon. JOHN GRAHAM: As the Committee moved from area to area we got quite strong feedback on the rollout of the National Broadband Network [NBN] and its importance to businesses in some of the regions. We saw some pretty remarkable things going on in the regions but a lot of those things relied on the NBN or would have been strengthened by access to it. I am interested in how important that is to your communities, your businesses and the economic development opportunities in the areas you represent? Are you aware of any strategic engagement from the State at the moment about how that rollout will happen for your communities? I am interested in any discussion you have been involved in or are looking to be involved in?

Mr McMAHON: For quite a number of years now, for the past 10 years, there has been a lot of discussion about Smart Cities and being this digital connectivity, which is enabling the digital aspects of all businesses and government, shared data and shared capacity to make it easier for businesses, local government and all various forms of government to operate efficiently. I have recently been involved in a working party in relation to Smart Places, which is framing an opportunity to actually create a much more robust community based on global cities, global capacities to create better digital connections between businesses and local government. I think that the aspects of the NBN—in Dubbo alone 77 per cent of our residents are signed up to digital connection in their homes and another 18 per cent are set up to mobile data connections as well. We have a fairly widespread digital connection just in the Dubbo regional area. I think the NBN itself has proven to be an issue with regards to speed and, as you know, its capacity to meet the expectations and demand of our community. But we have a lot of people working in the Dubbo regional area now who are providing digital connection back to the city. They actually operate and run businesses from Dubbo, which provides a great mechanism for their involvement in running quite large businesses and quite large aspects of digital communication throughout the world.

The Hon. JOHN GRAHAM: Mayor Shields do you wish to add anything to that?

Mr SHIELDS: Obviously like all communications out in the bush, it is always going to be not as good as what you can get in the city areas. When it comes individually to the Dubbo city area, we have got quite good NBN coverage. In fact, the only real complaints you will get is about the initial set up of the of the NBN if you are moving home, starting out or something like that from a different connection. It can be, in some cases, several months I have heard of people getting the NBN connection getting up and running. But the stability of the service is actually quite good once it is actually set up, that is the thing. But I tell you what if I had to choose between government investment in the NBN and mobile telecommunications towers and getting rid of black spots—some of my villages out there simply do not have mobile basically as opposed to the NBN telecommunications—I know which I would choose.

The Hon. JOHN GRAHAM: We are talking about the new connected world and you cannot get a signal on your mobile phone?

Mr SHIELDS: That is exactly right. To the ordinary layman out there, the ordinary resident who may live in a village like Eumungerie where they cannot get a decent mobile phone signal, whilst other places are talking about wanting to view high-speed data for videos, again we need to get our priorities right when it comes to the bush. There needs to be a lot more put into the roll out of mobile phone towers, even before the National Broadband Network [NBN]. That is not to say the NBN is not a good thing, because the NBN is clearly the best way we can start de-centralising business to the bush as well.

The Hon. MICK VEITCH: Mayor Shields, you said that you have anecdotally heard that it can take up to seven months—

Mr SHIELDS: Two months—yes.

The Hon. MICK VEITCH: Is that residential and/or school and business connections?

Mr SHIELDS: Both. It is always the case when they are setting up—it is the connections. That is always the thing that people complaining about. When they are either moving a business, starting up a business, moving house, or what not—it is the start up. Once the NBN connection is in place and working, I hear of hardly any complaints in Dubbo. I know that to be the case, and our Federal member also reports back that once the connection is up and running it is fine. It is the initial connection and the stuffing around between the retailer, as well as, in some cases, the wholesaler, of the NBN connection. It is just too slow. It becomes frustrating. And if it is frustrating from the onset of setting up the initial NBN connection, it leaves a very sour taste in people's mouths. It downgrades the significance of the service. For many years to come, people think that they have a bad service, when, indeed, the stability of the NBN is already quite good in the built-up city of Dubbo. It is not necessarily the case out in the far regional areas where it is touch and go. But in Dubbo it is good.

The Hon. PAUL GREEN: My understanding is that businesses down in the South Coast can get connected and that it is fine when it is working, but trying to get someone to service it if it breaks down is tragic.

Mr SHIELDS: Absolutely, if it breaks down.

The Hon. PAUL GREEN: Is that your experience?

Mr SHIELDS: Yes, occasionally you will get a break down and it does take a long time. Again, it can take weeks sometimes to get someone back up and connected.

The Hon. PAUL GREEN: For a business, that is their cash flow.

Mr SHIELDS: That is exactly right. Rarely does it break down according to the older methods we used to have when it comes to information technology. Effectively, it is working well until something does happen. The time lag can knock a business or even household out for too long. The amount of people who are running businesses from homes these days is growing every day—myself included—so it is important to get the connection back up and running if there is a problem. But once the connection is in place and is working, it works quite well when there is no issue happening or there is no breakdown—

The Hon. JOHN GRAHAM: But we have definitely had reports that it is pretty hard to find someone who will take responsibility once it does fall over.

Mr SHIELDS: That is right. There is a battle between the retailer and wholesaler. There are some extraordinary arguments that go on between those two groups. People can get pushed backwards and forwards between different people all the time.

The Hon. PAUL GREEN: Mayor Shields, you said you are running a business from home. Are you running council from home?

Mr SHIELDS: In this day in age, there is a lot of stuff that happens for the council from the home office.

The Hon. JOHN GRAHAM: If there are residents who are seeing these problems, is there somewhere for them to go?

Mr SHIELDS: Obviously, the first point of call someone will make if their NBN goes down is to their retailer. Most of the time, it will be Telstra. Telstra might flick it off to the wholesaler, such as NBN Co, or might send the person around in a giant circus for a long time and claim that it is their own personal issue internal within the business or residence. There are so many different aspects to it. Again, when it comes to the wholesalers side of it, if there is any particular villain in all of this, I would say it would be the wholesaler more so than the retailer because just getting wholesalers into country areas, even to the bigger cities out in the regional areas, is very hard sometimes.

The Hon. JOHN GRAHAM: Thanks for those helpful comments. We better get another couple of views.

Mr WEST: I will go very quickly. I think the commentary around telecommunications has picked up that it's not just NBN; it is mobile phones and a whole raft of other things. I see that one of my councillor colleagues in Cowra specifically, and I am talking about 200,000 plus people, was that there was conversation that Telstra or those in power were going to start looking at disbanding their copper networks in rural areas. That in itself will be a great issue if that happens for communities—not so much business. Business is connected to NBN. Telecommunications are important and are helping people to relocate to Dubbo, Cowra, Forbes, Parkes, Orange, Bathurst and so forth. Of course, I think it is important to continue to shoot for that, and some of the comments being made about the wholesalers are completely correct.

Ms BENNETT: We have an memorandum of understanding—the only one in the country—with Regional Development Australia. It does a lot of our telecommunications work and has done some great work on auditing the specific means of every local government area, which I happy to share with you later. Telstra is interested in data. The 5G network seems to be where it is tracking, so how are telecommunications—the rest of it, the phones, etc.—going to work, because that seems to be the area of focus at the moment. Finally, data ownership in all of this is something that is really important to us. At the moment, we are working on a big project called Southern Lights, which looks at smart lighting across southern New South Wales and the essential energy footprint.

One of the critical things in that project is who owns the data—does the distributor own the data or do the communities own the data? Then, how do we build all of those things into the rest of the smart network and the internet of things. There are some real issues for us to be working with. The last little piece is that the State

Government really needs to know all of its telecommunications infrastructure because then it can have a better conversation with us about how we can leverage it all.

Ms HEWITT: We agree with everything that has been said and would just say that the NBN and telecommunications are so important to regional Australia. We obviously have declining industries, such as manufacturing, and these sorts of telecommunications industries, data centres, and all those sorts of businesses coming into places like Albury are the new and upcoming industries that we are looking to pursue. Rolling out things like a Smart Cities framework is absolutely on the cards for Albury and being able to compete with the rest of Australia for business and residents is imperative.

The Hon. JOHN GRAHAM: Have any of you been involved in a strategic discussion about the nature of the NBN? Just for background, a conversation has now started between the government agencies and the Commonwealth, but it sounds like it is in its early days. The NSW Business Chamber did say it had been consulted about it. Is that a discussion that has been rolled down to any of your areas?

Ms HEWITT: Not to me personally.

Ms BENNETT: Not that I am aware of.

The Hon. JOHN GRAHAM: I think that is a no across the board.

Mr McMAHON: Can I just add one extra thing in relation to the question of data ownership? This is one of the biggest issues that has been confronting local government for the last 20 years. 20 years ago, when the various telecommunications services out there decided to install a lot of particular data networks on council land, there was no process, determination or model on how to deal with telecommunication companies. The companies are very good at getting the best possible outcomes for themselves. What happened was that most councils agreed to put mobile towers in locations to improve the connectivity for their own consumers and residents. The problem now is the data ownership. We all allow the companies to put these towers on the land and we actually have a leasehold on the actual data and the data towers, but the ownership is owned by the telecommunications companies.

They are now coming back to local government and saying "Okay, we have got the capacity to provide you with data information to allow you to make determinations in relation to marketing and other things—event management—and we'll charge you for that." We are now behind the ball in relation to these data towers and data wholesaling. We are now in a situation where I believe that one of the things that is essential is that someone in Government needs to come across a model that will allow us to provide for a way of actually getting the best deal for the community when dealing with communication companies in the future.

The Hon. JOHN GRAHAM: That is a really good point. Thank you for raising that. I want to jump to the issue raised by Albury about the assessments for broader projects. I am interested in what discount is being applied for the job creation affect. Is it a consistent—

Ms HEWITT: We do not know. We are not advised about what the actual discounting is. We did do a Government Information (Public Access) Act request for one of the applications we had put in. I am not sure off the top of my head what that discounting was, but I can certainly provide that to you.

The Hon. JOHN GRAHAM: It is pretty extraordinary to not know the methodology. Maybe there is a case there, although I take it that you not being funded if the residents of Wodonga come and drive on your roads.

Ms HEWITT: Yes. Just about every single application we put in is discounted because of that fact.

The Hon. JOHN GRAHAM: Maybe there is an argument for that, but if there is you should be able to look at the methodology and really weight it up and have the argument with Government about it.

The Hon. MICK VEITCH: You need to be able to challenge that.

Ms HEWITT: That is right. It is so frustrating that we are not afforded the same level of support that every other community gets—except the other border communities up near Queensland as well—when we are still New South Wales residents and we still have to provide for them. The benefits that are leaving are also coming back in, so it is a neutral point by the end of the day.

The Hon. JOHN GRAHAM: Exactly—I take your point, but on top of that you are saying this is conducted in secret.

Ms HEWITT: Correct—and even the methodology, when we are putting in our data sheets for whatever funding application it is, we are not aware of the what the BCA is at the end of that process. It goes

away, Treasury looks at it and we are potentially advised later if it was above 1—we do not actually know what happens once those data sheets are given away to the funding body.

The Hon. JOHN GRAHAM: And you have pursued this with the Government over time but have been unable to—

Ms HEWITT: We have with one particular one when we went through the Government Information (Public Access) Act process, yes.

The Hon. JOHN GRAHAM: Thank you.

The Hon. PAUL GREEN: I want to ask a question about the subject of another inquiry but since you are here I am interested in your comment on it: How is energy pricing affecting your community?

Ms BENNETT: We are getting requests from industry to roll procurement into our regional procurement in the energy space. They want to look at the sort of pricing we can get.

Mr WEST: From a council perspective, it is going to cost us dollars because we have all sorts of energy requirements ourselves as councils, with water infrastructure, parks, gardens, public lighting et cetera. So there is going to be a hit to our bottom line. But some of the major employers around town, particularly in abattoirs, are metaphorically speaking bleeding because of energy costs. It is of grave concern and I do not have any panacea other than to say it is of grave concern, Mr Green. It is something that hopefully we as a broader community, a national community with the natural resources we have at our fingertips, can find some way of being internationally competitive with energy rather than being on the bottom end of it.

The Hon. MICK VEITCH: It was such a concern that Cowra abattoir actually went public.

Mr WEST: The Cowra abattoir went very public and has made, I would say in the politest terms, very forceful commentary to the Federal member. And he would be glad to make commentary to anybody as well.

Mr McMAHON: Energy consumption is a major expense for councils. It is interesting that the cost of street lighting alone is increasing by about 15 per cent to 20 per cent per annum. What is happening is that the street lighting itself is a demand issue where people are demanding higher lights, more coverage, all our parks and reserves are requiring that type of activity because people want to perform their sports after hours and train. It is becoming a major impact on all local government in New South Wales—probably across Australia as well. The other aspect of it is that most of the councils, particularly in the regional areas, are trying to do their best in relation to renewable energy, from wind farms to solar farms, but those benefits that are derived from having those facilities in your local government area do not come back to the local government area—it is all part of the network. So, as such, even though we have quite a lot of energy being created in our local area, it just goes back into the grid and we are still paying prices where people do not have the capacity to raise that renewable energy ourselves.

Mr WEST: Can I be slightly cheeky?

The CHAIR: Yes, you may.

Mr WEST: I suggest that my first comment was around the fact that the question probably needs to be turned around—it is not what the global city can do for regions but what regions can do for global cities. The point that is being made by Mr McMahan is a perfect example where wind farms, solar farms and coalmines—not that I am suggesting we go back to coalmines—all those energy sources are coming out of the regions which are feeding the global city.

Mr SHIELDS: I give one example of where government could assist councils—particularly regional councils—greatly in saving money, and that is for a rollout of light-emitting diode [LED] street lighting technology. The existing lighting technology that councils do across our regions are certainly not LED, I understand.

Ms BENNETT: Correct—it is mercury vapour.

Mr SHIELDS: It costs an absolute fortune. Those old lights are out of date and they are doing all sorts of things with the environment. But one of the great ways that government could assist councils will be for an LED street lighting rollout program. That would save us considerable money in the long term. Indeed, it is nothing but benefit if we had a rollout program like that for the regional areas.

Ms BENNETT: We are happy to table a document—it is a one-pager.

The Hon. PAUL GREEN: The Illawarra JO suggested that same sort of rollout. I think it was about \$14 million, but the uplift is more than worth it.

Ms BENNETT: It is a no-brainer. Our councils are starting to do them one by one now, which is really unfortunate when you think about the potential for the smart city piece and for the bigger procure. The business case is so obvious that it is worth doing. Councils are going down that—I think Albury is in that space a number of others. Missing out on the opportunity of doing it—the whole Lean opportunity of doing it across all of southern New South Wales plus a smart city piece is like watching it drive by like a train going really fast. It is such a shame.

The CHAIR: To my point earlier about communication between local government and the State Government, has that been a conversation back and forth?

Ms BENNETT: We are trying—we really are trying. We are in workshops with Essential Energy. We are really trying very hard. We are in a big collaboration across all of southern New South Wales. We are doing our absolute level best. The climate change funds have not come through yet. We are given to understand that we used to have a bit of a stake in that with the sort of projects we are talking about but they now might have gone off somewhere else under the radar. At the end of the day the Treasurer is the only person who is a director of Essential Energy so the Treasurer is the person who can potentially look after us and help us with that decision-making. But we are trying from the bottom up to do the level best that we can. It is really very challenging and such an incredible opportunity if we can get it right.

The CHAIR: I thank everyone for their time today and for making themselves available to the Committee for this inquiry. Any questions taken on notice can be looked after through the secretariat. There are 21 days to give a written answer. Thank you once again.

(The witnesses withdrew)

(Luncheon adjournment)

NICKY SLOAN, Chief Executive Officer, Community Industry Group, on previous oath

DONNA BROTHERSON, South Eastern Tenant Participation Resource Worker, Community Industry Group, affirmed and examined

CLARA BRADLEY, Policy Lead, New South Wales Council of Social Services, affirmed and examined

The CHAIR: I welcome representatives from the Community Industry Group and the New South Wales Council of Social Services.

The Hon. MICK VEITCH: Thank you for your time today, and Ms Sloan, thank you for the evidence you gave last time. We circulated a discussion paper which pulled together the themes from the written submissions and the testimony we received as we travelled around the State. There are a couple of things that I would like to explore with you today, arising from the discussion paper. One of the conundrums that we have is with the definition of "region". The discussion paper talks about that. It arises in a number of contexts but probably the main context is the importance of the definition of a region when the Government allocates funds or puts up a competitive bid for funding based around certain regions. Could I get your individual or collective views around what you think is the best way to determine what is a region and why.

Ms SLOAN: This is a very tricky one. I do not know that I have the answer to how you define a region. I will just put that up front. What we observe in the northern Illawarra and the Wollongong LGA in particular, is that it is the lack of consistency that is the major issue. Rather than having a definition it seems that it changes regularly depending on which department or which funding pool is available or whatever. I do not have the answer as to how to define it but we would like to see one definitive definition which stated what is a region and what is metropolitan, and that any funding allocations or resources are allocated in accordance with that.

The Hon. MICK VEITCH: Thank you.

Ms BROTHERSON: I do not think I have anything different to add to that; sorry.

Ms BRADLEY: I agree with Ms Sloan but I would also like to add that in the discussion paper you highlight the three-tier proposal. We think there is merit to that.

The Hon. MICK VEITCH: I will pick up on the comments by Ms Sloan around consistency in the application of whatever the definition finally is. Why is that important? Can you give me an example of how that has, at some stage in the past, impacted upon your organisation or your region.

Ms SLOAN: I do not think it has impacted much on our organisation, but as you know we are a representative body. It can exclude the region from some opportunities—not necessarily funding opportunities in the not-for-profit sector, but certainly some opportunities that might have impact for people who are living on very low incomes. Some of the opportunities have been more around regional development, which might have impact in terms of people's ability to connect to employment or even education. I am sure that organisations like Regional Development Australia or the business chamber have spoken about the opportunities that they feel that they have missed out on. For us it is about how it impacts on people who are living on very low incomes. They are the people who have the least access to employment opportunities or education. I am thinking of things like rail links that might give people opportunities to access employment and improve their lives in ways that they might not have without those opportunities.

The Hon. MICK VEITCH: One of the things that the Government does with funding is to allocate it in accordance with regions. So if you are in a certain region you will get access to the funds, and other regions may be excluded. We heard this morning from councils west of the Great Dividing Range about issues they have, where often the region funded also includes Newcastle and the Illawarra, which means that the whole funding program goes to Newcastle and the Illawarra. Even though those councils are included in it, they do not get it. So they put an argument forward that the three-tiered process should be maybe, Sydney; and then Newcastle, the Hunter and Illawarra; and then a third tier which includes the councils west of the Dividing Range or in other parts of the State. Or they suggest we look at the sizes of council areas.

I know, because I used to be a submission writer for the not-for-profit sector, that sometimes the funding based on a region, can be quite important. Health funding—for ageing and disability, for instance—is often allocated on a region. If you are in a town like Young you could be in one region for one department, because of where the boundary is, but you are outside of funding for another department, because they do not have a consistent boundary or definition of regions. Surely that is an issue for some of the not-for-profits that

seek funding, particularly competitive bids in New South Wales. The Illawarra region or even New South Wales Council of Social Services [NCOSS] must encounter this, surely.

Ms BRADLEY: I would have to take that on notice. I can get some further information through our consultations that are happening soon.

Ms SLOAN: I think that there certainly is frustration in terms of things like local health districts not necessarily aligning with other districts and organisations and particularly aged care providers that operate across a number of regions. But a lot of their funding might be coming from the Federal Government, so it is probably less relevant to the State Government. I have not really had any of our members specifically ask us to speak about the impacts of the regional funding applications—not on a State level.

The Hon. MICK VEITCH: We have been looking at this issue around regions. Do we look at population? Is a better way of defining a region around water catchments, economic catchments? Are historical definitions in use now adequate? What are your views?

Ms SLOAN: Once again, the definition of "regions" I do not think is really our area of expertise. Our area of expertise is in the not-for-profit sector and in social justice for people on low incomes. For us it would always be whatever the definition is it will increase opportunities for people on low incomes living in regions and will make sure that everybody has equal access to services. For us the critical issue in terms of regional development is about making sure that there are opportunities as we are looking to develop the regions and that the impacts of something like global Sydney that we have seen in our region are mitigated by increasing opportunities for people in our region. I am really sorry that I do not have the definition of "regions" for you.

The Hon. MICK VEITCH: I would have thought statistical collection is pretty important and it is done on regions—unemployment figures, crime figures. As a submission writer in the not-for-profit sector I used to rely heavily upon those to justify my case for my funding. I would think some of the issues that arise from the collection of statistics and how that is collected and what regions you use to collect those could be distorted because you have got one area doing very well but three blocks down you are not doing so well. That is the sort of thing I would have thought would generate an interest in how you work with a region.

Ms SLOAN: Certainly I think that those sorts of statistics are really important, and we draw on those all the time as to our members. Being able to have access to much smaller pieces of data is always really useful. I think things like the socio-economic indexes for areas [SEIFA] can be really misleading. We see some areas that we know there is significant disadvantage but the SEIFA might indicate otherwise.

The Hon. MICK VEITCH: The next question I have in relation to necessities is around connectivity and NBN. I know in the Illawarra, for instance, people will say there is better than average access to NBN or broadband, but for some people, even though it is there they do not access it because of financial reasons. In the areas you work what do you think is the take-up of the NBN availability?

Ms BROTHERTON: I think you are entirely correct, a lot of people do not take it up due to financial hardships. I have clients, social housing tenants, and for many of them it is just a luxury; they cannot access the internet at home just by having kids at school—so that is a real hardship for them. How you correct it, I guess, is a financial issue, but there are definitely people who either do not access it or there are some areas where it is still very sketchy and not reliable or consistent. It is something you would think would be a necessity in every household, particularly with schoolchildren; if you want to increase their chances of being able to do better at school and into the workforce, it is definitely a necessity.

Ms SLOAN: People would probably argue across the Illawarra that we have good connectivity; I think other people might argue that it is quite patchy and that some people do not have the same access. I think as we go further south from the Illawarra, access can be often more difficult and people are accessing the NBN in different ways—people have to use radio frequencies or something along those lines. The other thing is that we are finding with older people a lot of them do not understand it. While it could be argued that there is less need for older people, I think that when we are looking at service delivery going into the future and things like opportunities through telehealth it is going to be really important that people are able to access NBN and good-quality internet.

The Hon. MICK VEITCH: What about amongst service providers in the not-for-profit sector? What is their access to the NBN? What is their take-up? What are some of the issues that they encounter with broadband?

Ms SLOAN: People are generally taking it up quite well. I think for very small providers it is the infrastructure costs of taking it up, and I take, for example, our own organisation; we are a not-for-profit, we run on obviously a very small income and we run a pretty lean operation, but when the NBN came through, for

example, it meant that our phone system was no longer useable. So we took up the NBN, which has been going quite well and we have moved up into the cloud, which is really lovely, but our internal phone system had to be replaced and that is a cost of about \$7,000 because there will be no access to the copper cable and we will have to go to a VoIP system. Those kinds of impacts on small organisations is quite an expense.

Ms BROTHERTON: I think that phone system is a barrier to a lot of older people as well. They hear NBN, internet, computers—it does not relate to me. But they do need to change over because they will lose phone services. So that is a barrier. Just understanding—if you are an elderly person who has never even used a computer to understand firstly that I have to switch over and then how you go about that is a huge barrier, and then people are left without phone connections and no way to communicate outside of their own home if they are housebound. So for some people it has been an issue and a big barrier.

The Hon. MICK VEITCH: Is there a real divide in that accessibility to the national broadband network [NBN]? Are we creating a society of haves and have-nots?

Ms SLOAN: In terms of people being able to afford it and people prioritising internet access. For families on really low incomes that is often a choice they choose to do without. That is a real disadvantage for families with children. Certainly for job seekers. People are trying to go somewhere where there is wi-fi so they can be looking for jobs or undertaking any kind of education.

The Hon. MICK VEITCH: You were talking about the expense of your own organisation and having to upgrade to accommodate the new arrangements with the NBN, that is an expense you have met within budget, you were not funded by government to do that?

Ms SLOAN: No, we had to find the money to do that.

The Hon. MICK VEITCH: Within your own resources?

Ms SLOAN: Yes, absolutely.

The Hon. PAUL GREEN: I would be interested to hear what the NSW Council of Social Service [NCoSS] has to say about this particular round table. What do you see as the hurdles of an effective regional connection, given the current energy prices and water prices and affordable/unaffordable housing? Do you have any comments?

Ms BRADLEY: When we look at gentrification and how that is impacting on regional communities government really do need to start building the resilience of communities that are under stress. Transport is probably the biggest issue. Without transport you cannot do anything: you cannot get to hospitals, you cannot access education, you cannot access employment. That is an area that we see as a priority.

The Hon. PAUL GREEN: Public transport?

Ms BRADLEY: Yes.

The Hon. PAUL GREEN: Not just transport in general?

Ms BRADLEY: Yes. There are some regional areas where 90 per cent of people have to drive their own car. Lower socioeconomic families cannot afford that, so how do you get to that job? How can you be an economic participant if you cannot get anywhere?

The Hon. PAUL GREEN: What do you see as the solution to that?

Ms BRADLEY: More investment in regional transport. We have written many submissions on this, which I am happy to forward through. It is a complex area, but more investment in infrastructure.

The Hon. PAUL GREEN: We have taken evidence about the younger generation not having access in regional areas because 90 per cent is by mum or dad's car and if mum or dad is on the farm or at work it is hard for them to be get working hours or be trained or do vocational ed and it is a crucial link. Trying to invest for those people is very hard because mum and dad cannot trade the car for their child to get to work or an education facility. The local school bus is very important.

Ms BRADLEY: It is.

The Hon. PAUL GREEN: And the timing of those courses is very important.

Ms BRADLEY: It is. Universities need to be well connected.

The Hon. PAUL GREEN: Do you have a comment on the South Coast rail and the part it plays in terms of regional development for the more vulnerable?

Ms SLOAN: The South Coast line could be vital for improving outcomes for people on low incomes. As you know, as we said at the last appearance, we are seeing greater displacement of people who are on very low incomes, mostly people living on welfare. We are seeing them displaced further and further down the coast as Sydney expands, yet rail access is really limited on the South Coast. As you know it stops at Bomaderry, which is the northern part of the Shoalhaven now. Access further south is a real issue.

The Hon. PAUL GREEN: The Shoalhaven boundary is two hours from north to south. It shows you how far that rail is inaccessible for the 30-plus per cent unemployed in Ulladulla where we need the services.

Ms SLOAN: Absolutely. Extending that South Coast line could improve connectivity. That would be ideal. For people to be able to access that we would need to be able to have public transport—as you know, Shoalhaven is 49 towns and villages—to the rail hubs as well.

The Hon. PAUL GREEN: Reliable and affordable?

Ms SLOAN: Absolutely reliable and affordable, which we currently do not have at all in the Shoalhaven. The school bus is for certain areas, such as the bay and basin area, the connectivity to any kind of services. School buses do not run in school holidays and also they run very limited times. People are really transport disadvantaged in the regions.

The Hon. JOHN GRAHAM: Do you wish to comment more broadly about the divide that has opened up between the cities and the regions on the overall theme of the discussion paper? I say that in part because I think your testimony in the Illawarra shed some light on that. From an NCoSS point of view, given your focus and constituency you are reporting to, a broad comment on that theme would be useful.

Ms SLOAN: As we are aware the Brotherhood of St Laurence just released their unemployment figures report yesterday. For example, in the regions that we are covering now we are aware that youth unemployment is nearly 30 per cent across the Shoalhaven and Southern Highlands area. That is really significant disadvantage in our region. We know that our incomes are much lower and certainly in the northern part of the region in the Illawarra people are increasingly competing for housing with people who are working in Sydney and getting much higher incomes. We are definitely seeing a much greater divide between the have and have-nots in our region. We are seeing people on very low incomes being pushed further out into the outer parts of the region, the places that have the least services and the least transport access.

We are seeing people being somewhat trapped in their circumstances then. They cannot access employment. They cannot access education. There is a lot of perception that the NBN and access to good quality internet will increase people's educational opportunities but we are not recognising the degree of disadvantage we are seeing in a lot of regions now. We have a lot of generational unemployment and generations where people have not had any higher education at all. The impetus to study, to keep studying, to pursue any kind of education is really difficult. I think that we would really love to see some outreach opportunities.

The Hon. JOHN GRAHAM: Just on that point what do you think would help turn that around? We have taken evidence essentially on how the school completion rates for year 12 have got stuck. There have been big improvements over previous decades. We are stuck now in some bits of New South Wales. These are kids who will leave school before year 12, and this will have a devastating effect on their ability to participate in the modern job market. No-one would have been upfront with some of them about that and they will have left school for a range of reasons. Do you have any views about that issue and what can be done to tackle it in the Illawarra?

Ms SLOAN: We would like to see more outreach opportunities for education in our region. We acknowledge that school is not for everybody, and having young people at school till they are 17 but not connecting is not necessarily a good outcome. We would like for there to be access to things like TAFE. Having alternative routes to education would be a great advantage in some of those regions, but we have to acknowledge that people cannot come to central areas. Some TAFE Outreach opportunities in the regions would advantage those kids. When we look at our own constituency in terms of our membership, while we have enormous youth unemployment numbers in our region, we also have age and disability services that cannot attract a workforce.

The meeting I attended before this one was the Aged Care Illawarra Workforce Action Group, and disability and aged-care providers are desperate. They cannot provide their services because they cannot get the workforce. There is an enormous mismatch and there it is a great opportunity for employment in the unemployment numbers. We need to find ways of firstly, attracting people to our industry and getting people to take up opportunities where they live and secondly, people have to have certificate III in individual support. That could be delivered by outreach.

The Hon. JOHN GRAHAM: Having jobs available in these regions is an incredible opportunity, and there should be a way to overcome that mismatch. We have to find a way to do that. TAFE Outreach is an alternative path for education. Please give us a snapshot of where the TAFE system in your area is at.

Ms SLOAN: I am definitely not casting aspersions, because TAFE is terrific and it is going through significant changes, as we know. It is moving from the districts, which were individual organisations, back to one TAFE and the five districts. The great thing for us is that the skills point for health and ageing is based in the southern region. Unfortunately, it is based in Queanbeyan, whereas we would argue that the greatest need is in the Illawarra. We have a significant ageing population in the Illawarra, the Shoalhaven and right down the coast. There are going to be great opportunities in employment there. There is less opportunity in TAFE Outreach. We are not seeing TAFE being able to get out into those small towns and villages and delivering on site. That is what we would like to see more of.

The Hon. JOHN GRAHAM: I invite NCOSS to comment on the broad observation that Sydney is doing well and how to plug the regions into that gap.

Ms BRADLEY: An important area to focus on is local Aboriginal land councils. That is an untapped area where we could be providing more support. Time and time again we learn that Aboriginal disadvantage needs to be addressed by Aboriginal people, and there are some great leaders that are doing wonders for their community but probably need a bit of extra support. I was in Orange the other week and met with Annette Steel from the Orange Local Aboriginal Land Council. She is doing an amazing job. She has planning for a motel, which will employ Aboriginal people, and all the funding is going back into community, such as in culturally appropriate aged care and child care. It is about getting out there and looking at working with OLLA and ensuring that there is a culturally appropriate collaboration between government and local Aboriginal land councils to get them to do what is right for their communities.

The Hon. JOHN GRAHAM: This question goes back to some issues that policymakers are grappling with at a State level. You have spoken about unemployment levels and looking at gaps, but we do not get very good statistical information about the regions. We get it infrequently at a State level and it is difficult to break down because it is not published in a way that allows State policymakers to plug into what is going on in the time frames we would like. Do you have a view on this?

Ms SLOAN: Certainly when it came to looking at the employment needs, for example, in our region, there was no way for us to find out exactly how many aged-care jobs were going to be needed. The only way we could find out was to survey our members and ask them.

The Hon. JOHN GRAHAM: That is a pretty inefficient way to do it.

Ms SLOAN: It is really inefficient. We have been telling the story about the need because we know it, but it is anecdotal. I would agree that there must be better mechanisms for collecting something like that.

The Hon. JOHN GRAHAM: The trouble is that you have been able to overcome that hurdle, but the centre of government does not really respond to anecdotal evidence, and until you clear that hurdle you really do not have a chance to address that need.

Ms SLOAN: Yes. There should be a way, but even the Business Chamber was unable to quantify it. We had to go out to our members and say, "In the next two years, how many jobs are you going to have?" We added them up manually and it was 1,500.

The Hon. JOHN GRAHAM: I hope you were able to use a calculator and did not have just pen and paper.

Ms SLOAN: It was a very inefficient way of doing it. Capturing things like that would really assist in workforce planning and planning educational needs. It would assist TAFE in deciding how many teachers would be needed. Better ways of quantifying some of that information would be fantastic.

The Hon. JOHN GRAHAM: I will give one practical example of the problems this Committee has had. We had essentially competing information about what was going on with job growth between the city and the bush, something that you would hope government had a good grasp of. The Census data over five years showed more than 340,000 jobs have been created in Sydney; in the bush back 17,000 jobs. At the same time the Government was keen to put figures from the Australian Bureau of Statistics [ABS] Labour Force survey on the table showing more than 90,000 jobs had been added in the State's regional areas between 2011 and 2017. Those are very different jobs pictures, and part of the difficulty in reconciling those is getting enough information flowing through regularly or being able to break down for regions in a way that allows us to analyse

that data. If we cannot get jobs figures in a way that we can use, I am not sure how that would translate into anything practical for you to use at a regional level.

Ms SLOAN: Absolutely, without good data we are all hamstrung. Decision-makers cannot make informed decisions without good data. As you said, if there is conflicting data, that is very confusing and we can just pick and choose which data works for us.

The Hon. JOHN GRAHAM: Would NCOSS like to comment?

Ms BRADLEY: Only that we agree that there does need to be better access to data, and that would probably also help non-profits in the regions. We are going towards outcomes framework reporting as well, and it is going to be even more important.

The Hon. MICK VEITCH: Employment, unemployment and jobs. What about under employment? How is that recorded? What are the flaws and the processes for collecting and reporting under employment in your region?

Ms SLOAN: I think it is significant because I do not think it is something that we are doing at all. I do not think it is something that has been addressed at all well. I think that would be a difficult one to do. We know it is a significant issue. We know that certainly within our own industry with the increased casualisation of the industry, at best, people can hope for permanent part-time positions, but mostly in ageing and disability it is casual. It is a really difficult thing to quantify and I do not think anybody is taking those statistics at all.

The Hon. MICK VEITCH: I am keen to hear the opinion of NCOSS on under employment in regional New South Wales and how it is recorded.

Ms BRADLEY: We do not obviously do that, sorry. I could try to take that on notice but it is not really part of our core business.

The Hon. MICK VEITCH: I am not saying that you do it. I am asking for your views on the way in which it is recorded?

Ms BRADLEY: I am not sure, I am sorry. I will have to take that on notice.

The Hon. NATASHA MACLAREN-JONES: Ms Bradley, earlier when we were talking about transport you said that 90 per cent of residents in regional areas did not have access to public transport, is that correct?

Ms BRADLEY: No. In some regional areas up to 90 per cent of people in that community would have their own—

The Hon. NATASHA MACLAREN-JONES: Have you got any research or data on the lack of transport region by region or anything that you could give to the Committee?

Ms BRADLEY: I might do. I would have to look though.

The Hon. NATASHA MACLAREN-JONES: You have already touched on some suggestions about additional support to be given to Aboriginal projects. The third recommendation in your submission is about investing in place-based initiatives. Could you outline what that means?

Ms BRADLEY: Place-based initiatives, government working with community to develop solutions that come from community. While we obviously have issues with homelessness, employment, education and domestic violence all across State, each area deals with it differently and has unique challenges. Place-based solutions need to come from community.

The Hon. NATASHA MACLAREN-JONES: Are you finding that it is not happening now or that it is not working as well?

Ms BRADLEY: I think there are some really good examples of place-based decision-making but there are obviously other areas where it could be worked upon.

The Hon. NATASHA MACLAREN-JONES: I am happy for you to take this question on notice. Can you provide the Committee with some information as to where it is working well and areas where it may not be working, particularly rural and remote areas?

Ms BRADLEY: I would say it is more remote areas where it is not working. I will take the question on notice and get further details.

The Hon. NATASHA MACLAREN-JONES: The fourth recommendation in your submission talks about funding. You said that funding is not necessarily going to local organisations or to organisations that have clear knowledge of the local community. Can you outline or give some examples of where that is a problem and what you think needs to be done to improve that?

Ms BRADLEY: The Social Innovation Council are actually doing work on this at the moment so I would probably consult with them to see exactly what they are doing. But it is an issue when the organisations do go out into smaller regional communities and get the contracts because they are better resourced to do so. You may have fly-in, fly-out workers from Sydney or you may have recruitment from Sydney or other urban areas so a lot of the local people actually miss out on those jobs. There is also strong evidence to suggest that local small organisations are more agile, they can respond to the local needs more effectively. NCOSS's position on this is where a big organisation does want to go out into a smaller regional community they should form a partnership with a smaller local organisation obviously where possible.

Ms SLOAN: I could give the Committee an example, if that would be helpful?

The Hon. NATASHA MACLAREN-JONES: Yes.

Ms SLOAN: We recently had a tender for homeless services in our region that had been delivered locally for quite some time but then went to a large charity. The impact was that for quite a significant period of time the services were just not delivered during the transition period. People still remained homeless during that time but the services they had previously relied on were just not available because of the transition. As Ms Bradley said, small and nimble organisations had been working on the ground in a very place-based way and when the larger tender came through all of that stopped. Then a period had to be taken to recruit staff and to set up the new service. It had a strong impact in a small region to have no services delivered during that time.

Ms BROTHERSON: To put a human side to that for the clients, it is not just the downtime of the service getting established, it is re-building those relationships, connections and trust. You are looking at a significant amount of time again before that service is really operating efficiently and really providing the services. There is a real human side to that.

The Hon. NATASHA MACLAREN-JONES: So you are saying within the selection criteria you would like to see some form of weighting given to local businesses or organisations that have had the experience in that space?

Ms SLOAN: Absolutely, taking into account their previous service delivery. What we are seeing is that smaller organisations just do not have the capacity or the green lighting. Also we are seeing that government departments more and more are wanting to reduce their regulatory limits. Managing grants is a significant piece of work and if they are reducing the number of grants, it reduces the amount of workers and the time that people are spending in grant administration.

The Hon. PAUL GREEN: I thought the NDIS would provide a great opportunity for regional unemployment growth. Are there any school programs for year 9 or year 10 students? For years I have been saying that our ageing population and the NDIS will present a great opportunity for students who would like to go into that side of things. It would probably be ideal for year 9 students to do work experience in this area and see whether they like that type of thing, particularly in regional areas where there are not that many other jobs.

Ms SLOAN: We did explore things like school-based apprenticeships and traineeships with our aged care providers. The NDIS is absolutely a great opportunity, as is the ageing population in our region. There are great opportunities for careers, not just jobs but, as one of our aged care providers said to me just today, a lot of young people have not even seen an old person. I think that those work experience opportunities are a great opportunity. Often in aged and disability services there is an age limit of 18 before someone can work in the industry. I would really love to see programs that expose younger people to what the opportunities are, what jobs are like and what working in that industry is like, so when they are making their career decisions at 18 they at least consider aged and disability services.

At the moment it is not in their realm of possibilities. We are even seeing training opportunities like the Illawarra Youth Employment Strategy. There are training opportunities under that for free training in aged or disability services. We cannot even get the job service providers to refer people into it. For me, it is a much bigger piece of work. It is about raising the profile of working in age and disability services and what the great advantages are of working in those areas.

The Hon. PAUL GREEN: We are talking about regional development and there is a real opportunity for people who get into the industry to start a business or their own non-government organisation. That is a real opportunity.

Ms SLOAN: There are certainly new models of service coming into our regions where we are seeing people being self-employed and able to go through a web platform. Someone with a disability and National Disability Insurance Scheme [NDIS] package are able to have a look at who is in their region and choose their own worker. The worker can set their own pay and conditions in conjunction with the client. There would be great opportunities. But it seems to me that the disconnect is the lack of awareness of the industry and the low profile of the industry.

The Hon. PAUL GREEN: It sounds like there is some work to be done in high schools.

Ms SLOAN: Absolutely.

The CHAIR: Ms Bradley, recommendation 7 of the NSW Council of Social Service [NCOSS] submission states that NCOSS would like to see the creation of renewable energy zones. NCOSS states that it works for people experiencing poverty and disadvantage in New South Wales. How does that recommendation play in with that goal, given that renewable energy is one of the more expensive sources of energy available? I struggle to see the connection between increasing electricity prices and NCOSS's goal of helping people living in poverty.

Ms BRADLEY: Is your question that it is inconsistent with—

The CHAIR: I am asking for some insight into why that has come in as a recommendation from a group that purports to work for people experiencing poverty and disadvantage. Why is NCOSS advocating for something that is more expensive than—

Ms BRADLEY: The sector really does need to prepare for the future of climate change and the impact it is going to have. Perhaps renewable energy is more expensive now, but we need to be looking towards the future. I am happy to take that question on notice if you would like further information.

The CHAIR: That would be great, thank you. I would appreciate that. I would like see ask about Illawarra Forum members. The forum would obviously prefer for more people to work in its sector and region. As a regional member—I am from the Central Coast and look after the Central Coast and the Hunter—I would like to see more people living and working in the same place, rather than commuting. The Illawarra Forum's submission identified that approximately 2.4 million people will work in the community services sector by approximately 2021, with that projected to be more than \$7 million by 2036. Will those jobs be local jobs and are able to move away from that fly-in and fly-out model we were talking about earlier?

Ms SLOAN: Certainly, most service delivery in community services is locally place-based. We have to provide the services where the people who need the services are. I think that the jobs that have been predicted—and that was through the Industry Skills Councils figures. I believe the impacts of NDIS and the Federal Government's policies on aging in place mean that we are going to have to deliver more and more services where people are living. I believe those jobs will be a growth area for the regions and that people will be able to work where they live.

The CHAIR: Thank you. What the forum is doing, if anything, to promote the region, not only to outside people to come and live and work in the region, but also to people nearing the end of high school or who are studying at the University of Wollongong, for example? How does the forum promote people staying in their own region, rather than moving to Sydney, inter-State or, dare I say it, overseas when they are in their youth to find work? Is that something that the forum participates in?

Ms SLOAN: Not as a peak body for community services. But, on behalf of our members, it is imperative for a group such as the Aged Care Illawarra Workforce Action Group, which is made up of ourselves, the NSW Business Chamber, Regional Development Australia Illawarra, the National Aged Care Alliance, and the Illawarra national alliance. For example, if we could keep registered nurses in our region and working in age and disability care. It is a great deficit for us and we are seeing more people coming in on 457 visas to work as registered nurses in those industries. The brain drain is certainly something that is talked about. One of the issues is that the salaries that we offer in the regions do not compare with the salaries that are offered in the cities, so we do see our young people going off to work in the city. The good thing is that we hear that people do come back eventually, but we do need good diversity in our regions. We strongly encourage people to be able to live and stay in our regions

However, I must say that one of the really big obstacles to people staying in our region is housing affordability. Access to housing and access to affordable housing are significant issues that are growing all the time. We are seeing increases in homelessness right across the region. I know that the last time that I was in front of the Committee, I spoke about seasonal evictions. We are hearing more and more stories about seasonal evictions. I was at the Queanbeyan Homelessness Support Service meeting recently and it is also happening in

the Snowy Mountains. Of course, that happens throughout the ski season so seasonal evictions in the Snowy Mountains happen during the winter. Having access to good housing is going to be key in keeping people in the regions and keeping people where they can live and work.

The Hon. PAUL GREEN: Is there an impact from Airbnb?

Ms SLOAN: We are hearing that that is the cause behind the seasonal evictions. We seeing either seasonal evictions or—more and more—eight or nine month lease periods. That is what we are seeing. I know that Ms Brotherson could speak more personally to this, working with tenants, but we are seeing people lose their tenancy one week and it is up on Airbnb the next week. The sharing economy has grown faster than legislation has grown to accommodate it. I do not think that anybody could have foreseen the rise of Airbnb five years ago. We do need to have some levers in place to stop this happening.

The Hon. PAUL GREEN: Ms Bradley and Ms Brotherson, you probably want to make a comment on that one too.

Ms BROTHERSON: Yes. I think a lot of this comes back to security of tenure. There is a lot of discussion at the moment around groundless dismissal or unfair dismissal. It is about strengthening the position of tenants to feel secure in their homes so these things do not happen to them. I know the Residential Tenancies Act is under review at the moment. I worry that the landscape has changed so much since the review started that by the time it comes through it is going to be outdated and it is still not going to be able to cater for these incidents. Being made homeless in summer in a coastal area, when you compare it to Cooma in winter, the coast seems a really good option.

It is really severe to be made homeless in an alpine area in the middle of winter. You are talking really serious health issues and safety issues, but unfortunately it is happening increasingly, to the extent where I was also at a meeting in Cooma recently and a new issue which arose last year was that even a lot of the resorts' accommodation is being rented out to visitors, so even workers were all camping on Lake Jindabyne. That is a huge issue for council as to how they enforce compliance. They have not started enforcing it yet but this year they are going to have to seriously look at that. Those people need somewhere secure to live.

The CHAIR: Obviously demand is outstripping supply.

Ms BROTHERSON: Definitely.

The CHAIR: Anecdotally at least do you see councils down south are addressing the supply issue and allowing for more dwellings to be built?

Ms BROTHERSON: Shoalhaven council has just introduced an affordable housing strategy, so they are starting to look at that. Traditionally it has not been seen as the domain of council to address that—it has just not been their area. But they are starting to now. We were at a meeting in another council just last night, was it?

Ms SLOAN: Yes, it was.

Ms BROTHERSON: It was last night or yesterday afternoon. They are starting to have that discussion as well. I know through my work further down the coast that councils are being drawn into that conversation, which I think is a positive. There is only so much they can do, of course, but getting that conversation started, planning and zoning is probably their limit, but I think they still play a pivotal role. It is a huge picture and a huge issue that is going to need a combined attack to rectify. As we said, with Sydney getting out of the price range for many people, they are moving out and people are being pushed out. The last Anglicare affordability surveys for Wollongong showed there were no properties whatsoever for someone on a benefit. Those people are still there. Some people can up and move to other areas, but some people have ties and connections to that area or they are simply not able to up and move, for whatever reason. And they are not going away. It is becoming an increasingly huge problem.

Ms BRADLEY: I agree with Ms Sloan and Ms Brotherson on those points. I think it is 30 per cent of the population of New South Wales rent, probably higher, and this needs to be prioritised.

The Hon. MICK VEITCH: As I said at the start, this is the culmination of a 12-month long inquiry with reams of paper of submissions and reams of paper of testimony that has been pulled together. Out of that we created the discussion paper—today's hearing is essentially about the discussion paper. If there was one item in the discussion paper that you really wanted us to highlight in our final report, what would that be? And what is your suggestion for moving forward?

Ms SLOAN: Just one—well, obviously we would like to see a strong health system and social support system. Education is a key one for us as well: education unlocks opportunities for people. I guess the other lever

for us is transport. Transport could change lives and we need to have better regional responses to transport. There needs to be some innovation in there in looking at different transport options. Having some smaller, nimble, more responsive transport options could really change opportunities for people as well.

The Hon. MICK VEITCH: Ms Bradley, from NCOSS's perspective, arising from our discussion paper what would be the item and what is your suggested way forward?

Ms BRADLEY: I concur with Ms Sloan and Ms Brotherson on innovation in transport—and also really strong partnerships with Aboriginal land councils. Start empowering Aboriginal communities.

The Hon. MICK VEITCH: Okay.

The CHAIR: Are there any areas or any land councils in particular that have made headway in that space?

Ms BRADLEY: I think the example I gave before: Orange Local Aboriginal Land Council are doing amazing work, but there is strong leadership in the New South Wales Aboriginal Land Council and they are really keen to get moving on this, so I think the time is right.

The CHAIR: Okay. I thank you all for making yourselves available in coming along and for the written submissions as well. If there are any questions on notice—I believe there might be a few—please work with our secretariat. There are 21 days in which to provide a written response and the secretariat are always more than happy to help. Thank you once again.

(The witnesses withdrew)

(Short adjournment)

STEWART WEBSTER, Acting Executive Director, Regional Policy and Analytics, Regional NSW Group, Department of Premier and Cabinet, on former oath

BRETT WHITWORTH, Executive Director, Strategic Planning and Programs, Department of Planning and Environment, affirmed and examined

The Hon. PAUL GREEN: I just want to go straight to Jobs for the Future, and talk about the feeling on the ground, and how you see the current economic situation for energy pricing, infrastructure and water affordability and that playing a part in the prediction of where jobs for the future will be. I am also talking about the efficient use of the NBN and what you are suggesting here in report with respect to jobs for the future.

Mr WEBSTER: Is that directed to me?

The Hon. PAUL GREEN: You guys can work out who want to respond to it.

Mr WHITWORTH: I am not part of Jobs for the Future.

The Hon. PAUL GREEN: Who put the report together?

Mr WEBSTER: Which submission is that?

The Hon. MICK VEITCH: Is this the response to the discussion paper?

The Hon. PAUL GREEN: It is the New South Wales Government paper.

Mr WEBSTER: The term "jobs for the future" has been used by Jobs for NSW, which is based in the Department of Industry.

The Hon. PAUL GREEN: So you do not have that report; this is not yours.

Mr WEBSTER: I do not believe so; no.

The Hon. PAUL GREEN: I will look at another submission.

The Hon. JOHN GRAHAM: I have a couple of issues that I would like your views on. Feel free, either of you, to jump in. One is about the statistical information which the New South Wales Government departments have access to, and one of the difficulties we have had in looking at what is going on. The central question of this Committee is: Sydney is doing well; how do we make sure the regions get the benefit of that? It is very difficult to work out exactly how the regions are doing, given the lack of statistical information coming through from the ABS. It is either infrequent or not regularly published and broken down at a regional level. I wonder if you have any views on that question as policy makers in a State jurisdiction.

Mr WEBSTER: My area is predominantly interested in economic development. In our area of interest it is absolutely true that the best data source we have access to is the census. It is very inconvenient not to have data, particularly employment data, at a sufficiently disaggregated level available more regularly than that. There are the ABS regional labour force releases, but they are on very large regional breakdowns, and the errors around those are so high as to make the raw data useless. Even when you base your policies on trend data that needs to be done with a fair bit of a caution. So that is problematic. We are also interested in skills and internal migration. Again, data on that is difficult to come by. Particularly migration data needs to be pieced together, typically from the census, and you cannot track individuals. You certainly cannot work out why they moved, which is of particular interest to us.

The Hon. JOHN GRAHAM: Any views you would like to add, Mr Whitworth?

Mr WHITWORTH: From a planning perspective, we use data to compile our regional plans. It is a challenge for us, and we quite often find that we need to do a lot of work to build an evidence base. We do have, within the Department of Planning and Environment, the economic population land use analysis division. That division produces population projections. That is the division that does the housing forecast assessments. They are working on a more refined methodology for population projections. At this point in time, population projections are updated in a cycle following the census, but there is a lot more data that we are trying to obtain that will help us undertake more frequent population projections. Our projections are predominantly done to the local government area. We are looking to see whether we can get them down to smaller areas.

From a very course perspective, population projections are the number of people that are born, the number of people who die, and the number of people who move in. As Stewart has said, that population movement is really important for us in understanding both the quantitative and the qualitative measurements.

That is something that we are looking at. We tend to try and build our strategies from the ground up, as well. We work a lot with local government.

The Hon. JOHN GRAHAM: Ground truth them?

Mr WHITWORTH: Yes, ground truth them. The recent advent of amendments to the planning legislation to create local strategic planning statements is saying that we want line of sight within the planning system that takes you from global megatrends through State trends, regional trends, district trends to the site. Conversely, we want to work back up again and say what are the things that are driving issues at a local government level.

The Hon. JOHN GRAHAM: That is exactly the right approach, but isn't the problem that you are both acknowledging, that as you work at the State level, it could be better—you could have access to more information?

Mr WHITWORTH: There could be, but I also think that we are not exploring the opportunities of manipulation of big data. We are starting to get into that field. We are starting to have conversations with Transport for NSW about analysis of Opal card data. That can help us understand student movements, for example. That can help us understand movements, not just within cities but in regional areas that are using the Opal card. We are starting to get into the use of other big data sources, where we collect in order to build statistics. That is an area that we want to continue to work on.

The Hon. JOHN GRAHAM: That sounds quite productive. What discussions are there with the ABS about the sort of data that we might have, and are building, at a State level, and the ABS and what they are reporting?

Mr WHITWORTH: There are regular conversations between them and planning. There is a group within the Government—I cannot remember its exact acronym or title—and its role and responsibility is to produce planning assumptions. Those planning assumptions are the big picture—population dynamics—which is then used by health, education and so on. In doing that work there is regular conversation with ABS and there is often that work with ABS to inform what statistics it has collected but also questions that need to go into the census as well.

The Hon. JOHN GRAHAM: There are two areas we are dealing with here, one where we are helping build the statistics including from the planning point of view and there is one where we are dealing with statistics just reported out of the ABS that we are able to use or not—more on the economics of, particularly, jobs; it is crucial information for policy makers. Just to give you an idea of the sorts of problems we had just with the Committee grappling with the issue, we are trying to say for the regions going backwards or forwards there are two different sets of views: one, the census data saying jobs in Sydney went forward dramatically—more than 340,000 jobs over five years—and in the regions it went backwards by 17,000; and, at the same time, the Labour Force Survey that I think you referred to, is saying more than 90,000 jobs were added in the State's regional areas over a similar time period. I take it that is not a net figure. Is that the difference between those?

Mr WEBSTER: I am not aware of the exact figures, but they are two different methodologies. The census is the census and one is compelled to do it—a pretty low degree of non-compliance—and labour force is based on survey data. It is not surprising that they do not gel.

The Hon. JOHN GRAHAM: The census is the rolled gold one of those two. If the data is pointing in two different directions the census is going to be more accurate.

Mr WEBSTER: I would have thought so—as long as they are comparable variables.

The Hon. JOHN GRAHAM: With the census you are always looking in the rear-view mirror looking at information as a policy maker. The trouble with the census is that you are looking often five, six, seven years in the rear-view mirror to find out what has happened. It just does not work from certainly the time frames we are working in. What can we do to improve the information we have about even regional job numbers or unemployment numbers or is there something we can do to improve that?

Mr WEBSTER: We are looking at, as a lead indicator, job advertisements—web-based job advertisements. That, I think, is probably the best you are going to do, but it is not all inclusive, and web-based advertising varies in the regions.

The Hon. JOHN GRAHAM: Can we not talk to the ABS though and say we want these figures published more than once a year; we want them broken down into the sort of regional areas which would be useful for us trying to make a judgement about what is going on in New South Wales?

Mr WEBSTER: As Brett was saying, we regularly speak to the ABS through various forums. Before a census they usually ask about the next census: "What would you like in there?"

The Hon. JOHN GRAHAM: But I am now asking you about the regular reporting. We only get really the State's economic activity, I think, once a year, do we not? We do not get these regional breakdowns. We need that information more frequently if we are going to make judgements about what is going on in the Central Coast or in some of the regions.

Mr WEBSTER: That is true, but it is very difficult. As the Labour Force Survey attests, that costs the ABS quite a bit of money. If we said we really want more accuracy or a lower level of aggregation, they are bound to say, "Are you going to pay for it?"

The Hon. JOHN GRAHAM: So it becomes a money issue, is what you are saying. But at the moment we cannot say what is going on in the regions of New South Wales economically; we just do not have enough information to answer some of those basic questions.

Mr WEBSTER: Labour force data is probably the best we have got in terms of economic activity; it comes out every quarter. But you do need to look at the large area of the regional break-up, I think it is SA4 level.

The Hon. JOHN GRAHAM: I have some more questions but I might hand over at this point to the Hon. Mick Veitch.

The Hon. MICK VEITCH: A similar theme, but a different line of questioning. As we have travelled around in the last 12 months to different regions, particularly in local government areas local council representatives will say they have an issue with the way that the State Government and the various departments apply the ABS figures to project, particularly around population projections. If they want a new hospital, health will have a view about what the numbers are when they start planning ahead for the next 20 or 30 years to design the hospital; if there is a piece of road infrastructure, RMS have another view; and planning often have another view. Just to get some clarity around this, within the whole of government what is the process? Do the individual departments have their own units established that extrapolate the numbers and work the numbers from the ABS or is it done sort of at a central location? What we were hearing was not regional myth but regional misapprehension of what actually happens.

Mr WHITWORTH: I would never say that what comes out of councils' mouths was a myth, but there is a perception of how it gets delivered. The NSW Department of Planning and Environment is responsible for the preparation of population projections for the State. There are demographers that exist in other government agencies whose job is to interpret and give more fine-grained assessment of what those population projections mean and there is a piece of work that has created what are called the common planning assumptions, and those common planning assumptions have been adopted at a whole-of-government level to say these are the things that drive those population projections and the adoption and use of them.

But there are some challenges and there is a need to change, which I reflected before that we wanted to get more regularity of the population projection process, more detail at a finer-grain level—so going from a local government area into smaller areas. We also wanted to get more engagement with local government. There is a classic story about the Deniliquin rice mill. I do not have all of the detail but there was a particularly important piece of infrastructure that was enabled through some process that meant that the rice mill could reopen and reoperate, and all of a sudden the economic fortunes of Deniliquin changed and a town that people were forecasting would be declining in its population we now are starting to see is actually talking about growth. And that is the difficulty also that we have with population projections, that where we are dealing with smaller communities, you have only got to have a couple of things happen and there is a shift and it gets reflected quite quickly in population projections. Those shifts can be positive but they can also be negative.

That is our challenge: to work more closely with local government to get more of a qualitative assessment of what is changing—a forward look as to how you need to look at the migration trends in particular to get an assessment of how that population projection in those areas should be done. There is an issue about population projections though in that because of the need to get certainty about the accuracy of the projections, we tend to project the State forward because we know migration trends in and out at a State level with a fair degree of certainty, we know the births and deaths with a fair degree of certainty. We then take that big pie and we start cutting it into regions, and from those regions we start cutting it into local government areas and in future we will cut it even finer. That means that there are a lot of assumptions about how you are allocating population around and that understanding of the migration is the critical thing that drives that.

The Hon. MICK VEITCH: How do we currently understand that intrastate migratory pattern?

Mr WHITWORTH: We work on the basis of quantitative understanding of migration trends through census but also through other signals. Things like people registering with Medicare to change their address, for example, is a signal that we have to look at how we can look at those migration trends. We understand from a quantitative perspective quite well that is what happened. What we do not understand qualitatively is why it is happening. That is the area we want to get better at, have a better understanding of what is driving those trends. We know there is a movement in regional areas to regional city hubs and our regional planning is building on the top of that. The Waggas, the Alburys and the Dubbos are becoming bigger and stronger centres as a result of that. It is the movement into the Sydney metropolitan region, but also the movement out of the Sydney metropolitan region.

Some of the regional centres are getting so big that there is a counter-migration happening that people are saying, "Wagga is now too big for me and I want to move to a smaller town". Trying to understand some of that counter-migration is a challenge and how it will influence the planning, particularly the service delivery element. I beg your patience for a final comment. You talked about health and roads and so on. They have slightly different methodologies of planning. To give you health as an example. From a population health perspective Ministry of Health and the local health districts are looking at the population trends, the census and the population projections but when it comes time to investing in assets and asset management: Where are the future hospitals? Where do the clinics need to be? They are starting to shift and look at our housing forecasts.

The classic example is the Illawarra Shoalhaven had been looking at the capacity of Wollongong hospital and it is quickly reaching its ability to develop on its site. They were talking, "Do we need to move this hospital somewhere else in the Wollongong area?" I was able to say to the board, "Look at the other assets you have. You have a very nice hospital at Shellharbour. It is sitting within very big grounds and the centre of gravity of new housing in the Illawarra is shifting towards West Dapto and Calderwood." As a result of that they had a bit of a light bulb moment and said, "So, maybe we should look at upgrading Shellharbour hospital to take on that."

The Hon. PAUL GREEN: And Shoalhaven?

Mr WHITWORTH: And Shoalhaven, yes. I did point out the growth in Shoalhaven that was coming at the same time.

The Hon. PAUL GREEN: Yes, you did.

Mr WHITWORTH: That is an example for health. And Roads and Maritime Services will look at traffic counts and congestion. That is where you have slightly different measures for each of the agencies in terms of the planning. But coming to the central question, they are all around the common planning assumptions of the population projections.

The Hon. MICK VEITCH: You spoke of the data from the Australian Bureau of Statistics [ABS], around jobs, and that we should accept there are errors.

Mr WEBSTER: Yes, it is a sampling error.

The Hon. MICK VEITCH: What do you mean by "sampling error"?

Mr WEBSTER: A labour force survey is a survey, so you can get a more accurate answer for your estimate of employment in a particular region if you sample more people, if you have a larger sample size. It is a sample size issue.

The Hon. MICK VEITCH: How do we look at under employment in the regions? What are the tools we use to measure that?

Mr WEBSTER: This is not my area of expertise but I am aware of ABS reports of levels of under employment. I am not sure whether they report that regionally, I could find out. They do have an estimate of under employment.

The Hon. MICK VEITCH: It is something that I have been exploring with people. Particularly west of the dividing range there is an issue of casualisation and job mixing, with three or four jobs needed to create enough income to survive. There is an under employment issue which goes hand-in-hand with lower wages and trying to survive in the community. This statistical information is interesting. One of the questions in the discussion paper is around the definition of a region. I note the Government's response to the discussion paper questions and how it is presented there. We have heard today from the Orana group, and others, that there is still different application of definitions of a region by government departments. Health has a different region to Ageing and Disability or Destination NSW and it causes angst in communities and difficulties with

organisations and businesses that operate in those regions. What work is being done to try and provide uniformity around government agency boundaries in New South Wales?

Mr WHITWORTH: We had undertaken some work in 2014 to identify regional boundaries for New South Wales. The difficulty of a region from a perception point of view is that people perceive their region differently to what the administration would perceive their region would be. Mr Green is in the room and the Shoalhaven is a classic example. There is a line somewhere probably around South Nowra where the people north of that line perceive themselves as part of the broader Illawarra and south of that line they see themselves as part of the South Coast. From an administrative perspective, how do we organise government agencies? How do we organise service delivery that best meets the resources allocated as well as meeting community perception? I do not know that there is a single answer that will satisfy everyone.

What we have tried to do, first of all we are using local government areas and the compilation of local government areas as our building block. That is a different response to what natural resource agencies will suggest to you. Natural resource agencies will suggest that river catchments are important. Quite often we put boundaries of local government areas along boundaries of rivers. The regions that we have, the 10 regions we have in New South Wales from a planning perspective are closely aligned to the local government areas. They are also aligned to, as best as we can, health districts to reflect communities of interest and how we could best define those communities of interest.

From an administrative perspective the government's boundaries are all different. I was previously the Regional Director for the Southern Region of the Department of Planning and Environment. The southern region encompassed all of the Illawarra Shoalhaven and all of the south eastern tablelands and half of the Riverina-Murray, but that was simply I had 29 councils that I was responsible for. That was the best allocation of our resources. Councils tend to say, "The southern district of the department is based there." They confuse that as a region when it is an administrative boundary.

The Hon. MICK VEITCH: My learned colleague will say that the Central Coast as a region is often either put in with Sydney or it is not, or it is put in with the Hunter or Newcastle or not.

The CHAIR: Or oddly enough with tourism it has recently been lumped in with the Blue Mountains.

The Hon. MICK VEITCH: Community of commonality.

Mr WHITWORTH: I was in Gosford this morning. The Central Coast is an interesting region. It is the only region that is both a region and local government area in its own right and has its own regional plan and many services to boot. It too also has some blurring of the edges. I would argue that the Catherine Hill Bay area is a classic example; it is technically in the Hunter but its community of interest is towards Wyong and North Wyong. This is where defining regions is difficult. When we did try to define the Hunter, as an example, we had Port Stephens, and then Great Lakes said, "We think that there is an argument that Great Lakes needs to be there." And Taree said, "Well, we think we equate more to the Mid North Coast". We jump forward to council amalgamations and we now have the Mid Coast Council as part of the Hunter. When I said we clip the boundaries to local government areas those are some of the fundamental decisions we have to make, recognising that there is a lot of blurring around the edges for those communities of interest.

Mr WEBSTER: I could add to that. My branch does a lot of economic analysis, so we are interested in regions based on economic activity, particularly labour markets. We are still undertaking a regional economic development strategy process across all of regional New South Wales, based on functional economic regions which are smaller than planning regions, but again built from local government areas. The point I would like to make is that regions need to be different, because the purpose for which you need regions differs.

The Hon. MICK VEITCH: It is a conundrum and we are not going to solve it straightaway, but it is exercising the mind of the Committee. You may have to take this question on notice to get advice from your colleagues. The discussion paper talks about the application of Treasury's benefit-cost ratio [BCR] on projects in New South Wales. We have explored that today with the Business Chamber, CENTROC and other witnesses. We have undertaken 12 months of work on this issue. Has the department looked at the submissions to be informed about some of the difficulties that regions and local councils are talking about? One council told us that it has 52 or 53 applications for infrastructure funding on a competitive bid process at the moment, and these applications may be knocked out because of the application of Treasury's BCR. Has any consideration been given to reviewing how Treasury applies the BCR?

Mr WEBSTER: Treasury puts out the guidelines for a cost-benefit analysis [CBA], which produces the BCRs required—that is, the standard that needs to be addressed in producing those estimates. Regional NSW, as you may be aware, is responsible for the administration of \$1.3 billion, I think, in regional funds. I am very familiar with CBA processes in relation to those funds. Treasury's guidelines are not particularly easy to

interpret if you are not an economist, and so we have through experience decided that it is better for applicants if our dedicated unit that does cost-benefit analysis on applications does the analysis, instead of asking the applicants to do it. I understand that is not the case in other clusters that also have regional programs that require applications with a CBA involved. It is a matter of horses for courses, but Regional NSW produces those CBA results.

The Hon. JOHN GRAHAM: Are there other parts of government that deal with regions and the allocation of grants where the approach you have taken could be applied?

Mr WEBSTER: I do not see why not.

The Hon. JOHN GRAHAM: I do not want to verbal you, but are there parts of government that allocate grants to regions that do not take your approach? We have taken evidence about other agencies that do not take this approach. Which agencies do not do it?

Mr WEBSTER: I could not be sure.

The Hon. JOHN GRAHAM: No worries, but that is helpful.

The Hon. MICK VEITCH: It is helpful, because the witness from Albury City Council said that the application process costs them lots of money. They do their own cost-benefit analysis before they lodge an application, hoping that the application will meet Treasury guidelines. They are spending money on independent analysis, and if you are doing that cost-benefit analysis then that would be a cost saving for a heap of councils.

Mr WEBSTER: It cost government, of course, for a whole unit to do it. We felt for consistency we would be able to make them comparable, and so it is probably better to do it in-house.

The Hon. MICK VEITCH: The submission of the Business Chamber talks about a need for a review of Treasury guidelines and the application of the BCR. Why did you decide to undertake the analysis? Did you conduct a review of failed projects to work out whether there was a better way of doing the analysis or of taking a more consistent approach? What led you to undertake the analysis?

Mr WEBSTER: I guess inconsistency, mainly. It is inevitable if you have numerous individual analysts producing cost-benefit analyses that you will have different interpretations of the guidelines. We felt that consistency, when comparing projects, was important.

The Hon. MICK VEITCH: If an application does not meet the rigours of your process, can the failed applicant request a meeting to discuss how to improve their chances next time?

Mr WEBSTER: I believe it varies by fund, because there is \$1.3 billion across various funds. I am aware that recently proponents who were unsuccessful were offered the option to have a one-on-one discussion about their application. Some of those proponents, mainly councils, took up that offer.

Mr WHITWORTH: The provision of the infrastructure and the allocation of money from Restart NSW also requires certain obligations to be met, and a positive cost-benefit ratio is one of those. Councils are responding to many different requests for potential funds that getting councils into a consistent approach of business case development would be useful. If Transport for NSW wants to spend any money, it has to go through the Infrastructure NSW project assurance process and the business case development, and there are guidelines and so on.

I am not suggesting that we bring that into local government processes, but quite often we will say there is money in the Housing Acceleration Fund for infrastructure, for example, and we want to compile a list of projects that can go into a prioritisation process. You get a range of projects from ones that have gone through a fully designed and fully costed process to something like a council saying it would be good to put a pipeline between X and Y. Giving some guidance to councils on a strategic business case and some basic project assurance work would probably be useful for them, and it goes a long way towards helping councils to demonstrate how they are compiling a positive cost-benefit ratio.

Mr WEBSTER: There are Treasury guidelines for business case development, but again they are a bit technical and for the larger projects. Regional NSW, for the funds that we administer and maybe some more generically, produced a cheat sheet giving simplified business case guidelines, which we have distributed.

The Hon. JOHN GRAHAM: One thing we discussed with the Business Chamber is the discount rate that is being applied within those models. What is the current discount rate?

Mr WEBSTER: The discount rate is 7 per cent real.

The Hon. JOHN GRAHAM: So 7 per cent after taking account of inflation.

Mr WEBSTER: That is right.

The Hon. JOHN GRAHAM: When was that set?

Mr WEBSTER: That is well before my career began, but I read recently that it was in the early 1990s.

The Hon. JOHN GRAHAM: I think it was set 25 or 30 years ago. Has it been reviewed?

Mr WEBSTER: That is a question for Treasury.

The Hon. MICK VEITCH: Can you take that on notice on behalf of Treasury, as you are appearing on behalf of the Government?

Mr WEBSTER: Sure.

The Hon. JOHN GRAHAM: The Commonwealth bond rate would have been about 7 per cent when it was set, and it is now much lower. I do not know what the Commonwealth bond rate is at the moment, but it would be close to 1 per cent. Do you believe the discount rate is appropriate in assessing those sorts of projects?

Mr WEBSTER: Personally, no. Discount rates have two components—there is the risk-free rate, usually estimated by the bond rate, and there is the risk component, which tends to vary by the type of projects. So it will be more than 1 per cent.

The Hon. JOHN GRAHAM: Even taking that into account, 7 per cent after inflation is still very high. That was set at a time when the economy was fundamentally different in terms of interest rates and the sorts of assessments that would happen off the benefit of a project.

Mr WEBSTER: Certainly a higher discount rate reduces the effect of long-term benefits.

The Hon. JOHN GRAHAM: As we look at projects today, if the discount rate was too high we would be underestimating the benefit?

Mr WEBSTER: Of projects that have either a long-benefit stream or benefits not realised until quite a while in the future.

The Hon. JOHN GRAHAM: In the model we are applying regional communities often say, "I can see what the benefit this would unlock for my community but when I send it into Treasury and the number comes out the back end it is less than one." That is one of the reasons why we might underestimate long-term benefit.

Mr WEBSTER: It comes down to whether the discount rate is appropriate. When you say "underestimate" it all depends on what the appropriate discount rate is.

The Hon. JOHN GRAHAM: But if we thought the discount rate was too high, and you have said in your personal view that that is probably right, then we would underestimate the benefit. If it was right we would not; if it was too high we would be underestimating the benefit.

Mr WEBSTER: Yes.

The Hon. JOHN GRAHAM: It is really New South Wales that sets that rate. Infrastructure Australia applies the 7 per cent but we really drive it here because we actually spend a lot more on infrastructure.

Mr WEBSTER: I am not sure that is true. It is important that there is consensus across jurisdictions of what the discount rate should be because you could have some very strange distortions if they used different discount rates.

The Hon. JOHN GRAHAM: I agree with that. I am just making the observation that we set it and the Commonwealth followed. I do not disagree with your—

Mr WEBSTER: I am not aware of who set it.

The Hon. JOHN GRAHAM: That has been very helpful. What I am about to say is not a question, rather a comment on the other issue I was asking about. On the issue of statistics and us being asked to pay more for the regular reporting and detailed reporting we could use, I make the observation that we were given certain assurances by the Commonwealth at the time we handed over our statistical powers in the 1950s that we would have the sorts of statistics that we would need access to in order to make policy decisions as we tried to work out what was going on in the regions. I really think those assurances we were given by the Commonwealth start to come into question. I am not satisfied we can actually work out what is going on until five, six or seven years later.

The CHAIR: Earlier we were talking about the Central Coast. As the Committee has talked about with others, the Central Coast does not appear to fit into a joint organisation because it is quite unique. The Hunter takes into account other areas, Port Stephens goes into Newcastle, Lake Macquarie fits in with the greater Hunter area. Earlier today the Committee heard from Central NSW Councils [Centroc]. There are a quite a few councils in Centroc and, if my maths are correct, the population underpinning that organisation would be less as a total than the Central Coast, which is—

Mr WHITWORTH: About 280,000 something.

The CHAIR: For Centroc, versus well over 340,000 or 350,000 at the moment.

Mr WHITWORTH: Yes.

The CHAIR: I understand the Department of Planning has these regional plans and that the Central Coast is the only council in New South Wales to not have a regional plan with another council.

Mr WHITWORTH: That is right. One regional plan, one council.

The CHAIR: If we were to move towards forming joint organisations would the Central Coast fall between the cracks or would it be a joint organisation of one?

Mr WHITWORTH: It could be a joint organisation of one, if it so chose. One of the rationales of joint organisations is to increase the strategic capacity of councils. One of the reasons why the Central Coast, Gosford and Wyong was merged was to increase the strategic capacity of that council to deal with the challenges that it faces. Those challenges are still ongoing and there is a lot of work for the Government in planning in particular. One of the reasons I was in Gosford this morning was to look at the way in which planning for the city centre of Gosford is evolving and whether there are things that we can do. We have been spending a lot of time working with the Darkinjung Local Aboriginal Land Council, which is one of the actions in the Central Coast plan, about building its capacity. So there is still a lot of work that can be done in the Central Coast area. Working with the council to help it build its strategic capacity I think is an ongoing issue, challenge, opportunity.

The CHAIR: In the context of improving the strategic capacity of councils, do you believe that the Local Government Act is an impediment to the strategic capacity of councils? I have heard that councils do not believe they have the resources, the capacity or the green light through various pieces of legislation, but especially the Local Government Act, to be a facilitator of economic growth. It seems like policy makers, elected representatives want to talk about the future, economic planning and economic growth and that councils get bogged down in the minutiae of the assets they have to look after rather than the bigger picture of creating jobs and facilitating growth.

Mr WHITWORTH: I would make a slightly different argument. I would make the argument that we have not said to councils from a legislative perspective that we want to see a strategic plan that connects that council area to its region, and from that region to its State, and from its State to its nation and global trends, and that line of sight element. That is why the local strategic planning statement and the reforms to the Planning Act to introduce that and make it mandatory were so important from a land use planning perspective. When I look at the regional land use plans that we produced, they are as much about the opportunity for an economic narrative for regions to grow and change as they are about the allocation of what land use should go where. Giving councils the opportunity to take that regional economic story, work without colleagues, with DPC, through sort of the regional economic strategies that they are contemplating, the investment attraction strategies, and bring it down to a more local fine grain level is an opportunity that some councils take up quite willingly, other councils tend to say, "We have got other priorities that we need to pursue." I do not see it as being an impediment; I see it as being an opportunity that not all local government take up.

The CHAIR: Earlier today the Committee heard from the NSW Business Chamber and some regional councils. One thing that was raised was the interface between local councils and the State Government—whether it be departments or elected representatives. The Committee was told that there is a communication issue—namely, sometimes it seems things get lost in translation. While policy makers within government are trying to ascertain priorities in terms of infrastructure—whether it is hard infrastructure such as roads and rail, or softer infrastructure in the social area—it seems like those on the ground cannot effectively advocate or lobby with those who need to hear from those on the ground. Is that something that each of you have come across in your line of work? Some areas do have good relationships, some can advocate and lobby, but others do not have that same relationship or avenue to communicate their priorities?

Mr WHITWORTH: It has not been my experience that when a council is unhappy about an issue, it will not come forward and tell us about it. I think that councils are effective advocates for their positions.

The CHAIR: That is true. I am sure my other members will agree that if a council has an issue, it will tell us about the issue. But the two-way and long-term communication on how to then get an outcome is not always able to happen.

Mr WHITWORTH: When we created the regional plans, we left the implementation of the regional plans to implementation monitoring and coordination committees. Those committees have a mix of State and local government agencies on them. There is a mix of models. For the Illawarra Shoalhaven region, each of the four councils has a representative on the committee. When you talk about the Central West and Orana Regional Plan, we have a number of representatives from the Orana Regional Organisation of Councils and the Central NSW Regional Organisation of Councils. Not every council can be there, but there are representatives that support them. There are quite strategic decisions that then need to go down in a regular, forward-looking discussion for each council area. I want to come back to the local strategic planning statements, because they are our opportunity to say to councils, "We have got our regional plans that we are shaping, but you can help us shape the next generation of regional plans in terms of what is coming up by working on your local strategic planning statements, telling us what is important, and helping us craft a narrative for that region that reflects both local government perspectives coming up as well State and global perspectives coming down."

I would argue that there is an opportunity that we can use to improve that relationship. From a planning perspective, there are always good conversations about the day-to-day elements, but it is sometimes the strategic elements that we tend to put off because we are so focused on this re-zoning or that particular development application [DA]. Using some of the structures that we have talked about might be the opportunity—maybe it is not every week or month, but at least once a year—to have a strategic conversation about direction.

The Hon. MICK VEITCH: Thank you. What is currently happening with the Regional Development Australia committees around the State? What is their current status and work sort of work are they doing?

Mr WEBSTER: That is not my area—I will have to take that question on notice.

The Hon. MICK VEITCH: Can you take that on notice? It seems to be confusing as to what is really happening with them. Following up from the Chair's line of questioning, one of the issues around the communication channels that was raised by local government—I think it was touched on this morning—is the respectful nature in which those conversations take place. Local government would say that they would like to be treated with respect. Local councils were talking about their community strategic plans and community plans and how the State Government comes in over the top with plans that often do not relate to the plans that local government had in place. Councils can feel that the work that they have done has been disregarded or not treated with respect. What are the mechanisms that are used to enhance communication with local government so that they do feel that they are being treated with respect?

Mr WHITWORTH: There are two elements to the answer to that question. One element goes to the individual relationships that are built up. It is important that they are respectful. The fastest way to get a local government person off side is for someone to tell them that they are just doing the State Government's bidding in implementing a new policy. That is an instant fail from a State Government perspective. It is always important from State Government to think through the implementation of a new policy and to put themselves in the shoes of a person at a council dealing with a customer at the counter and how they are going to explain a new policy. The Government needs to ask itself if it has given that council enough information to describe it and if it has asked that council enough questions so that they can tell us whether it is a good idea or not to begin with.

That is a sort of day-to-day respectful nature. My own personal ethos is that I respect the jobs that local government do. I prefer to work in State Government—I feel more comfortable at a regional and State level. I have worked in local government. When I got asked a the hairdressers about the DA down the road I thought, "This is no longer the time for me to work in local government because it is local—it is intensely local." We need to respect that there is a difference and that there is different information and different issues that need to be dealt with. From a more structural perspective, the Department of Planning and Environment has created council stakeholder engagement panels. We are using them to say not that we are engaging with local government, but that we are engaging with local government practitioners to get a local-government practitioner voice in our policy development and implementation.

We also do regular road shows with the secretary. Secretary Carolyn McNally goes out into the regions. I have been with her when she sits in the centre of a room with people all around her and says "Tell me your issue. Tell me your story." That is a really powerful way of not dealing with individual DA issues, but getting at some of these really philosophical conversations about strategic capacity, opportunities for economic development, environmental management, and so on. There are some structural elements and some individual respect and personalities that need to be driven into the way in which we deal with councils.

The Hon. NATASHA MACLAREN-JONES: This morning, an issue was raised in relation to public transport in regional communities. I am mindful that it is not your area of responsibility, but it would be helpful if you could look at it or speak to Transport for NSW. The issue raised was not so much about the regional cities and being able to move around them, but more that we are seeing more and more people moving out of those areas into more regional and more remote areas and that there is a lack of public transport for those people, which then impacts on their ability to get jobs and so on. I am just looking for the Government's position on what is being done in that space and what the strategy is in relation to that.

Mr WHITWORTH: We would have to take that question on notice, but I know that in putting together the recently released Future Transport strategy, there is a regional New South Wales services implementation plan and there is contemplation about how to deal with rural and remote communities.

The Hon. NATASHA MACLAREN-JONES: The other issue related to the criteria for being able to grant funding for local organisations. One of the witnesses talked about local domestic violence services that were losing funding to non-local service providers—some of the bigger organisations and charities were able to come in. That meant that there was a period of overlap of when the services were being delivered. They asked whether, when considering funding for regional areas, it could be considered that if a local provider was servicing that area, they could be given a waiting or special consideration into that. Again, I know that is not your particular area.

Mr WHITWORTH: Yes, we would have to take that question on notice.

The Hon. JOHN GRAHAM: We were talking earlier about some of the population projections for New South Wales. What is our current growth in population at the moment?

Mr WHITWORTH: Sorry, I do not have that on hand.

The Hon. JOHN GRAHAM: I am happy for you to take that on notice. Can you give us any sort of guidance?

Mr WHITWORTH: What sort of guidance? Are you looking for the population forecast for New South Wales or are you looking at the growth rate?

The Hon. JOHN GRAHAM: How much is our population going to increase in New South Wales? What is our current rate of growth of population?

Mr WHITWORTH: That is two different questions, if I may say that. A rate of growth is a percentage.

The Hon. JOHN GRAHAM: I understand—yes.

Mr WHITWORTH: So you are also looking for the quantum of additional people in New South Wales.

The Hon. JOHN GRAHAM: If you could take on notice both—it is the rate of growth I am particularly asking about, but I will be happy to see both. Historically it has been lower than the country. Is that the case going into the future, looking at our population projections? Are you able to give us any view on that?

Mr WHITWORTH: No, sorry, not at this point.

The Hon. JOHN GRAHAM: No worries.

Mr WHITWORTH: I tend to think about population projections on a region by region basis. Looking at the State is an interesting artefact but we do not tend to apply it to any State plan that we produce. It is of a great deal of interest to Treasury, for example. Every understanding that I have is that we are on a trajectory of growth, that trajectory of growth continues, and that trajectory is being influenced by migration, quite heavily, but the nature of that migration is also that the people that are coming into the State are coming in at an age cohort that is about rearing new children as well. It is a double element of new people coming in but also they are people within that child-rearing age group, which is also driving the population increase.

The Hon. JOHN GRAHAM: Thanks for that. If you could get us those figures, that would be of interest. I am interested in the current rates and, since you have taken them on notice, the projected rate for the next 20 years. Secondly, and this is probably a question for the Department of Premier and Cabinet [DPC], one of the things we discussed this morning and which has been the subject of discussion previously in this Committee and in estimates is the engagement with the Federal Government over the issues about the NBN, making sure there is a strategic discussion about how, where and under what circumstances the NBN is rolled out—are you aware of any of those discussions? Can you give us any sense of where that is up to?

Mr WEBSTER: I am vaguely aware—again, a different part of DPC. I will have to take it on notice. Do you just want to know the status of the discussion?

The Hon. JOHN GRAHAM: Yes. If you can tell us anything broadly, it would be welcome.

Mr WEBSTER: All I know is—

The Hon. JOHN GRAHAM: Could you take on notice: Where are these discussions up to? They were starting off following some estimates discussions. We had evidence from the NSW Business Chamber saying they had been consulted, which was welcome. The councils we spoke to had not heard of it. We would welcome an update from the Government about where that discussion is up to. Thirdly, I take your point about Jobs for NSW being in industry: What engagement have you had with them from your role in the Regional NSW group?

Mr WEBSTER: Significant, because the Regional NSW group or the majority of it was until March last year in the Department of Industry. We were quite closely involved in their establishment and some of their processes. We did some economic analysis for them. It is less so since we have moved to DPC. What are you interested in?

The Hon. JOHN GRAHAM: I am interested in the interaction. It is a relatively new approach to driving this from government. I am interested in how that interacts with the traditional bits of the Government, particularly as it relates to regional development policy.

Mr WEBSTER: Again it is really a question for them, but they have some regional specific programs. It is called a regional loan fund, I think. Essentially it is loans but for regional firms seeking to either establish or expand. They have statewide programs, loans, loan guarantees and so on which are available to anyone within the State. Thirty per cent of their funding is dedicated to regional New South Wales and they even have a regional team which has been recently established, I understand, to bolster their presence in the regions.

The Hon. JOHN GRAHAM: As for the day to day interaction with them, you are now out of industry and into DPC. Is there day to day interaction between your part of government and those teams?

Mr WEBSTER: Certainly the regional team of Jobs for NSW speaks very regularly with the Office of Regional Development within Regional NSW and DPC because whenever Jobs for NSW needs to do something on the ground, as with most other departments in the New South Wales public service, they need to coordinate with the Office of Regional Development [ORD], because they are the ones who are actually on the ground.

The Hon. JOHN GRAHAM: That is the clearing house.

Mr WEBSTER: ORD is the group that facilitates regional development and business attraction in regions, so they are the obvious point of contact for Jobs for NSW to talk about specific proponents, specific projects and even on occasion joint events in the region—I am aware of that happening.

The Hon. JOHN GRAHAM: Do you have any view on the regional loans program that they operate—is that filling a gap? We took some evidence early in the Committee's hearings about difficulties businesses were having in the regions about access to finance. It was one of the issues that came up. I do not know if you can give us any insight into whether or not that program is filling a gap on the ground.

Mr WEBSTER: A little because, as I said, we were involved in their establishment. It is difficult to quantify objectively, but there is a theoretical market failure around access to finance, particularly for small businesses. It is called information asymmetry if you want to get technical. Essentially, a financial institution has a lot of fixed costs in determining the risks associated with projects. It costs the same to work out the risk associated with a \$100,000 loan as for a \$2 million loan, which means that for businesses seeking relatively small loans they are often either just turned away because the financial institutions know they will not be able to offer them a financially viable product for their business or they do in fact offer them higher rates or higher fixed costs in establishing the loan. There are certainly theoretical reasons to think, particularly at the low end, that Jobs for NSW programs would—

The Hon. JOHN GRAHAM: Either they do not get in the door or, if they do get in the door, they are paying a penalty for that information asymmetry.

Mr WEBSTER: That is right, theoretically. As I said, it is difficult to—

The Hon. JOHN GRAHAM: Yes, but it is useful to hear that view from the department end, because we have certainly taken evidence from the small business end in the regions that they are struggling with this. You describe it as a theoretical problem. Do you have any other insights into whether this is a problem in your experience of regional New South Wales policy?

Mr WEBSTER: Certainly applicants often cite it as an issue. But of course you have the problem where financial institutions might rightly consider them a high-risk outfit or something else applies to them—the risk of default is relatively high and so it is difficult to work out what is responsible. Is it the theoretical market failure, information asymmetry, higher fixed costs or is it in fact those that are being rejected are really high-risk propositions?

The Hon. JOHN GRAHAM: It might be the risk or it might be that the return is lower to the financial institution impacted by the issue you are pointing to.

Mr WEBSTER: Potentially.

The Hon. JOHN GRAHAM: Obviously the big concern that has been put in front of us—we heard it in the last couple of hours—is where the jobs are going to come from in these regions. Do you have any views about the Jobs for NSW target, which is a long-term target of one million jobs by 2036? Can you give us any insight into some of the analysis behind that figure?

Mr WEBSTER: The short answer is no. I believe that that was the product of a consultancy.

The Hon. JOHN GRAHAM: Do you know who the consultant was?

Mr WEBSTER: I believe it was McKinseys.

The Hon. JOHN GRAHAM: Do you know when they did that?

Mr WEBSTER: Not really.

The CHAIR: I would like to thank you both for taking the time to appear before the Committee. Any questions taken on notice can be returned through the secretariat, with 21 days for a written answer.

Mr WEBSTER: Will the questions be sent to us?

The CHAIR: Yes.

(Witnesses withdrew)

(Committee adjourned at 15:56)