

Standing Committee on State Development

Economic and social development in central western New South Wales

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Terms of reference

That the Standing Committee on State Development inquire into and report on the factors restricting economic and social development in central western New South Wales, and in particular:

1. the provision of health, education and cultural facilities,
2. the reasons for population decline or growth in different areas,
3. the adequacy of transport and road infrastructure,
4. ways to encourage development of local enterprises and the potential of the region overall,
5. the comparative level of government business activity located within the region,
6. methodologies for local government to collectively cooperate to achieve increased infrastructure funding and economic growth,
7. any other factor restricting economic and social development in central western New South Wales.

These terms of reference were referred to the Committee by the Hon Kevin Humphries MP, Minister for Western NSW, and were adopted by the Committee on 7 July 2011.

Committee membership

The Hon Rick Colless MLC	The Nationals	<i>(Chairman)</i>
The Hon Mick Veitch MLC	Australian Labor Party	<i>(Deputy Chairman)</i>
The Hon Paul Green MLC	Christian Democratic Party	
The Hon Charlie Lynn MLC	Liberal Party	
The Hon Dr Peter Phelps MLC	Liberal Party	
The Hon Steve Whan MLC	Australian Labor Party	

***Note on Committee membership**

The Hon Steve Whan MLC replaced the Hon Amanda Fazio MLC as a member of the Committee on 7 September 2011.

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Chairman's foreword

In July 2011, the Minister for Western NSW, the Hon Kevin Humphries MP, requested that the Standing Committee on State Development inquire into and report on economic and social development in central western NSW. From the outset of the inquiry, the Committee took a broad view of what constitutes central and western NSW, defining it to mean the area immediately west of the Blue Mountains and extending along the northern boundaries of the Lithgow, Mid Western Regional, Wellington, Dubbo, Narromine, Bogan, Cobar and Central Darling local government areas; the entire Unincorporated Area of NSW; and east along the southern and western boundaries of the Central Darling, Cobar, Lachlan, Bland, Young, Cowra, Bathurst Regional and Oberon local government areas.

In taking this approach, our area of inquiry encompassed a number of towns and communities, each of which contribute to the economy and social fabric of NSW in a unique and important way. Many of these communities are confronting challenges to their continued survival, including the impact of weather conditions such as drought, fluctuating commodity prices, and changes in population demographics. Some communities in central and western NSW have also seen the retraction of government services, which has made it increasingly difficult for people living in the region to access services, and acted as a disincentive for many families contemplating relocation to the region.

Despite these challenges, the people of central and western NSW remain committed to ensuring the viability of the region. The Committee was impressed by the passion and commitment demonstrated by inquiry participants in advocating for the issues important to their families and their communities. We also acknowledge the large number of community led initiatives which seek to encourage the development of the region and to promote the benefits of regional lifestyles. We commend local communities for their commitment to ensuring the viability and sustainability of their towns and of central and western NSW in general.

The Committee has made a series of recommendations which we believe will assist to unlock the economic and social development potential of central and western NSW, and ensure that the region thrives now and into the future. Perhaps the most important of these recommendations is that Transport for NSW must give serious consideration to the construction of a dual lane expressway over the Blue Mountains as part of the NSW Long Term Transport Master Plan. We have also requested that Transport for NSW provide this Committee with a report on the current status of the preservation of a transport corridor over the Blue Mountains. While we recognise the challenges of constructing a dual lane expressway, a safe and efficient path over the Blue Mountains for both passenger and freight traffic is a key factor to allowing central and western NSW to prosper.

A simple examination of the positive social and economic impacts achieved following the construction of dual lane expressways linking coastal communities in the north and south, the Hunter Valley and the Southern Highlands with Sydney, suggests that similar benefits would be derived from an expressway link west over the Blue Mountains to the central and western communities of NSW.

On behalf of the Committee, I would like to take this opportunity to extend my gratitude to all the participants in this inquiry, including those who made written submissions and gave their time to talk to Committee. I also thank Broken Hill City Council, Parkes Shire Council and CENTROC for their assistance and hospitality in facilitating our regional hearings and roundtable discussions.

My thanks go to my fellow Committee members for their considered contributions. I would also like to thank Rachel Simpson, Cathryn Cummins and Lisa Scheikowski of the Committee secretariat for their efforts in supporting the Committee throughout the inquiry process.



Hon Rick Colless MLC
Chairman

Summary of key issues

In July 2011, the Minister for Western NSW, the Hon Kevin Humphries MP, requested that the Standing Committee on State Development inquire into and report on the economic and social development of central western NSW. In undertaking this inquiry, the Committee has examined a range of factors that influence development, including health, education and cultural facilities, population decline or growth in different areas, and the adequacy of transport and road infrastructure.

The Committee has broadly defined ‘central western NSW’ as the area bordered by the towns of Lithgow, Nyngan, Cobar, Broken Hill, Ivanhoe, West Wyalong and Young. We acknowledge the diverse range of communities that exist within this area, and are acutely aware that the issues and challenges facing these communities will differ. In order to better reflect this diversity, the Committee has referred to the area of inquiry as ‘central and western NSW’ throughout the report.

The Committee received 62 submissions, and held five public hearings in Sydney, Parkes and Broken Hill. While in Parkes, the Committee held a series of roundtable discussions with representatives from the Central NSW Councils Regional Organisation of Councils (CENTROC). Meetings were also held with the Central Western Queensland Remote Area Planning and Development Board (RAPAD) and Regional Development Victoria.

This summary outlines the key issues raised during the inquiry and discussed in this report.

Roads and transport infrastructure

One of the central issues raised throughout the inquiry was the critical role that road and transport infrastructure play in facilitating the economic and social development of central and western NSW.

Communities in central and western NSW face a range of challenges in relation to the management and maintenance of the road network, most notably in regard to the prevalence of unsealed roads and the high costs borne by local councils in maintaining the road network.

We consider that the construction of a new, dual lane expressway over the Blue Mountains would greatly assist in unlocking the economic and social development potential of the region. Accordingly, Recommendation 11 urges Transport for NSW to give serious consideration to the construction of such an expressway as part of the NSW Long Term Transport Master Plan, and requests that Transport for NSW provide this Committee with a report on the current status of the preservation of a transport corridor over the Blue Mountains.

We are particularly concerned that large sections of the Cobb and Silver City Highways are unsealed, resulting in frequent road closures due to rain events. This regular disruption to the road network presents significant challenges to the communities and industries that rely on these highways to transport goods and services. In order to address this issue, the Committee has recommended that the Minister for Roads develop a planning schedule to complete the sealing of these highways as soon as practicable (Recommendation 12).

The Committee further considers that the NSW Long Term Transport Master Plan must identify measures to better meet the funding requirements for the maintenance and improvement of the regional road network. While the regional road network is the responsibility of local government, it is

evident that the significant financial burden of maintaining and improving this network is placing enormous pressure on local governments throughout the region, and impacts on the ability of councils to provide services to local communities. We also consider that the NSW Government should review the post-flood funding mechanisms available to local councils for repairs to road infrastructure to allow for reasonable betterment works to be carried out (Recommendation 13).

In regard to the growing presence of high performance vehicles such as B-Double trucks on the road network, we welcome moves to establish a national heavy vehicle regulator, and consider that a key function of this regulator should be to provide clear and consistent guidelines to regulate road access for heavy vehicles. Pending the establishment of this national regulator, Recommendation 14 states that Transport for NSW and Roads and Maritime Services should collaborate with Regional Organisations of Councils and key stakeholders in the freight industry to develop a consistent methodology for the assessment and approval of permitted routes across the State's road network.

The ability to move freight via rail quickly and economically throughout central and western NSW and to sea port facilities is a vital component of fulfilling the economic potential of the region. A high-quality rail network would also serve to alleviate the pressure placed on the road network by freight vehicles.

The Committee considers that improvements can be made to the way in which freight is transported via rail through central and western NSW, and to sea port facilities. A number of projects have the potential to improve the movement of freight via rail, including the Inland Rail project, the Blayney to Demondrille rail line, and the Maldon to Dombarton rail line. Each of these projects, together with consideration of how to more efficiently transport freight to sea ports, must be closely examined during the preparation of the NSW Long Term Transport Master Plan, especially the Maldon to Dombarton rail line (Recommendation 15).

The Committee acknowledges the important role that regional aviation services play in the economic and social development of central and western NSW. We consider it essential that the 'regional ring fencing' arrangement, which guarantees arrival and departure slots for regional airlines at Sydney Airport, remains in place. Recommendation 16 suggests that new approaches to the delivery of regional aviation services, including the subsidisation of targeted air routes, and the establishment of a 'hub and spoke' model to manage access to Sydney Airport, should be explored during the development of the NSW Long Term Transport Master Plan.

Finally, we note that the Emmdale airstrip, located 100km east of Wilcannia, is unsealed, to the detriment of those communities who rely on the airstrip for essential medical services. In addition, there is a need to upgrade the lighting system to enable safe night arrivals and departures. The Committee will write to the Hon Anthony Albanese MP, Federal Minister for Infrastructure and Transport, requesting that serious consideration be given to providing the necessary funding for this vital work to be undertaken.

Government relations

The financial sustainability of local councils was another key issue that was discussed throughout the inquiry, particularly as local government is increasingly assuming financial responsibility for the provision of a growing range of services. This includes responsibility for the provision and maintenance of cultural infrastructure, the maintenance of the regional road network and, for many councils, the provision of health care services. This is placing significant pressure on local governments as they seek to prioritise the areas in which they spend their limited funds.

The Committee considers that new methods of funding and resourcing local governments must be explored. The Local Government Review Panel, established as part of Destination 2036, has been tasked with a range of responsibilities, including examining the financial sustainability of each local government area across NSW. This is a formidable task for the Panel to undertake, requiring a balancing act between the need for fiscal responsibility and the need to ensure that local governments are well resourced.

In undertaking this review of local government funding and practices, we have recommended that the Panel examine the approaches to local government funding and resourcing used in other Australian states and territories to determine if there is a more suitable and equitable approach to local government funding (Recommendation 26). This inter-jurisdictional comparison may also identify alternate approaches to the delivery of services and infrastructure to regional communities.

Further, in light of the evidence received to the inquiry regarding the impact of rate pegging on the ability of local councils to provide and maintain services and infrastructure, we have recommended that the Minister for Local Government review rate pegging (Recommendation 25).

We have encouraged local councils to continue to pursue collaborative approaches to local government, which allows for leveraging resources and capabilities to achieve better outcomes for communities. To support the development of these collaborative relationships, the Committee has recommended that the Minister for Local Government, as part of the Destination 2036 initiative, review and remove any impediments that prevent local governments from pursuing a collaborative approach, particularly in relation to joint applications for funding (Recommendation 29).

The Committee considers that the Victorian Regional Growth Fund is an initiative that would benefit regional development in NSW. We acknowledge that 30 per cent of the Restart NSW fund is dedicated to spending on regional infrastructure projects. We believe that, for the purpose of clarity, this funding should be quarantined into a separate fund, to be known as Restart Regional NSW. Accordingly, we have proposed in Recommendation 30 that the Treasurer, as the Minister responsible for the *Restart NSW Fund Act 2011*, seek an amendment to the Act to establish this separate fund, and give close consideration to the regional development model pursued in Victoria.

The Committee notes that while a number of Community Cabinet meetings have been held, none have been held in central and western NSW. The Committee considers it vitally important that communities in central and western NSW, and indeed in all regional areas of NSW, are able to engage with the Premier and Ministers. Recommendations 27 and 28 state that at least four regional Community Cabinet meetings should be held before November 2013, including at least one in central and western NSW, and that in conjunction with these regional Community Cabinets, meetings should also be held with local government representatives.

Economic development

Strong, diverse industries are critical to encourage the economic and social development of central and western NSW. The Committee acknowledges that there are a range of initiatives being pursued to promote economic growth, demonstrating the NSW Government's commitment to ensuring that central and western NSW is an attractive place for businesses to grow and operate.

The Committee notes that Government led initiatives, including the Jobs Action Plan, the Regional Industries Investment Fund and the Industry Action Plans, have only recently been implemented or are

yet to be finalised. It is therefore difficult to determine their effectiveness in encouraging growth in the region. The Committee will monitor the outcomes of these initiatives with interest.

We note the detrimental impact that skills shortages can have on economic development, and consider that better support and cooperation across government, particularly in the areas of education, training and migration programs, will assist to overcome skills shortages in regional areas. We have recommended that a greater emphasis be placed on engaging local firms and people to undertake government contract work, improving employment opportunities in regional areas and assisting to address skills shortages (Recommendation 18). The Committee has also recommended that the NSW Government facilitate locally based purchasing by government businesses to provide a much needed economic stimulus for regional areas (Recommendation 19).

Several locations in central and western NSW have been identified as potential locations for food security precincts. Given the wide range of factors that must be considered, we believe that further exploration is needed to establish the viability of, and potential locations for, food security precincts. Recommendation 20 proposes that the Minister for Primary Industries refer to this Committee an inquiry into the feasibility of establishing food security precincts in NSW.

The Committee also strongly believes that the NSW Parliament has a critical role to play in promoting local industries and regions from across NSW. We recommend that the Regional Produce Showcases which have been previously held at NSW Parliament House should be re-established, and consideration be given to establishing other initiatives, to be held at NSW Parliament House, that promote regional areas and businesses (Recommendation 21).

The Committee acknowledges the efforts of communities to ensure their own economic sustainability, through initiatives such as the Cobar Enterprise Facilitation Program, the 'Big 10 Ideas to Grow the Central West' campaign, and the Team Harden action plan. Similarly, the Foundation for Regional Development, and in particular the Country and Regional Living Expo, provide an excellent opportunity to promote the benefits of regional living. Recommendation 22 suggests that the NSW Government provide financial assistance to such community led initiatives to allow the continuation of their work.

Population growth and decline

While some local government areas (LGAs) in central and western NSW have experienced population growth, a number of LGAs in the region have been experiencing population decline. Whilst a decade of drought and less-labour intensive agricultural practices have been the reason behind population decline for some areas, other areas have experienced growth following the development of other industries, most notably in mining. As agricultural conditions improve, the simultaneous growth of the mining sector will serve to increase the competitiveness of the jobs market, and further influence the movements of people throughout the region.

The Committee notes the interconnectedness of the factors that influence population growth and decline, and considers it essential that these factors are not looked at in isolation. Further, the complexity and unpredictability of these relationships, such as improvements in weather conditions and fluctuations in commodity prices, increases the difficulty of accurately predicting population growth or decline, which in turn affects decisions regarding the provision of government services.

High quality population forecasts are paramount to underpin decisions relating to the provision of government services, such as the number of hospital beds at local hospitals. However, many inquiry

participants criticised the accuracy of population forecast undertaken by the Department of Planning and Infrastructure. In order to improve the accuracy of population forecasts, the Committee has recommended that the Department of Planning and Infrastructure directly engage with local councils and other relevant bodies during the next round of regional population forecasting (Recommendation 1). We have also recommended that prior to the next round of regional population forecasting, the Department undertake research into the factors influencing population movements across central and western NSW, and that the results of this research be made publicly available (Recommendation 2).

Initiatives such as the Evocities program and the Regional Relocation Grant program assist to encourage people to relocate from metropolitan to regional areas of the State. Given the success of the Evocities program in encouraging people to relocate to regional centres, the Committee has recommended that the NSW Government should continue to support this initiative, potentially with the view to expanding the number of towns involved in the program to support the development of smaller regional centres (Recommendation 3). In regard to the Regional Relocations Grant program, Recommendation 4 proposes that the Minister for Finance and Services, as the Minister responsible for the *Regional Relocation (Home Buyers Grant) Act 2011*, should review the grant eligibility criteria, with a view to relaxing the eligibility criteria to make the grant more accessible and flexible.

Health, education and cultural facilities

The Committee considers that access to high quality health services is of critical importance for all residents of central and western NSW. While the development of health hubs at Bathurst, Dubbo and Orange has resulted in reduced availability of some services at smaller hospitals throughout the region, given the increasingly complex range of health services being provided to the community, it is in many ways inevitable that not all health services will be available at all hospitals in the region.

Nevertheless, the Committee believes that a minimum level of services should be available at hospitals in central and western NSW. In this regard, the Committee believes that the planned redevelopment and refurbishment of Parkes and Forbes District Hospitals will be of great benefit to the communities serviced by these hospitals. We encourage the Minister for Health to audit the infrastructure needs of other hospitals in the region, to ensure that health infrastructure is of a high standard.

The Committee acknowledges the challenges facing communities in central and western NSW in accessing aged care and allied health services. The lack of such services can place a significant financial and emotional burden on individuals and families in the region, which can exacerbate the difficulties of what are already stressful situations and discourage people from staying in or relocating to central and western NSW. We believe that the devolution of financial and staffing responsibility to Local Health Districts is a positive initiative that will allow Local Health Districts to be more responsive to local community needs and priorities by allocating resources to areas considered most important for the community (Recommendation 5).

The Royal Flying Doctor Service plays an essential role in delivering health services to residents throughout central and western NSW, and indeed across Australia. In order to assist the Royal Flying Doctor Service to provide the best possible service, we have recommended that the NSW Minister for Health complete negotiations with the Commonwealth Minister for Health as soon as possible to ensure that the Royal Flying Doctor Service – South Eastern Section is granted an exemption from section 19(2) of the *Health Insurance Act 1973* (Cth), which would enable the Service to claim Medicare rebates (Recommendation 6).

The Committee considers that the provision of varied and accessible education opportunities is a key factor in encouraging the economic and social development of central and western NSW. We believe that the Clontarf Foundation is an excellent initiative to improve the engagement of young indigenous males in education, which will have significant positive flow on effects for the whole community. The Committee has recommended that the NSW Government commit annual funding to the Clontarf Foundation to allow for the continued roll-out of the Foundation's program in NSW (Recommendation 7).

Developing flexibility in delivery models for tertiary education to regional and rural communities will significantly broaden the opportunities to pursue tertiary education at any stage in life. To ensure that clear pathways exist for people in regional and rural areas wishing to pursue further education, the Committee believes that the NSW Department of Education and Training should review the educational opportunities available in regional NSW, including an examination of pathways to and between TAFE, university, or vocational training (Recommendation 8).

Cultural facilities play an essential role in supporting and building strong communities. However, the provision and maintenance of such facilities places a significant financial burden placed on local councils in supporting and maintaining these facilities. We have recommended that the NSW Government should conduct a further inquiry into funding models for sport and cultural facilities in regional NSW (Recommendation 9).

The Committee believes that it is critically important that communities in central and western NSW have access to fast and reliable telecommunications services, including access to metro-comparable internet services. We have recommended that the NSW Government support a high speed national broadband network, and proactively engage in the roll out to maximise the engagement of, and benefit to, regional and rural communities (Recommendation 10).

Water resources

Access to, and security of, water resources is of critical importance throughout central and western NSW. The Committee considers it crucially important that there be better communication between the State and Federal Governments about the management of water resources, and that the community is closely involved in the development of any water related plans or policies. This will enable a more equitable balance to be achieved between residential, industrial and environmental water needs.

The Country Towns Water Supply and Sewerage Program has greatly benefitted regional communities by allowing for improvements to be made to water and sewage infrastructure. Recommendation 23 proposes that the NSW Office of Water determine the extent of the backlog of projects yet to receive funding under the Program. Once this audit has been completed, additional funding should be allocated to allow the completion of all outstanding projects, and the impacted local councils advised of the timetable for completion of works.

In regard to another environmental issue, inquiry participants expressed concern over the time taken to prepare property vegetation plans under the *Native Vegetation Act 2003*. The Committee notes that the Minister for the Environment is currently undertaking a review of the Act. We have recommended that the Minister complete this review process as quickly as possible, and strongly consider implementing reforms which streamline the process for preparing and implementing a property vegetation plan, such as introducing a code of best practice for simple vegetation plans. Further, the Committee considers that the *Native Vegetation Act 2003* should incorporate within it a requirement that local socio-economic impacts be part of any assessment considerations (Recommendation 24).

Summary of recommendations

- Recommendation 1** **23**
 That the Department of Planning and Infrastructure confirm its commitment to directly engage with local councils and other relevant stakeholders during the next round of regional population forecasting.
- Recommendation 2** **24**
 That the Department of Planning and Infrastructure undertake research, prior to the next round of regional population forecasting, into the factors influencing population movements across central and western NSW, and that the results of this research be made publicly available.
- Recommendation 3** **29**
 That the NSW Government continue to support the Evocities initiative, with a view to expanding the number of Evocities involved in the program and determining ways to establish a tiered approach to the program, whereby the development of smaller regional centres is also encouraged.
- Recommendation 4** **30**
 That the Minister for Finance and Services review the eligibility criteria for the Regional Relocations Grant program, with a view to making the grant more accessible and flexible.
- Recommendation 5** **35**
 That the Minister for Health provide Local Health Districts with financial authority to allow each District to allocate resources according to local priorities.
- Recommendation 6** **44**
 That the NSW Minister for Health endeavour to complete negotiations with the Commonwealth Minister for Health as soon as possible to ensure that the Royal Flying Doctor Service – South Eastern Section is granted an exemption from section 19(2) of the *Health Insurance Act 1973* (Cth), to enable the Royal Flying Doctor Service – South Eastern Section to claim Medicare rebates.
- Recommendation 7** **49**
 That the NSW Government commit annual funding to the Clontarf Foundation to allow for the roll-out of the Foundation’s program in NSW.
- Recommendation 8** **52**
 That the NSW Department of Education and Training examine pathways to and between TAFE, university, or vocational training for rural and regional students.
- Recommendation 9** **57**
 That the NSW Government conduct a further inquiry into funding models for sport and cultural facilities in regional NSW.
- Recommendation 10** **61**
 That the NSW Government support a high speed national broadband network, and proactively engage in the roll out to maximise the engagement of, and benefit to, regional and rural communities.

- Recommendation 11** **67**
That Transport for NSW provide a report to this Committee on the current status of the preservation of a transport corridor over the Blue Mountains, and give serious consideration to the construction of a dual lane expressway over the Blue Mountains as part of the NSW Long Term Transport Master Plan.
- Recommendation 12** **71**
That the Minister for Roads develop a planning schedule to complete the sealing of the Cobb and Silver City Highways as soon as practicable.
- Recommendation 13** **76**
That the NSW Government review the post-flood funding mechanisms for repairs to road infrastructure, with specific regard to allowing reasonable betterment works to be carried out.
- Recommendation 14** **79**
That Transport for NSW and Roads and Maritime Services collaborate with Regional Organisations of Councils and key stakeholders in the freight industry to develop a consistent methodology for the assessment and approval of permitted routes for high performance vehicles.
- Recommendation 15** **87**
That during the preparation of the Long Term Transport Master Plan, Transport for NSW closely consider ways to improve freight rail infrastructure in central and western NSW in order to facilitate freight access to sea ports, especially the Maldon to Dombarton rail line.
- Recommendation 16** **97**
That during the preparation of the NSW Long Term Transport Master Plan, Transport for NSW examine new approaches to the delivery of regional aviation services in NSW, including the subsidisation of targeted air routes, and the establishment of a 'hub and spoke' model to manage access to Sydney Airport.
- Recommendation 17** **104**
That the NSW Government undertake an analysis of the potential impact of the listing of the Menindee Lakes under the Ramsar Convention on Wetlands, by July 2013, and unless this analysis identifies significant detrimental impacts, that the NSW Government support the listing of the Menindee Lakes under the Convention.
- Recommendation 18** **109**
That the NSW Government explore the feasibility of requiring that consideration must be given to the employment of local workers to undertake government contract work in rural and regional areas.
- Recommendation 19** **116**
That the NSW Government facilitate locally based purchasing by government businesses in regional areas.
- Recommendation 20** **116**
That the Minister for Primary Industries refer to the NSW Legislative Council's Standing Committee on State Development an inquiry into the feasibility of establishing food security precincts in NSW.

- Recommendation 21** **117**
 That the NSW Government, together with the Presiding Officers of the NSW Parliament, re-establish the Regional Produce Showcases at NSW Parliament House, and give consideration to establishing other initiatives that promote regional areas and businesses at NSW Parliament House.
- Recommendation 22** **119**
 That the NSW Government provides financial assistance to community led initiatives, such as the Cobar Enterprise Facilitation project, the Foundation for Regional Development and Team Harden, which promote the economic and social development of communities in central and western NSW.
- Recommendation 23** **131**
 That the NSW Office of Water:
- undertake an audit of projects yet to receive funding under the Country Towns Water Supply and Sewerage Program,
 - if necessary, allocate additional funding to the Program to allow the completion of all outstanding projects, and
 - advise the impacted local councils of the timetable for completion of works.
- Recommendation 24** **136**
 That, in completing the review of the regulations for the *Native Vegetation Act 2003*, the Office of Environment and Heritage implements reforms which streamline the process for preparing and implementing a property vegetation plan, and that the *Native Vegetation Act 2003* incorporate within it a requirement that local socio-economic impacts be part of any assessment considerations.
- Recommendation 25** **153**
 That the Minister for Local Government review rate pegging in light of the evidence received during this inquiry.
- Recommendation 26** **154**
 That the Minister for Local Government request that the Local Government Review Panel undertake an inter-jurisdictional comparison of the approaches to local government funding and resourcing used in other Australian states and territories, including Victoria and Queensland.
- Recommendation 27** **157**
 That the NSW Government hold at least four regional Community Cabinet meetings before November 2013, including at least one in central and western NSW.
- Recommendation 28** **158**
 That in conjunction with the regional Community Cabinet meetings, the NSW Government meet separately with representatives of local government.
- Recommendation 29** **160**
 That the Minister for Local Government, as part of the Destination 2036, initiative, review and remove any impediments that prevent local governments from pursuing a collaborative approach, particularly in relation to joint applications for funding.

Recommendation 30

166

That the Treasurer seek an amendment to the *Restart NSW Fund Act 2011* to establish the Restart Regional NSW Fund, and give close consideration to the regional development model pursued in Victoria.

Acronyms

ABS	Australian Bureau of Statistics
BLEG	Bells Line Expressway Group
CEF	Cobar Enterprise Facilitation project
CENTROC	Central NSW Councils Regional Organisation of Councils
LEP	Local Environmental Plan
LGA	Local Government Area
LHD	Local Health District
MRFF	Macquarie River Food and Fibre
OROC	Orana Regional Organisation of Councils
RAAA	Regional Aviation Association of Australia
RAPAD	Remote Area Planning and Development Board (Queensland)
RDA	Regional Development Australia
RFDS	Royal Flying Doctor Service
RGF	Regional Grant Fund (Victoria)
WRI	Western Research Institute

Chapter 1 Introduction

This chapter provides an overview of the inquiry process and the structure of the report. This chapter also defines the area of ‘central western NSW’ that is being considered by the inquiry.

Conduct of the inquiry

Terms of reference

- 1.1 The terms of reference for this inquiry were referred to the Committee by the Hon Kevin Humphries MP, Minister for Western NSW, on 4 July 2011.
- 1.2 The terms of reference require the Committee to inquire into and report on a range of factors influencing the economic and social development of central western NSW, including health, education and cultural facilities, population decline or growth in different areas, and the adequacy of transport and road infrastructure.
- 1.3 The terms of reference also require the Committee to examine ways to encourage the development of local enterprises, the comparative level of government business activity in the region, and methodologies for local governments to cooperate to achieve increased infrastructure funding and economic growth.
- 1.4 The terms of reference are reproduced in full on page iv.

Submissions

- 1.5 The Committee called for submissions through advertisements in a number of regional publications, including:
 - Western Advocate
 - Central Western Daily
 - Blayney Chronicle
 - Blue Mountains Gazette
 - Cowra Guardian
 - Dubbo Daily Liberal
 - Forbes Advocate
 - Lithgow Mercury
 - Mudgee Guardian
 - Parkes Champion Post
 - The Young Witness
 - The Land.

- 1.6 The Committee also wrote to key stakeholders inviting them to participate in the inquiry.
- 1.7 The Committee received 62 submissions to the inquiry from a range of stakeholders, including local councils, regional organisations and individuals. A full list of submissions is contained in Appendix 1. These submissions are available on the Committee's website: www.parliament.nsw.gov.au/statedevelopment.

Public hearings

- 1.8 The Committee held five public hearings over the course of the inquiry. Two public hearings were held at Parliament House, while the remaining three were held in central western NSW: two in Parkes, and one in Broken Hill.
- 1.9 The Committee heard from a range of stakeholders, including the Orana Regional Organisation of Councils, the Bells Line Expressway Group and the Regional Aviation Association of Australia. The Committee also received evidence from a number of government departments, including the Department of Trade and Investment, Regional Infrastructure and Services, Department of Planning and Infrastructure and Transport for NSW.
- 1.10 A list of all the witnesses who appeared is provided in Appendix 2 and transcripts of the hearings are available at the Committee's website.
- 1.11 A list of documents tendered by witnesses at the hearings can be found at Appendix 3. A list of witnesses who provided answers to questions taken on notice during hearings is at Appendix 4.
- 1.12 The Committee would like to express our thanks to Parkes Shire Council and Broken Hill City Council for allowing the Committee to use Council facilities to hold our regional hearings. We greatly appreciate your assistance and hospitality.

Round table discussions

- 1.13 In addition to the five public hearings, the Committee also held round table discussions with representatives from the Central NSW Councils Regional Organisation of Councils (CENTROC) in Parkes on Thursday 3 November 2011. Appendix 5 contains a list of the representatives from CENTROC who participated in these round table discussions.
- 1.14 The round table discussions allowed the Committee to explore in detail nine key areas which impact on the economic and social development of central western NSW, as follows:
- attracting people to regional areas
 - collaboration and co-operation across government
 - provision of cultural and recreational services
 - economic growth and business development
 - environmental issues

- provision of health and related services
- planning-related concerns
- relations with the State Government
- transport needs of the region.

1.15 The Committee prepared a summary report of the central issues and recommendations that emerged from these discussions. This report can be found at Appendix 6.

1.16 The Committee would like to thank the Executive Manager of CENTROC, Ms Jennifer Bennett, and all the staff at CENTROC for their assistance in organising the round table discussions.

Site visit

1.17 On 7 July 2011, the Committee appointed a sub-committee for the purposes of conducting a visit of inspection of the Queensland Remote Areas Planning and Development Board (RAPAD) and attending RAPAD's board meeting in Longreach, Queensland on 27 July 2011.¹

1.18 The Committee Chairman, the Hon Rick Colless MLC, and the Hon Amanda Fazio MLC² were appointed as members of the sub-committee, and were accompanied by the Committee Clerk.

1.19 The sub-committee provided a report to the Committee detailing the key themes and issues discussed during the site visit, such as the importance of empowering local communities in developing solutions to issues facing those communities, and the importance of collaboration across local councils, through the development of regional networks, to achieve better outcomes.³ This report can be found at Appendix 7.

Briefing

1.20 On 22 June 2011 Dr Ernesto Sirolli, founder of the Sirolli Institute, provided a briefing to the Committee on the potential for entrepreneurship training to contribute to local, regional and state development.

1.21 The Committee would like to extend its thanks to the individuals and organisations that participated in this inquiry, whether by making a submission or appearing at a hearing.

¹ NSW Legislative Council, Standing Committee on State Development, Minutes No 3, 7 July 2011, Item 8.

² Ms Fazio was discharged from the Committee on 7 September 2011. The Hon Steve Whan MLC was appointed to the Committee in place of Ms Fazio.

³ NSW Legislative Council, Standing Committee on State Development, *Sub-committee report on visit of inspection to Longreach, Queensland*, September 2011.

Central western NSW

1.22 For the purposes of this inquiry, the Committee considers that ‘central western NSW’ constitutes the area bordered by the towns of Lithgow, Nyngan, Cobar, Broken Hill, Ivanhoe, West Wyalong and Young. This covers a number of local government areas (LGAs), including all of the LGAs in the Central West region, and some of the LGAs in the Orana, Far West and Southern Inland regions.

1.23 The approximate area of inquiry is outlined in blue on the map below.

Figure 1 Central western NSW⁴



1.24 The Committee has purposefully taken a broad view of what constitutes ‘central western NSW’ in order to undertake a thorough examination of the issues impacting on regional and rural communities across the area of inquiry. We appreciate that in taking this broad view, our area of inquiry encompasses communities that are facing a range of issues, some of which are held in common and others which are unique to specific areas.

1.25 The Committee notes that this area of inquiry overlaps a number of local government areas. The area of inquiry also overlaps a number of service delivery boundaries as defined by NSW

⁴ Regional Development Australia Far West NSW, *Regional Plan 2010 – 2020*, p 7.

government departments, encompassing part, but not the entire Western and Southern Regions as defined by the Department of Planning and Infrastructure, and the Far West and Western Local Health Districts.

- 1.26** The diversity of social, economic and environmental issues facing communities within the area of inquiry was highlighted by the Local Government and Shires Association:

The Associations would like to emphasise that the central western area of NSW as defined by the Inquiry is extremely diverse in social, economic and environmental terms. There are great variances in the infrastructure, services, climatic conditions, productivity, demographics, economic prosperity and geography which make it impossible to generalise about the circumstances of the various Local Government Areas within this 'region'. There is a great disparity between the socio-economic circumstances and needs of councils within the defined boundaries ...⁵

- 1.27** Mr John Walkom, Chair, Regional Development Australia – Orana, also emphasised that 'one size does not fit all' when considering the economic and social issues confronting the area of inquiry:

... with the different social and economic issues that we have in our region covering 27 per cent of the State, one size does not fit all. We have a lot of different socioeconomic impacts. Some of our communities have an Indigenous population that would be in excess of 60 per cent. Therefore the problems in those areas could be quite different to an area that is maybe 200 or 300 kilometres away that does not have a large Indigenous population but actually has economic growth which is driven by the regional sector. So there are different things that happen in our region.⁶

- 1.28** Mr Allan Smith, Vice President, Local Government Association, and Councillor, Dubbo City Council, suggested that in order to give greater recognition to the diverse communities in the area of inquiry, it would be preferable to refer to the area under consideration as 'central *and* western NSW' rather than simply 'central western NSW':

... we are a little concerned how broad the inquiry is, when it is named central west, and when you look at the names which are attached or classed as central west, from Lithgow to Broken Hill, from Young way up to the north, people within most of those regions would not class themselves as central west ... People out there would prefer to see it is as central and western, rather than central west.⁷

- 1.29** The Committee acknowledges the diverse range of communities that exist within our area of inquiry, and is acutely aware that the issues and challenges facing communities will differ across the area. In order to better reflect this diversity, the Committee will refer to the area of inquiry as 'central and western NSW' for the remainder of this report.

⁵ Submission 48, Local Government and Shires Associations of NSW, p 1.

⁶ Mr John Walkom, Chair, Regional Development Australia – Orana, Evidence, 2 November 2011, p 27.

⁷ Mr Allan Smith, Vice President, Local Government Association, and Councillor, Dubbo City Council, Evidence, 12 September 2011, p 22.

Report structure

- 1.30 **Chapter 2** examines issues pertaining to population growth and decline in central and western NSW.
- 1.31 **Chapter 3** discusses the challenges of delivering high quality health services.
- 1.32 The next chapter, **chapter 4**, examines the provision of education and cultural facilities.
- 1.33 One of the key concerns raised throughout the inquiry was the adequacy of road and transport infrastructure. This is discussed in **chapter 5**.
- 1.34 **Chapter 6** examines aspects of the economic development of central and western NSW.
- 1.35 The key environmental concern that emerged during this inquiry related to the security of, and access to, water resources. This is examined in **chapter 7**.
- 1.36 **Chapter 8** discusses certain aspects of the NSW planning framework that were raised by inquiry participants.
- 1.37 The final chapter, **chapter 9**, examines the relationships that exist between the different levels of government that operate within central and western NSW.

Chapter 2 Population issues

This chapter examines the concerns relating to population raised by inquiry participants, beginning with a brief overview of the population of central and western NSW, before examining the factors influencing population growth and decline across the region. These key factors include the role of agriculture and mining, the closure of government offices and perceptions of regional lifestyles. The chapter then discusses population projections, with particular reference to concerns over the accuracy of population projections, and the ensuing repercussions for the provision of government services. The chapter concludes with a discussion of two key initiatives implemented to encourage movement to regional and rural areas: the Evocities program and the Regional Relocation Grant.

Population of central and western NSW

- 2.1 There is an estimated 327,000 people living in central and western NSW.⁸ Mr Alok Ralhan, Director, Industry Strategy and Stakeholder Engagement, NSW Department of Trade and Investment, Regional Infrastructure and Services, explained the distribution of the population throughout the region:

There is wide disparity. For example, the central west area is almost 185,000 out of the 327,000, which is more than 50 per cent. The north west area is about 120,000 people and the far west is 23,000 people. There are challenges related to the spatial distribution and concentration within the area ...⁹

- 2.2 The NSW Government advised that central and western NSW has experienced slower population growth than the remainder of the state:

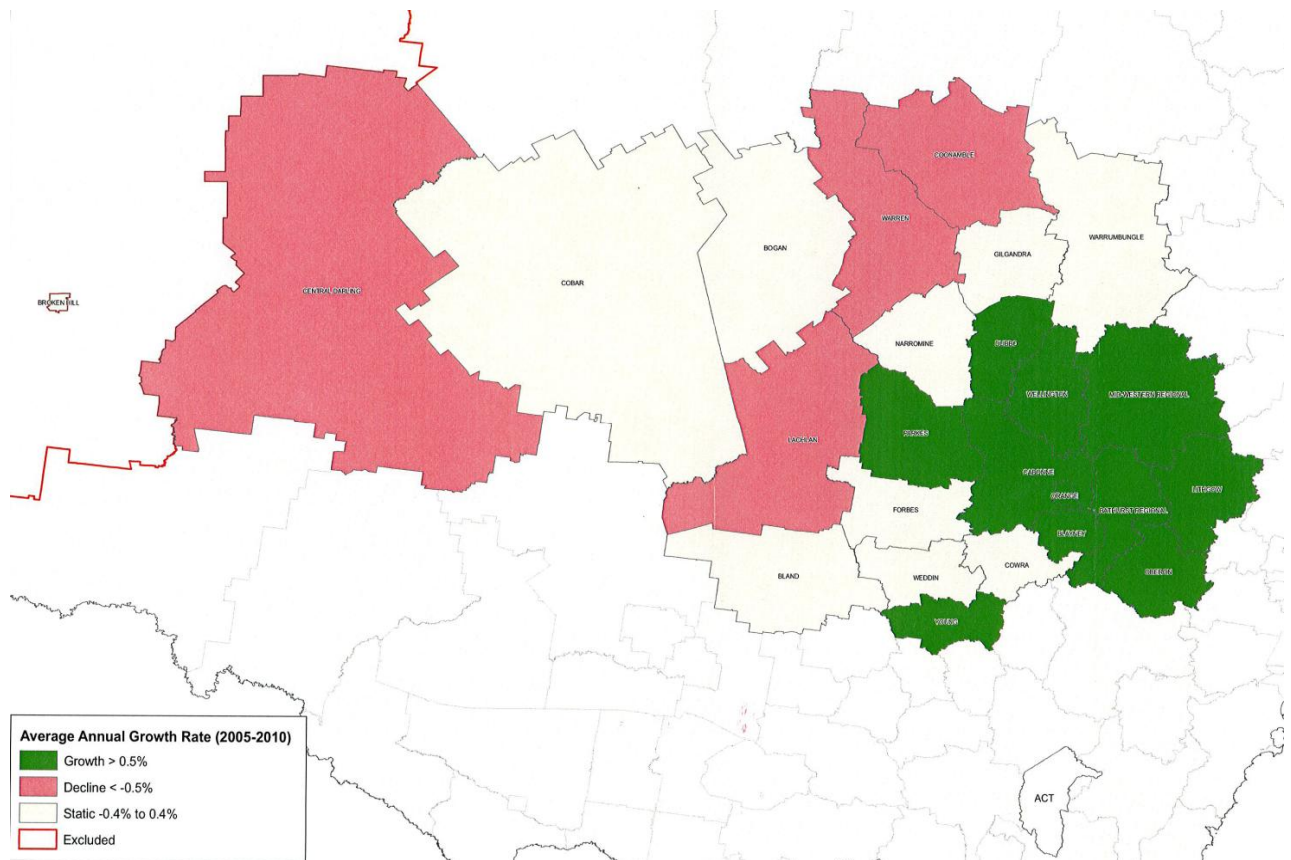
In general, central western NSW has experienced slower population growth than the State as a whole. The population of NSW grew by 10 per cent in the nine years to 2010, while over the same period the population of central western NSW grew by only 1.5 per cent ... As a consequence of the slower growth rate, the share of the total NSW population living in central western NSW has fallen from 4.9 per cent to 4.5 per cent.¹⁰

- 2.3 The figure below shows the average annual growth rate for local government areas (LGAs) in central and western NSW between 2005 and 2010.

⁸ Submission 52, NSW Government, p 2.

⁹ Mr Alok Ralhan, Director, Industry Strategy and Stakeholder Engagement, NSW Department of Trade and Investment, Regional Infrastructure and Services, Evidence, 12 September 2011, p 3.

¹⁰ Submission 52, p 2.

Figure 2 Average annual growth rate of central and western LGAs¹¹

2.4 As demonstrated by Figure 1, the LGAs of Young, Parkes, Dubbo, Wellington, Mid-Western Regional, Lithgow, Bathurst, Oberon, Blayney, Orange and Cabonne experienced growth between 2005 and 2010.¹²

2.5 In contrast, the LGAs of Central Darling, Coonamble, Warren and Lachlan experienced population decline. The areas of Cobar, Bogan, Bland, Forbes, Weddin, Cowra, Narromine, Gilgandra and Warrumbungle experienced static populations.¹³

2.6 Population projections prepared by the Department of Planning and Infrastructure for the period from 2006 to 2036 forecast that six of the local government areas in the region will experience growth, as follows:

- Bathurst – 19 per cent
- Blayney – 6 per cent
- Cabonne – 3 per cent

¹¹ Tabled document, NSW Department of Planning and Infrastructure, Average annual growth rate of central and western LGAs for 2005-2010, dated 9 March 2012.

¹² Tabled document, Average annual growth rate of central and western LGAs, dated 9 March 2012.

¹³ Tabled document, Average annual growth rate of central and western LGAs, dated 9 March 2012.

- Dubbo – 15 per cent
- Oberon – 4 per cent
- Orange – 13 per cent
- Young – 16 per cent.¹⁴

2.7 However, the NSW Government noted that ‘[t]he population in other local government areas in central west NSW is forecast to remain stable or to decline’.¹⁵ The NSW Government also advised that within the region, there has been a movement of people away from rural areas and towards major regional centres, such as Bathurst and Dubbo.¹⁶

2.8 Mr Ralhan noted that far western NSW has exhibited ‘more or less static’ growth, with clear demographic trends showing a decline in the number of people of working age living in the community:

... while far western New South Wales is more or less static, it has grown by one and a half per cent, but within that there are very strong demographic trends and they relate to the fact that the working age population has in fact declined a little bit and there are substantial growths at either end, the younger people and the older people in the community.¹⁷

2.9 Concerns relating to the accuracy of population forecasts are discussed in greater detail later in this chapter.

Indigenous population

2.10 Some inquiry participants highlighted that central and western NSW has a growing indigenous population. For example, the NSW Aboriginal Land Council highlighted the ‘increasingly significant Aboriginal population’, observing that many indigenous people return to live in regional communities later in life:

These [Aboriginal] communities tend to see a population return from metropolitan areas in later years, following the youthful out-migration experienced. As a result the Aboriginal population of these regions is increasing and increasing relative to that of the non-Aboriginal population. This is a demographic trend that is expected to continue along with the differential migration patterns that underpin it.¹⁸

2.11 The submission from the NSW Government also noted that the region has a high indigenous population as compared with the rest of NSW:

A much higher percentage of people in the region identify as being Aboriginal when compared to NSW as a whole. The Aboriginal population in the Central West region accounts for almost 5 per cent of the overall population (and up to 15 per cent in

¹⁴ Submission 52, p 2.

¹⁵ Submission 52, p 2.

¹⁶ Submission 52, p 2.

¹⁷ Mr Ralhan, Evidence, 12 September 2011, p 3.

¹⁸ Submission 36, NSW Aboriginal Land Council, p 1.

some areas). In the Orana region it accounts for 13.7 per cent (and up to 63 per cent in some areas), and in the Far West region for 9.4 per cent. This compares to 2.2 per cent for NSW as a whole.¹⁹

- 2.12** The NSW Aboriginal Land Council observed that unless the ‘relatively untapped’ potential of the indigenous community is better utilised, increased pressure will be placed on services in regional areas:

... the increasingly significant Aboriginal population continues to be overlooked when it comes to the consideration of the economic and social development of regional NSW. This must change.

Harnessing the relatively untapped economic and social potential of the Aboriginal communities of regional NSW however, continues to be hampered by the poor educational and health outcomes experienced by Aboriginal peoples. This too must change; particularly in regional NSW where it is expected that there will be increasing competition for increasingly strained services.²⁰

- 2.13** Mr Raymond Longfellow, Mayor, Central Darling Shire Council, similarly commented on the need to better engage with the indigenous community:

We need to harness the potential of our youth and Aboriginal people. We have a growing Aboriginal population—many young Aboriginal people aspire to a better life than some of their elders. We must better understand their aspirations and provide the tools and mechanisms for them to achieve their goals. We have the State’s second highest disadvantaged rating, behind Brewarrina. We have disproportionately high levels of crime and pockets of disadvantage amongst the Aboriginal community.²¹

- 2.14** In response to this identified need, Parkes Shire Council highlighted its efforts to improve engagement with the indigenous community, advising that the Council has ‘... secured funding for an Aboriginal Project Officer to do a gap analysis of services and to look at ways to overcome some of the challenges identified by the local aboriginal community’.²²

Population demographics

- 2.15** Some inquiry participants highlighted that there has been a change in the population demographics of central and western NSW. These changes largely relate to a growing aged population and the movement away from regional areas by young people.

- 2.16** The Central NSW Councils Regional Organisation of Councils (CENTROC) observed that the proportion of older residents living in the region is forecast to increase by approximately ten per cent over the next 20 years, which will impact on the range of services that the community will require:

¹⁹ Submission 52, p 3.

²⁰ Submission 36, p 1.

²¹ Mr Raymond Longfellow, Mayor, Central Darling Shire Council, Evidence, 4 November 2011, p 28.

²² Submission 33, Parkes Shire Council, p 1.

... the proportion of older residents within CENTROC is likely to increase by approximately 10% over the next 20 years. This is consistent with national trends of an ageing population, brought about by a number of social trends, including lower fertility rates and improved life expectancy. The ageing population will increase demand for age care, residential facilities, nursing homes and extensive health and community services within the region.²³

- 2.17** Gilgandra Shire Council commented on the impact that the exodus of many young people from regional areas has on the structure of communities, noting the negative long term impact on the population of a location:

... the traditional make up of the communities is changing. Young males had career opportunities in agriculture and were able to stay in the community. They then got married and had kids and this created a much more stable population. Now, many of these males leave the community to pursue employment in either industries like mining or move to regional or city locations to pursue opportunities not available in our communities. It is often said rural NSW best export is its young people. This situation is leading to an aging of the population ...²⁴

- 2.18** Wellington Council also noted that loss of young people from communities changes the 'social fabric' of communities, arguing that it was critical to implement strategies to encourage young people to remain in regional areas and to arrest declining populations:

When on average approximately 80 young people aged 14 – 24 years leave the LGA each year it is clear that arresting population decline will present a significant challenge until such time as strategies are implemented to promote retention of young people within the community. The loss of young people is not just an economic problem. It contributes to a change in the social fabric of a community, and flows through to areas such as recreation and social opportunities for those who remain.²⁵

- 2.19** In their submission to the inquiry, year 11 students from Red Bend Catholic College in Forbes encouraged the government to pursue strategies to retain young people in central and western NSW:

Continued emphasis and investment in the coastal fringe of the State is unsustainable, overcrowding and strain on infrastructure can lead to urban decay. There are still large communities and a large number of teenagers in the area and they would prefer to stay in the area if they can. The Government should support people/communities in their desire to remain and thrive in the area.²⁶

Committee comment

- 2.20** The Committee notes that while some LGAs in central and western NSW have experienced population growth, a number of LGAs in the region appear to be experiencing population decline. The Committee further notes the changing population demographics of central and western NSW, with a growing aged population, and a shrinking youth population. We also

²³ Submission 37, CENTROC, p 10.

²⁴ Submission 39, Gilgandra Shire Council, pp 1-2.

²⁵ Submission 26, Wellington Council, p 12.

²⁶ Submission 59, Year 11 students, Red Bend Catholic College, p 1.

acknowledge the increasingly significant Aboriginal population of the region. These changes in population growth and demographics will have a significant impact on the delivery of government services in many locations in the region.

2.21 The next section of this chapter explores some of the factors that have influenced rates of population growth and decline across central and western NSW.

Factors influencing population growth and decline

2.22 Population figures for central and western NSW suggest that while some areas are experiencing population growth, the majority of areas in the region are experiencing declining populations. The Local Government and Shires Associations of NSW highlighted the combination of factors that it considers have contributed to population declines, including:

- the impacts of extended drought, an ageing farming population and the increasing capital intensity of agricultural production reducing the need for a rural workforce
- the closure of traditional industries and businesses
- loss of services in regional areas
- the lure of regional and capital cities, which have better education, employment and lifestyle options
- improved roads and improved access, which make it easier for people to travel to regional hubs
- the lack of strong, comprehensive and successful decentralisation policies.²⁷

2.23 Mr Geoff Wise, General Manager, Bourke Shire Council, argued that the reasons for the decline in the population of the Bourke Shire could be attributed to three factors: the drought, lack of certainty over water, and a general loss of confidence:

... three reasons have had the biggest cause there. One was the extended drought that went on for the best part of a decade ... The second one was the indecision and uncertainty that went on for roughly the same decade over water policy, and that indecision is still going on ... The third reason – just an overall capture of it – that I put down that impacted, I simply say people’s loss of confidence. That can be a whole range of things. It is confidence of whether their kids will get a job when they leave school. They want confidence that we will still have a health system or a transport system or whether there is confidence in my old age that I could be cared for...²⁸

2.24 Inquiry participants identified a range of factors that have contributed to these different population growth rates in the region, including the role of agriculture and mining, the perceptions of regional areas, and the trend towards the development of regional hubs.

²⁷ Submission 48, Local Government and Shires Associations of NSW, p 4.

²⁸ Mr Geoff Wise, General Manager, Bourke Shire Council, Evidence, 3 November 2011, pp 1-2.

Agriculture

- 2.25** Changes in the agricultural sector were highlighted by many inquiry participants as playing an important role in influencing the rate of population decline in central and western NSW. Lachlan Shire Council summarised the key changes to the agricultural sector:

The combined effect of the long and severe drought and improved technology has led to a reduction in population in the rural sectors of the shire. Better farming systems and equipment mean that larger holdings can be managed and as a result of the drought those larger holdings are needed to sustain the farms. Between the 2001 and the 2006 census the employment in agricultural sectors dropped significantly.²⁹

- 2.26** The impact of the drought was highlighted by Forbes Shire Council, who noted that it had caused the closure of many farming businesses and a shift in employment patterns away from the traditional agricultural sector:

The population decline in the mid to late 2000s can be attributed to the prolonged drought with many farming and farming-related businesses closing; anecdotal evidence indicates that whilst some people have moved off the land into town, more have migrated to the major towns in the region, the coast and to West Australia, to take advantage of the mining boom and increased job opportunities.³⁰

- 2.27** The Orana Regional Organisation of Councils (OROC) also acknowledged the impact of the drought on the regions' population:

... the majority of OROC's communities have declined in population and withdrawn under the social and financial strain after 9 years of drought and subsequent sustainability challenges and uncertainties. As seasonal conditions have been more favourable the past 12 months, these declines have started to reverse.³¹

- 2.28** After years of drought conditions, during which many agricultural employment opportunities were lost, the agricultural industries are experiencing more favourable weather conditions. However, as agricultural employment opportunities increase, it is difficult to attract workers to return to work in agriculture, as noted by the Pastoralists' Association of West Darling:

Climate is the major driver of employment in agriculture in the Western Division, which obviously directly affects local population trends, the 2001-2009 drought reduced employment opportunities for rural workers, which in many cases have been lost permanently to the mining industry, Job vacancies that have opened up with the return of favourable seasons are not easily filled.³²

Mining

- 2.29** In contrast to the contraction of the agricultural sector, the expansion of the mining sector has encouraged population growth in several areas of central and western NSW. CENTROC

²⁹ Submission 16, Lachlan Shire Council, p 3.

³⁰ Submission 30, Forbes Shire Council, p 6.

³¹ Submission 40, Orana Regional Organisation of Councils, p 2.

³² Submission 43, Pastoralists' Association of West Darling, p 1.

observed that new mining developments were likely to drive population growth for some communities in the region, such as in the Cabonne and Orange City Council areas:

CENTROC is a growing region with 25 mines slated for development over the next 25 years ... Within the region there are varying degrees of population growth with some communities located near mines growing strongly.³³

2.30 The Mid-Western Regional Council also noted that new mining operations in the region were likely to result in 'significant' population growth as the local population would be unable to meet the growing demand for employees:

In 2006, there were just two coal mines in the Mid-Western Region producing around 5 million tonnes of coal per annum and employing less than 300 people. In the next 3-5 years, within a 60km radius of Mudgee (the largest town in the region), there will be at least nine coal mines producing up to 80 million tonnes of coal per annum and employing more than 3,000 people.

As the local labour force will not be able to accommodate all new employment opportunities, the majority of these positions will be filled by new residents which will ultimately lead to a significant population increase (up to 25% or 5,700 new residents based on permanent operational positions alone).³⁴

2.31 Cobar Shire Council reflected on the dependence of its population on mining activity, stating that it would prefer to avoid the development of a 'fly in, fly out workforce':

Cobar's official population has remained relatively steady over the last 20 years despite increases and decreases in mining activity. This seems unrealistic. Cobar's population is very dependent on mining for employment and economic growth. At present there appears to be a shortage of suitable accommodation which will only worsen as new mining operations come on line over the next three years. We do not want a fly in fly out workforce.³⁵

2.32 The impact of growth in mining operations extends to the far west of the State. Broken Hill City Council, having noted the downward population trends for the region over recent years, observed that the city has seen a 'resurgence' in activity, leading to a stabilisation of population figures:

The most recent estimates place the population at 20,000. This represents a 30% decline since 1971, mainly related to the decline in the local mining industry. However, in recent years the population has stabilised somewhat and the rate of decline has slowed. Mining development and exploration activity both in the City and surrounding region has seen a resurgence during the past few years around high commodity prices - the cycle continues as it has in the City for the past 128 years, and remains buoyant for the foreseeable term.³⁶

³³ Submission 37, p 8.

³⁴ Submission 10, Mid-Western Regional Council, p 4.

³⁵ Submission 18, Cobar Shire Council, p 3.

³⁶ Submission 24, Broken Hill City Council, pp 1-2.

Perceptions of regional and rural areas

- 2.33** Some inquiry participants argued that negative perceptions of life in regional and rural areas was hindering the ability of towns in central and western NSW to attract people to live in regional locations. Mr Peter Bailey, Director and Chief Executive Officer, Foundation for Regional Development Ltd, suggested that part of the reason for declining populations was a lack of awareness of the opportunities presented by living in regional areas:

Why is the central west and the west struggling? ... There is no long term marketing strategy. Many of you, I know, have heard me talk about this before. We tell Sydney about our problems, but we never tell them about our opportunities. We tell them about our droughts, we tell them about an abattoir shutting in Cowra or Young or we tell them about the Murray Darling Basin problems, we tell them about broadband coverage, we tell them about mobile coverage, but we never talk about the opportunities on offer in the regional areas.³⁷

- 2.34** Mr Bailey continued to outline the benefits of living in a regional community:

We think regional New South Wales is a great part of the world ... It has a healthy environment, with jobs, safe lifestyle. Probably one of the most important things is that we have affordable real estate, business opportunities and a lot of family time, which I think is very important in today's fast moving society.³⁸

- 2.35** Mr Wincen Cuy, Mayor, Broken Hill Shire Council, argued that locations such as Broken Hill required assistance to change the perceptions that some people hold towards living in regional areas, highlighting the critical role that social infrastructure can play in changing such perceptions:

In terms of infrastructure, modern society is looking at four things: what they can do in their leisure time, child care facilities, health and schools. I think we are on the right track for most of those, but the perception out there is that we do not have them ... We need the State Government's help to overcome the perception of what communities in the west are like ... We are a vibrant city and that is what people forget. We are a small city – not a large town. From a State Government point of view, infrastructure is the key to helping us overcome those perceptions and attracting a workforce in the community.³⁹

Development of regional centres

- 2.36** It was suggested by some inquiry participants that the development of regional centres such as Orange was a factor influencing population sizes in certain areas of central and western NSW. For example, Lachlan Shire Council argued that '[t]he contraction of government and agency employment' to regional hubs has had a detrimental impact on the size of many communities:

Over the last twenty years authorities such as State Rail, Telstra, Country Energy and its forerunner, Department of Primary Industry, Department of Health, Forestry and

³⁷ Mr Peter Bailey, Director and Chief Executive Officer, Foundation for Regional Development Ltd, Evidence, 12 September 2011, p 56.

³⁸ Mr Bailey, Evidence, 12 September 2011, p 55.

³⁹ Mr Wincen Cuy, Mayor, Broken Hill Shire Council, Evidence, 4 November 2011, p 18.

the Livestock Pest and Health Authority have contracted to the regional centres and or shed considerable numbers of staff. Each one of those employees represents a family and even though in some cases numbers were small nevertheless the combined effect of the reduction in jobs is considerable. Those cutbacks then flow on through the schools, health and other areas.⁴⁰

- 2.37** Bland Shire Council observed that certain regional centres were continuing to expand, often at the expense of smaller towns:

Within regional development in Australia there appears to be issues associated with a critical size. Large regional cities appear to be increasing in size, where smaller towns are either struggling to maintain their populations or reducing in size.⁴¹

- 2.38** Mr John Walkom, Chair, Regional Development Australia – Orana, suggested that it was not only small communities that were adversely affected by the growth of regional centres, but that some regional centres were growing at the expense of other regional centres. For example, Mr Walkom argued that Dubbo was receiving less infrastructure and services in comparison to Orange or Bathurst:

We used to have people from Parkes and Forbes who would travel over to Dubbo. Now the Orange and Bathurst communities are getting the infrastructure they never had before, such as shopping facilities, people are enticed to go there, because of the medical services that are being delivered there. That is at the expense of other communities.⁴²

- 2.39** The development of regional hubs was also discussed by inquiry participants with specific reference to the provision of health services. This is explored in chapter 3.

Committee comment

- 2.40** The Committee acknowledges that there are a range of factors which influence population decline or growth in central and western NSW. Whilst a decade of drought and less-labour intensive agricultural practices have been the reason behind population decline for some areas of the region, other areas have experienced growth following the development of other industries, most notably in mining. As agricultural conditions improve, the simultaneous growth of the mining sector will serve to increase the competitiveness of the jobs market, and further influence the movements of people throughout the region.

- 2.41** The Committee notes the interconnectedness of the factors that influence population growth and decline, and considers it essential that these factors are not looked at in isolation. Further, the complexity and unpredictability of these relationships, such as improvements in weather conditions and a boom in commodity prices, increases the difficulty of accurately predicting where and when population growth or decline will occur. This volatility in turn affects decisions regarding the provision of government services.

⁴⁰ Submission 16, p 3.

⁴¹ Submission 35, p 3.

⁴² Mr John Walkom, Chair, Regional Development Australia – Orana, Evidence, 2 November 2011, p 30.

Population projections

2.42 An area of concern for many inquiry participants was the accuracy of population projections prepared by the Department of Planning and Infrastructure. Inquiry participants questioned the accuracy of the forecasts prepared by the Department, and expressed concern that inaccurate forecasts could negatively impact on the provision of services within central and western NSW.

2.43 As noted at paragraph 2.6, the Department of Planning and Infrastructure for the period 2006 to 2036 has forecast that six of the local government areas in the region will experience growth, while other areas will experience population decline.⁴³

2.44 Mr Ian Reynolds, Deputy Director General, Strategies and Land Release, Department of Planning and Infrastructure, explained the process undertaken by the Department in determining population projections:

In general terms, the population forecasts the department does on behalf of the Government look out about 20-odd, 25 years. We redo them after each census and normally they come out a couple of years after the census when we get the new baseline data ... When we do the projections we look at principally three main factors: numbers of births, numbers of deaths, which, if I can put it in parlance, are relatively easy to determine. The more difficult question is the number of people moving into and out of an area ...⁴⁴

2.45 Mr Reynolds acknowledged that there are often differences between the forecasts made by the Department and those made by the Australian Bureau of Statistics (ABS), due to the fact that each organisation utilises a different approach to determine projections:

... our projections often point to a different number than the number that comes out of the ABS when it does its estimated residential population. They actually are quite different numbers, but projections are trends, and they are based on assumptions in births and deaths. They are projections in the absence of any unforeseen factors ... However, the ABS does its population estimates at a point in time. So they are always able to reflect what is happening between census periods whereas the projections are a longer-term thing.⁴⁵

2.46 A number of inquiry participants expressed concern about the accuracy of the population forecasts prepared by the Department of Planning and Infrastructure. For example, Regional Development Australia – Central West questioned the accuracy of the most recent population projections prepared by the Department.⁴⁶

2.47 Regional Development Australia – Central West drew attention to population projections prepared by the AEC group, which forecast significantly higher population growth than suggested by the Department of Planning and Infrastructure's projections:

⁴³ Submission 52, p 2.

⁴⁴ Mr Ian Reynolds, Deputy Director General, Strategies and Land Release, Department of Planning and Infrastructure, Evidence, 9 March 2012, p 14.

⁴⁵ Mr Reynolds, Evidence, 9 March 2012, p 14.

⁴⁶ Submission 23, RDA Central West, pp 9-10.

A comparison of population estimates published by the ABS and population projections prepared by the NSW Department of Planning indicates that the NSW Department of Planning could possibly have underestimated population growth in NSW ... AEC group has reviewed the recent population trends and the NSW Department of Planning's population projections and prepared our own population projections for the region ... It is projected that population of the Central West regions is likely to increase by approximately 31,000 and 36,800 respectively by 2031, around triple the growth projected by the NSW Department of Planning.⁴⁷

- 2.48** CENTROC also noted the findings of the AEC group's research,⁴⁸ and highlighted that additional population projections prepared by the Western Research Institute (WRI) had predicted higher growth rates than those anticipated by the Department. CENTROC noted that the Institute had consulted with local councils when preparing the projections:

CENTROC commissioned the WRI to prepare population projections for the 17 member LGAs in 2008. These show higher growth rates than those of the NSW Department of Planning ... The WRI projections are based on trends in mortality rates by age and gender, fertility rates by age and historical trends in in-migration and out-migration. Information supplied by the member councils regarding future major developments was also used to generate estimates of employment and the associated population impacts ...⁴⁹

- 2.49** The table below demonstrates the difference in the projections prepared by the NSW Department of Planning and Infrastructure and the WRI for the CENTROC region.

Table 1 Projected populations for the CENTROC region⁵⁰

	2011	2016	2021	2036	2031
Department projections	<i>206,610</i>	<i>209,180</i>	<i>212,230</i>	<i>215,230</i>	<i>217,680</i>
WRI Scenario A	215,691	235,630	249,944	253,108	254,720
WRI Scenario B	211,189	222,752	231,254	233,844	235,389
WRI Scenario C	207,584	212,444	216,287	218,414	219,886

⁴⁷ Submission 23, pp 9-10.

⁴⁸ Submission 37, p 8.

⁴⁹ Submission 37, p 8.

⁵⁰ Tabled document, CENTROC Population Projections, prepared by the Western Research Institute, dated 11 December 2008, p 5.

Under **Scenario A**, 100 per cent of new mining, health-related and high technology jobs are assumed to be filled by people migrating to the LGA, with 50 per cent of other new jobs are filled by people migrating to the LGA.

Under **Scenario B**, 50 per cent of new mining, health-related and high technology jobs are assumed to be filled by people migrating to the LGA, with 25 per cent of other new jobs are filled by people migrating to the LGA.

Under **Scenario C**, 10 per cent of new mining, health-related and high technology jobs are assumed to be filled by people migrating to the LGA, with 5 per cent of other new jobs are filled by people migrating to the LGA.

- 2.50** Some inquiry participants suggested that in order to achieve more accurate population projections the Department of Planning and Infrastructure should engage with local communities when preparing projections. Ms Linda Nadge, Chief Executive Officer, Regional Development Australia – Far West, suggested that local consultation should occur when preparing population projections to improve accuracy:

I am not too familiar with the detail of how the modelling is done but I do know anecdotally that a lot of the services and infrastructure provided in the last 10, 20 or 30 years has been the result of downsizing based on modelling. For example, I have heard people talk about Broken Hill Hospital, which should be a bit bigger than it really is, and maybe the same for some schools or for other services. In terms of how there could be improvements in future projections, I think the engagement of more of the local people would be the best option—instead of going to data, come back out to the people and talk to the people.⁵¹

- 2.51** Mr Frank Zaknich, General Manager, Broken Hill City Council, concurred with the need to ensure that local perspectives are taken into account when preparing population forecasts. Mr Zaknich noted that Broken Hill City Council regularly assesses population numbers, information which could be provided to the Department of Planning and Infrastructure to better inform projections:

From a State and Federal government level they are basing it on ABS data that has a projection period of five, 10 or 20 years. That is really fraught with inaccuracy in terms of what happens on the ground. It is important to get a more regular update. We are doing it every year. Why not tap into some of that data? Again it is about getting the information on the ground rather than having some bird's-eye view of data that is either inaccurate or outdated.⁵²

- 2.52** A second way to improve the accuracy of population projections was suggested by Mr John Harris, Regional Development Australia – Far West, who argued that the assumptions that underpin modelling should not simply be based on a projection of past trends:

I do not think there is anything wrong with modelling per se. I think it is the assumptions or the thinking that informs that modelling. Just to take the hospital example, it seemed back when the decision was made about the hospital there had been a number of years of declining population. The model was simply based on looking in the rear view mirror and projecting forward in the same line. That was a model, and it was a view, and it was probably seen to be a fairly conservative model at the time. But reality has turned out a little bit differently. The decision that has been made has resulted in something that has been a little bit less than what we need.⁵³

- 2.53** Despite debate about the different population projection figures generated, some inquiry participants felt that the forecasts prepared by the Department of Planning and Infrastructure are largely accurate. For example, Mr Kenneth Keith, Mayor, Parkes Shire Council, noted the debate about the accuracy of population forecasts, but indicated that he felt that the forecasts were ‘reasonably consistent’ at the regional level:

⁵¹ Ms Linda Nadge, Chief Executive Officer, Regional Development Australia – Far West, Evidence, 4 November 2011, p 2.

⁵² Mr Frank Zaknich, General Manager, Broken Hill City Council, Evidence, 4 November 2011, p 17.

⁵³ Mr John Harris, Regional Development Australia – Far West, Evidence, 4 November 2011, p 2.

There is always debate over it but I think they are reasonably consistent. Parkes Shire has shown a slight growth over that time, but when you actually analyse it down further the town of Parkes has grown reasonably substantially from about 10,000 up to 11,500, whereas the shire population has decreased in that same time. So the smaller villages and towns are under a lot of economic strain because the size of farms has increased quite dramatically.⁵⁴

Impact of underestimation of population growth

2.54 A number of inquiry participants were concerned that an underestimation of future populations would result in under-provision of the necessary government services, such as the number of hospital beds, across central and western NSW.

2.55 Mr Rick Warren, General Manager, Coonamble Shire Council, suggested that underestimations in population modelling could be particularly problematic for remote communities, as the modelling did not reflect the importance and difficulty of providing services to remote communities:

Population modelling is not often reflective of the issues that pertain to a remote community ... There are probably more resources required per head of population than on average. If you want to take an average cost, particularly in law and order, we find that if you use population modelling the number of police that would be available probably is not sufficient ... If you look at population modelling in relation to the social issues being experienced in these areas, even the community services that are available are completely insufficient to deal with the problems of that population centre ... Community services and policing are issues where we believe there needs to be more emphasis placed on the specific problems of those rural and remote areas, rather than saying, 'You have a hundred people there therefore you get one police'.⁵⁵

2.56 Mid-Western Regional Council noted that while population growth for the mid-western region was forecast to remain at one per cent per annum, the anticipated increase in mining activity would likely see a larger growth in population numbers. This would result in increased pressure on a range of government services, including health and cultural facilities:

Up until the recent boom in mining, the population increase in the region has been approximately 1% per annum. It seems clear that some levels of government are basing future projected growth on a continuation of this 1% growth pattern. An analysis of the population impact of increases in production from existing, new and proposed mines tells a very different story.

The estimates indicate that over 2,000 construction jobs will be created during the set up of the different mines and over 3,000 ongoing operational positions will also be created. 3,000 new jobs created in the next 3-5 years represent a 30% increase in the size of the current labour force. There are a range of estimates on the multiplier effects of this that will create additional indirect employment. Even at the lower end of these estimates, the additional population will be in the thousands ... Ultimately all of these additional people will need access to medical and health services, library and

⁵⁴ Mr Kenneth Keith, Mayor, Parkes Shire Council, Evidence, 2 November 2011, p 40.

⁵⁵ Mr Rick Warren, General Manager, Coonamble Shire Council, Evidence, 3 November 2011, p 5.

cultural services and entertainment opportunities to support a reasonable quality of life within a community that they can belong to and where they want to be involved.⁵⁶

- 2.57** Parkes Shire Council described a similar scenario for their region, due to anticipated growth in regional mining operations and the continued development of the National Logistics Hub. Mr Kent Boyd, General Manager, Parkes Shire Council, highlighted that the current population forecasts made no allowance for any increases in population likely to result from the progression of these projects:

One of the impacts of the low figures that are predicted and sometimes declining is exactly as you say that many of the services who look at it say there is no need to do anything if there is no increase in population. Somewhere like Parkes, for argument's sake, where we are looking at the potential of the step change with North Parkes mine or the logistics hub that has the potential to bring in a thousand people quite quickly, that is a double digit growth for our community straight away, whereas they are not predicting that over a long period of time. So in communities of around our population which is 10,000 or 15,000 we could get a 10 per cent population growth quite quickly. That does not show up.⁵⁷

- 2.58** Mr Keith explained that this underestimation of population growth was particularly concerning when considered in the context of the planned redevelopment of Parkes Hospital. Mr Keith argued that hospital redevelopment should be constructed with allowances for population growth, rather than simply to meet existing population numbers:

And we are certainly making those examples clear to, for example, the health department in terms of the hospital. If you build it on the current statistics the hospital will service the need for the current time, but if step change goes ahead and the logistics hubs goes ahead and suddenly Parkes has got 2,000 or 3,000 more people here in five years time the hospital will not meet the needs. It needs to be built in a scalable fashion so that it can be expanded on to meet the needs into the future.⁵⁸

Future population projections

- 2.59** In evidence to the Committee, the Department of Planning and Infrastructure acknowledged the concerns raised by inquiry participants in regard to population projections. Mr Reynolds advised that in the second half of 2012, work will commence to revise the population projections using the 2011 ABS census data:

We are already working on preparing for the release of the census data. We expect that ABS will start to deliver that data in the second half of this year. It takes us a year or two to actually work that all through with our modelling to come out with our new projections and they are scheduled for 2013 and 2014. As I say, they will be newly based again on the 2011 census ...⁵⁹

⁵⁶ Submission 10, pp 6-7.

⁵⁷ Mr Kent Boyd, General Manager, Parkes Shire Council, Evidence, 2 November 2011, p 40.

⁵⁸ Mr Keith, Evidence, 2 November 2011, p 40.

⁵⁹ Mr Reynolds, Evidence, 9 March 2012, pp 14-15.

2.60 Mr Reynolds continued that these population projections will be informed by a more consultative approach, with the Department intending to engage directly with local councils to better identify local influences on population trends:

... for the first time we want to upgrade our consultation with local government in New South Wales. In the past when we have done these projections we have been used to writing to the councils asking if there are any particular local factors that they may be aware of that could influence our projections.

We have had a look back over the last couple of times we have done that and we have not had a good strike rate. Probably about half the councils have responded. So this time we want to go out and basically have a travelling road show, so to speak, with local government directly to particularly try to pick up on issues like mining impacts and those sorts of things so that when we do our next projections we can reflect those local factors much more than ABS is able to do with its census ...⁶⁰

2.61 Mr Reynolds also noted that this consultation would not only be with local councils, but that input would also be sought from other sources, such as relevant industry sectors:

When we do our next projections we will be talking to Broken Hill, Young, Lithgow, or whoever, to try and get a flavour of the particular trends that have not been picked up in the historic data ... As part of the process we will talk to local government but we will also talk to industry sectors ... We will have a number of data sources that come into the project.⁶¹

2.62 Mr Reynolds indicated that once these projections had been completed, the Department may undertake further research to determine if there are common elements driving population growth in some areas, while other areas decline: 'That would be a body of work that we would like to do after we have done our next regional projections'.⁶²

2.63 Mr Reynolds further advised that the suite of plans currently being prepared by government departments was being co-ordinated at a high level to ensure that there are common assumptions, including around population projections, informing these plans. Mr Reynolds anticipated that this would alleviate concerns about poor communication between departments on population figures which may have impacted on the delivery of services:

The Government is now producing a suite of major plans. It is doing a transport master plan for New South Wales. We are embarking on a review of the Metropolitan Plan and we have a rolling program for review of our regional strategies, and there is the new program of the strategic land use plans. Coupled with that Infrastructure NSW has been charged with preparing a long-term infrastructure strategy for the State and the Department of Trade and Investment is preparing industry action plans. All those plans are now being coordinated at a very high level to make sure they are all based on common assumptions, one of those being population. If it has been an issue in the past it should not be in the future.⁶³

⁶⁰ Mr Reynolds, 9 March 2012, pp 14-15.

⁶¹ Mr Reynolds, Evidence, 9 March 2012, pp 18-19.

⁶² Mr Reynolds, Evidence, 9 March 2012, p 23.

⁶³ Mr Reynolds, Evidence, 9 March 2012, p 19.

Committee comment

- 2.64** The Committee considers that the importance of high quality population forecasts is paramount to underpin decisions relating to the provision of government services, such as the number of hospital beds at local hospitals. The underestimation of population growth can have a significant detrimental impact on the provision of the necessary level of government services across central and western NSW.
- 2.65** The Committee notes the wide range of population forecasts that were discussed during this inquiry, including figures from the ABS, the Department of Planning and Infrastructure and the Western Research Institute. While the variations in forecasts can in part be explained by the variability that is inherent in any forecasting activity, the potential impact of inaccurate modelling is significant for those communities which may see a retraction of services as a result. Such a retraction of services acts as a further disincentive for people to relocate to the region.
- 2.66** The Committee considers that in order to improve the accuracy of population forecasts, the Department of Planning and Infrastructure should engage with local communities when preparing projections. In this regard, the Committee is encouraged that the Department of Planning and Infrastructure intends to directly engage with local councils and other relevant bodies during the next round of regional population forecasting. This will provide a more accurate understanding of local population trends, and will facilitate better service delivery and infrastructure planning across the region.

Recommendation 1

That the Department of Planning and Infrastructure confirm its commitment to directly engage with local councils and other relevant stakeholders during the next round of regional population forecasting.

- 2.67** The Committee considers that a number of factors influence population growth and decline in central and western NSW. While inquiry participants have assisted the Committee to develop an understanding of some of these factors, further research should be done to develop a deeper understanding of the elements that influence population movements, and the relationships between these factors. This will allow the NSW Government to better understand population movements, and enable better planning for the delivery of services.
- 2.68** The Committee notes that the Department of Planning and Infrastructure indicated that research into the factors influencing population movement is likely to be undertaken following the completion of the next round of population projections. The Committee considers that this research should be undertaken prior to the next round of regional population forecasting, and the results made publicly available as soon as possible.

Recommendation 2

That the Department of Planning and Infrastructure undertake research, prior to the next round of regional population forecasting, into the factors influencing population movements across central and western NSW, and that the results of this research be made publicly available.

Initiatives to encourage relocation to regional areas

2.69 In response to the declining populations of many regional and rural areas, the Government has implemented a range of initiatives that seek to encourage people to move to non-metropolitan areas. Several inquiry participants highlighted two initiatives that, while not specifically aimed at encouraging people to relocate to central and western NSW, encourage movement to regional areas in general. These programs are the Evocities initiative and the Regional Relocation Grant.

2.70 In addition to these government-led initiatives, there are a number of community led programs, such as the Foundation for Regional Development and the Cobar Enterprise Facilitation project, which aim to encourage relocations to, and the development of, regional areas. These community-led projects are discussed in greater detail in chapter 6.

Evocities

2.71 The NSW Government advised that the Evocities initiative seeks ‘... to raise awareness of participating regional centres as great places to live and work’.⁶⁴ Mr Michael Cullen, Executive Director, Enterprise Small Business and Regional Development, NSW Department of Trade and Investment, Regional Infrastructure and Services, described the aims of the program as being ‘...very much about attracting families and skilled people to those locations’.⁶⁵

2.72 There are currently seven Evocities across the State: Albury, Armidale, Bathurst, Dubbo, Orange, Tamworth and Wagga Wagga.⁶⁶ Three of these cities – Bathurst, Dubbo and Orange – are located in central and western NSW.

2.73 Evocities was launched in September 2010, and is a collaborative effort between local, State and Federal governments, with additional support provided by private sector sponsors. Bathurst Regional Council outlined the joint funding structure for the program:

The majority of Evocities funding for the first year was provided by the Australian Government in the amount of \$1.2 million. Supporting this funding, Evocity council contributions of \$280,000, corporate sponsorship of \$210,000 and State Government

⁶⁴ Submission 52, p 9.

⁶⁵ Mr Michael Cullen, Executive Director, Enterprise Small Business and Regional Development, NSW Department of Trade and Investment, Regional Infrastructure and Services, Evidence, 12 September 2011, p 7.

⁶⁶ ‘Evocities continues its award winning ways with PRIA Golden Target Award’, *Media Release*, 26 October 2011, accessed 19 March 2012 <<http://www.evocities.com.au/footer/evocities-celebrates-one-year-success/>>

funding of \$120,000, provided the funding for a re-location campaign now widely considered to be the most successful ever undertaken in Australia.⁶⁷

2.74 Bathurst Regional Council expressed its support for Evocities, noting that since the program's inception, a number of people have relocated to Bathurst:

Bathurst Regional Council is proud to support Evocities, a campaign backed by market research to challenge Sydneysiders' perceptions regarding regional cities ... Bathurst has had over 50 people relocate to Bathurst as a direct result of the campaign and a further 5 families indicate they are intending to relocate. This in itself is a testament to the strength of the collaboration in what the campaign it has achieved with the support of both State and Federal Governments.⁶⁸

2.75 The Evocities website outlines the achievements of the program, indicating that in the first year of the program:

- 275 people have relocated to an Evocity
- an additional 400 people are planning to relocate within the next year
- approximately 2,800 relocation enquiries have been received
- more than 5,000 jobs have been listed on the EvoJobs employment website, with approximately 1,200 employers and employment agencies registered on EvoJobs.⁶⁹

2.76 Mr Cullen highlighted that the Evocities locations are promoted as being regional city locations in an attempt to dispel inaccurate perceptions of life in regional areas:

... what you have got is places like Dubbo, Orange and Bathurst not particularly wanting to promote themselves as being rural. They are actually looking to promote themselves as being cities, because one of the things they see for their locations with critical mass is they need to build on being a city, so people are seeing it as being a city to city move. The image that unfortunately is out there sometimes is that rural or regional New South Wales is drought and dead sheep and not enough water, which is an unfair perception ...⁷⁰

2.77 Mr John Davis, Deputy Chair, CENTROC, and Mayor, Orange City Council, noted that while Orange is one of the designated Evocities in the region, the benefits of the program are not restricted to Orange but shared by the smaller towns across the region:

Evocities we think have been absolutely fantastic and we were one of the original supporting members a number of years ago. There is no risk that some of the smaller councils, the smaller towns and villages outside would sort of say why are you getting all the attention. I operate, and I think my council operate on a slightly different scale to some of the other Evocities because we do not have a very big area in regards to land mass in Orange ... we have got a situation where I take the view that we cannot fit all the people into the city and if anybody wants land, five acres or 10 acres, 100

⁶⁷ Submission 45, Bathurst Regional Council, p 11.

⁶⁸ Submission 45, p 4.

⁶⁹ 'Evocities campaign celebrates one year of success', *Media Release*, 21 September 2011, accessed 19 March 2012 <<http://www.evocities.com.au/footer/evocities-celebrates-one-year-success/>>

⁷⁰ Mr Cullen, Evidence, 12 September 2011, p 7.

acres, for example, so in the Blayney Shire for example, they will get a run off if you want that sort of lifestyle. We operate on a regional basis really that way.⁷¹

- 2.78** As noted at paragraph 2.75, the Evocities initiative has achieved success in its first year of implementation. If this success is to be sustained, Bathurst Regional Council noted that continued funding support for the Evocities program is essential:

Overall, the seven Evocities remain deeply committed to the Evocities campaign and the benefits it will bring to regional NSW. To ensure its continued success and to drive ongoing enquiries, re-locations and investment, Evocities must, however, continue to secure adequate funding into years two and three of the campaign.⁷²

- 2.79** Despite the support expressed for the Evocities program, it was suggested that the greater effort should be made to support growth in smaller regional centres, rather than continuing to focus on the large regional cities. For example, Mr Bailey observed:

We see that the regional cities are all getting funding through the Evocities program, and good luck to them. There are seven of those: Albury, Wagga Wagga, Bathurst, Orange, Dubbo Tamworth and Armidale; but it is the second and third tier cities that are struggling. They are the ones that are really fighting to make a difference and we have got to find ways to help them.⁷³

- 2.80** The development of regional hubs at the expense of the other towns in the region was raised throughout the inquiry, most notably in regard to the development of hubs for health services. This is discussed in chapter 3.

Regional Relocations Grant

- 2.81** The Regional Relocations Grant program was established under the *Regional Relocation (Home Buyers Grant) Act 2011*. The program commenced on 1 July 2011 and is administered by the Office of State Revenue. It will operate for four years and provides applicants with a one-off payment of \$7,000 to assist with the costs of relocating from a metropolitan to a regional area.⁷⁴
- 2.82** Under the grant program, ‘metropolitan area’ means the local government areas of the Sydney metropolitan area, Blue Mountains, Hawkesbury, Gosford, Wyong, Wollondilly, Wollongong and Newcastle. Regional areas are considered to be local government areas that are located outside of the designated metropolitan area.⁷⁵
- 2.83** There are several eligibility criteria that must be met to receive the relocation grant, including:

⁷¹ Mr John Davis, Deputy Chair, CENTROC, and Mayor, Orange City Council, Evidence, 12 September 2011, p 45.

⁷² Submission 45, p 11.

⁷³ Mr Bailey, Evidence, 12 September 2011, p 59.

⁷⁴ NSW Office of State Revenue, *Regional Relocation (Home Buyers Grant) – Fact Sheet*, accessed 19 March 2012, <http://www.osr.nsw.gov.au/lib/doc/factsheets/fs_rrg1.pdf>

⁷⁵ NSW Office of State Revenue, *Regional Relocation (Home Buyers Grant) – Fact Sheet*.

- all applicants must have entered into an agreement to purchase a home, or vacant land with the intention to build a home, within a regional area, on or after 1 July 2011 and on or before 30 June 2015
- at least one applicant must have occupied the metropolitan home as their principal place of residence within 12 months before the contract exchange date of the regional property purchase
- the purchase price or the unencumbered value of the regional home must not exceed \$600 000, or \$450 000 for vacant land
- all applicants must sell the metropolitan home either before or within 12 months after the completion date of the regional property purchase
- all applicants must occupy the regional home as their principal place of residence for at least 12 continuous months commencing within 12 months after the completion date of the regional property purchase
- an applicant must not have previously received a relocation grant.⁷⁶

2.84 As of 30 April 2012, 636 relocation grants have been paid.⁷⁷ During evidence to the Committee, Mr Cullen indicated that '[t]he relocation grant has certainly been popular in terms of interest but I think the test will be in terms of its conversion.'⁷⁸

2.85 The table below outlines the number of grants paid per month since August 2011.

Table 2 Regional Relocation Grants paid by month⁷⁹

Month paid	Number of Grants paid	Total value
August 2011	10	\$70,000
September 2011	39	\$273,000
October 2011	52	\$364,000
November 2011	68	\$476,000
December 2011	52	\$364,000
January 2012	62	\$434,000
February 2012	127	\$889,000
March 2012	124	\$868,000
April 2012	102	\$714,000
Grand total	636	\$4,452,000

⁷⁶ NSW Office of State Revenue, *Regional Relocation (Home Buyers Grant) – Fact Sheet*.

⁷⁷ LC Debates (29/03/2012) 10140.

⁷⁸ Mr Cullen, Evidence, 12 September 2011, p 6.

⁷⁹ Information provided by the Office of the Minister for Finance and Services, to Principal Council Officer, 23 May 2012.

2.86 Mr Cullen noted that there was likely to be a time lag between the introduction of the grant program and people relocating to regional areas, given the significance of the decision to move:

... there will probably be a fairly lengthy lag time while that is being taken up because people need to go through that thought process and we know from dealing with the country regional living expo, sometimes people might actually be in that process of thinking about relocation for two or three years before they actually make the move.⁸⁰

2.87 Mr Cullen highlighted a number of other factors, aside from the relocation grant, that people are likely to take into consideration when deciding whether or not to move to a regional area, such as the availability of employment and schools:

If people are looking at making a move to a location, I think in terms of anything that helps offset the costs of those moves; that will be helpful to the process. Is it sufficient on its own? Probably not sufficient on its own, it needs other things that need to work as well. Is there a job available? Can I purchase a home that makes sense to me? Can my family find a school that is suitable for my kids? If I am a business that is moving, are there suppliers locally, who I can work with? There are a whole string of other things in the equation but any assistance that offsets some of those big costs of actually moving to another location; certainly would be helpful in the equation.⁸¹

2.88 This view was echoed by other inquiry participants who noted that while the grant may play a role in peoples' decisions to relocate, it was unlikely to be the determining factor. For example, Brindabella Airlines observed:

Whilst the up-front payment of \$7000 may give people a reason to consider a move, it will be the availability of jobs and key services that will be the key to their decision. Services such as hospitals, schools and access to transport (whether road, rail or air) are vital.

We would suggest that a broader approach be taken to encouraging population shift. To do this, there will need to be a better understanding of the factors that currently operate to push people towards the cities and a willingness to address these as well as to ensure that the key services are available in regional areas.⁸²

2.89 Representatives from CENTROC were generally supportive of the relocation grant program, but observed that local councils were yet to see results ensue. The CENTROC representatives further observed that while the program would be 'the icing on the cake' to attract people to relocate to regional areas, the grant program should only be one facet of efforts to encourage relocations to regional areas.⁸³

2.90 A similar sentiment was expressed by Wellington Council, who noted that while the relocation grant program '... is undoubtedly a worthwhile initiative', efforts should also be focussed on stimulating local employment opportunities:

⁸⁰ Mr Cullen, Evidence, 12 September 2011, p 6.

⁸¹ Mr Cullen, Evidence, 12 September 2011, p 7.

⁸² Submission 56, Brindabella Airlines, p 8.

⁸³ Legislative Council Standing Committee on State Development, *CENTROC roundtable sessions report*, March 2012, p 4.

... the approach fails to address the issue of employment creation. It is submitted that employment opportunities are required for sustainable movement of population, and there is a danger that the incentive will further strengthen the position of low unemployment LGA's. It may be worthwhile for the Committee to consider the importance of creating local employment opportunities in areas of high unemployment before encouraging greater competition for existing jobs.⁸⁴

- 2.91** Offering incentives for businesses to relocate outside of the metropolitan area was suggested by Bland Shire Council:

The State Government's recently announced \$7,000 housing grant for those relocating to regional areas is positive for the Bland Shire. Similarly styled incentives for business relocations should be encouraged to boost development in regional area.⁸⁵

- 2.92** In order to translate interest in the grant program into relocations, Mr Bailey advocated for the relaxation of the grant eligibility criteria in order to allow a greater number of people, including first home buyers, to access the grant:

Hopefully, the program will be extended so it does not just pitch to home owners and with time that it could be extended into first home buyers as a next step and then move forward from there. So there was a lot of inquiry and lots of interest, but lots of people came in with false hope because they did not qualify.⁸⁶

Committee comment

- 2.93** The Committee considers that initiatives such as the Evocities program and the Regional Relocation Grant program assist to encourage people to relocate from metropolitan to regional areas of the State.
- 2.94** Given the success of the Evocities program in encouraging people to relocate to regional centres, the NSW Government should continue to support this initiative, potentially with the view to expanding the number of towns involved in the program to include other regional locations. This should include examining the feasibility of establishing a tiered approach to the program, whereby the development of smaller regional centres is also encouraged.

Recommendation 3

That the NSW Government continue to support the Evocities initiative, with a view to expanding the number of Evocities involved in the program and determining ways to establish a tiered approach to the program, whereby the development of smaller regional centres is also encouraged.

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- 2.95** The Committee considers that given the short period of operation of the Regional Relocations Grant program, it is difficult to determine the success of the program in encouraging people to relocate out of metropolitan areas to regional NSW. The Committee is however concerned

⁸⁴ Submission 26, p 5.

⁸⁵ Submission 35, p 3.

⁸⁶ Mr Bailey, 12 September 2011, p 60.

that the strict eligibility criteria for the grant may deter some people from applying, or may exclude a portion of the population from benefitting from the grant.

- 2.96** Accordingly, the Committee considers that the Minister for Finance and Services, as the Minister responsible for the *Regional Relocation (Home Buyers Grant) Act 2011*, should review the eligibility criteria for the Regional Relocations Grant program, with a view to relaxing the eligibility criteria to make the grant more accessible and flexible.
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Recommendation 4

That the Minister for Finance and Services review the eligibility criteria for the Regional Relocations Grant program, with a view to making the grant more accessible and flexible.

- 2.97** Further, the Committee believes that there are other considerations that people will take into account when deciding to relocate to regional areas, such as access to health, education and cultural services and the adequacy of road and transport infrastructure. The remainder of this report will examine issues relating to the quality of life in central and western NSW, and will make recommendations that seek to enhance the provision of services and infrastructure in central and western NSW.

Chapter 3 Health services

The provision of high quality health services was seen by inquiry participants as a key factor to encourage the economic and social development of central and western NSW. This chapter explores a number of issues relating to the provision of health services, including concerns about the development of 'health hubs' at Bathurst, Dubbo and Orange. The chapter then examines the provision of aged care and allied health services in central and western NSW, before discussing perceptions of cost-shifting to local councils for the delivery of health services. The chapter concludes by discussing the role of the Royal Flying Doctor Service in providing health services to regional and remote communities.

Provision of health services

3.1 Central and western NSW, as defined by the Committee, encompasses three Local Health Districts (LHDs): the Greater Western, Greater Southern, and Sydney West districts.⁸⁷ The main public hospitals in central and western NSW are Dubbo Base Hospital, Orange Base Hospital and Bathurst Base Hospital. There are also the following hospitals:

- Forbes District Hospital
- Blayney District Hospital
- Cowra District Hospital
- Parkes District Hospital
- Young District Hospital
- Boorowa Hospital
- Crookwell Hospital
- Lithgow Hospital
- Oberon Hospital.

3.2 In addition to these hospitals, there is a range of health services available in each LHD, including aged care facilities, community health centres, oral health clinics and other health services.⁸⁸

3.3 In discussing the delivery of health services to central and western NSW, the NSW Government noted the challenge inherent in delivering health services to the widely dispersed population of central and western NSW, observing that the NSW Rural Health Plan is aiming to improve the level of services offered:

While there has been significant health infrastructure investment in central western NSW, the small and dispersed population means that it is not always possible to support high level diagnostic, acute and sub-acute health services.

⁸⁷ NSW Department of Health, *Annual Report 2009/10*, pp 209-350.

⁸⁸ 'Other' health services include services such as child and family health, mental health, aboriginal health and outpatient clinics. NSW Department of Health, *Annual Report 2009/10*, pp 209-350.

The NSW Rural Health Plan has achieved a significant enhancement of the range and level of complexity of appropriate clinical services and is changing delivery of care. This is achieved through targeted investment in training, education, research, access to technology and clinical trials, multidisciplinary teams etc to support an expanded service range.⁸⁹

- 3.4** A significant challenge to delivering health services in regional areas is the ability to attract and retain skilled professionals. The NSW Government highlighted the difficulties of recruiting and retaining health professionals to work in regional areas, which increases the costs of providing health services in non-metropolitan locations:

In NSW, like other parts of Australia, the supply of doctors and other health professionals decreases with increasing remoteness. Comparatively low populations and the temporal, financial and other costs affecting the mobility of highly trained professionals mean services in rural and remote areas often cannot operate cost efficiently when compared to metropolitan services.⁹⁰

- 3.5** While GP training is a Commonwealth Government responsibility, there are several NSW Government programs that provide incentives for rural doctors, including the GP Procedural Training Program and the NSW Rural Doctors Network.⁹¹

Creation of health hubs

- 3.6** A number of inquiry participants expressed concern about the creation of 'health hubs' at Bathurst, Dubbo and Orange, at the expense of services in other hospitals throughout central and western NSW. For example, the Local Government and Shires Associations of NSW highlighted both the advantages and disadvantages of the development of hubs:

While the centralisation of health services benefits the social and economic development of the health hubs (e.g. Orange, Dubbo) and are beneficial in increasing the level and range of health services provided in the Central West as a whole, it is often to the detriment of smaller towns and fringe communities. These smaller communities still need to be supported by an adequate level of local basic health services.⁹²

- 3.7** Regional Development Australia – Orana, having noted the importance of the accessibility and quality of health services and infrastructure, expressed concern about the 'significant contraction' of health services in many local hospitals:

In most of the smaller towns in the western and north western parts of the region, there has been a significant contraction of the services available in the local hospital (e.g. maternity, surgery) and many local residents are now required to travel three or more hours to a hospital in Dubbo to access these services, formerly available at their local hospital.⁹³

⁸⁹ Submission 52, NSW Government, p 16.

⁹⁰ Submission 52, p 15.

⁹¹ Submission 52, p 16.

⁹² Submission 48, Local Government and Shires Associations of NSW, p 3.

⁹³ Submission 44, RDA – Orana, p 3.

- 3.8** Participants at the Central NSW Councils Regional Organisation of Councils (CENTROC) roundtable discussion in Parkes cautioned against the ‘regional centralisation’ of health services, arguing that funding should be directed towards health facilities in smaller areas as well as regional health hubs.⁹⁴
- 3.9** The ‘greater health risk’ posed to individuals who often have to travel significant distances to access health facilities was raised as a concern by the Orana Regional Organisation of Councils (OROC):

... over time this region’s residents have watched, despairingly, the systematic decommissioning of their local hospitals and health services across western NSW, with greater health risk to individuals increasingly forced to bear the additional cost-shifting burden of distance travel.⁹⁵

- 3.10** OROC continued to note that residents of the region ‘...travel longer distances and encounter considerably more out-of-pocket expenses to access medical treatment and surgical procedures than other NSW residents’.⁹⁶
- 3.11** Mr Allan Smith, Vice President, Local Government Association, and Councillor, Dubbo City Council, also observed that the creation of health hubs often made it difficult for some people to access services due to distance and poor public transport options:

The services in some of those smaller communities have been declining in relation to access to their regional type hubs. They cannot get there, they might not drive, they have got to rely on community type transport mechanisms or the State Rail or CountryLink coach and that does not run every hour on the hour. It is sometimes a several day trip down and back.⁹⁷

- 3.12** Some inquiry participants were concerned that the health hubs were not sufficiently resourced to meet the needs of the residents of central and western NSW. For example, Lachlan Shire Council expressed concern that the health hubs were ‘struggling’ to meet the healthcare needs of patients:

... new hospitals in Orange and Bathurst appear overloaded and are struggling to cope with patient load and at the same time the hospitals in the smaller towns are underutilised and suffer from lack of regular maintenance and use.⁹⁸

- 3.13** Blue Mountains City Council suggested that the provision of additional services in the region would result in decreased pressure on health services in Sydney, and provide greater ease of access for residents of central and western NSW:

Presently, residents of the Blue Mountains often have to travel long distances to access health, educational and cultural facilities in various parts of western Sydney, where they also have to compete with residents of Sydney for these services. The

⁹⁴ CENTROC report, p 2.

⁹⁵ Submission 40, Orana Regional Organisation of Councils, p 3.

⁹⁶ Submission 40, p 3.

⁹⁷ Mr Allan Smith, Vice President, Local Government Association, and Councillor, Dubbo City Council, Evidence, 12 September 2011, p 24.

⁹⁸ Submission 16, Lachlan Shire Council, p 2.

provision of health, educational and cultural facilities services in areas of central western NSW such as Lithgow, as well as benefitting residents of those areas, would also benefit Blue Mountains residents by offering them more choice in the services and facilities that are available to them, and would also take some pressure off these facilities in Sydney.⁹⁹

- 3.14** However, despite concerns expressed by most inquiry participants about the centralisation of health services, some inquiry participants argued that this was the most efficient way to deliver health services. For example, Mr Michael Neall said:

There is certainly a need to rationalise health services across the state. Health costs are inevitably rising as specialist skills and equipment become more complex and more expensive. Small hospitals can no longer be expected to provide a full range of these increasingly sophisticated services. Expansion of regional facilities seems to be the most efficient way to provide these services.¹⁰⁰

- 3.15** The NSW Government has recently made several announcements regarding the delivery of health services to regional NSW, including central and western NSW. In August 2011, it was announced that greater responsibility and funding would be devolved to LHDs.¹⁰¹ In March 2012, plans were released for the re-development of the Dubbo Base Hospital.¹⁰² In addition, planning has commenced for the redevelopment and refurbishment of the Parkes and Forbes Hospitals.¹⁰³

- 3.16** An alternate approach to funding arrangements for regional health services was explored during meetings with Queensland Health and North Western Queensland Primary Health Care, organised by the Queensland Remote Areas Planning and Development Board (RAPAD). Under the approach used in Queensland, funds are administered by each health district, rather than funds being administered centrally. The District Chief Executive Officer, Ms Jill Magee, advised that this funding model gives the regional health service the authority to determine and purchase the services that they consider most important for their community.¹⁰⁴

Committee comment

- 3.17** The Committee considers that access to high quality health services is of critical importance for all residents of central and western NSW. The Committee acknowledges that the

⁹⁹ Submission 32, Blue Mountains City Council, pp 2-3.

¹⁰⁰ Submission 3, Mr Michael Neall, p 1.

¹⁰¹ The Hon Jillian Skinner MP, Minister for Health and Minister for Medical Research, 'Regional NSW big winners of health overhaul', *Media Release*, 24 August 2011, accessed 8 May 2012 <http://www.health.nsw.gov.au/news/2011/pdf/20110824_01.pdf>

¹⁰² The Hon Jillian Skinner MP, Minister for Health and Minister for Medical Research, 'Significant step forward for Dubbo Hospital redevelopment', *Media Release*, 23 March 2012, accessed 8 May 2012 <http://www.health.nsw.gov.au/news/2012/pdf/20120323_00.pdf>

¹⁰³ The Hon Jillian Skinner MP, Minister for Health and Minister for Medical Research, 'Parkes and Forbes Hospital Visit', *Media Release*, 1 November 2011, accessed 8 May 2012 <http://www.health.nsw.gov.au/news/2011/pdf/20111101_00.pdf>

¹⁰⁴ NSW Legislative Council, Standing Committee on State Development, *Sub-committee report on visit of inspection to Longreach, Queensland*, September 2011, p 2.

development of health hubs at Bathurst, Dubbo and Orange has resulted in reduced availability of some services at smaller hospitals throughout the region. However, given the increasingly complex range of health services being provided to the community, it is in many ways inevitable that not all health services will be available at all hospitals in the region. The government must look to the most cost-effective way to deliver the maximum number of health services to the maximum number of people.

- 3.18** Nevertheless, the Committee believes that a minimum level of services should be available at hospitals throughout central and western NSW. In this regard, the Committee believes that the planned redevelopment and refurbishment of Parkes and Forbes District Hospitals will be of great benefit to the communities serviced by these hospitals. The Committee encourages the Minister for Health to audit the infrastructure needs of other hospitals in the region, to ensure that the health infrastructure is of a high standard.
- 3.19** The Committee further considers that the devolution of enhanced financial and staffing responsibility to LHDs is a positive initiative that will enhance the delivery of health services throughout central and western NSW.
- 3.20** As demonstrated by the Queensland experience, this devolution will allow the LHDs to be more responsive to local community needs and priorities by allocating resources to areas considered most important for the community. The Committee recommends that the Minister for Health ensure that LHDs are given sufficient financial authority to allow them to allocate resources according to local priorities.

Recommendation 5

That the Minister for Health provide Local Health Districts with financial authority to allow each District to allocate resources according to local priorities.

Other health services

- 3.21** A number of inquiry participants highlighted inadequacies in the availability and delivery of aged care and allied health services, such as physiotherapy and early intervention services, to central and western NSW. Inquiry participants also noted that there is no 24 hour emergency helicopter retrieval service in the Central West region.

Aged care

- 3.22** Some inquiry participants drew attention to the increasing demand for aged care facilities in central and western NSW. Mr Adam Marshall, Vice-President, Shires Association, and Mayor, Gunnedah Shire Council, noted that due to a mismatch between the demand for and the supply of aged care facilities, it was becoming ‘increasingly difficult’ for the aged population to remain in the region:

... people especially in rural areas; they love their community; that is why they live there. They want to grow old there and they ultimately want to die there. That is

where their roots are, it is where their families are, but it is becoming increasingly difficult to do so.¹⁰⁵

- 3.23** The Local Government and Shires Associations highlighted the ‘deficiency’ of aged care facilities in the region, and noted that the shortage of suitable facilities would be exacerbated due to the increasing aged population:

The deficiency of aged care services in rural NSW is forcing many people to leave their communities to access aged care services. It is anticipated with an ageing population and with 18% of farmers over the age of 65, the need for aged care services will increase and further perpetuate the depopulation of many rural communities.¹⁰⁶

- 3.24** The issue of population demographics is discussed in chapter 2.

- 3.25** Oberon Council observed that the insufficient supply of aged care facilities often ‘forced’ people to seek assistance outside of the area, which creates additional stress for the people and families placing loved ones in aged care facilities:

The allocation of bed licences for our region remains insufficient to meet demand. The limited aged care facilities currently located in Oberon are at capacity and substantial waiting lists exist. The established low care facility is now operating as a defacto high care facility while beds at the Multi-Purpose Service facility are permanently occupied by high care aged patients.

Currently all new low and high care aged patients are forced to seek alternate service provision outside of the LGA. The additional emotional and financial stresses this places on both the recipient of the care and their families is enormous at a time that is already recognised as a stressful life event.¹⁰⁷

- 3.26** Improved health services were identified by Broken Hill High School students as being critical to the economic and social development of Broken Hill, particularly the provision of additional aged care facilities and better mental health services.¹⁰⁸

Allied health services

- 3.27** Inquiry participants also highlighted a lack of allied health services in central and western NSW, such as speech therapy and mental health services. For example, Bland Shire Council explained that the provision of allied health services in the region is ‘fragmented and disjointed’, and suggested that the current practice of visiting health professionals providing services was not adequately meeting community needs:

The allied health needs of our community such as physiotherapy, mental health, speech therapy and occupational therapy are serviced in a fragmented and disjointed manner or in some cases not serviced at all. Several studies have clearly shown there is

¹⁰⁵ Mr Adam Marshall, Vice-President, Shires Association, and Mayor, Gunnedah Shire Council, Evidence, 12 September 2011, p 32.

¹⁰⁶ Submission 48, p 3.

¹⁰⁷ Submission 29, Oberon Council, p 5.

¹⁰⁸ Submission 58, Broken Hill High School students, p 1.

a significant demand for a range of Allied Health Services throughout Bland Shire. This need is not been met by the current strategy that promotes visiting Health professionals rather than establishing a constant local presence. Shortages of both funding and staff see this area being serviced on a shared basis with neighbouring towns. This places a significant travel burden on the staff in these roles as well as being a significant cost in terms of wasted hours which could be allocated to clinical care.¹⁰⁹

- 3.28** Several other inquiry participants also raised the lack of these services in the region. Cobar Shire Council drew particular attention to the lack of occupational therapy and speech therapy services:

There is a lack of equity in health service provision in our region. There is a severe lack in the provision of a number of allied health services, despite a demonstrated demand for such services. For instance, the schools have all identified their biggest need is not around education services, but the provision of occupational therapy and speech therapy services ... Currently, parents are being asked to drive over 600krm (round trip) to access regular early intervention services. This is a significant drain on time and financial resources for families, not to mention the time lost for the children who should be attending school.¹¹⁰

- 3.29** The Mid-Western Regional Council advised that there are ‘severe limitations’ on access to a range of allied health services, such as speech therapy, in addition to challenges in accessing general medical services:

In the Mid-Western Region, there are often occasions where access to medical services is inadequate. While not a unique experience across rural and regional areas, it is the case that it can take weeks to secure an appointment with a doctor. There are severe limitations on the level of services for early intervention, speech pathology and occupational therapy.¹¹¹

- 3.30** The Rural and Remote Autism Spectrum Disorder Awareness and Carers Network told the Committee that the ‘postcode lottery of services’ meant that people in regional areas with Autism Spectrum Disorder and their carers are less able to access assistance and support than their counterparts in metropolitan areas.¹¹² The Network detailed some of the difficulties faced in accessing services:

... the nearest access to treatment for our ASD others and ourselves is in Sydney and can only be accessed fortnightly and monthly respectively, this is due to a lack of skilled Clinical Psychologists trained in the treatment of ASD, and skilled Sensory technicians to deliver treatment in the public or private sector in country NSW.¹¹³

- 3.31** The Network pointed out the significant financial burden placed on families accessing services, which is exacerbated by a lack of government assistance after the age of seven:

¹⁰⁹ Submission 35, Bland Shire Council, p 1.

¹¹⁰ Submission 18, Cobar Shire Council, p 2.

¹¹¹ Submission 10, Mid-Western Regional Council, p 5.

¹¹² Submission 17, Rural and Remote Autism Spectrum Disorder Awareness and Carers Network, p 3.

¹¹³ Submission 17, p 7.

For children aged from 5 to 7 they are funded through the \$190 million 'Helping Children with Autism Package'. For adults there is no such help ... After the child reaches the age of 7 unless the parents are wealthy there is minimal intervention for the child. Therefore all the funding provided prior to age 7 has been wasted as there is no means to carry on and the child will regress or stay at that stage of growth.

As there is no ring fenced funding for adults with ASD this comes at a great family cost at \$750 per fortnight. This includes travel expenses, accommodation, meals, tolls and fees just to see the Clinical Psychologist. This is unsustainable in this economic climate for any 'typical' family.¹¹⁴

- 3.32** The NSW Rural Assistance Authority highlighted the lack of mental health services in regional areas, noting that access to such services was particularly important given the impact of prolonged drought for many communities:

While it is acknowledged that the central western region of New South Wales requires the provision of a comprehensive, quality range of health care services, members of the Authority board hold particular concerns regarding the state of rural mental health given the impact of prolonged and continuing financial stress on central western region farmers and small rural businesses.¹¹⁵

- 3.33** Some inquiry participants expressed concern that there is no 24 hour helicopter retrieval service in the Central West. For example, Mr Andrew Gee MP, Member for Orange, observed:

The Central West is not currently serviced by a 24 hour helicopter retrieval service. It is currently the only region in NSW that is not serviced by such a service.

Leaving aside issues of equity, the provision of such a service will not only boost medical services in the region but also economic confidence by demonstrating that the Central West has the same level of services as other regions.

The Orange Health Service is a major referral hospital in the Central West, with over 90 resident specialists living in Orange itself. There are currently some medical procedures that are unable to be performed at the Health Service because aero-medical backup is not readily available through the night in the event that it is needed.¹¹⁶

- 3.34** Both CENTROC and Regional Development Australia – Central West reiterated the concern that there is no 24 hour aerial emergency retrieval service in the Central West region.¹¹⁷

- 3.35** In September 2011, the Minister for Health, the Hon Jillian Skinner MP, advised that there was no current plan to provide a 24 hour aerial emergency retrieval service in the Central West

¹¹⁴ Submission 17, pp 7-8.

¹¹⁵ Submission 19, NSW Rural Assistance Authority, p 6.

¹¹⁶ Submission 62, Mr Andrew Gee MP, Member for Orange, p 1.

¹¹⁷ Submission 37, CENTROC, p 5; Submission 23, Regional Development Australia Central West, p 4.

region. Ms Skinner further advised that an external review of all retrieval services would be undertaken in 2012.¹¹⁸

Committee comment

- 3.36** The Committee acknowledges the challenges facing communities in central and western NSW in accessing aged care and allied health services. The lack of such services places a significant financial and emotional burden on individuals and families in the region, which can exacerbate the difficulties of what are already stressful situations.
- 3.37** We also acknowledge the challenge of providing a full spectrum of health services to communities throughout central and western NSW, particularly given limited financial resources and the difficulties in recruiting and retaining health professionals.
- 3.38** As explained at paragraph 3.19, the Committee hopes that as greater financial and staffing responsibility is devolved to Local Health Districts, they will become more responsive to local community needs, and be able to direct resources accordingly. In this regard, the Committee considers that the funding model implemented in north-west Queensland, is worth examining.
- 3.39** The Committee also notes the lack of a 24 hour aerial emergency retrieval service in the Central West. During the review of retrieval services, the Committee hopes that strong consideration will be given to providing a 24 hour aerial emergency retrieval service in the region.

Cost shifting and the provision of health services

- 3.40** A central concern throughout the inquiry was the increasingly important role played by local government in the delivery of health services, with many inquiry participants noting that the financial cost of providing health services was shifting away from Federal and State Government to rest with local government. Local councils advised that they were assuming significant financial responsibility for several areas of health service delivery, including attracting health professionals, and building and maintaining health infrastructure.
- 3.41** The Local Government and Shires Associations of NSW outlined their perspective:
- Councils are frequently required to fill the gaps in the provision of health services, necessitating the reallocation of funding from other infrastructure and service needs. Local Government considers this as a direct cost shift from the State and Commonwealth Governments.¹¹⁹
- 3.42** OROC similarly contended that the cost of providing a number of health services to communities had ‘devolved’ to local government:

¹¹⁸ ABC, *Skinner rejects helicopter service plea*, 9 September 2011, accessed 1 May 2012 <<http://www.abc.net.au/news/2011-09-09/skinner-rejects-helicopter-service-plea/2878528/?site=centralwest§ion=news>>

¹¹⁹ Submission 48, p 2.

An alarming inequity in health funding and services has typically cost shifted to the community and, in particular for this region, responsibility has devolved upon local government to supply health infrastructure in order to attract general practitioners, dentists, pharmacists and allied health professionals.¹²⁰

- 3.43** The financial burdens assumed by local councils in the Orana region were outlined by Mr Smith, who noted that approximately '\$25 million worth of capital' had been spent by councils, in addition to the recurrent costs of maintaining health infrastructure:

... the Orana regional group of councils did a survey some 18 months, two years ago just to get some rough idea of what is being put in and at that stage there was some \$25 million worth of capital being stumped up. That \$25 million is not going on the infrastructure, it is on new pieces of infrastructure to maintain the medical services, which will then have a further infrastructure problem to be maintained and then they have also stumped up a recurring cost of somewhere between \$2 million to \$3 million, which naturally comes out of the general rate area, which reduces their capacity to give the services they require for their community in other areas or reduces their capacity to maintain the infrastructure.¹²¹

- 3.44** Mr Smith explained that local councils are compelled to become involved in the provision of health services such as GPs and dentists because of pressure from their communities to ensure that a basic level of health services is available:

Because they [local councils] are the closest form of government to their community, a lot of pressure is applied to those councils to supply those services and of course because they are there on a daily basis getting that pressure applied to them, they fold and give those services to their community, which really is the role of a State or Federal Government but if the State or Federal Government is not stepping up to the plate, then someone has to because what we are talking about is just basic GP services, basic dental services.¹²²

- 3.45** A number of local councils who made submissions to this inquiry described the investments that they had made in health infrastructure and services in their regions. For example, Oberon Council indicated that, due to the insufficient supply of aged care beds in the area, Council '... has been proactive in securing land and development approval for a low and high care 88 bed facility to be located in Oberon'.¹²³

- 3.46** Lachlan Shire Council outlined how the decline of health services available in the Shire has resulted in the Council taking an 'active role' in recruiting GP's to the region:

Over the past several years there has been a steady but certain decline in the level of health services available to residents immediately within Lachlan Shire as the availability of GP's has declined. To the extent that surgery is no longer performed within the shire, no birthing facilities are available and patients have to be transported out of the shire to regional facilities to receive specialist treatment. Recognising the

¹²⁰ Submission 40, p 3.

¹²¹ Mr Smith, Evidence, 12 September 2011, p 25.

¹²² Mr Smith, Evidence, 12 September 2011, p 24.

¹²³ Submission 29, p 5.

importance of health services Council plays an active role in recruiting GP's into each of the towns in the shire and provides medical centres and financial support...¹²⁴

- 3.47** Cobar Shire Council advised that it currently responsible for over \$8.25 million of health infrastructure, including an aged care facility a medical centre, a separate doctors surgery, dental clinic and housing for medical staff.¹²⁵ While Cobar Shire Council continues to invest in this infrastructure, despite making an annual loss, the Council contended that these resources could be better spent providing other services to the community:

Furthermore, Council is losing over \$365,000 annually on the operation of these services ... Cobar Shire Council does invest in these activities as the community demands we do so because no other level of government - who should be providing the funding - will do so. This money could be far better used to provide other services to the residents of Cobar Shire, such as youth services, economic development, road maintenance and more.¹²⁶

- 3.48** Forbes Shire Council also noted that it was becoming increasingly involved in the delivery of health services:

Provision of adequate healthcare is a major concern for Council; whilst provision of health care is not one of Council's key service areas, over the last eight years it has increasingly become involved with providing healthcare infrastructure and services to attract and retain health professionals.¹²⁷

- 3.49** Forbes Shire Council outlined some of the health-related projects that it has undertaken, including financing a purpose built medical centre, implementing financial incentives to help doctors and nurses with relocation costs, and establishing the Jemalong Residential Education Centre Forbes which provides short-term accommodation for visiting medical students.¹²⁸

Committee comment

- 3.50** The Committee acknowledges the growing role that local councils are playing in the delivery of a range of health infrastructure and services to their communities. The Committee notes the financial pressures that this responsibility is placing on local councils, and the difficulties that local councils will inevitably face in prioritising their spending needs.
- 3.51** The Committee believes that there is a clear need to re-examine the delineation of responsibilities, together with the funding arrangements, that exist between different levels of government. This issue is discussed in greater detail in chapter 9.

¹²⁴ Submission 16, p 2.

¹²⁵ Submission 18, Cobar Shire Council, pp 1-2.

¹²⁶ Submission 18, pp 1-2.

¹²⁷ Submission 30, Forbes Shire Council, p 2.

¹²⁸ Submission 30, p 2.

Royal Flying Doctor Service

- 3.52** For many residents of central and western NSW, the Royal Flying Doctor Service (RFDS) is the sole provider of health services, particularly in the far western reaches of the area of inquiry. Dr Lisa McFayden, Business Manager, Health Services, RFDS – South Eastern Section, outlined the range of services provided by the RFDS:

From our Broken Hill base, the RFDS covers more than 20 per cent of New South Wales, delivering regular medical and allied health clinics in 13 different communities in New South Wales. The section also provides health services in six communities in Queensland and South Australia. The services provided in these communities include regular scheduled GP clinics, women's and children's health services, and mental health and dental clinics.

The RFDS also provides and stocks more than 400 medical chests throughout the region. These chests are held at remote pastoral properties, out stations and Indigenous communities, and they enable our doctors to prescribe medications while they are undertaking remote consultations. Without the RFDS and the remote clinical support our doctors provide, these communities would not have a medical service and they would not survive.¹²⁹

- 3.53** Dr McFayden advised that there are four key changes that would allow the RFDS to improve the range and quality of services that it provides to the community. Firstly, Dr McFayden explained that the current speed of internet services hindered the ability of doctors to access medical records and test results:

... broadband access is so slow and unreliable that our doctors cannot always access a patient's medical records, and when they do have a connection it is so slow that clinicians lose about 30 minutes a day in each clinic. That is the equivalent of one or two consultations per doctor per day. The lack of reliable high-speed broadband can also prevent remote health staff from accessing patient's test results and it stops us from being able to properly utilise tele-health technologies.¹³⁰

- 3.54** Internet services are discussed in more detail in chapter 4.

- 3.55** Secondly, Dr McFayden noted that the ability of the RFDS to recruit and retain an 'adequate and appropriately skilled health workforce' is hampered by the lack of suitable housing in Dubbo, Broken Hill and Menindee.¹³¹ The RFDS advised that while it had applied for a Regional Development Australia grant to fund the construction of housing facilities, it had been unsuccessful.¹³²

- 3.56** The ability to attract and retain skilled professionals was identified as an issue across a range of fields, including health care, education and the mining and agricultural industries.

¹²⁹ Dr Lisa McFayden, Business Manager, Health Services, Royal Flying Doctor Service – South Eastern Section, Evidence, 4 November 2011, p 45.

¹³⁰ Dr McFayden, Evidence, 4 November 2011, p 45.

¹³¹ Dr McFayden, Evidence, 4 November 2011, p 45.

¹³² Submission 31, Royal Flying Doctor Service – South Eastern Section, pp 1-2.

- 3.57** The third related issue raised is the implementation of the Pre-Vocational General Practice Placement Program (PGPPP). Dr McFayden explained that the PGPPP involves an 11-week general practice rotation in a rural area for doctors in their first two post-graduate years.¹³³ Dr McFayden noted that while the RFDS was trying to establish the PGPPP in Menindee and Wilcannia, the lack of suitable housing was a hindrance to implementation:

The RFDS, together with the Far West Local Health District and Sydney University's department of rural health, is trying to establish clinical placements in Menindee and Wilcannia through the Pre-vocational General Practice Placement Program (PGPPP). This would give these communities a resident doctor for the first time in decades. The PGPPP would not only give junior doctors valuable clinical exposure, but it would help deliver chronic disease services in these communities. But a lack of suitable housing in Menindee is a major impediment.¹³⁴

- 3.58** Finally, Dr McFayden said that the '... main difficulty that the RFDS faces in delivering adequate chronic disease care is securing the funding to employ the necessary health staff'.¹³⁵ Dr McFayden suggested that this issue could be overcome if the RFDS was able to access Medicare rebates through the '19(2) exemption' in the same way as other general practices.

Because the RFDS receives a grant from the Australian Government, we are not able to access any Medicare rebates. This means that we also cannot access the Practice Incentive Payments, the Enhanced Primary Care payments and the service incentive payments. Without this income, we cannot provide the full range of interventions that we need to prevent or appropriately manage chronic disease in the community ... In order to expand our services, we need a 19 (2) exemption. Aboriginal health services can already obtain a 19 (2) exemption, and this allows them to bill for a whole range of extended services, including chronic disease management. With a similar arrangement, the RFDS could provide a raft of additional services in these already disadvantaged communities. From 2013 the Far West Local Health District is expecting to receive a 19 (2) exemption for communities with population of less than 7,000. The RFDS needs to be able to access this 19 (2) exemption.¹³⁶

- 3.59** An exemption from section 19(2) of the *Health Insurance Act 1973* (Cth) would permit the RFDS to claim the Medicare rebate for the provision of primary health care services for both non-admitted and non-referred patients. The exemption can be granted for health care providers in some rural and remote communities of less than 7,000 people.¹³⁷
- 3.60** Dr McFayden noted that the RFDS '... understands that the NSW Government is working with the Australian Government to obtain these exemptions, and I cannot stress strongly enough how important it is'.¹³⁸

¹³³ Dr McFayden, Evidence, 4 November 2011, pp 46-47.

¹³⁴ Dr McFayden, Evidence, 4 November 2011, p 45.

¹³⁵ Dr McFayden, Evidence, 4 November 2011, p 46.

¹³⁶ Dr McFayden, Evidence, 4 November 2011, p 46.

¹³⁷ *Health Insurance Act 1973* (Cth), s 19(2); Queensland Government, *Medicare Billing for Primary Care in Small Rural Hospitals – COAG Section 19 (2) Exemption for Non-admitted Services*, April 2007, p 1, accessed 2 May 2012 < http://www.health.qld.gov.au/publications/Guidelines_COAG_19.2.pdf>

¹³⁸ Dr McFayden, Evidence, 4 November 2011, p 46.

- 3.61** Dr McFayden also highlighted that '[o]ne of our biggest infrastructure requirements is a primary health care facility in Broken Hill'¹³⁹, the lack of which limits the range of services that the RFDS is able to provide:

We are trying to build more capacity, to set up student training facilities, so that when a student is consulting, somebody can observe from the outside. We can set up a room for tele-health consulting; we can have mental health rooms that are properly soundproofed. At the moment people are doing mental health consults off the kitchen table and in offices where everything echoes through the corridor and so on. We do not have any capacity to offer any other allied health services. The diabetes educator has nowhere to go. We cannot provide any dietary services and so on.¹⁴⁰

- 3.62** A related issue raised by inquiry participants was access to landing strips in central and western NSW, many of which are utilised by the RFDS. This is discussed in chapter 5.

Committee comment

- 3.63** The Committee acknowledges the vital role that the RFDS plays in delivering health services to residents throughout central and western NSW, and indeed across Australia. Without the RFDS, many communities would have no health services, leading to significant detrimental health and social outcomes.

- 3.64** The Committee believes that the NSW Minister for Health must endeavour to bring negotiations with the Commonwealth Minister for Health to a close as soon as possible, to ensure that the RFDS is granted an exemption from section 19(2) of the *Health Insurance Act 1973* (Cth). This exemption will provide the RFDS with enhanced capacity to deliver health services to rural and remote communities across central and western NSW.

Recommendation 6

That the NSW Minister for Health endeavour to complete negotiations with the Commonwealth Minister for Health as soon as possible to ensure that the Royal Flying Doctor Service – South Eastern Section is granted an exemption from section 19(2) of the *Health Insurance Act 1973* (Cth), to enable the Royal Flying Doctor Service – South Eastern Section to claim Medicare rebates.

¹³⁹ Dr McFayden, Evidence, 4 November 2011, p 51.

¹⁴⁰ Dr McFayden, Evidence, 4 November 2011, p 51.

Chapter 4 Education and cultural facilities

This chapter examines the provision of education and cultural facilities in central and western NSW, commencing by discussing the importance of providing quality secondary and tertiary education opportunities to people in the region. The provision of cultural facilities is then examined, with specific reference to the costs borne by local councils in providing and maintaining cultural facilities, and the need for additional funding from the State Government to meet these costs. The chapter concludes by discussing the provision of telecommunication services, including the roll-out of the National Broadband Network in central and western NSW.

Education facilities

4.1 Access to quality education facilities is a critical factor in encouraging the economic and social development of central and western NSW. Inquiry participants highlighted the challenges facing the region in accessing education facilities, with a particular focus on secondary, tertiary and vocational education facilities. Inquiry participants also identified two initiatives, the Clontarf Foundation and the Royal Agricultural Show Foundation, as achieving positive outcomes for access to education in regional areas.

4.2 The NSW Government, having noted the importance of access to high quality education, observed that there is ‘growing evidence’ of a gap between the quality of education in regional and metropolitan areas:

The residents of central western NSW deserve access to high quality education. Despite this, there is growing evidence of an education divide between city-based students and those from regional or remote NSW. The gaps in attainment reflect underlying challenges such as access to services and infrastructure, job prospects in the region, and capacity to attract and retain quality teachers.¹⁴¹

4.3 A significant factor that impacts on the quality of education is the ability to attract and retain education professionals. The NSW Government outlined the range of incentives that it offers to address the challenge of recruiting and retaining of teachers, including:

- providing subsidised housing, incentive transfers, additional vacation and leave periods and retention benefits, locality allowances, as well as additional professional development days
- promoting rural teaching as a career through Teach NSW
- providing teacher education scholarship.¹⁴²

4.4 Since 2010, approximately 300 teacher education scholarships have been offered each year in the western region, of which up to 80 are awarded to Aboriginal or Torres Strait Islander students to train as primary or secondary teachers. Another 220 scholarships are awarded to students in the secondary key learning areas.¹⁴³

¹⁴¹ Submission 52, NSW Government, p 13.

¹⁴² Submission 52, p 14.

¹⁴³ Submission 52, p 14.

Secondary education

- 4.5** Generally, inquiry participants were satisfied that primary school facilities across the region meet the needs of communities. However, the ability of secondary school facilities to provide quality education for students provoked concern amongst inquiry participants. These concerns related to subject choice and the rates of children leaving school prior to the completion of their education.
- 4.6** The Local Government and Shires Associations of NSW noted that some secondary schools are only able to offer limited subject choice to students, which can result in students leaving local schools to attend boarding schools:
- Schools in rural areas of NSW are finding it increasingly difficult to retain appropriate subject choices and special need services for students in comparison with schools in metropolitan area and larger regional centres. Consequently, many students are being relocated to better resourced schools (i.e. boarding schools) to seek a better education.¹⁴⁴
- 4.7** Lachlan Shire Council similarly noted an exodus of students from local schools, continuing to observe the impact that inadequate educational facilities can have on the ability of Council to recruit employees:
- Large numbers of children particularly high school age children are attending private and public schools out of the shire because the local high school is not meeting their educational needs. Most trade course students have to travel to Parkes, Dubbo or Orange to attend TAFE training. Council has considerable difficulty recruiting employees into the shire that have school age children ...¹⁴⁵
- 4.8** Cobar Shire Council observed that growth in the mining industry was resulting in many young people leaving school to take up employment opportunities, which may have a detrimental impact on their long term employment projects:
- The strength of the mining industry has resulted in more children leaving school early to work in the mines, earning relatively high incomes. These children are obtaining a lower level of education for short term financial gain. Not all are gaining trades, many are leaving school to become operators. Once the mining boom ends they are likely to find it difficult to access employment.¹⁴⁶
- 4.9** Cobar Shire Council further said that the reduced student population resulted in fewer subject choices and an outflow of students to boarding schools, which ‘... creates a vicious cycle at the school which desperately needs more resources so the standard of education can be increased’.¹⁴⁷
- 4.10** Placing a greater focus on readying children and young people for work was suggested by Mr Rick Warren, General Manager, Coonamble Shire Council, as a way to achieve greater engagement amongst school populations:

¹⁴⁴ Submission 48, Local Government and Shires Associations of NSW, p 3.

¹⁴⁵ Submission 16, Lachlan Shire Council, p 3.

¹⁴⁶ Submission 18, Cobar Shire Council, pp 2-3.

¹⁴⁷ Submission 18, pp 2-3.

We need to engage them more in work ready activities, trying to get them into the workforce. We are just finding that book learning, schoolroom learning is not going to prepare them to enter the workforce ... Specifically our council and the schools and education department are looking at alternate learning centres or alternate learning arrangements for those people with a view of getting away from 'we are engaging them' to 'we are going to be able to make these people work ready'. Certainly we believe education is key, but not education for education's sake, and also to be able to make them work ready.¹⁴⁸

Clontarf Foundation

- 4.11** As discussed in chapter 2, central and western NSW has a growing indigenous population. Some inquiry participants noted the importance of better engaging the indigenous population in education, highlighting the achievements of the Clontarf Foundation in engaging indigenous boys in secondary education.¹⁴⁹
- 4.12** The Clontarf Foundation, which is based in Western Australia, aims to '...improve the education, discipline, self-esteem, life skills and employment prospects of young Aboriginal men and by doing so, equip them to participate more meaningfully in society'.¹⁵⁰ The Foundation explained how it seeks to engage indigenous youth in education, leveraging off an interest in football:

We work in partnership with the Education Department and schools. In each location we form a Clontarf Academy on the school property, which is open to any Aboriginal male enrolled at that school ... The Clontarf Foundation works by using the existing passion that Aboriginal boys have for football to attract the boys to school and then through the diverse Academy program we are able to keep them coming through to the completion of Year 12 ... The school provides the academic education program and Clontarf provides the mechanism to engage the boys into the school environment. We work in partnership with teachers, parents and the community to ensure the education program provided by the school is meeting the needs of each student.¹⁵¹

- 4.13** The Foundation operates in 45 schools in metropolitan, rural and remote locations across Victoria, the Northern Territory and Western Australia, with over 2,500 students.¹⁵² The Foundation advised that it intends to commence operating up to seven academies in western NSW in 2012, in partnership with the Aboriginal Education Consultative Group and National Rugby League:

The first locations proposed to commence in 2012, based on the scoping work undertaken to date, are in Western NSW and could include 300 students in the region encompassing Bourke, Brewarrina, Coonamble, Moree, Inverell, Armidale and

¹⁴⁸ Mr Rick Warren, General Manager, Coonamble Shire Council, Evidence, 3 November 2011, p 4.

¹⁴⁹ See for example Mr John Walkom, Chair, Regional Development Australia – Orana, Evidence, 2 November 2011, pp 28-29.

¹⁵⁰ Submission 60, Clontarf Foundation, p 3.

¹⁵¹ Submission 60, p 6.

¹⁵² Submission 60, p 3.

Tamworth. Subject to the commitment of all stakeholders and availability of funding, it is proposed to reach our target of 44 Academies in NSW by 2015.¹⁵³

- 4.14** As of May 2012, academies have opened in Tamworth and Armidale. Academies are scheduled to open in Moree, Inverell, Coonamble, Brewarrina and Bourke before the end of June 2012.¹⁵⁴
- 4.15** The Foundation continues to support its students after the completion of school as they transition into further education or full time employment.¹⁵⁵
- 4.16** The Clontarf Foundation advised that it costs approximately \$6,900 per student, per year to operate the program, with funding received from the Federal Government, the relevant State or Territory Governments and the private sector.¹⁵⁶
- 4.17** The Clontarf Foundation observed that '[t]he retention of students in education is seen as an important milestone in breaking the cycle of disadvantage'¹⁵⁷, and explained the positive outcomes achieved by the program:

There are significant positive outcomes for the whole community when the young men complete school, participate in employment and improve their health and economic status. These young men become role models to their younger siblings and relatives, better partners and fathers, and ultimately better leaders in their community as they make a meaningful contribution to society.¹⁵⁸

Committee comment

- 4.18** The Committee considers that the provision of varied and accessible education opportunities is a key factor in encouraging the economic and social development of central and western NSW. The Committee believes that the Clontarf Foundation is an excellent initiative to improve the engagement of young indigenous males in education. In addition to expanding the opportunities available to young indigenous males, there will also be significant positive flow on effects for the whole community.
- 4.19** The Committee is optimistic that the success of the Clontarf Foundation in Victoria, the Northern Territory and Western Australia will be mirrored here in NSW. The Committee recommends that the NSW Government commit annual funding to the Clontarf Foundation to allow for the continued roll-out of the Foundation's program in NSW.

¹⁵³ Submission 60, p 16.

¹⁵⁴ Clontarf Foundation, *Annual Report 2011*, p 3, accessed 21 May 2012 <http://www.clontarffootball.com/userfiles/files/Foundation/2012/2012%20Annual%20Report/Clontarf%20Fdn_Annual%20Report%202011_A4.pdf>

¹⁵⁵ Submission 60, p 9.

¹⁵⁶ Submission 60, p 14.

¹⁵⁷ Submission 60, p 4.

¹⁵⁸ Submission 60, p 10.

Recommendation 7

That the NSW Government commit annual funding to the Clontarf Foundation to allow for the roll-out of the Foundation's program in NSW.

Tertiary education and vocational training

4.20 Inquiry participants suggested that options for tertiary education and vocational training must be improved throughout central and western NSW in order to provide better access to further education for people currently living in the region, and to attract more people to relocate to the region.

4.21 There are a range of tertiary education and vocational training facilities currently located in central and western NSW, as outlined by Regional Development Australia – Central West:

There are a number of educational institutions located within the Central West region offering training opportunities that contribute to a highly skilled workforce. These include institutions such as the Charles Sturt University campuses in Bathurst and Orange and TAFE Western campuses located in Bathurst, Cowra, Forbes, Lithgow, Orange and Parkes and the Central West Community College throughout the Central West region. Other organisations include Central West Group Apprentices, which has offices in Bathurst, Orange, Parkes, Cowra and Lithgow, and a range of Registered Training Organisations.¹⁵⁹

4.22 The Mid-Western Regional Council highlighted the importance of quality higher education across the region, especially given the growth in mining ventures and the opportunities that such growth affords local communities:

With the projected growth in the mining and mining related industries in the immediate future, the impact of skill shortages means that it is imperative that higher education opportunities are provided for the region. It makes sense for the growth in mining related activities to be mirrored by growth in the education sector that is needed to educate and skill the local community to undertake the work required.¹⁶⁰

4.23 The need to train young people to support the mining industry was reiterated by Mr Andrew Gee MP, Member for Orange, who told the Committee: 'The mining industry has created a demand for workers with training in mine-related activities. This type of vocational training should be further supported and expanded'.¹⁶¹

4.24 Mr Sandy Morrison, Chair, Regional Development Australia – Central West, noted that a lack of options in available courses was a problem confronting regional communities, and observed that improved access to communication technologies may assist to increase course options:

One of our problems is that people from small communities have been missing out on courses available. They are using internet, mobile classrooms, extended classrooms

¹⁵⁹ Submission 23, Regional Development Australia Central West, p 5.

¹⁶⁰ Submission 10, Mid-Western Regional Council, p 6.

¹⁶¹ Submission 62, Mr Andrew Gee MP, Member for Orange, p 5.

and a whole array of new technology and reorganising how they teach to reach remote and rural students.¹⁶²

- 4.25** Also advocating greater use of available technology, Mr Kent Boyd, General Manager, Parkes Shire Council, suggested developing a different model of course delivery in regional areas, based on smaller class sizes and better utilisation of available technology:

... one of the issues and impediments that we are finding is that most of the courses are based on capacity. In other words, unless you can put together a group of 10, 15 or 20 people, the courses will not be offered ... There is a need to be able to have a study centre where perhaps you can service three or four people and it stops those people leaving the communities ... With the technology we have now, that is entirely possible. But it takes a change in thinking from the larger universities and the way that study is delivered at the moment to be able to do that.¹⁶³

- 4.26** In order to enhance access to higher education for young people living in central and western NSW, Parkes Shire Council has collaborated with Charles Sturt University and TAFE Western to establish the Parkes Study Centre. Ms Anna Wyllie, Parkes Study Centre coordinator, representing Parkes Shire Council, Charles Sturt University and TAFE Western, advised that the growing links between the TAFE and Charles Sturt are facilitating easier transfers to university for TAFE students:

... there is a very strong step from TAFE to university. So if you have done certificates or diplomas, Charles Sturt and TAFE Western have been working very closely together to make that matriculation process quite seamless. At the moment 31 per cent of their undergraduates last year came through the TAFE system, so it is working really well. Also one of the other statistics which is really important is that people with rural and remote exposure to tertiary education actually end up working in regional and remote areas which is really important for us.¹⁶⁴

- 4.27** A number of other inquiry participants highlighted the important role that adequate local tertiary and vocational education opportunities plays in retaining people in regional areas over the long term. The Western Research Institute explained that a significant proportion of Charles Sturt graduates join the region's workforce upon the completion of their degree:

Charles Sturt University graduates are now the mainstay of the professional labour market in western NSW. Between 2008 and 2010 WRI conducted three labour market studies, surveying professionals in the teaching, social welfare and accounting workforce in western NSW to find out where they obtained their primary and other qualifications. The studies found that 43 per cent of teachers in western NSW schools obtained their undergraduate qualifications from Charles Sturt University, and 39 per cent of teachers held Charles Sturt University postgraduate qualifications. Thirty six per cent of social work and social welfare professionals working in western NSW obtained their base qualification from Charles Sturt University, while 74 per cent of accounting graduates also obtained their qualification from Charles Sturt University.¹⁶⁵

¹⁶² Mr Sandy Morrison, Chair, Regional Development Australia – Central West, Evidence, 2 November 2011, p 4.

¹⁶³ Mr Kent Boyd, General Manager, Parkes Shire Council, Evidence, 2 November 2011, p 38.

¹⁶⁴ Ms Anna Wyllie, Parkes Study Centre coordinator, representing Parkes Shire Council, Charles Sturt University and TAFE Western, Evidence, 2 November 2011, p 39.

¹⁶⁵ Submission 41, Western Research Institute, p 8.

- 4.28** Ms Sharon Rabey, Executive Officer, Regional Development Australia – Central West, also observed that ‘... lately there seems to be a bit of a shift that a lot of young people are studying at Charles Sturt University and tend to be staying in the region ...’.¹⁶⁶
- 4.29** During the course of the inquiry, Charles Sturt University announced that it was seeking funding from the Federal Government’s Education Investment Fund to ‘...more than double the number of courses it offers at its campus in Orange and build a paramedic training facility in Bathurst’.¹⁶⁷ It was estimated that this expansion ‘...could create 370 jobs and inject more than \$40 million into the local economy’.¹⁶⁸
- 4.30** A number of inquiry participants expressed support for the expansion of the university, including the Member for Orange, Mr Gee:

Further, the operations of Charles Sturt University (CSU) need to be expanded. As noted above, Charles Sturt University wishes to train doctors in Orange for practice in regional areas. It is vital to get doctors into regional areas including GPs ... In my view the CSU initiative should be fully supported.¹⁶⁹

Royal Agricultural Society of NSW

- 4.31** The Royal Agricultural Society of NSW Foundation (RASf) provides assistance in the form of scholarships to assist rural students to meet the costs of pursuing tertiary studies. The Royal Agricultural Society of NSW (RAS) explained the rationale for the scholarship program:
- The great distance rural students often need to travel to access post high school education and training opportunities can be so great and come at such a cost that for many, their aspirations can never be realised due to lack of financial resources, information, social capacity and other such issues. The RASf’s Rural Scholarship program provides scholarships for rural students to cover some of the costs directly related to their further education and training goals.¹⁷⁰
- 4.32** The RAS noted the significant financial costs imposed on rural students who wish to pursue education away from home, observing that ‘[r]esearch completed in 2010 shows that it costs between \$15,000 and \$20,000 for a student to live away from home. On top of this are the initial establishment costs’.¹⁷¹
- 4.33** The RAS advised that for the 2011 scholarship program, 619 applications for scholarships were received.¹⁷² Thirty seven scholarships were awarded, with the recipients pursuing studies

¹⁶⁶ Ms Sharon Rabey, Executive Officer, Regional Development Australia – Central West, Evidence, 2 November 2011, p 4.

¹⁶⁷ ABC News, ‘CSU unveils major expansion plans’, accessed 1 May 2012 <<http://www.abc.net.au/news/2012-04-03/csu-expansion/3929242/?site=centralwest§ion=news>>

¹⁶⁸ ABC News, ‘CSU unveils major expansion plans’.

¹⁶⁹ Submission 62, p 5.

¹⁷⁰ Submission 61, Royal Agricultural Society of NSW, p 4.

¹⁷¹ Submission 61, p 5.

¹⁷² Submission 61, p 4.

in a variety of fields, including agricultural or rural science, education, medicine, dentistry and engineering.¹⁷³

- 4.34** The RASF advised that demand for the 2012 scholarship program was high, with 865 applications for assistance received¹⁷⁴
- 4.35** In addition to these scholarships, the RASF also provides grants of \$25,000 to youth-led projects in rural NSW communities that ‘... result in enhanced social and economic outcomes for the broader community’.¹⁷⁵

Committee comment

- 4.36** The Committee considers that developing flexibility in delivery models for tertiary education to regional and rural communities will significantly broaden the opportunities for people living in regional areas to pursue tertiary education at any stage in life. In particular, advances in information technology have greatly enhanced the potential for students to undertake further study.
- 4.37** The Committee considers that the expansion of Charles Sturt University is a positive initiative which will improve tertiary education opportunities in central and western NSW. The Committee also wishes to express our support for initiatives such as the Parkes Study Centre and the Royal Agricultural Show Foundation for their efforts in improving the accessibility of tertiary education.
- 4.38** The Committee considers that there should be clear pathways available for people in regional and rural areas wishing to pursue further education. To ensure that such pathways exist, the Committee believes that the NSW Department of Education and Training should review the educational opportunities available in regional NSW, including an examination of pathways to and between TAFE, university, or vocational training.

Recommendation 8

That the NSW Department of Education and Training examine pathways to and between TAFE, university, or vocational training for rural and regional students.

Cultural facilities

- 4.39** Access to adequate and varied cultural facilities play an important role in enabling communities in central and western NSW to realise their full economic and social potential. In its submission to the inquiry, the NSW Government acknowledged the ability of cultural facilities to have a positive impact on a community:

¹⁷³ Submission 61, p 6.

¹⁷⁴ Submission 61, p 4.

¹⁷⁵ Submission 61, p 7.

Well planned regional centres that provide for public art and cultural facilities are part of vital and liveable cities and towns. Art centres, libraries, galleries and museums are important places for community connection and interaction. Cultural facilities and creative enterprises have been shown to have the potential to revitalise neighbourhoods and local economies.¹⁷⁶

- 4.40** During its visit to the Queensland Remote Area Planning and Development Board (RAPAD), the Committee discussed the importance of a vibrant cultural scene. In order to encourage cultural development, RAPAD funds the CICADAS arts program, which fosters community and culture as well as art. The CICADAS program sees art and culture as the fourth pillar of sustainability in a community along with economic, environment and social sustainability.¹⁷⁷
- 4.41** The CICADAS approach sees art integrated with other industry sectors, rather than standing alone in a network of regional galleries or touring artists from capital cities. Under this approach, art is ‘not for arts’ sake’ but serves to integrate art into the whole community.¹⁷⁸
- 4.42** The NSW Government highlighted the ways in which it supports the development of cultural facilities throughout NSW:

The NSW Government through the Arts Funding Program provides funding for artists and arts and cultural organisations in NSW, and works in partnership with arts organisations, local government, peak bodies and other organisations to fulfil its priorities in arts development ... There is a strong direct and indirect investment by the State in regional arts and culture. The NSW Government invested \$8.8 million in 2010, or 17 per cent of the Arts Funding Program, on 170 projects and programs in regional NSW. This investment includes funding of peak bodies such as Regional Arts NSW, the Regional Arts Boards and their Regional Arts Development Officers and regional writers’ centres. In addition to this, the State invests in Museums and Galleries NSW to provide support to museums and galleries in regional NSW.¹⁷⁹

- 4.43** The NSW Government also assists local governments to provide public library services:

The NSW Government through the State Library of NSW provides grants and subsidies to local governments to support public library services. Over \$630,000 was provided to councils in central western NSW. This included a competitive grants program, the Library Development Grants (including Country Libraries Fund) which triggers local government spend on infrastructure such as new library buildings and innovative services.¹⁸⁰

- 4.44** Two key issues were highlighted by inquiry participants in relation to the provision of cultural facilities: firstly, the recurrent maintenance costs of infrastructure, and secondly, the need for additional funding to assist local councils in providing cultural facilities to their communities.

¹⁷⁶ Submission 52, p 17.

¹⁷⁷ NSW Legislative Council, Standing Committee on State Development, *Sub-committee report on visit of inspection to Longreach, Queensland*, September 2011, p 2.

¹⁷⁸ Standing Committee on State Development, *Sub-committee report on visit of inspection to Longreach, Queensland*, September 2011, p 2.

¹⁷⁹ Submission 52, p 17.

¹⁸⁰ Submission 52, p 18.

Maintenance of cultural facilities

4.45 A number of inquiry participants noted that the cost of maintaining cultural infrastructure places a significant financial burden on local councils. This is in addition to the financial burden resulting from the increased involvement of councils in the provision of health care services, as noted in chapter 3.

4.46 In regard to the financial costs of cultural infrastructure, Arts OutWest said ‘... the burden of building and maintaining the region’s public spaces for arts and culture falls very heavily on councils’.¹⁸¹

4.47 The Orana Regional Organisation of Councils (OROC) noted the ‘outdated and tired’ cultural facilities in many communities across the region, observing that the cost of maintaining this infrastructure largely rested with local government:

Many small communities have outdated and tired infrastructure that was constructed post WWII on the back of a wool boom; this infrastructure has a high maintenance cost to the communities and local government, to enable it to be compliant for modern day usage ... Over time the NSW State Government has slowly retracted from offering investment in critical infrastructure and allowed the shortfall to be funded by local government and the community.¹⁸²

4.48 Forbes Shire Council observed that a number of financial burdens fall to local councils in relation to cultural facilities, including maintenance and upgrade costs and rent relief:

The biggest problems faced in this area are the provision and on-going running of venue facilities and maintaining volunteers/committee members. Council is increasingly being called upon to financially contribute to assist these organisations in variety of ways including a reduction in land rates; rent relief on Council-owned facilities; funding infrastructure upgrades such as goal post and amenity blocks to provision of Council staff and/or equipment to help run activities.¹⁸³

4.49 Mr Boyd very clearly illustrated the significant financial burden placed on local councils by cultural infrastructure with reference to the costs of running one of the shire’s four Olympic size pools: ‘... in the village of Tullamore the total rates we collect are about \$30,000 and it costs \$80,000 to run the pool. That is typical of that sort of infrastructure in a small community’.¹⁸⁴

4.50 Mr Kenneth Keith, Mayor, Parkes Shire Council, advised that the council had been unsuccessful in attaining grant funding for upgrades to its local pools, estimated at a cost of \$10 million:

We had a study of all the pools done. They are all getting to their use-by date. The study of the pools saw basically \$10 million to be able to bring all the pools up-to-date. We applied for a grant to do that and for a heated pool and for doing up the

¹⁸¹ Submission 27, Arts OutWest, pp 4-5.

¹⁸² Submission 40, Orana Regional Organisation of Councils, p 5.

¹⁸³ Submission 30, Forbes Shire Council, p 4.

¹⁸⁴ Mr Boyd, Evidence, 2 November 2011, p 37.

pools. We missed out but Orange, which has two heated pools already, got funding of \$5 million for their heated pool, and we cannot get one here for any of our pools.¹⁸⁵

- 4.51** The range of impending financial commitments facing the council in relation to library and sporting facilities was outlined by the Mid-Western Regional Council:

... we are at this time needing to increase the size of our library network at a cost of \$4 million, upgrading our three swimming pools to meet extra demand costing \$4.8 million and we have also just developed new regional sporting facilities at a cost of \$11 million.¹⁸⁶

Additional funding for cultural facilities

- 4.52** In order to enable councils to better meet the costs of providing cultural facilities to their communities, some inquiry participants suggested that additional funding be provided to local councils by the NSW Government.

- 4.53** Oberon Council highlighted the benefits that adequate cultural facilities provide communities, stating that ongoing funding was needed to enable council to continue to support such infrastructure:

In recent years Council has cooperatively funded a number of facilities, including improvements to indoor recreational facilities, outdoor facilities and the provision of additional community spaces. Council appreciates that arts and cultural programming add value to communities both in terms of resilience and as an attractor for relocation purposes and economic gain. Council seeks financial support for the establishment of facilities infrastructure and on-going funding to support operations and specific cultural programs.¹⁸⁷

- 4.54** Regional Development Australia – Orana argued that ‘increased grant funding towards culture and arts is necessary to allow communities to access cultural opportunities. Currently cultural facilities are limited or non-existent in many towns in the west region’.¹⁸⁸

- 4.55** One reason for this, as suggested by Arts OutWest, could be that the short-term nature of much arts funding inhibits the ability of programs to reach their full potential:

While there are many examples of great work in the region and many specific regional issues to address through arts work, the biggest issue in supporting this work is funding ... the short-term nature of most funding programs make it difficult to embed approaches and have long-term effects.¹⁸⁹

- 4.56** The critical importance of appropriate funding to the ability of councils to provide cultural facilities was explained by Cobar Shire Council:

¹⁸⁵ Mr Kenneth Keith, Mayor, Parkes Shire Council, Evidence, 2 November 2011, p 37.

¹⁸⁶ Submission 10, Mid-Western Regional Council, p 9.

¹⁸⁷ Submission 29, Oberon Council, p 6.

¹⁸⁸ Submission 44, Regional Development Australia – Orana, p 4.

¹⁸⁹ Submission 27, p 3.

Cobar has limited cultural facilities, but a strong desire by the community to access cultural opportunities. Funding available through Outback Arts and government departments is critical to be able to run cultural programs ... Without grant funding cultural activities are very limited.¹⁹⁰

- 4.57** Cobar Shire Council advised that, in the absence of funding assistance to run the town's cinema, the Council established partnerships with local business to ensure that the cinema remains open:

Cobar has no town hall or similar building, however the town is graced with good facilities at the local club and school. We are fortunate to have a cinema, the only one between Dubbo and Broken Hill - a distance of nearly 800kms. It is extremely difficult to run it at anything other than a loss ... but through partnerships with local businesses the cinema remains open and provides a critical social and cultural facility for residents.¹⁹¹

- 4.58** The Local Government and Shires Associations of NSW suggested that a development fund be established, specifically for improving arts and cultural infrastructure outside of the Sydney area, and that additional funding be provided to local governments for maintaining library and sporting facilities:

The Associations advocate establishment of a Local Government arts and cultural development fund, with a key objective being to improve arts infrastructure outside the Sydney CBD.

Eighty five percent (85%) of the NSW Government annual arts funding program in 2009 was given to the Sydney, Newcastle and Wollongong areas, which is not reflective of population distributions. Capital city residents are very well served by state funded cultural institutions, while Local Government provides majority support for regional arts and cultural facilities.

The Associations also request the State Government provide additional support to Local Government for maintaining and establishing libraries, and sporting facilities in rural and regional areas.¹⁹²

Committee comment

- 4.59** The Committee acknowledges the importance of cultural facilities in supporting and building strong communities. We also acknowledge the significant financial burden placed on local councils in supporting and maintaining these facilities.
- 4.60** The Committee considers that there is a need to closely examine the adequacy of funding arrangements for local government in a number of areas, including in relation to the provision and maintenance of cultural facilities. Accordingly, we believe that the NSW Government should conduct a further inquiry into funding models for sport and cultural facilities in regional NSW.

¹⁹⁰ Submission 18, p 3.

¹⁹¹ Submission 18, p 3.

¹⁹² Submission 48, p 4.

Recommendation 9

That the NSW Government conduct a further inquiry into funding models for sport and cultural facilities in regional NSW.

4.61 The funding of local government is more closely explored in chapter 9.

Telecommunication services

4.62 A number of inquiry participants highlighted the inadequate telecommunication services, both telephone and internet, in many areas of central and western NSW. Inquiry participants argued that better telecommunications services would serve to unlock a range of potential opportunities for the region in a diverse number of areas, including opportunities for the delivery of health, education and cultural services.

Telephone services

4.63 Some inquiry participants observed that telephone services in central and western NSW were lacking, with poor mobile phone service coverage and unreliable satellite services. Mr Morrison outlined the problem:

We have problems in the Central West with mobile telephone service. We have problems at the moment with internet service: wireless is affected by cloud cover and how many people are using it. Satellite is fine when it is working. When it is not the maintenance of a satellite connection is a nightmare. I gave up satellite connection ... In the last 12 months I was off the air for six months because you cannot get a modem from your local town. You have got to wait for it to be tested. That modem cost \$1,200, not a couple of hundred dollars. There are real problems in keeping the connection going. So we are looking for and we need a reliable service. This is our lifeline to the future. It has to be fibre-based.¹⁹³

4.64 Mr John Elliot, Treasurer, Emmdale Landcare Group, explained that in some areas of the far west of the state there is no mobile phone coverage:

... you might bring mobile phone coverage down through Mount Minara. Once you leave Rosewood until you get down the other side of Mount Minara we have got no mobile phone coverage ... These are some of the things we have not got. In Dubbo the other day they launched 4G. We have not even got 1G in a lot of the area yet ...¹⁹⁴

4.65 Central Darling Shire Council also noted that '[i]n Wilcannia, mobile phone reception is patchy with very poor coverage inside buildings. This also precludes the use of 3G wireless internet from many areas'.¹⁹⁵

¹⁹³ Mr Morrison, Evidence, 2 November 2011, p 4.

¹⁹⁴ Mr John Elliot, Treasurer, Emmdale Landcare Group Incorporated, Evidence, 4 November 2011, p 26.

¹⁹⁵ Submission 28, Central Darling Shire Council, pp 3-4.

4.66 In inclement weather, telephone and internet services can cease to function in certain locations in central and western NSW, making it difficult for businesses to operate. Ms Sue Andrews, President, Pastoralists' Association of West Darling, explained:

... the phone system is such that if it rains our phone goes out. As soon as it rains it goes out and we do not get it back for a week and a half. That is our satellite and our internet as well, so we have no communication ... It is mainly an infrastructure problem. The roads that go into the towers are dirt and they are not maintained. When it rains the power goes out. No-one will go on the road because the road is closed. The telecommunications people cannot turn the power on, the power people have to turn it on. It is just a vicious cycle and you just wait. When you are running a small business and you are shearing and you are doing something and you need your phone it is very annoying when you have to go half a mile to get a signal.¹⁹⁶

4.67 Mr Lachlan Gall, Councilor, Pastoralists' Association of West Darling, observed that he had retained a satellite internet connection to his property in order to ensure communication in the event of an emergency:

Some of our members, as a result of dissatisfaction with satellite internet, have moved to other satellite internet providers or more commonly they have gone to Next G. There have been teething issues with the Next G satellite. I have retained a satellite connection at my property because if our telephone system breaks down and it is wet and Telstra cannot fix the phones for some time, if we have a medical emergency our only way of speaking to the outside world is by satellite internet.¹⁹⁷

Internet services

4.68 Access to reliable and fast internet services for communities in central and western NSW, comparable to that available in metropolitan areas, was a key concern for the majority of inquiry participants.

4.69 In order to deliver these services, the majority of inquiry participants argued that the timely roll-out of the National Broadband Network (NBN) was critically important to deliver access to 'metro-comparable' internet services for communities to unlock the economic and social development potential of the region.¹⁹⁸ For example, Regional Development Australia – Central West stated:

The lack of high speed broadband continues to be a major factor restricting economic and social development across the Central West region. The roll-out of an improved broadband service and satellite technology in regional NSW is critical to the Central West remaining competitive in a global environment.¹⁹⁹

¹⁹⁶ Ms Sue Andrews, President, Pastoralists' Association of West Darling, Evidence, 4 November 2011, p 40.

¹⁹⁷ Mr Lachlan Gall, Councilor, Pastoralists' Association of West Darling, Evidence, 4 November 2011, p 40.

¹⁹⁸ See for example Submission 44, p 6; Submission 38, Blayney Shire Council, p 5; Submission 45, Bathurst Regional Council, p 7; Mr Geoff Wise, General Manager, Bourke Shire Council, Evidence, 3 November 2011, p 2 and Mr Boyd, Evidence, 2 November 2011, p 39.

¹⁹⁹ Submission 23, p 21.

4.70 Mr Morrison described the fibre-based delivery of the NBN as ‘essential’ for the development of central and western NSW:

This is the technology that is driving the future. This is the technology that is driving how we live. It is going to affect urban patterns of settlement. The technology of broadband or internet service changes the way we operate If we lose equivalency with the seaboard or the world we are in trouble. Businesses operate on a fast, reliable internet service.²⁰⁰

4.71 Regional Development Australia – Central West continued to identify several areas that would benefit from high speed broadband, including:

- delivery of improved health and emergency services, education, transport and social services to isolated areas
- increased access to university courses and other distance education opportunities
- enhanced competitiveness for regional businesses and primary industry through access metro-comparable telecommunications
- positive impact on social and cultural wellbeing in isolated communities.²⁰¹

4.72 The positive impact of high speed broadband in overcoming the isolation faced by communities in the far western areas of the State was explained by Mr Wincen Cuy, Mayor, Broken Hill City Council:

The isolation in this area, being here you will quite obviously understand how isolated we are. It has been a strength for us over many years; it has also been a weakness. If we can come on level terms with the rest of the world it is our oyster.²⁰²

4.73 Economic benefits of the NBN were also identified by Mr John Walkom, Chair, Regional Development Australia – Orana:

I think the NBN is a great initiative for regional Australia. To have anybody who can sit in any community and get the delivery speed that broadband is proposed to deliver will equal the speed that you can get in Sydney’s central business district can only be a positive ... There is so much undiscovered business out there that will come off the back of the NBN in the delivery of business opportunities to rural and remote communities that we have not seen before. I think that is the exciting thing about it.²⁰³

4.74 In addition to the importance of the network for businesses in the region, Mr Raymond Longfellow, Mayor, Central Darling Shire Council, highlighted that high speed broadband is ‘... absolutely critical to the future of the Shire, for economic development and the social development of our youth’.²⁰⁴

²⁰⁰ Mr Morrison, Evidence, 2 November 2011, p 4.

²⁰¹ Submission 23, p 21.

²⁰² Mr Wincen Cuy, Mayor, Broken Hill City Council, Evidence, 4 November 2011, p 15.

²⁰³ Mr Walkom, Evidence, 2 November 2011, pp 31-32.

²⁰⁴ Mr Raymond Longfellow, Mayor, Central Darling Shire Council, Evidence, 4 November 2011, p 28.

- 4.75** Mr Frank Zaknich, General Manager, Broken Hill City Council, commented on the range of benefits that would be derived by communities from high speed broadband, including new modes of delivery for health, education and council services:

It is critical infrastructure for this community in terms of business, in terms of council services, in terms of health and education, in terms of service delivery to this community and our connectedness to the rest of the world. As we have said in our submission previously, this whole level playing field, we should be able to have that sort of access to broadband at the same level of anywhere else in Australia, at a high level, fast broadband. That is critical for the type of work that we need to do, particularly in delivery of council services because we see that as a sort of e-government process that we will be going through as a result of our National Broadband Network strategy which is to deliver those sorts of services more effectively to the community as a result.²⁰⁵

- 4.76** Central Darling Shire Council noted that during the Federal parliamentary inquiry into the broadband network, it became apparent that it would take up to ten years for the NBN to reach the region, further widening the gap between metropolitan and regional areas:

Recently, submissions were made to the Federal Parliamentary Inquiry into the rollout of the National Broadband Network. At a hearing in Broken Hill, it became obvious that the proposal that would see it taking up to 10 years for the greatly improved services to reach much of this region, would lead to a further increase in the gap in economic development between the region and the Capital Cities and larger Regional centres.²⁰⁶

- 4.77** In evidence to the Committee, the Central Darling Shire Mayor, Mr Longfellow, stated that '[f]or it [the NBN] to take up to 10 years to reach our communities is unacceptable.'²⁰⁷

- 4.78** On 29 March 2012, the Commonwealth Government announced the indicative three year rollout plan for the NBN, which shows the locations where construction of the NBN will commence between 1 April 2012 and 30 June 2015.²⁰⁸ In central and western NSW, only three locations – Dubbo, Mudgee and the Avonlea/Llanarth Estate near Bathurst – are scheduled to have work commence or be completed.²⁰⁹

Committee comment

- 4.79** The Committee believes that it is critically important that communities in central and western NSW have access to fast and reliable telecommunications services, including access to metro-comparable internet services.

²⁰⁵ Mr Frank Zaknich, General Manager, Broken Hill City Council, Evidence, 4 November 2011, p 15.

²⁰⁶ Submission 28, pp 3-4.

²⁰⁷ Mr Longfellow, Evidence, 4 November 2011, p 28.

²⁰⁸ Hon J Gillard MP, Prime Minister, and Senator the Hon S Conroy, Minister for Broadband, Communications and the Digital Economy, 'NBN fibre rollout ramps up to over 3.5 million homes, businesses, schools and hospitals', *Joint Media Release*, 29 March 2012, accessed 2 April 2012 < http://www.minister.dbcde.gov.au/media/media_releases/2012/035 >

²⁰⁹ NBN Co, *NBN Rollout Map*, accessed 2 April 2012 < <http://www.nbnco.com.au/rollout/rollout-map.html> >

- 4.80** The Committee is extremely disappointed that in the recent announcement of the roll-out timetable for the NBN, only three communities in central and western NSW were designated as scheduled to have work commence or be completed. This leaves the vast majority of communities in central and western NSW with no clear timetable of when they can expect to receive the NBN, and without fast, reliable internet services that would allow them to access a range of health, education and business opportunities. The negative impact of this dearth of information for central and western NSW is enormous.
- 4.81** The Committee strongly encourages the NBN Co Ltd to communicate with greater frequency and clarity with communities in central and western NSW to provide communities with a clearer understanding of when they can expect to receive the NBN.
- 4.82** Further, the Committee recommends that the NSW Government support a high speed national broadband network, and proactively engage in the roll out to maximise the engagement of, and benefit to, regional and rural communities'

Recommendation 10

That the NSW Government support a high speed national broadband network, and proactively engage in the roll out to maximise the engagement of, and benefit to, regional and rural communities.

Chapter 5 Roads and transport

Safe and accessible transport is critical for the social and economic development of central and western NSW. As one inquiry participant noted, road and transport infrastructure ‘provides the backbone for the movement of people and goods to where they need to go’.²¹⁰

This chapter explores the issues raised by inquiry participants in relation to the transport needs of central and western NSW. The chapter begins with a brief overview of two key NSW Government bodies: Infrastructure NSW and Transport for NSW. The chapter then examines issues pertaining to the road network, including the possible construction of a new expressway over the Blue Mountains and concerns relating to highways, the regional road network, and the increasing presence of high performance vehicles such as B-Double trucks in the region. The role of freight rail is then examined, including concerns over access to sea ports and the need to enhance the rail network in central and western NSW. The chapter then briefly discusses the provision of public transport in the region, before concluding with an examination of regional aviation services.

Key NSW government bodies

- 5.1** There are two key bodies that oversee the management and provision of transport infrastructure in NSW: Infrastructure NSW and Transport for NSW. The NSW Government advised that the establishment of Infrastructure NSW would allow ‘...for a more considered and strategic approach to infrastructure provision’²¹¹, and described the functions of the authority:

The creation of Transport for NSW as an integrated transport authority will improve transport service planning and delivery across NSW. The establishment of a Freight and Regional Development Division within Transport for NSW will provide a one-stop shop for industry and other government agencies and provide resourcing to support better freight and transport outcomes. The Freight and Regional Development Division will be the central point of coordination for the NSW Government’s role in freight transport, distribution and servicing in NSW, with a particular focus on improving outcomes in regional NSW.²¹²

- 5.2** Transport for NSW is the second authority established by the O’Farrell Government. Mr Tim Reardon, Deputy Director General, Policy and Regulation, Transport for NSW, described its role as being to ‘...improve transport planning and delivery across all modes of transport and roads’.²¹³
- 5.3** In order to improve the quality and integration of the transport network throughout NSW, including in central and western NSW, Mr Reardon told the Committee that Transport for NSW is developing a Long Term Transport Master Plan which will include regional areas:

²¹⁰ Mr Raymond Longfellow, Mayor, Central Darling Council, Evidence, 4 November 2011, p 28.

²¹¹ Submission 52, NSW Government, p 11.

²¹² Submission 52, p 11.

²¹³ Mr Tim Reardon, Deputy Director General, Policy and Regulation, Transport for NSW, Evidence, 9 March 2012, p 2.

[The Master Plan] will involve unprecedented collaboration with those whose livelihoods depend on the quality of the transport network ... As part of this planning process a regional transport plan for the Central West is being developed as well as a statewide freight strategy. Those two developments, a refocusing of our transport administration to include dedicated resources and a long-term transport planning process that extends beyond the Sydney metropolitan area, and which will include specific transport planning for the Central West, provide a strong framework from which to build existing transport arrangements and address the challenges of the Central West.²¹⁴

- 5.4 It is anticipated that the draft plan will be released in mid-2012, with the final Long Term Transport Master Plan to be released in November 2012. Following the release of the State-wide plan, Transport for NSW will also prepare detailed regional transport plans.²¹⁵
- 5.5 Inquiry participants outlined a range of issues that will need to be considered by Transport for NSW in the preparation of the Long Term Transport Master Plan, in relation to the road network, the rail network, and the regional aviation sector. The remainder of this chapter explores the concerns of inquiry participants in these regards.

The road network

- 5.6 Inquiry participants advocated for a number of improvements to the road network, particularly in relation to highways and the regional road network. Perhaps most notably, inquiry participants argued for the construction of a new expressway over the Blue Mountains, to enhance access to central and western NSW for both passenger and freight traffic.

An expressway over the Blue Mountains

- 5.7 The majority of inquiry participants advocated for the construction of a new expressway over the Blue Mountains to central and western NSW. It was argued that the current crossings over the Blue Mountains, the Bells Line of Road and the Great Western Highway, are inadequate, largely due to limitations on the type of vehicles that can use these roads. It was also argued that the current crossings have an adverse impact on the economic and social development potential of the region.²¹⁶
- 5.8 Cowra Shire Council articulated the concerns of many inquiry participants in regard to the current crossings:

The current road crossings over the Blue Mountains have, for some time, been seen as an impediment to the economic and social development of the Central West. The

²¹⁴ Mr Reardon, Evidence, 9 March 2012, p 2.

²¹⁵ Transport for NSW, *NSW Long Term Transport Master Plan – frequently asked questions*, accessed 14 May 2012, <<http://haveyoursay.nsw.gov.au/faq/index/21#88>>

²¹⁶ A number of inquiry participants expressed these views. See for example Submission 2, Mr Spencer Ferrier, pp 1-3; Submission 16, Lachlan Shire Council, p 4; Submission 40, Orana Regional Organisation of Councils, p 7; Submission 59, Year 11 students, Red Bend Catholic College, p 1; and Legislative Council Standing Committee on State Development, *CENTROC roundtable sessions report*, March 2012, p 1.

Great Western Highway passes through a number of residential areas and has, as a result, large sections where the maximum speed limited is restricted. The alternate route, via the Bells Line of Road, is narrow, has numerous speed restrictions, is a limited B-double route and is generally seen as being incapable of meeting the demands of heavy road transport.²¹⁷

5.9 Blayney Shire Council similarly expressed concerns regarding the current crossings:

Neither the Great Western Highway nor the Bells Line of Road can accommodate efficient freight vehicles such as B-Doubles and the rail system is accurately described as 19th century. Increasing the truck proportion on already high-risk roads will increase the risk to motorists. Ecological sustainability requires efficiency, which cannot be achieved on the current routes.²¹⁸

5.10 The Bells Line Expressway Group (BLEG) suggested that '[c]urrently neither the Bells Line of Road or the Great Western Highway provide an acceptable safe corridor for moving either people or freight'. BLEG argued that upgrades to either of these roads would not meet the current or future needs of communities in the area and as such, a new expressway should be constructed.²¹⁹ Lachlan Shire Council went so far as to describe the current roads between the region and Sydney as a 'second class transport system'.²²⁰

5.11 The Western Research Institute, on behalf of BLEG, has completed several projects that outline the importance of the proposed expressway. Some of the Institute's findings in regard to the proposed expressway include that:

- a new, preferably class 6R, road over Bells Line would improve safety on the most dangerous transport corridor in NSW and provide the same standard of mobility to the west that is currently enjoyed to the north, south west and south of Sydney
- the Bells Line Expressway transport corridor will provide a vital link from Sydney and its ports to the inland transport hub at Parkes, providing access to the inland transport corridors running between Melbourne and Brisbane and west to Perth
- an expressway would ease pressure on important agricultural lands in the Sydney Basin and provide an efficient access route to agricultural precincts close to Sydney.²²¹

5.12 Blayney Shire Council argued that the construction of the expressway would reduce the impact of traffic for communities in the Blue Mountains, and encourage population growth in central and western NSW:

Sydney as a global city continues to struggle with urban sprawl and the provision of a safe and efficient route to the Central West, will provide for the Central West what the F3 did for the Central Coast/Newcastle Region, and ultimately reduce the impact of increased traffic on communities along the Great Western Highway over the Blue

²¹⁷ Submission 51, Cowra Shire Council, pp 1-2.

²¹⁸ Submission 38, Blayney Shire Council, p 5.

²¹⁹ Submission 13, Bells Line Expressway Group, pp 5-6.

²²⁰ Submission 16, p 4.

²²¹ Submission 41, Western Research Institute, pp 3-4.

Mountains, and lower carbon emissions, providing improved health outcomes for Blue Mountain residents.²²²

5.13 In acknowledgement of the potential impact on its community, Blue Mountains City Council said that while the Council ‘broadly supports’ upgrades to existing transport and road infrastructure, ‘... any such upgrades would need to be planned carefully, and in consultation with Council and the Blue Mountains community...’.²²³

5.14 Blayney Shire Council suggested that the NSW Government should commit to the following steps to secure an appropriate corridor for the expressway:

- establishment of route options
- selection of a preferred route
- reservation of preserved route option on Local Environmental Plans
- environmental assessment and concept design
- provide advice on time frames.²²⁴

5.15 In respect to timeframes, BLEG proposed that a corridor over the Blue Mountains should be preserved over the next three years, with construction of the expressway occurring over the following three to ten years.²²⁵

5.16 There was mixed support for the inclusion of a rail corridor together with the new expressway route. When asked if the project would include a rail corridor, the Hon Ian Armstrong, Chairperson, Bells Line Expressway Group, noted that the expense of including a rail corridor may be prohibitive:

No, not necessarily. I know that has been suggested, but that would be hugely expensive over the mountains as far as rail is concerned. At this stage of the piece, current demand seems to be reasonably adequate for that rail, but we are suggesting that road is the first requirement ... I am a great rail supporter I must say, very much so, but I just cannot see sufficient population to support a rail infrastructure ...²²⁶

5.17 However, Mr Sandy Morrison, Chair, Regional Development Australia – Central West, expressed support for the inclusion of a rail corridor, arguing that the current inability to double stack containers over the Blue Mountains made consideration of a new rail line necessary:

... it is the Bells Transport Corridor that we support because we see the rail element as being as important as the road. It is one of those things that—it has been lost in the translation but we started off with the corridor. That inability to double stack containers to Sydney, the archaic nature of the line, the simple fact that we cannot get—we do not have to have a fast train; we have to have a train that can go more

²²² Submission 38, p 5.

²²³ Submission 32, Blue Mountains City Council, p 4.

²²⁴ Submission 38, p 5.

²²⁵ Submission 13, p 9.

²²⁶ Hon Ian Armstrong, Chairperson, Bells Line Expressway Group, Evidence, 12 September 2011, pp 34-35.

than walking speed to the city ... passenger rail from centres such as Bathurst or Orange taking two hours to get to Sydney is no technical quantum leap, but if you have a reasonable line you can do it. It takes four or five hours now.²²⁷

5.18 The issue of moving freight via rail is discussed later in this chapter, commencing at paragraph 5.73.

5.19 The Committee raised the concerns of inquiry participants in relation to an expressway over the Blue Mountains during a hearing with Transport for NSW. In response, Mr Reardon advised that at present, planning was continuing along the Bells Line of Road Corridor, and that the adequacy of the crossings across the Blue Mountains would be considered as part of the development of the Long Term Transport Master Plan:

The Commonwealth and the New South Wales governments are progressing a long-term strategic corridor plan for the Bells Line of Road and joint funding has been committed. Consultation with the industry and the local community has been undertaken and the development of that a plan is currently underway. The routes across the Blue Mountains more generally are also being considered within the Government's long-term transport master plan discussion paper.²²⁸

Committee comment

5.20 The Committee notes the challenges faced by residents and businesses in central and western NSW in safely and efficiently crossing the Blue Mountains. While two crossings currently exist, the Bells Line of Road and the Great Western Highway, inquiry participants believe that these crossings do not assist to facilitate economic and social development in central and western NSW, but may act as a barrier to growth.

5.21 The Committee considers that the construction of a new, dual lane expressway over the Blue Mountains would greatly assist in unlocking the economic and social development potential of central and western NSW. We strongly encourage Transport for NSW to give serious consideration to the construction of such an expressway as part of the NSW Long Term Transport Master Plan, and ask that Transport for NSW provide a report to this Committee on the current status of the preservation of a transport corridor over the Blue Mountains.

Recommendation 11

That Transport for NSW provide a report to this Committee on the current status of the preservation of a transport corridor over the Blue Mountains, and give serious consideration to the construction of a dual lane expressway over the Blue Mountains as part of the NSW Long Term Transport Master Plan.

²²⁷ Mr Sandy Morrison, Chair, Regional Development Australia – Central West, Evidence, 2 November 2011, p 9.

²²⁸ Mr Reardon, Evidence, 9 March 2012, p 3.

Highways in central and western NSW

5.22 Inquiry participants drew attention to a need for additional funding for a number of highways in the region to facilitate safety improvements. In the cases of the Cobb and Silver City Highways, inquiry participants highlighted that sections of these highways remain unsealed, meaning that they are often closed for significant periods of time during and after rain events. Other participants, most notably local governments, also advocated for improvements to roads in their areas.

5.23 Mr Kenneth Keith, Mayor, Parkes Shire Council, argued that expansion works were needed to improve the safety of the Newell Highway, which is an east-west inland route linking Victoria and Queensland:

We need to attract further funding to have more overtaking lanes. There is a semitrailer or B-double every minute along the Newell Highway ... That is expected to double by 2020. One every 30 seconds starts to get fairly intense. And there are caravans and other traffic associated with tourism. The Newell Highway is an important corridor from Victoria to Brisbane.²²⁹

5.24 Improvements to the Lachlan Valley Way, which is a north-south route from Cowra and central western NSW to the Hume Highway, were suggested by Cowra Shire Council:

This route gives an alternate traffic option to Sydney via the Hume Highway and via the Barton Highway to Canberra. It is also the most logical road traffic route between the Central West and South Coast ... An improvement to the narrow Lachlan Valley Way, from its junction with the Hume Highway near Yass to Cowra, would improve traffic flow, decrease transit times and make that route generally more attractive as an alternate route to and from the central west.²³⁰

5.25 Of most concern to several inquiry participants was the fact that sections of the Cobb and Silver City Highways, located in the far west of the state, are unsealed. Mr John Elliot, Treasurer, Emmdale Landcare, outlined the situation:

... I refer to the only two unsealed State Highways in NSW – the Cobb and Silver City Highways. The fact that these two State Highways remain unsealed is an absolute disgrace. The Cobb Highway unsealed section, which is part of The Long Paddock, stretches from Ivanhoe to Wilcannia and the Silver City Highway runs from Broken Hill to Tibooburra.

The residents of far western NSW who rely on these State Highways for business and pleasure are being treated as second class citizens. We don't want anything special, just what everyone else takes for granted.²³¹

5.26 Approximately 120km of the Silver City Highway between Broken Hill and Tibooburra, and 135km of the Silver City Highway, remains unsealed.²³² Central Darling Shire Council advised that only a small amount of rain can lead to the closure of the unsealed roads: 'The major

²²⁹ Mr Kenneth Keith, Mayor, Parkes Shire Council, Evidence, 2 November 2011, p 35.

²³⁰ Submission 51, pp 1-2.

²³¹ Submission 8, Mr John Elliot, p 1.

²³² 'Road to Ruin', *Barrier Daily Truth*, 8 December 2010, attached to Submission 8.

centres of Wilcannia, Ivanhoe and Menindee are linked by unsealed roads which with rainfall of as little as 5mm can be closed to traffic'.²³³

- 5.27** In his submission to the inquiry, Mr Elliot noted that '[l]ast week the [Cobb] highway was closed for four days in a row'.²³⁴ Mr Elliot continued to illustrate the impact of road closures on the region:

Today it is closed again and expected to be closed for a couple of days as slow moving rain progresses across the western division. Could you imagine the uproar if the M 1,2,3,4 or 5 were closed for four days? Just because we are out west we are not out of touch. Our individual businesses have to carry on, the tourists are still wanting to come and the western division wants to continue to survive and grow like the rest of NSW. The rural industries and tourism are two vital parts of this growth but not when you have State Highways forgotten about.²³⁵

- 5.28** The detrimental economic impact that the unsealed highways have for communities and businesses in the region was also highlighted by the Long Paddock Committee, which is a collaborative community capacity building project dedicated to developing and marketing a touring route following the Cobb Highway from Echuca Moama in the south to Wilcannia in the north:

Since the launch of the touring route in 2006 overwhelming feedback from visitors has been that they will not continue on the Cobb Highway to Ivanhoe through to Wilcannia and beyond because of the condition of the road ... In our estimation the towns of Ivanhoe and Wilcannia would lose 15 – 25 000 visitors annually because of the unsealed section of the highway. This would be worth up to \$4 million in lost revenue to the Central Darling Shire and would have a significant impact on the development of a robust tourism industry within the shire.²³⁶

- 5.29** Mr Elliot highlighted the considerable economic impact on local businesses that the closure of the Cobb Highway due to weather can cause, using the example of a goat exporter attempting to move stock to Adelaide via the unsealed highway:

Unbeknown to the truck driver there was 40 to 50 points of rain back towards Wilcannia across the dirt road. The truck got bogged in the table drain and it stayed there overnight. They jumped the goats off the truck the next morning and walked them eight kilometres down the dirt track known as the goat track, which is the Cobb Highway ... That mob of goats was worth \$100,000. They had to be in Adelaide on the Thursday morning to be vet checked on the Friday to be flown to Malaysia on the Sunday morning in the jumbo. The cancellation fee on a jumbo is \$250,000.

It is all very well to look at the weather map and try and work out what day it is going to rain, but these are thunderstorms that just come across the road. It cost the people between \$5,000 to \$8,000 in time, vehicles and extra staff to walk those goats down the road. They walked them eight kilometres and got them to a makeshift set of yards. They had to do a makeshift set of yards. They had to get another two transports in.

²³³ Submission 28, Central Darling Shire Council, p 1.

²³⁴ Submission 8, p 2.

²³⁵ Submission 8, p 2.

²³⁶ Submission 11, The Long Paddock Committee, p 3.

They had one from Wilcannia and I think one of the road trains was able to get out by then and do the job. It was a huge cost.²³⁷

- 5.30** The impact of road closures on business activity, as well as on the delivery of food, fuel and mail, was also described by the Pastoralists' Association of West Darling:

Most of the main roads in the Western Division are dirt, and their closure following rain seriously affects landholder's capacity to carry out their business activities. Deliveries of mail, fuel and food, as well as livestock transport have been interrupted for long periods of time by wet weather in the past 18 months, as neglected roads hold water for long periods of time. In some cases, landholders have foregone opportunities to benefit from premiums available in the market places as road conditions simply eliminate the possibility of delivering product at the most opportune time, Poor road conditions increase travel time for livestock, raising issues of animal welfare and fatigue management for drivers...²³⁸

- 5.31** The Pastoralists' Association concluded that it is '...strongly in favour of bituminising the remaining dirt sections of the Silver City Highway and the Cobb highway, as well as increasing funding to the Roads and Traffic Authority to allow for overdue repairs to dirt roads in the region'.²³⁹

- 5.32** Mr Geoff Wise, General Manager, Bourke Shire Council, noted that in contrast to the situation in central and western NSW, it is possible to '...get to virtually every community in Queensland on a sealed road':

Birdsville still does not have a sealed route and Bedourie does not yet either. But apart from that, to my knowledge, there is not another town in Queensland other than up around the cape that does not have sealed roads. Yet we have it at Wanaaring, Tiboburra, Louth, Tilpa. You can get to virtually every community in Queensland on a sealed road, but not in western districts.²⁴⁰

Committee comment

- 5.33** The Committee considers that access to safe and efficient highways plays a critical role in stimulating the economic and social development of regional NSW.
- 5.34** We are particularly concerned that large sections of the Cobb and Silver City Highways are unsealed, leading to frequent road closures due to rain events. This regular disruption to the road network presents significant challenges to communities and industries that rely on these highways to transport goods and services. The Committee also notes that, until these roads are sealed, the only unsealed sections of these national highways are in NSW.
- 5.35** In order to address this serious issue, the Committee recommends that the Minister for Roads develop a planning schedule to complete the sealing of these highways as soon as practicable.

²³⁷ Mr John Elliot, Treasurer, Emmdale Landcare Group Incorporated, Evidence, 4 November 2011, p 24.

²³⁸ Submission 43, Pastoralists' Association of West Darling, p 2.

²³⁹ Submission 43, p 2.

²⁴⁰ Mr Geoff Wise, General Manager, Bourke Shire Council, Evidence, 3 November 2011, p 10.

Recommendation 12

That the Minister for Roads develop a planning schedule to complete the sealing of the Cobb and Silver City Highways as soon as practicable.

Regional road network

5.36 The regional road network provoked much discussion throughout the inquiry, with inquiry participants highlighting a number of roads in the network that require sealing or other works to improve safety and travel conditions. Inquiry participants also noted the significant financial burden placed on local councils in trying to maintain the regional road network.

5.37 Cobar Shire Council advised that the shire has an extensive road network of approximately 2,800km of roads, of which 361km are unsealed.²⁴¹ The Council singled out The Wool Track as the highest priority for sealing:

Of the regional roads, the Wool Track is our most strategic link road that requires sealing. The Wool Track is critical to Cobar Shire and the region ... Sealing the Wool Track will increase business and tourism opportunities for Cobar and the western area. Government funding is required to see this project to fruition.²⁴²

5.38 Due to its strategic importance in the region, Regional Development Australia – Orana also advocated for the sealing of The Wool Track: ‘The most strategic link road in this area is The Wool Track, which connects the Sunraysia area of Victoria with South east Queensland. The Wool Track is unsealed’.²⁴³

5.39 Tandou, an agribusiness focussed on the large scale irrigated production of cereal crops and cotton, advocated for the sealing of UR34, also known as the Old Pooncarie Road.²⁴⁴ The Old Pooncarie Road is the only road access to and from the Tandou property, and it unpassable in wet weather:

UR34 [Old Pooncarie Road] is a dry weather road only and was impassable to heavy traffic from 11 January 2001 to 1 April 2011 due to frequent rain events. During this time it was impossible to supply Tandou Farm with its operational requirements as the only way in or out of the farm was via the company’s two single engine aeroplanes ... we believe that UR34 should be given elevated priority and consideration be given to allocating additional resources to improve the road to ‘all weather’ status.²⁴⁵

5.40 The Eugowra Promotion & Progress Association and Mrs Janet Noble advocated for the replacement of the Holman timber bridge at Gooloogong. Both these inquiry participants expressed concern at the ‘dilapidated’ state of the bridge:

²⁴¹ Submission 18, Cobar Shire Council, p 4.

²⁴² Submission 18, p 4.

²⁴³ Submission 44, Regional Development Australia – Orana, p 5.

²⁴⁴ Submission 42, Tandou Limited, p 1.

²⁴⁵ Submission 42, p 2.

In recent years, besides the patent inadequacy of its single lane, it has become dangerously dilapidated and in need of constant repair to the extent of a full time workers' camp being set up alongside it. The expense of this exercise must be enormous, besides the inconvenience of constant traffic stoppages due to repair works being carried out.

It's obviously had its day and its replacement can only be seen as 'win/win' situation for both travellers and the NSW Government.²⁴⁶

- 5.41** Lachlan Shire Council argued that funding should be allocated for an upgrade of the Hillston to Eumungerie Road link, noting that the regional road network can 'fall outside the gambit' of current road funding arrangements:

This road which would provide a sealed route north south across four shires including Lachlan Shire would reduce freight costs for business and attract tourists off the Newell highway injecting a shot in the arm economically. Unfortunately roads of this classification and there are a number of this type of project in the central and far west fall outside the gambit of current funding arrangements and are being delayed or not completed at all as a result.²⁴⁷

- 5.42** The Mid-Western Regional Council argued that '[t]he majority of the roads in the region are not of an adequate standard to meet the demands of local mining traffic'.²⁴⁸ In particular, the Council noted that the Ulan Road between Mudgee and the Ulan Coal Mines had experienced exponential growth:

... we have one road in the Mid-Western region between Mudgee and the Ulan Coal mines that in 1985 had traffic movements of 800 vehicles per day. That road now has in excess of 8,000 vehicle movements per day for part of it (a greater number than the Newell Highway), reducing to 3,500 vehicle movements per day closer to the mines. The cost to Council to upgrade this road to a standard that is able to cope with this volume of traffic is \$32 million.²⁴⁹

- 5.43** Ms Linda Nadge, Chief Executive Officer, Regional Development Australia – Far West, prioritised four key roads in the far west region that require sealing, highlighting the economic consequences of not having these four roads sealed:

The road to Tibooburra and the Pooncarie-Menindee road, those two in particular. The third one is the one I mentioned in the submission, Wilcannia to Ivanhoe, on the Cobb Highway. The fourth one on the agenda is the road from Ivanhoe to Balranald ... In respect of Tibooburra, the lack of the sealed road means loss of tourism, loss of freight, loss of advantage being taken off the gas fields ... In the Menindee and Tandou areas, some of the farmers and pastoralists have talked about the high cost and the inability to move freight quickly from Menindee and Pooncarie to markets

²⁴⁶ Submission 7, Eugowra Promotion & Progress Association, p 1. See also Submission 1, Mrs Janet Noble, p 1.

²⁴⁷ Submission 16, p 4.

²⁴⁸ Submission 10, Mid-Western Regional Council, p 8.

²⁴⁹ Submission 10, p 8.

down south. The same is true of the road from Broken Hill to Tibooburra and further north up the Kidman Way, from Ivanhoe through to Wilcannia and further north.²⁵⁰

- 5.44** Regional Development Australia – Far West acknowledged that there are varying opinions in the region over which roads should be sealed first, but said that ultimately, people in the far west of the state ‘... just want the roads sealed, in a systematic approach, in a planned and transparent way’.²⁵¹

Financial burden on local councils

- 5.45** The size of the regional road network places a significant financial burden on local councils in trying to maintain the network. The Local Government and Shires Associations of NSW advised that local government is responsible for approximately 90 per cent of the state’s road network, with councils in many instances unable to generate sufficient funds to properly maintain road infrastructure:

Local Government has the primary role in the management of this local road network. Councils are responsible for around 90% of the state’s road network, which includes 18,500 km of Regional Roads and 144,000 km of local roads. In many regional areas of NSW, rating revenue is generally insufficient to cover all but a small proportion of local road construction and maintenance activities, so councils in these areas are heavily dependent on government grants for the ongoing costs associated with managing their local road networks.²⁵²

- 5.46** Councils were highly critical of the financial assistance received for the maintenance of road infrastructure. For example, Cobar Shire Council indicated that it is facing a deficit of \$7 million per annum to bring the shire road network up to standard, arguing that it has received ‘insufficient financial assistance’ to undertake this task:

There has been a lack of funding for both shire roads and regional roads over the years. This has resulted in the gravel completely disappearing in many areas and the earthworks and reformations of unsealed roads are now below the natural surface level. This has proven to be particularly problematic (and expensive!) in the recent wet years. Council is facing an annual deficit of around \$7m to bring the road network up to standard ... Western councils have received insufficient financial assistance from other levels of government to maintain their vast road network. Cobar has one of the lowest levels of funding per kilometre for regional roads under the financial assistance grants in NSW.²⁵³

- 5.47** Mr Tim Drew, General Manager, Central Darling Shire Council, speaking on the road network in the Central Darling Shire, said that ‘[a] million dollars will enable us to seal about five kilometres of roads’.²⁵⁴ Mr Drew said that although the Council was attempting to ensure that the Shire’s roads were well-managed, the program for sealing extends well into the future:

²⁵⁰ Ms Linda Nadge, Chief Executive Officer, Regional Development Australia – Far West, Evidence, 4 November 2011, p 10.

²⁵¹ Submission 34, Regional Development Australia – Far West, p 8.

²⁵² Submission 48, Local Government and Shires Associations of NSW, p 4.

²⁵³ Submission 18, p 4.

²⁵⁴ Mr Tim Drew, General Manager, Central Darling Shire Council, Evidence, 4 November 2011, p 35.

... we are doing our best to meet that commitment every year and rotating it around the roads. The Cobb highway has 140 kilometres of unsealed road, the Menindee to Pooncarie road, another 100, and that section of the Balranald Ivanhoe road, 27 kilometres of unsealed road. The sealing program – I don't know what that equates to in years – but it is probably going to be long beyond my tenure at council and perhaps long beyond the mayor's as well. That is frustrating and you have already heard the frustration of the local community.²⁵⁵

- 5.48** Ms Phyllis Miller, Chair, Central NSW Councils Regional Organisation of Councils (CENTROC), and Mayor, Forbes Shire Council, suggested that there will always be issues with funding arrangements for road infrastructure:

Roads are always going to be an issue because there are three of us funding them. There is the Australian Government, State and Local Government. We are never ever going to have everyone happy with the roads. It is just prioritising it. Putting rates up is not going to fix the roads ...²⁵⁶

- 5.49** The majority of local councils that made submissions to the inquiry noted that the escalating costs of managing road infrastructure was not being met through existing funding arrangements, to the detriment of road quality.²⁵⁷ For example, Blayney Shire Council said:

The road asset is also increasing whilst Council's resources to address the network are decreasing. Costs are also increasing with materials costs rapidly escalating in line with current quality assurance requirements and increasing legislation such as the Occupational Health and Safety Act adding greatly to road authority's costs. The ability to fund roads through revenue is extremely limited, and it is difficult to reconcile that a recurrent need such as road maintenance and reconstruction can be funded for an extended period from non-recurrent sources.²⁵⁸

- 5.50** Blayney Shire Council continued to suggest that if increased funding for roads was not made available, the deterioration of road conditions will accelerate:

If increased funding on the road asset is not made available, Council and its community must then accept that the condition and therefore levels of service will decline. In time this will result in accelerated rates of deterioration and increased cost of maintenance to an even lower standard.²⁵⁹

- 5.51** A need for 'greater external government assistance to allocate the appropriate budgets for road pavements to arrest future deterioration' was advocated by Bathurst Regional Council, particularly as more roads require maintenance and, in some cases, reconstruction.²⁶⁰

²⁵⁵ Mr Drew, Evidence, 4 November 2011, p 35.

²⁵⁶ Ms Phyllis Miller, Chair, CENTROC, and Mayor, Forbes Shire Council, Evidence, 12 September 2011, p 50.

²⁵⁷ See for example Submission 30, Forbes Shire Council, p 8; Submission 16, p 4; and Mr Adam Marshall, Vice-President, Shires Association, and Mayor, Gunnedah Shire Council, Evidence, 12 September 2011, p 24.

²⁵⁸ Submission 38, p 6.

²⁵⁹ Submission 38, p 6.

²⁶⁰ Submission 45, Bathurst Regional Council, p 6.

Council is cognisant of the fact that there will be acceleration in the need for funding as the large area of pavements reconstructed in the 1960's and 1970's gradually come on line for major maintenance and reconstruction.

Council values the provision of Federal Government funding under the roads to recovery program and other financial assistant grants. However, the reality is that when combined with other funds available to Council, the level of external funding assistance to maintain current levels of service are not sufficient and this funding gap will continue to increase over time as road costs further increase.²⁶¹

- 5.52** As new developments such as mines are approved, the Mid-Western Regional Council suggested that consideration be given to reclassifying roads to ensure appropriate funding can be sourced:

As new developments are proposed and come on line, it is important that roads are reclassified as necessary to State roads so that appropriate and immediate levels of funding can be provided. This should be part of the process of approvals and determinations so that it is not always a situation where infrastructure needs to be resourced with a 'catch-up' methodology.²⁶²

- 5.53** Another issue raised by inquiry participants in regard to the regional road network was that local councils are unable to receive funding for the betterment of the road network after a flood event. For example, Mr Drew noted that in the event that flooding destroys or damages the road network, there is only capacity for councils to seek funding to restore the road to its pre-flood condition:

If you have a flood event and there is a low point in the road, naturally that is where the water is going to go across. With the funding as it is presently you can only restore it to what its normal level is.²⁶³

- 5.54** Mr Drew noted that this means that roads will flood '...again and it keeps going on', continuing to suggest that there should be capacity to improve the ability of the road to withstand flood events:

There should be some consideration given to the improvement of and the long-term availability of making that road passable. If it is blocked in one spot your road is gone. It does not matter whether it is five kilometres down the track or a hundred kilometres. But if you can improve it, to make it trafficable, then naturally it is for the betterment of everyone.²⁶⁴

Committee comment

- 5.55** The Committee strongly believes that safe and efficient roads play a critical role in facilitating the economic and social development of central and western NSW. The Committee also notes the range of challenges facing communities in central and western NSW in relation to the management and maintenance of the road network across the region, most notably in regard

²⁶¹ Submission 45, p 6.

²⁶² Submission 10, p 8.

²⁶³ Mr Drew, Evidence, 4 November 2011, p 36.

²⁶⁴ Mr Drew, Evidence, 4 November 2011, p 36.

to the prevalence of unsealed roads in the region and the high costs borne by local councils in maintaining the network.

- 5.56** The Committee further considers that the Long Term Transport Master Plan must identify measures to better meet the funding requirements for the maintenance and improvement of the regional road network. While the regional road network is the responsibility of local government, it is evident that the significant financial burden of maintaining and improving this network is creating enormous pressure on local governments throughout central and western NSW, to the detriment of all users of the road network and other services provided by local councils.
- 5.57** Finally, the Committee notes that at present, local councils are unable to receive funding for the betterment of the road network after a flood event, and instead only receive funding to restore the road to its pre-flood state. While we have received limited evidence on this subject, it would appear that this is an ineffectual use of resources. The Committee believes that the NSW Government should review the post-flood funding mechanisms available to local councils for repairs to road infrastructure to allow for reasonable betterment works to be carried out.

Recommendation 13

That the NSW Government review the post-flood funding mechanisms for repairs to road infrastructure, with specific regard to allowing reasonable betterment works to be carried out.

High performance vehicles

- 5.58** Inquiry participants noted that a growing amount of freight is being delivered via the road network, rather than via rail. This trend has resulted in the increased presence of high performance vehicles (HPVs) such as B-Double trucks on the road network. The increasing presence of HPVs was mentioned by some inquiry participants as creating challenges for local councils, particularly in regard to determining which roads HPVs are permitted to access.
- 5.59** The Local Government and Shires Associations of NSW explained these concerns from the perspective of local councils:
- ... councils are under increasing pressure from the freight industry to open up local roads to more varied heavy vehicle combinations. In developing policies regarding heavy vehicle access councils must balance economic benefits with the real impacts on road and bridge infrastructure and the road safety and amenity concerns of their local communities.²⁶⁵
- 5.60** Mr Keith observed that as the size of HPVs grows, the issue of access rights is going to be increasingly problematic, especially in relation to road construction and maintenance:

Part of the difficulty that I see for NSW generally is that as the higher productivity vehicles come into play and there is a greater demand for farming communities and the transport industry generally to move into B-triples and AB-triples there will be a

²⁶⁵ Submission 48, p 5.

demand for wider roads, better curve geography on a lot of roads in the rural areas and there is going to have to be an increase in funding to accommodate those vehicles. I think it will be extremely important on roads like the Newell Highway ... we would like to see B-triples and so forth on that highway from border to border within five years to meet the needs of the transport industry and to reduce the number of vehicles by having those bigger vehicles there. But we need to do it in a way that is safe and can accommodate the other vehicles and other users of the highway.²⁶⁶

5.61 The impact of HPVS on the road network adds to the financial burden of local councils maintaining regional roads, as discussed in the previous section.

5.62 Mr Kent Boyd, General Manager, Parkes Shire Council, told the Committee that there was 'quite a disparity' between local councils over where HPVs are allowed to travel on local roads

We have suggested on a couple of occasions that the State government look at making all areas west of the highway able to be accessed by those larger productivity vehicles to remove that inequity. There is quite a disparity between the councils also as you move across the western districts on how they actually assess those roads.²⁶⁷

5.63 The disparate approaches pursued by local councils in allowing access for HPVs was also noted by CENTROC, who advocated for a co-ordinated approach to determining where HPVs can travel:

The recent introduction of Higher Mass Limit trucks has led to Councils across the region needing to develop processes to assess their impact on the local networks they manage. It is clear that Local Government in the region would benefit from a coordinated methodology to approved route extensions.

Currently each Council has a disparate approach to assessing B-Double routes and those for high performance vehicles with some Councils having blanket approvals in place and others assessing routes on a case by case basis. This has led to gaps in heavy vehicle networks as freight moves from one region to another. Hence, there is a need to work towards a standard approach across the region.²⁶⁸

5.64 This suggestion was supported by Forbes Shire Council, who suggested the development of '... appropriate legislation that provides blanket coverage for HPV across the state at appropriate locations, with the highest priority being crossing the Blue Mountains'.²⁶⁹

5.65 To develop greater consistency, CENTROC indicated that it '... will work towards developing partnerships with the industry and the RTA and adopting a consistent methodology for the assessment of routes for b-doubles, Higher Mass Limit trucks and other heavy vehicles'.²⁷⁰

5.66 When questioned on the role of Transport for NSW in determining where HPVs can travel, Mr Reardon advised that Transport for NSW, together with Roads and Maritime Services, share responsibility for deciding permitted routes:

²⁶⁶ Mr Keith, Evidence, 2 November 2011, p 41.

²⁶⁷ Mr Kent Boyd, General Manager, Parkes Shire Council, Evidence, 2 November 2011, p 41.

²⁶⁸ Submission 37, CENTROC, p 18.

²⁶⁹ Submission 30, p 9.

²⁷⁰ Submission 37, p 20.

Transport for NSW and Roads and Maritime Services work together in partnership on what high-productivity vehicles can use State and regional roads. Local access and use of the so-called last mile are a matter for local councils to determine on a case-by-case basis, taking into account a range of access conditions that they consider appropriate for the freight operator ... At the State and local level, Roads and Maritime Services works very closely with local councils on determining access on a case-by-case basis.²⁷¹

- 5.67** Mr Reardon outlined the range of factors that are taken into consideration when determining where HPVs can travel on the road network, most notably the impact on road surfaces and safety considerations:

A range of factors is taken into account. However, the predominant issues are pavement damage and safety considerations in terms of the cost of road wear to the network and safety considerations in terms of ensuring that, for example, high-productivity vehicles have the latest stability controls. They are the B-double determining criteria for that access. There are many others covering emissions, congestion, noise et cetera, but those two are predominant.²⁷²

- 5.68** Mr Reardon advised that work was currently underway to establish a national heavy vehicle regulator, which would consider the issue of access to the road network for HPVs:

At the broadest level, the New South Wales Government, along with other jurisdictions, is working with the Commonwealth on establishing a national heavy vehicle regulator. The issue of access to both State and local networks is under consideration within the establishment of that regulator.²⁷³

Committee comment

- 5.69** The Committee acknowledges that the increasing presence of HPVs on the road network in central and western NSW is placing significant pressure on local government in the region, particularly in regards to the financial burden of maintaining the regional road network. We also note that that are inconsistent guidelines across local government areas to regulate where HPVs can travel.
- 5.70** The Committee welcomes moves to establish a national heavy vehicle regulator, and considers that a key function of this regulator should be to provide clear and consistent guidelines regarding the presence of HPVs on roads across the nation. Any such guidelines should be developed in consultation with State and local governments, and with key stakeholders in the freight industry.
- 5.71** In the interim, the Committee considers that Transport for NSW and Roads and Maritime Services should collaborate with Regional Organisations of Councils and key stakeholders in the freight industry to develop a consistent methodology for the assessment and approval of permitted routes for HPVs across the State's road network.

²⁷¹ Mr Reardon, Evidence, 9 March 2012, p 3.

²⁷² Mr Reardon, Evidence, 9 March 2012, p 3.

²⁷³ Mr Reardon, Evidence, 9 March 2012, p 3.

Recommendation 14

That Transport for NSW and Roads and Maritime Services collaborate with Regional Organisations of Councils and key stakeholders in the freight industry to develop a consistent methodology for the assessment and approval of permitted routes for high performance vehicles.

- 5.72** The Committee further considers that the increased presence of HPVs on the road network in central and western NSW, and indeed throughout all of NSW, could be arrested through better usage of rail corridors. The next section of our chapter examines the role of rail in moving freight across central and western NSW and to port facilities.

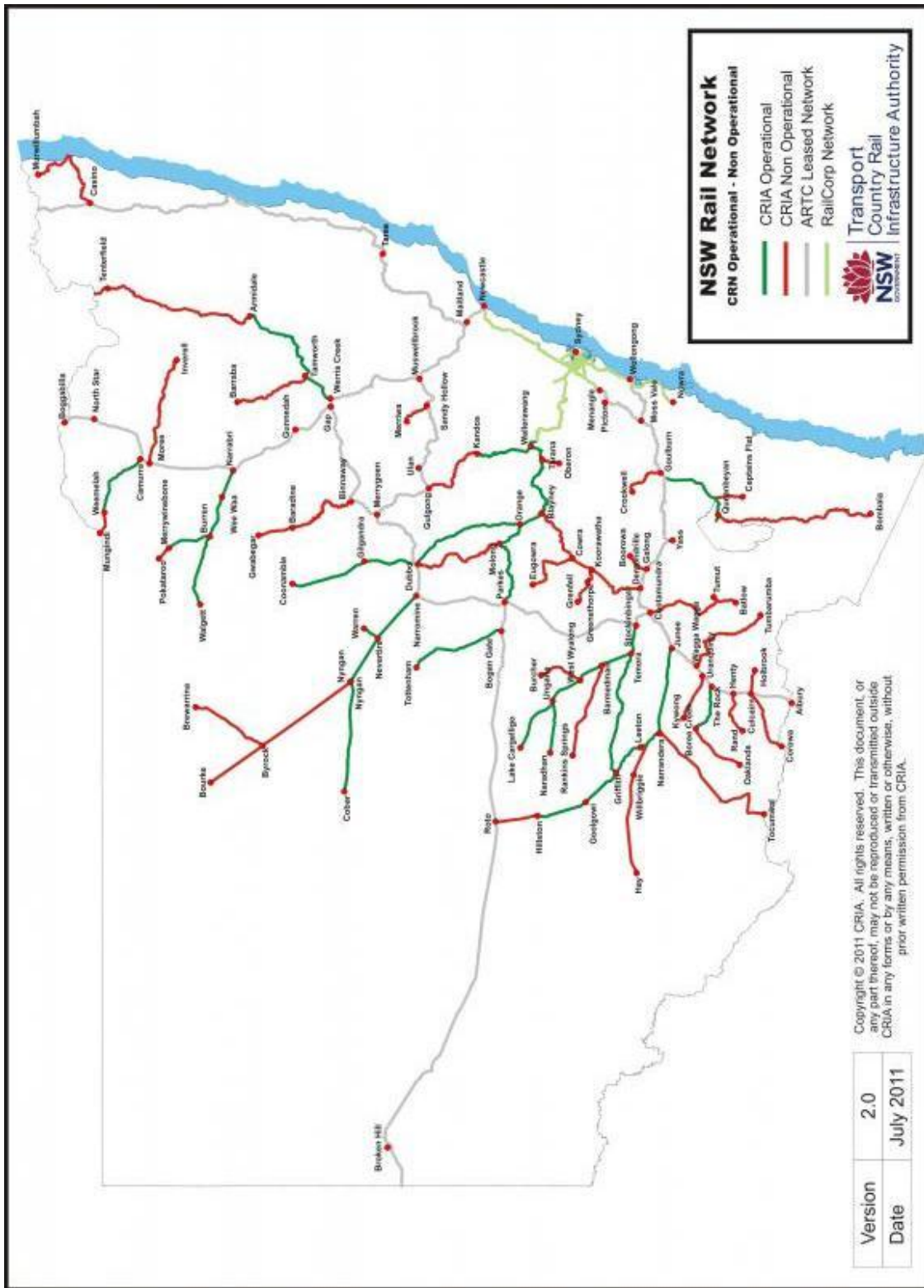
The freight rail network

- 5.73** Transport for NSW advised that in the 2007/08 financial year, approximately 93 billion tonne kilometres²⁷⁴ of domestic freight was moved in NSW. Of this freight, approximately 23 billion tonne kilometres was moved by rail, 64 billion tonne kilometres was moved by road and 6 billion tonne kilometres was moved by sea.²⁷⁵
- 5.74** The following figure shows the NSW rail network, including rail lines operated by the Country Rail Infrastructure Authority, RailCorp and the Australian Rail Track Corporation.

²⁷⁴ One tonne kilometre is defined as one tonne of freight moved one kilometre.

²⁷⁵ Answers to questions taken on notice during evidence 9 March 2012, Mr Tim Reardon, Deputy Director General, Policy and Regulation, Transport for NSW, Question 1, p 1.

Figure 3 NSW rail network²⁷⁶



²⁷⁶ NSW Government, Transport Country Rail Infrastructure Authority, *Location/Operational Map*, July 2011, accessed 22 May 2012, <<http://countryrail.nsw.gov.au/location/operational-map>>

- 5.75** Mr Reardon advised that integrated management of the freight task across different modes of transport was one of the purposes behind the establishment of Transport for NSW:

One of the six divisions of Transport for NSW has been established to focus on freight and regional development. That division will, for the first time, consolidate the coordination of key freight system components, such as road, rail, marine, ports and intermodal terminals, providing a single point of contact for the freight industry.²⁷⁷

- 5.76** Mr Reardon advised that the NSW Long Term Transport Master Plan, which is currently being developed, will examine ways to better manage the movement of freight in regional and metropolitan NSW, including freight movements from central and western NSW:

It certainly will. It will look in depth at both the regional demand and current capacity in terms of infrastructure and certainly the metropolitan demand and some of the constraints within the metropolitan area from Port Botany, including the intermodal terminal networks across the metropolitan area.²⁷⁸

- 5.77** The Master Plan Discussion Paper states that one of the NSW 2021 goals is to ‘... double the proportion of container freight movement by rail through NSW ports by 2020’.²⁷⁹

- 5.78** Despite this goal, participants in this inquiry identified a number of current challenges in regard to the movement of freight via rail throughout central and western NSW and to port. Inquiry participants highlighted a number of projects that have the potential to improve the rail network, including the Inland Rail project, the Blayney to Demondrille line, and the Maldon to Dombarton line.

Access to sea port facilities

- 5.79** A number of inquiry participants highlighted that companies in central and western NSW can experience difficulties in moving their produce to Sydney via rail, and suggested that it would be useful to open up access to the Newcastle and Port Kembla sea ports to reduce congestion on the Sydney rail lines.

- 5.80** The difficulty of getting produce to port facilities was highlighted by some inquiry participants. For example, Mr Morrison referred to a specialty grain company that exports to Japan, noting that ‘[t]he cheapest leg of the trip is to get from Sydney to Japan’:

The major cost is to get from Parkes to Blayney by truck and then the rest of it. So the cost to business to get to the sea port is greater than the cost of getting it to anywhere in the world. We have a very poor rail connection between Sydney. We cannot double stack. The line is archaic. It takes hours to get anywhere, and when we get to Sydney we have trouble getting through ...²⁸⁰

²⁷⁷ Mr Reardon, Evidence, 9 March 2012, p 2.

²⁷⁸ Mr Reardon, Deputy Evidence, 9 March 2012, p 5.

²⁷⁹ Transport for NSW, *NSW Long Term Transport Master Plan – Discussion Paper*, February 2012, Item 7.1.

²⁸⁰ Mr Morrison, Evidence, 2 November 2011, p 8.

- 5.81** The Canowindra Produce Company, which manages stockfeed sites at Canowindra, Forbes and Nanami, and grain sites at Tichbourne, Gooloogong and Eugowra, explained the significant difficulties it experiences with rail services in central and western NSW:

At present we have to road freight a distance of 60 kilometres and then a rail provider sends containers to port from Blayney. However at Forbes the distance is far greater and hence the viability of the operation is jeopardised because of the inability to supply rail trucks to the Forbes district ... We cannot get any guarantee at all of a rail service from Forbes. Just as big a worry is only a limited service from Blayney due to them also having rail provider issues.²⁸¹

- 5.82** A number of inquiry participants referred to the difficulties of moving freight over the Blue Mountains. For example, Mr John Davis, Deputy Chair, CENTROC, and Mayor, Orange City Council, referred to the Blue Mountains, as a ‘bottleneck’.²⁸²

- 5.83** Ms Jennifer Bennett, Executive Officer, CENTROC, indicated that due to problems in freighting produce over the Blue Mountains into Sydney, direct rail access from central and western NSW to Port Kembla would be beneficial:

There are also issues going across the Blue Mountains as well. Especially going into the port of Sydney, there is a lot of congestion, we have heard anything up to four hours of freight to be waiting, especially for freight rail. So to be able to have a much better connection down into Port Kembla, and also Port Kembla is being developed so it can even take greater capacity.²⁸³

- 5.84** Mr Garry Styles, Executive Manager, CENTROC, and General Manager, Orange City Council, suggested that there were a number of companies in central and western NSW that would benefit from access to Port Kembla:

There are some very strong examples in the central west that would benefit strongly from access into Port Kembla: you talk to George Tanos at Blayney, a major cold foods operator; if you look at the slurry that comes from the Cadia mine, it gets frustrated on its way to go overseas to be processed. They would certainly be keen on looking at Port Kembla ...²⁸⁴

- 5.85** Rail links to Newcastle were also supported, with Oberon Council suggesting that this would simultaneously enhance export opportunities and reduce congestion on the road network:

Council remains keen to explore the provision of rail links for the Central West to Newcastle. This would facilitate an expansion for international trade opportunities, including timber products, that is currently missing from the mix. The removal of large volumes of freight from the road network and onto a rail network can only be seen as beneficial for all road users as well as safeguarding the future viability of the industry itself.²⁸⁵

²⁸¹ Submission 22, Canowindra Produce Company Pty Ltd, p 1.

²⁸² Mr John Davis, Deputy Chair, CENTROC, and Mayor, Orange City Council, Evidence, 12 September 2011, p 42.

²⁸³ Ms Jennifer Bennett, Executive Officer, CENTROC, Evidence, 12 September 2011, p 41.

²⁸⁴ Mr Garry Styles, Executive Manager, CENTROC, and General Manager, Orange City Council, Evidence, 12 September 2011, p 41.

²⁸⁵ Submission 29, Oberon Council, p 8.

5.86 Mr Michael Cullen, Executive Director, Enterprise Small Business and Regional Development, NSW Department of Trade and Investment, Regional Infrastructure and Services, indicated that the Department was aware of the challenges of getting freight to port facilities in Sydney:

... the feedback that we get from business is that, for instance, you have a limit to where they can double stack trains from western New South Wales into Sydney, so that becomes an issue of then having to change from one type of transport of freight on roads to transport on train, and that costs money every time you have to move from one form of transport to another.²⁸⁶

5.87 Mr Cullen also acknowledged that companies often prefer to move freight via the road network, due to the limitations of the freight rail network:

... the feedback we get from business, that essentially they tend to move material by road. The train lines that are available have some limitations. There are places like Blayney and Bathurst which are starting to develop as inter-modal type operations, but there really isn't that capacity in any concentrated way across western New South Wales that makes the freight logistics movements a sensible viable proposition ...²⁸⁷

5.88 Mr Reardon recognised the importance of reliable access to all three port facilities in NSW, and advised that the NSW Government was working with the Commonwealth Government to improve this access:

... all three ports [Port Kembla, Newcastle and Sydney] play a relatively significant role in development in New South Wales ... The capacity constraints on the general containerised freight in the metropolitan area are significant and, as we indicated, the doubling of freight will make that even more significant. We are working with the Commonwealth Government on a range of initiatives, for example the north Sydney freight corridor, the city south freight line and access into Port Botany.²⁸⁸

North-South Inland Rail project

5.89 The first rail line highlighted by inquiry participants as necessary to assist the economic development of central western NSW and facilitate the easier transporting of freight via rail was the North-South Inland Rail project. The Local Government and Shires Associations of NSW advocated for the construction of the Inland Rail as a way to alleviate congestion on the road network:

Local Government feels that rail transport must be explored as an alternative to road transport where possible. This could be through the use of existing under-utilised rail lines, and the development of new routes such as the North-South Inland Rail project can only help to reduce the pressure on local roads.²⁸⁹

²⁸⁶ Mr Michael Cullen, Executive Director, Enterprise Small Business and Regional Development, NSW Department of Trade and Investment, Regional Infrastructure and Services, Evidence, 12 September 2011, p 4.

²⁸⁷ Mr Cullen, Evidence, 12 September 2011, p 5.

²⁸⁸ Mr Reardon, Evidence, 9 March 2012, p 8.

²⁸⁹ Submission 48, p 5.

- 5.90** Mr Keith, Mayor of Parkes Shire Council noted that at present, ‘[y]ou can double-stack containers from Parkes all the way to Perth which you cannot do any further east from here’.²⁹⁰ Mr Keith suggested that the Inland Rail project would have benefits for both the movement of freight and passenger train services:

We see it as a major national advantage to western New South Wales and to Australia generally to be able to take that freight off the coastal route and take it out of the blockages of Sydney. Let the passengers use that route and get the freight out west where it can be transported faster and quicker.²⁹¹

- 5.91** The Orana Regional Organisation of Councils (OROC) also supported the opening of the Inland Rail line to improve the efficiency of freight transport:

... the construction of an inland multi stack, fast North/South inland rail corridor traversing the Orana region can potentially open up cost effective handling and access for domestic markets as well as multi port access efficiencies.²⁹²

- 5.92** In response to questioning on the status of the Inland Rail line project, Mr Reardon explained that while no date has been set for the commencement of construction, work had commenced on preserving the corridor for the line:

The Commonwealth Government allocated funding to that route and that includes \$30 million in 2014-15 to allow detailed planning work and necessary land resumption to begin in late 2014. This will be along the corridor that was identified as the preferred option by the Australian Rail Track Corporation. No date for commencement of construction has been announced, with the focus currently on preserving the corridor.²⁹³

Blayney to Demondrille rail line

- 5.93** The second freight rail line advocated by inquiry participants was the Blayney to Demondrille rail line, which is primarily used for grain haulage. Weddin Shire Council indicated that a group of councils – Weddin, Blayney, Cowra, Young and Harden – have formed a taskforce to advocate for the re-opening of this line:

Three local government councils in the central west, namely the Councils of Blayney and Cowra, Weddin, together with Young and Harden, have joined forces to work for the reopening of the Blayney to Demondrille (including Greenethorpe) rail line which is no longer available for the transport of grain and other bulk materials throughout the region. The consequential road freight is causing increased damage to the roads in the area, both classified and unclassified, and the councils are having to bear a large part of the brunt of cost savings by a State Government department.²⁹⁴

- 5.94** The Council advised that the taskforce engaged SAMROM and Associates to investigate the potential for freight transport on the line. The SAMRON report found that there is

²⁹⁰ Mr Keith, Evidence, 2 November 2011, p 39.

²⁹¹ Mr Keith, Evidence, 2 November 2011, p 42.

²⁹² Submission 40, p 7.

²⁹³ Mr Reardon, Evidence, 9 March 2012, p 3.

²⁹⁴ Submission 12, Weddin Shire Council, p 1.

‘... sufficient freight volumes to justify the reopening of the line, with an Internal Rate of Return of 22.5% and a Benefit Cost Ratio of 1.28’.²⁹⁵ CENTROC further advised that the SAMRON report suggested that an initial investment of \$10.5 million was required to return the line to operation.²⁹⁶

- 5.95** Cowra Shire Council suggested that there is potential for up to 20 million tonnes of freight per annum to be transported on the line:

This is seen as an essential freight transport corridor and a future economic development benefit to the region. While a working party recently identified 1.5 million tonnes of freight for these lines, potential exists for up to 20 million tonnes per annum over the next 20 years. Likewise the completion of the Maldon-Dombarton line would cater for expanding rail freight (particularly ore to Port Kembla) and ease congestion within the Sydney rail network.²⁹⁷

- 5.96** Weddin Shire Council argued that the re-opening of the Blayney to Demondrille line would generate a number of positive benefits, such as reducing road congestion and facilitating faster access to port:

The re-opening of this line would generate positive economic benefits to the central west in bringing the line up to standard, then operating it at a small profit, while significantly reducing the amount of road transport through the region. There may also be other benefits in reducing congestion from goods trains in the Blue Mountains and metropolitan areas and facilitating access to Port Kembla.²⁹⁸

- 5.97** Blayney Shire Council similarly suggested that re-opening the line would reduce congestion on the road network, which would result in reduced carbon emissions, reduced road damage on both state and local roads, and improved road safety outcomes. The Council further suggested that re-opening the line would create ‘... improved opportunity for passenger services access through to Sydney’.²⁹⁹

- 5.98** When questioned on the comments of inquiry participants, Mr Reardon advised that an external advisor, Booz and Company, has also prepared a report on the feasibility of the line, and that this report was currently with the Minister for Transport for consideration.³⁰⁰ This report has not yet been publicly released.

Maldon to Dombarton rail line

- 5.99** Some inquiry participants advocated for the completion of the Maldon to Dombarton rail line. For example, the Blue Mountains City Council argued that completion of the line would make it easier to freight goods to Port Kembla, and would remove a number of heavy freight vehicles from the Great Western Highway and Bells Line of Road:

²⁹⁵ Submission 12, p 1.

²⁹⁶ Submission 37, p 15.

²⁹⁷ Submission 51, p 2.

²⁹⁸ Submission 12, p 2.

²⁹⁹ Submission 38, p 4.

³⁰⁰ Mr Reardon, Evidence, 9 March 2012, p 2.

Funding for improvements to the transport of freight via rail are of particular concern as this removes heavy freight vehicles from the Great Western Highway and Bells Line of Road ... The completion of the Maldon to Dombarton Railway Line would provide an additional link for the freighting of goods from Central Western NSW to Port Kembla. The completion of this project would enhance the freight rail network and combined with upgrades to the Main Western Line would reduce the number of heavy vehicles on the Great Western Highway.³⁰¹

- 5.100** Ms Bennett, Executive Officer, CENTROC, said that CENTROC supports the completion of the Maldon to Dombarton line because it will provide easier access to port for both the central western and southern regions of NSW:

It is part of CENTROC policy that we support the Maldon Dombarton line. From what we can gather, it does provide a connection for the central west as well as for the south, so that we do not need to go through the guts of Sydney basically to get to port, and that is a critical thing for us ...³⁰²

- 5.101** Mr Reardon advised the Committee that the Commonwealth Government had completed a feasibility study on the completion of the rail line, and is currently preparing a 'detailed design for the future construction' of the line:

... the Commonwealth undertook a feasibility study into that rail line which was released in October 2011. The Commonwealth Government reached a conclusion that currently there is no business case for building that line, based on the benefit to cost ratio it achieved based on volumes, feasibility of those volumes and the capital costs that you mentioned. However, there is a commitment for the preparation of a detailed design which would be necessary for the future construction of that rail link, which the Commonwealth is currently progressing.³⁰³

- 5.102** As an alternative to the Maldon to Dombarton rail line, the Moss Vale to Unanderra rail line also provides rail access to Port Kembla. Currently, the line is used for export coal and grain movements. However, the steep gradient of the line presents some challenges, particularly in regards to moving heavy freight loads from Port Kembla to Moss Vale.³⁰⁴

Committee comment

- 5.103** The ability to move freight via rail quickly and economically throughout central and western NSW and to port facilities is a vital component of fulfilling the economic potential of the region. In addition, a high-quality rail network would serve to alleviate the pressure placed on the road network by freight vehicles, and reduce the financial pressures placed on local councils in maintaining these roads.

³⁰¹ Submission 32, Blue Mountains City Council, p 3.

³⁰² Ms Bennett, Evidence, 12 September 2011, p 41.

³⁰³ Mr Reardon, Evidence, 9 March 2012, p 7.

³⁰⁴ Australian Government Department of Infrastructure, Transport, Regional Development and Local Government; Roads and Traffic Authority and NSW Ministry of Transport, *Sydney–Wollongong Corridor Strategy Building our National Transport Future*, 2007, p ii, accessed 22 May 2012 <http://www.infrastructure.gov.au/transport/publications/files/Sydney_Wollongong_Corridor_Strategy.pdf>

- 5.104** The Committee considers that improvements can be made to the way in which freight is transported via rail through central and western NSW, and to port facilities in coastal regions. We acknowledge that inquiry participants have highlighted a number of projects that could improve the movement of freight through the rail network, including the Inland Rail project, the Blayney to Demondrille line, and the Maldon to Dombarton line. Each of these projects, together with consideration of how to more efficiently transport freight to sea ports, must be closely examined during the preparation of the NSW Long Term Transport Master Plan.

Recommendation 15

That during the preparation of the Long Term Transport Master Plan, Transport for NSW closely consider ways to improve freight rail infrastructure in central and western NSW in order to facilitate freight access to sea ports, especially the Maldon to Dombarton rail line.

- 5.105** The efficient and effective management of the freight task on all forms of transport, most notably road and rail, is critical to the economic development of NSW. Accordingly, the Committee considers it vital that there be a co-ordinated approach to the freight task across all forms of transport in NSW. The Committee is optimistic that the Long Term Transport Master Plan will provide this co-ordinated approach, and enhance the efficiency and effectiveness of the freight task in NSW.

Public transport

- 5.106** A number of inquiry participants were critical of the public transport options available to residents of central and western NSW, highlighting the difficulty that people without a motor vehicle have in moving around the region. Some inquiry participants also argued for the provision of improved passenger rail services between Sydney and Bathurst.
- 5.107** Regional Development Australia – Orana described public transport services as ‘minimal or non-existent’, making it challenging for members of the community to access services:

Public transport services are minimal or non-existent for residents of many of the small urban centre across the Orana region. This is particularly a problem for youth and aged sectors of the population who depend on public transport to access health and cultural services in larger regional centres that are not available in their town.³⁰⁵

- 5.108** Ms Sharon Rabey, Executive Officer, Regional Development Australia – Central West, similarly noted that limited public transport options can make it difficult for people to access services, especially the health hubs of Bathurst and Orange:

... public transport is of concern, especially with Orange and Bathurst. Orange has a huge medical hub, mental health services as well, and people are finding it very difficult to get in and out of those areas if they are in that lower socioeconomic group. Just generally too when people have only certain options of getting out. If they have

³⁰⁵ Submission 44, p 5.

not got their own vehicle or they cannot get access to their vehicle at certain times they get stuck when there is no public transport.³⁰⁶

- 5.109** Mr Morrison, Chair, Regional Development Australia – Central West, said that while options for enhancing public transport services had been explored, such as utilising school buses outside of school commute periods, there was no simple solution:

... the region is really highly connected if you have a motor car. If you do not have a motorcar you are in trouble. We have looked at some alternatives for public transport, and it is difficult. I mean at best the public transport situation in the region is ad hoc. The only asset that we can mobilise, we believe, is buses—opening up school buses. But then there is a whole lot of contractual arrangements and things like that. Public transport is a problem and it is not an easy one to solve.³⁰⁷

- 5.110** As well as inter-regional transport concerns, CENTROC highlighted that there is limited rail access to Sydney from the major hub of Orange:

The overall message from the communities of Central NSW is the desire to be able to access Sydney and return in a day by public transport where possible. It seems remarkable that Orange for example has such a poor train services from Sydney in comparison to communities of a similar distance from Melbourne that have four train services a day.³⁰⁸

- 5.111** Other inquiry participants also argued for improved passenger rail services, particularly in between Sydney and Bathurst. For example, Blue Mountains City Council said:

Of particular concern are funding initiatives aimed at improving the commuter service to Sydney and the Sydney Metropolitan area. Improvements in commuter transport, including the frequency of trains, additional express trains at peak times and improved commuter parking areas are supported by Blue Mountains City Council.³⁰⁹

- 5.112** A Blue Mountains resident, Mr Michael Neall, said that while rail services were generally good, ‘... some expansion of peak hour services will apparently soon be necessary’, together with the provision of secure car parking at all railway stations.³¹⁰

- 5.113** Other inquiry participants were less positive about passenger rail services. For example, Rail Action Bathurst suggested that the Central West has ‘...an inadequate and substandard public transport network’, making particular reference to the age of rail infrastructure.³¹¹ Rail Action Bathurst continued to advocate for the provision of daily commuter services between Bathurst and Sydney:

Bathurst Railway Station is at the western extremity of the CityRail network so Rail Action Bathurst submits that the Bathurst Community is entitled to equity of access to

³⁰⁶ Ms Sharon Rabey, Executive Officer, Regional Development Australia – Central West, Evidence, 2 November 2011, p 6.

³⁰⁷ Mr Morrison, Evidence, 2 November 2011, p 6.

³⁰⁸ Submission 37, p 21.

³⁰⁹ Submission 32, p 3.

³¹⁰ Submission 3, Mr Michael Neall, p 3.

³¹¹ Submission 6, Rail Action Bathurst, pp 2-3.

CityRail rail services by being provided with a daily, dedicated, CityRail commuter service direct to Sydney with a minimal of stops and providing a maximum 3 hour journey for commuters – forward leave Bathurst 6.00am, return leave Central 5.30pm.³¹²

- 5.114** In regard to public transport options in central and western NSW, the Minister for Transport, the Hon. Gladys Berejiklian MP, is currently conducting a review of passenger rail services to Bathurst. It is anticipated that the review will be completed by the end of 2012.³¹³
- 5.115** Further, on 15 May 2012, the Minister for Transport announced that a new organisation, NSW Trains, would be established to deliver passenger rail services to inter-city, regional and country areas.³¹⁴
- 5.116** Further, the NSW Legislative Assembly's State and Regional Development Committee is currently conducting an inquiry into how inter-regional public transport can better serve the needs of regional NSW, including how CountryLink services can be improved and the extent to which regional public transport networks are integrated.

Committee comment

- 5.117** The Committee acknowledges the concerns of inquiry participants in regard to the public transport options in central and western NSW.
- 5.118** The Committee notes that the Legislative Assembly's State and Regional Development Committee is currently conducting an inquiry into inter-regional public transport. We have referred the evidence that we have received regarding public transport to the Legislative Assembly Committee, and urge that Committee to give serious consideration to the concerns of our inquiry participants.

Regional aviation services

- 5.119** The role of regional aviation services in the economic and social development of central and western NSW was another significant concern raised by inquiry participants. Currently, regular passenger air services operate to Bathurst, Broken Hill, Cobar, Dubbo, Orange and Parkes. There are also airports at Cowra, Forbes, Condoblin and Young, but there are no regular passenger services to these facilities.³¹⁵
- 5.120** The importance of regional aviation to central and western NSW was highlighted by a number of inquiry participants. For example, Mr Allan Smith, Vice President, Local Government Association, and Councillor, Dubbo City Council, said:

³¹² Submission 6, pp 2-3.

³¹³ Telephone conversation between Mr Morgan Forrest, Policy Advisor, Minister for Transport, and Principal Council Officer, 15 May 2012.

³¹⁴ Hon Gladys Berejiklian MP, Minister for Transport, 'Fixing the trains', *Media release*, 15 May 2012, accessed 15 May 2012 < http://www.railcorp.info/__data/assets/pdf_file/0007/10969/150512-Transport_release-Fixing_the_Trains.pdf>

³¹⁵ Submission 37, p 22.

... air transport has a very important role, not only delivering people who want to travel in and out for their daily business to Sydney, but to bring those very important services, medical services, engineers, all sorts of those professional people out to the regions as well.³¹⁶

5.121 However, inquiry participants highlighted the reduction in air services offered across regional areas. For example, in their submission to the inquiry, Brindabella Airlines advised that statistics from the Bureau of Infrastructure, Transport and Regional Economics show the declining prevalence of regional airports, airlines and services:

- in 1985, 268 regional airports had regular passenger services, compared with 138 airports in 2008
- in 1985, 53 airlines serviced regional airports, compared with 24 airlines in 2011
- in 1985 there were 436 regional regular passenger services routes, compared with 243 in 2008.³¹⁷

5.122 The Regional Aviation Association of Australia (RAAA) highlighted that regional airlines would experience a ‘triple whammy’ of challenges on 1 July 2012, with the introduction of the carbon tax, new airport security charges and the loss of the national enroute subsidy scheme. RAAA continued to suggest that the NSW Government could explore action to alleviate the impact of the changes:

While these are all Commonwealth imposed costs, the NSW government and local councils would be wise to enter into discussions with regional operators, including passenger, aero-medical, charter, training and freight to discuss what mitigating assistance might be provided. Even if the assistance is small, such as reducing landing charges, it may mean the difference between the maintaining or losing a regional service.³¹⁸

5.123 Mr Paul Tyrell, Chief Executive Officer, RAAA, noted that the cumulative impact of these changes would be a ‘disincentive for the growth of regional aviation’:

What is a little bit frustrating is that the quote back to us from government is always that they are only a little bit, just a little bit. But we are asking who is doing the cumulative analysis? We say this to both sides, this is a bipartisan comment, that these little bits and pieces coming at regional aviation—they say little but they are actually quite substantial in their own right—when you put them together we believe they are a disincentive for the growth of regional aviation. We are asking the very serious question of who is doing the deep analysis, the cumulative analysis of these policies and their effects.³¹⁹

5.124 In regards to the role of the NSW Government in the provision of regional aviation services, Mr Reardon explained that the NSW Government is responsible for the legislative framework

³¹⁶ Mr Allan Smith, Vice President, Local Government Association, and Councillor, Dubbo City Council, Evidence, 12 September 2011, p 23.

³¹⁷ Submission 56, Brindabella Airlines, p 3.

³¹⁸ Submission 55, Regional Aviation Association of Australia, p 3.

³¹⁹ Mr Paul Tyrell, Chief Executive Officer, Regional Aviation Association of Australia, Evidence, 2 November 2011, p 56.

for intrastate air services, while the responsibility for maintaining airport infrastructure rests with the relevant local council:

Transport for NSW is accountable for the legislative framework for intrastate air services. That allows for the granting of licences to operators providing services between smaller communities and Sydney, which gives the operator exclusive rights to operate on that route. This is intended to help with the financial viability and service continuity ... In terms of regional airport infrastructure, it is primarily the responsibility of local governments. While we have that responsibility I outlined for regulating intrastate air services and the protection of those services for low volume routes for customers, those regional airports are managed and maintained by local council.³²⁰

- 5.125** In discussing the role of regional aviation in central and western NSW, two key areas of concern emerged: firstly, ensuring access to Sydney Airport for regional airlines, and secondly, the role of local councils in maintaining regional airport infrastructure and encouraging regional air services.

Access to Sydney Airport

- 5.126** Access to Sydney Airport for regional airlines was flagged by a number of inquiry participants as being of critical importance. At present, intrastate regional airlines are guaranteed access to arrival and departure slots at Sydney Airport under a ‘regional ring fencing’ arrangement. Brindabella Airlines said maintaining these guaranteed slots was essential to ensure that people living in the regional areas of NSW had air access Sydney:

... it is absolutely vital that the current regulatory protection of regional slots at Sydney should continue. There is debate from time to time about the protection of slots for intra NSW routes, and no doubt the airport would prefer to see the protected slots allocated to large domestic or international carriers arriving with hundreds of people on board rather than small aircraft with (say) 30 passengers from regional NSW. However, access to Sydney Airport is of vital importance to people who live in regional NSW. They must be able to continue to benefit from what is a key piece of NSW infrastructure and to access their capital city and other connecting air services.³²¹

- 5.127** The Local Government and Shires Associations of NSW also supported ‘... the continuing equitable access for regional airlines to Sydney Airport, including peak hour landing slots and access to terminals’.³²²
- 5.128** Brindabella Airlines highlighted that although slots for regional airlines are guaranteed, most of the peak period slots are already allocated, which limits the ability of regional airlines to provide services:

Regulations also protect a number of slots at Sydney Airport for intra NSW regional services, but given the increasing congestion at Sydney, few of these slots remain available. The peak morning and afternoon periods are most congested, but it is at these times that most travellers, particularly business travellers, wish to travel.

³²⁰ Mr Reardon, Evidence, 9 March 2012, p 8.

³²¹ Submission 56, p 8.

³²² Submission 48, p 5.

The limit on Sydney airport slots in the peak period is already limiting, and will increasingly limit, the expansion or recommencement of intra NSW air services.³²³

5.129 Brindabella Airlines suggested that, because of this congestion, '[a]ir services for some NSW regions will increasingly connect to Brisbane'.³²⁴

5.130 The RAAA also suggested that, because of the difficulties in flying into Sydney Airport, regional air services would increasingly be directed towards Brisbane Airport:

Most passengers, particularly those travelling for business, want to fly out from a regional centre and return later that evening. Now that all regional slots have been allocated at Sydney Airport it is difficult to grow this part of the market unless passengers are willing to travel in the off-peak times. This may be possible for those travelling for family or health reasons but is more problematic for the business traveller.

Brisbane may become a more desirable destination for some NSW business travellers due to the slightly less congested air traffic and the ability to handle more regional services at the peak times.³²⁵

5.131 Access to Sydney Airport for regional airlines was considered by the Joint Study on Aviation Capacity for the Sydney region, prepared by the Commonwealth and NSW Governments and released on 2 March 2012. As one of a number of possible methods of increasing the capacity of Sydney Airport, the Study suggested the removal of the regional ring fencing arrangement:

Removing the regional ring fence would allow immediate use of unallocated regional slots to any operators (including domestic and international airlines) seeking to operate new services. Existing regional operators would retain historical precedence for allocated slots they continue to operate.³²⁶

5.132 In response to this Study, Mr Keith, Mayor of Parkes Shire Council, said in local media that removal of the ring fencing arrangement would discourage the economic and social development of regional NSW.³²⁷

Role of local councils

5.133 As noted at paragraph 5.124, local councils have responsibility for maintaining airport infrastructure. A number of inquiry participants noted the role that local councils can also play a role in attracting regional air services through the provision of assistance to regional airlines.

³²³ Submission 56, pp 4-5.

³²⁴ Submission 56, pp 4-5.

³²⁵ Submission 55, p 2.

³²⁶ Commonwealth and NSW Government, *Joint Study on Aviation Capacity for the Sydney region*, 2 March 2012, accessed 3 May 2012 < http://www.infrastructure.gov.au/aviation/sydney_av_cap/files/sac_part_six_options.pdf>

³²⁷ ABC, *Council campaigns against airport plan*, 3 May 2012, accessed 3 May 2012 < <http://www.abc.net.au/news/2012-05-03/council-campaigns-against-airport-plan/3986056/?site=centralwest§ion=news>>

- 5.134** The Local Government and Shires Associations of NSW described local councils as the ‘key stakeholder’ in the provision of regional aviation services:

Councils are key stakeholder in the provision of aviation services to regional Australia. Many airports in regional centres are owned and operated by councils, and the infrastructure and associated airline services are vital components for the economic and social development of regional areas.³²⁸

- 5.135** Brindabella Airlines suggested that local councils can encourage regional airlines to provide services to regional areas through the incentives, or assistance with meeting the start-up costs of establishing air services:

Financial support from the council and community, particularly in the first 6 or 12 months of an operation, can make a big difference. This can take the form of discounts on landing charges, assistance with marketing and advertising costs, creating linkages to potential business customers, financial guarantees for a minimum number of seats, etc. Allaying the up-front costs and financial risk can be the difference between starting or not starting a new route.³²⁹

- 5.136** Ms Nicole Masters, Chief Operating Officer, Brindabella Airlines, cited an example of where collaboration between the local council, mining companies located in the area and Brindabella Airlines resulted in the establishment of viable air services:

Brindabella was fortunate to start an operation not long ago where one council and three local mining companies got together and assisted us in the first few months of the start-up of the operation. That is on a route that is a viable operation. It is a long-term viable route at the moment; it does not need any ongoing subsidy ... That was a great example of a partnership between the local community, business interests and the council and us in getting that up and running, and it is now going very well. We are adding extra services. We are operating twice daily. So that is a great example³³⁰

- 5.137** Another example of council success in supporting local aviation is the role that the Mid-Western Regional Council played in providing a passenger route between Mudgee and Sydney, a route which has experienced growth:

The Mid-Western experience with air travel is also worth considering. When the airline operator decided to give up the Mudgee to Sydney route, it was left to Council to research, encourage and provide incentives to a new airline. The route is now continuing to experience growth and is secure for the future.³³¹

- 5.138** Some local councils have also taken action to expand the types of industries based at regional airports. Mr Cullen, from NSW Department of Trade and Investment, Regional Infrastructure and Services, noted this trend for local councils to utilise their airport assets for industries other than regular passenger air services:

³²⁸ Submission 48, p 5.

³²⁹ Submission 56, p 5.

³³⁰ Ms Nicole Masters, Chief Operating Officer, Brindabella Airlines, Evidence, 2 November 2011, p 54.

³³¹ Submission 10, p 8.

... some of the councils think of their airports as not just being passenger movement airports but look at what other alternatives there are as well. For instance, in terms of Wagga Wagga airport, there is a precinct around that, so Rex have their flight training college for pilots in that location ... It requires those councils to have some lateral thinking about what the asset is and we have certainly been working with those councils to look at what the options are.³³²

- 5.139** As an example of this diversification, Cowra Shire Council advised that it had finalised a Master Plan for Cowra Airport, in order to capitalise on growth opportunities for its airport precinct in the areas of aircraft manufacturing and pilot training:

The current demand for land at Cowra Airport by aircraft manufacturers and pilot training has been created by an overburdened Bankstown Airport. Delays of up to 40 minutes for departures to the training area and much better flying weather and conditions in the Central West have started to have this positive effect on aviation development. Cowra Council has already started to embrace these trends, recently finalising a Master Plan for the Cowra Airport to guide future growth and development at the facility. To assist this growth aviation infrastructure needs to be developed, with assistance given to airport operators to reseal runways and develop aviation precincts.³³³

Alternate approaches to regional aviation

- 5.140** Inquiry participants identified two approaches that could be pursued by the NSW Government to improve access to air services for people living in regional areas: providing subsidies to protect air routes to selected communities, and establishing regional hubs.
- 5.141** Mr Matthew Hobson, Director, AVEO International Pty Ltd, observed that the Queensland Government has an extensive network of declared subsidised routes, which connects Brisbane and some of the major coastal cities with remote and rural areas, such as Birdsville and Mount Isa. Mr Hobson explained how the Queensland approach works:

The Queensland State Government model operates on an agreed operating cost with the successful tenderer, via public tender, for the provision of the service. There is an agreed profit margin that is accepted by both the Government and the successful bidder. Subject to regular reporting, the operator then provides effectively a profit and loss statement for those routes. If there is a shortfall on those agreed figures the Government then provides a payment to the operator. It is very incentivised. The operator has the capability to grow that route and bring it well beyond that 100 per cent plus an agreed profit margin. If they can sell more seats beyond that that is a win for them because they are making more money than the purely subsidised outcome would be.³³⁴

- 5.142** The second proposal related to the establishment of regional hubs, from which larger planes would connect into Sydney Airport. Mr Peter Bailey, Director and Chief Executive Officer, Foundation for Regional Development Ltd, explained:

³³² Mr Cullen, Evidence, 12 September 2011, pp 14-15.

³³³ Submission 51, p 3.

³³⁴ Mr Matthew Hobson, Director, AVEO International Pty Ltd, Evidence, 2 November 2011, pp 51-52.

I think the next problem and I do not know if anybody has raised it, we are going to face in Sydney is hub and spoke airlines because you cannot get your landing slots into Sydney, so you will be forced to fly to Tamworth from Moree or wherever, from Inverell and then jump on a bigger plane to get into Sydney. That will have a real impact in terms of regional development.³³⁵

- 5.143** Mr Hobson explained that this type of model was being used in Western Australia to meet the needs of the mining industry workforce:

Perth traditionally had a fly-in, fly-out model with all the planes hubbing out of Perth, flying to the respective mine sites and then returning with a shift change, et cetera. Over time that has evolved into – Karratha is one example, becoming like a huge sort of hub model that we are talking about, to the extent where Airservices Australia, which manages air space and movements at airports, has quite a large tower facility there, controlled air space, whereby now you see a lot of those flights hub back into Karratha. Port Hedland is another example of that. Everyone jumps out of one potentially smaller plane and then jumps on a big Qantas or Virgin plane and then heads back to Perth.³³⁶

- 5.144** Mr Hobson suggested that this model could be applied in regional NSW:

Using Dubbo as one example, it is a large centre that presumably could be operating a 100-seat aeroplane out of Dubbo back into Sydney as opposed to three or four 30-seat aeroplanes. So there is definitely scope to look at that model seriously, with multiple benefits if it works.³³⁷

Emergency landing strips

- 5.145** Some inquiry participants drew attention to the importance of access to emergency landing strips throughout central and western NSW, particularly for health and education services. Ms Nadge explained the importance of having well-maintained and accessible airstrips:

Generally we rely on the airstrips – not just in Broken Hill but in the region – as a major form of travel for the health and education personnel who need to get out and about. There is a maintenance issue that the emergency services people have talked about, so the upgrade and maintenance of airstrips is a very important issue. That is a critical funding issue on a recurrent basis.³³⁸

- 5.146** One airstrip was singled out by some inquiry participants as requiring sealing as a matter of priority – the Emmdale Emergency Aerodrome, located beside the Barrier Highway, 100 km east of Wilcannia and 160 km west of Cobar.

- 5.147** Mr Elliot, Treasurer, Emmdale Landcare, argued that the airstrip should be sealed because of the size of the area serviced by the airstrip, and because the strip is inaccessible in inclement weather:

³³⁵ Mr Peter Bailey, Director and Chief Executive Officer, Foundation for Regional Development Ltd, Evidence, 12 September 2011, p 65.

³³⁶ Mr Hobson, Evidence, 2 November 2011, p 51.

³³⁷ Mr Hobson, Evidence, 2 November 2011, p 53.

³³⁸ Ms Nadge, Evidence, 4 November 2011, pp 10-11.

It [Emmdale] is the only major emergency airstrip anywhere along the highway, as far as I am aware. I think there might be one down in South Australia. It is right beside the Emmdale roadhouse. It services an enormous area, particularly with the traffic on the Barrier Highway at the moment. Back in January the airstrip was closed for several months due to the flooding which occurred everywhere.³³⁹

5.148 Mr Elliot suggested that the cost of sealing the airstrip would be approximately \$400,000.³⁴⁰ When questioned on the matter of sealing the airstrip, Mr Raymond Longfellow, Mayor, Central Darling Shire Council, said that Emmdale ‘... is virtually the only airstrip within the council area now that is not sealed, so naturally we have a very high priority for it. We are trying to source funding’.³⁴¹

5.149 Mr Elliot also highlighted the need for better lighting for the airstrip, to bring it up to the same standard used by the Royal Flying Doctor Service:

Previously we have had kerosene flares. We have had the experience with an emergency 60 kilometres or 70 kilometres from the strip and most times it is in darkness when the planes come out and accidents happen ... Central Darling Shire Council has now put out battery flares, which we have not yet used. We have a meeting coming up shortly to experience those. The ultimate is solar lighting, which is used by the Royal Flying Doctor Service everywhere. The cost of that is \$43,000, so it is a bit more than a chook raffle to try to get those funds.³⁴²

5.150 Funding for improvements to the Emmdale Aerodrome could be received from the Remote Aerodrome Upgrade Grants Program (RAUGP), part of the Commonwealth Government’s Regional Aviation Access Program. The RAUGP provides funding for upgrades to remote airstrips in isolated outback communities, including funding for the upgrade of runway surfaces and safety equipment such as runway lighting and navigation aids.³⁴³ During the previous round of grants, Tibooburra airstrip received funding for a solar runway lighting system and Walgett received funding for resealing of the airstrip.³⁴⁴

Committee comment

5.151 The Committee acknowledges the important role that regional aviation services play in the economic and social development of central and western NSW. We also acknowledge the concerns of inquiry participants regarding reduced access to Sydney Airport for regional

³³⁹ Mr Elliot, Evidence, 4 November 2011, p 21.

³⁴⁰ Mr Elliot, Evidence, 4 November 2011, p 21.

³⁴¹ Mr Longfellow, Evidence, 4 November 2011, p 32.

³⁴² Mr Elliot, Evidence, 4 November 2011, p 21.

³⁴³ Commonwealth Government, Department of Transport and Infrastructure, *Remote Aerodrome Upgrade Grants – Overview*, accessed 1 May 2012 <<http://www.infrastructure.gov.au/aviation/regional/raug.aspx>>

³⁴⁴ Hon Anthony Albanese MP, Minister for Infrastructure and Transport, and the Hon Catherine King MP, Parliamentary Secretary for Infrastructure and Transport, \$5.4 Million in Aerodrome Upgrades for Some of the Most Isolated Communities, *Joint Media Release*, 19 March 2012, accessed 1 May 2012 <http://www.minister.infrastructure.gov.au/ck/releases/2012/March/CK008_2012.aspx>

airlines, and the important role that local councils play in maintaining regional airport infrastructure and encouraging the development of the regional aviation industry.

- 5.152** The Committee considers it essential that the ‘regional ring fencing’ arrangement, which guarantees arrival and departure slots for regional airlines at Sydney Airport, remain in place. This arrangement assists to provide equitable access to Sydney for regional residents of NSW. However, as this is the responsibility of the Commonwealth Government, this Committee is not in a position to recommend that the regional ring fencing arrangement be retained. The Committee will, however, forward a copy of this report to the Commonwealth Minister, the Hon Anthony Albanese MP, Minister for Infrastructure and Transport, to inform him of the concerns of our inquiry participants in this regard.
- 5.153** The Committee also notes the suggestions from inquiry participants in regard to new approaches to the delivery of regional aviation services, including the subsidisation of targeted air routes, and the establishment of a ‘hub and spoke’ model to manage access to Sydney Airport. The Committee considers that in the development of the Long Term Transport Master Plan, Transport for NSW should examine these and other options to enhance the delivery of regional aviation services.

Recommendation 16

That during the preparation of the NSW Long Term Transport Master Plan, Transport for NSW examine new approaches to the delivery of regional aviation services in NSW, including the subsidisation of targeted air routes, and the establishment of a ‘hub and spoke’ model to manage access to Sydney Airport.

- 5.154** Finally, the Committee notes that the Emmdale airstrip remains unsealed, to the detriment and danger of those communities who rely on the airstrip for medical services. We also note the need to upgrade the lighting system to enable safe night arrivals and departures. The Committee will write to the Hon Anthony Albanese MP, Federal Minister for Infrastructure and Transport, requesting that serious consideration be given to providing the necessary funding for this vital work to be undertaken.

Chapter 6 Economic development

This chapter examines aspects of the economic development of central and western NSW. The chapter begins with a brief overview of the key industries in central and western NSW, before discussing factors that influence the economic development of the region, such as economic diversification, and employment related issues. The chapter concludes with an examination of a number of both government and community led initiatives aimed at encouraging economic growth and development, including Industry Action Plans, the Jobs Action Plan and the Regional Industries Investment Fund.

Key industries in central and western NSW

- 6.1** The key industries in central and western NSW are concentrated in the primary sectors of agriculture and mining. The NSW Government explained that agriculture has historically been the most significant industry in the region:

The region has a much higher concentration of employment in primary industries such as agriculture and mining, compared to NSW as a whole. These industries are the foundation of many regional economies and have shaped the development of communities. Historically, agriculture has been the most important sector in western NSW, both in terms of income and employment ...³⁴⁵

- 6.2** Mining also plays a critical role in the region's economy:

The mining industry has also played a significant role across the economies of central western NSW, with some regions of NSW relying more heavily on mining for employment than others. The mining industry is particularly important in the Far West (Broken Hill), Central West and North West (Cobar) ...³⁴⁶

- 6.3** Manufacturing, and the retail, health and education sectors are the other significant sectors in the region:

Manufacturing is also a significant sector in central western NSW, accounting for around 7 per cent of total employment. Manufacturing is strongest in the Central West region and weakest in the Far West. The predominant businesses are food processing, heavy engineering (Lithgow and Bathurst), whitegoods (Orange), machinery manufacturing and general engineering workshops ... While mining and agriculture has traditionally been the cornerstone of the central western NSW economy, other industries with substantial employment include retail trade, health care, education and construction.³⁴⁷

- 6.4** The Central NSW Councils Regional Organisation of Councils (CENTROC) noted that tourism also contributes substantially to the region's economy, noting that the '... Central West Transport Needs Study (2009) identified tourism as the third largest industry in Central NSW'.³⁴⁸

³⁴⁵ Submission 52, NSW Government, p 5.

³⁴⁶ Submission 52, p 6.

³⁴⁷ Submission 52, p 6.

³⁴⁸ Submission 37, CENTROC, p 24.

- 6.5** Mr John Harris, Regional Development Australia – Far West, acknowledged the importance of mining and agriculture to the far west, but also noted the increasing prevalence of employment in the health care and retail sectors:

Over the last few decades economic and social development in Far West New South Wales has been patchy. It has been at the mercy of external factors, most of them beyond our control. Mining and agriculture used to be our two strongest sectors for employment. According to the 2006 census, in recent decades that element has been reduced, with more people employed in health care and retail.³⁴⁹

- 6.6** The strength of local economies across the region varies. This was highlighted by Mr Michael Cullen, Executive Director, Enterprise Small Business and Regional Development, NSW Department of Trade and Investment, Regional Infrastructure and Services, who advised that across the region there are clear variations in economic growth:

What we are seeing within that region is very much a two speed growth. You have areas like Orange and Bathurst which have good, steady growth. A lot of that is backed by mining operations like Cadia. So in fact we are dealing with some issues of how you manage that growth, as distinct from other locations, in remote locations where there is a lack of critical mass and actual geographic isolation. So you cannot look at the region as all being one thing. It is quite common to have two speed growth across the locations.³⁵⁰

- 6.7** Mr Sandy Morrison, Chair, Regional Development Australia – Central West, similarly observed that there is variable economic activity throughout the region, with some local economies, such as Orange, Lithgow and Cowra stronger than others:

The region that we represent has strong fundamentals. It has very dynamic centres such as Orange and Bathurst, which is widely acknowledged, and supporting centres such as Lithgow, Forbes, Parkes and Cowra that are major western New South Wales towns. The economic activity throughout the region is variable. Some areas have wide economic bases such as the strong regional centres, but if we go into areas where they have suffered a 10-year drought and have thinner economic bases they are struggling at this stage ...³⁵¹

- 6.8** In addition to variations in economic strength between local economies, there are also variations between industry segments *within* local economies. These variations in growth were illustrated by Forbes Shire Council, who noted that while the mining sector in the Shire was experiencing growth, the retail and agricultural sectors were experiencing less expansion:

Forbes is currently experiencing the ‘two speed economy’; Forbes is located within the employment catchment of three mine sites and benefits accordingly. It also has a strong building and construction sector, however its retail economy is suffering with many vacant shopfronts visible in the main street. Our agricultural sector is starting to rebuild after the nine year drought broke in 2010.³⁵²

³⁴⁹ Mr John Harris, Regional Development Australia – Far West, Evidence, 4 November 2011, p 1.

³⁵⁰ Mr Michael Cullen, Executive Director, Enterprise Small Business and Regional Development, NSW Department of Trade and Investment, Regional Infrastructure and Services, Evidence, 12 September 2011, p 4.

³⁵¹ Mr Morrison, Evidence, 2 November 2011, p 2.

³⁵² Submission 30, Forbes Shire Council, p 6.

Economic development in central and western NSW

- 6.9 Inquiry participants identified two main factors that influence the economic development of central and western NSW: firstly, the importance of achieving economic diversification and secondly, issues relating to employment, such as skills shortages and indigenous employment.

Economic diversification

- 6.10 As noted at paragraph 6.1, the economic strength of central and western NSW has traditionally been reliant on the success of agricultural and mining industries. A number of inquiry participants suggested that ongoing and sustainable economic development will be largely dependent on the ability of the region to achieve economic diversification. For example, the Local Government and Shires Associations of NSW observed:

The economic and social wellbeing of many country communities is often highly dependent on one particular agriculturally or mining based industry or commodity. Any sudden decline of these industries or commodities has the potential to devastate these communities. While agriculture and mining are critical to the future successes of local, regional, state and national economies and must remain a policy priority, governments must nurture regional economic diversity to help provide community resilience to individual industry downturns.³⁵³

- 6.11 To illustrate the potential impact of a narrow economic base, Mr Morrison highlighted that Cowra ‘... has two major industries, the abattoir and Sarajane Furniture. If either of those industries fold we have got a crisis’. Mr Morrison continued to emphasize the need to broaden the economic base of regional centres such as Cowra:

The challenge over the next few years is to take advantage of the mining boom, develop businesses around that. We have in the light metal fabrication area, that is where most of our manufacturing lies, refining that into high grades so fitters and turners will be coming in to do the precision work for the mines and other things, establishing very solid businesses and being able to expand from that ... The thing will always be, the thinner your economy, the more danger you are in. We must broaden that economic base wherever we can.³⁵⁴

- 6.12 The proactive approach of the business community in Cowra in supporting economic development and business growth was also noted by Mr Morrison:

In Cowra we have an entrepreneurs program. They are looking at the economic outlook, developing and growing businesses within. This has also had a whole lot of spin-offs, but it has buoyed the confidence of businesses in Cowra and it has had five graduation classes – and they keep coming. The business chamber is fully supportive and has buoyed confidence. Because there have been mentors and other things, it has refined the business skills of the Cowra community.³⁵⁵

³⁵³ Submission 48, Local Government and Shires Associations of NSW, p 9.

³⁵⁴ Mr Morrison, Evidence, 2 November 2011, p 7.

³⁵⁵ Mr Morrison, Evidence, 2 November 2011, p 6.

- 6.13** Ms Sharon Rabey, Executive Officer, Regional Development Australia – Central West, highlighted the potential to develop the higher education and research industries in the region, together with growth in information technology services:

We have the medical arm in Orange and Charles Sturt University is extending the medical courses all the time. I think that I can see our region delivering more professional courses and having that professional hub grow; especially, the University of Sydney is bringing more specialists out. I think from that health perspective we can have a centre for research around the health area ... Also there seems to be an opportunity around the IT area as well which we did not have in the past. We do have interest from IBM and also with Cadia and Newcrest mining we have a whole IT unit out there as well. They are bringing people out and training them. From what I am hearing on the ground, there is growth in that IT area ... There are research operations happening on wheat and biofuels and things like that. So there are a lot of innovative science and technology things happening in the region, which is all quite exciting. We think it has potential for the future.³⁵⁶

- 6.14** In regard to the far western reaches of the area of inquiry, efforts are also being made to diversify the economic base to reduce the reliance on the traditional industries of mining and agriculture. Mr Frank Zaknich, General Manager, Broken Hill City Council, indicated that Broken Hill was actively seeking to diversify their economy:

... these days the city is very resilient in terms of its diversification. While it respects, understands and supports its ongoing mining development and industry, it is also mindful that from a diversification point of view, in tourism, heritage, film, arts, culture and renewable energies we have a very strong and sound future ahead of us.³⁵⁷

- 6.15** Mr Harris specified the creative industries and eco-tourism as two potential areas for economic diversification and growth in the far west:

In 2010 Regional Development Australia Far West and the Far West New South Wales community at large endorsed strategies to diversify the economy whilst at the same time confirming support for mining and agriculture. Ongoing support for existing mining and agriculture projects involves infrastructure and social service improvements. Ecotourism and creative industries are our chosen economic sectors for diversification. They have a great strategic fit within our current natural and economic environment ... The two critical success factors for these alternative industries are the National Broadband Network, the NBN, and the successful listing of a Ramsar site at Menindee Lakes.³⁵⁸

- 6.16** In regard to the development of eco-tourism in the region, Regional Development Australia – Far West identified the potential listing of the Menindee Lakes under the Ramsar Convention on Wetlands³⁵⁹ as being a key factor in encouraging the development of the eco-tourism industry:

³⁵⁶ Ms Sharon Rabey, Executive Officer, Regional Development Australia – Central West, Evidence, 2 November 2011, p 7.

³⁵⁷ Mr Frank Zaknich, General Manager, Broken Hill City Council, Evidence, 4 November 2011, p 12.

³⁵⁸ Mr Harris, Evidence, 4 November 2011, p 1.

³⁵⁹ The Ramsar Convention on Wetlands is an intergovernmental treaty that provides the framework for national action and international cooperation for the conservation and wise use of wetlands and

There is a strong local desire to successfully obtain a Ramsar nomination for the Menindee Lakes system to add scientific weight to the ecotourism aspirations. We have completed preliminary assessments of the ecological facts and discovered that the Menindee Lakes meets all nine criteria of the Ramsar Convention.³⁶⁰

- 6.17** Ms Linda Nadge, Chief Executive Officer, Regional Development Australia – Far West, said that the listing would have a positive impact on tourism in the area:

That is an obvious attraction that could be linked with other Ramsar sites around Australia and packaged similar to the way tourism is packaged in Africa—less the wild animals. But things like bird watching, kayaking and other outdoor water sports plus nature and Indigenous attractions.³⁶¹

- 6.18** When asked about the potential conflict between a Ramsar listing for the Menindee Lakes and the needs of the agriculture and mining industries, Ms Nadge argued that the listing would not impact on the ability of other industries to function:

They are naturally occurring lakes. Yes, they are used as water storage and they serve other purposes, but there is room for tourism in a dedicated area where there is already evidence of flora and fauna that fits the criteria. We feel it is a very simple marriage.³⁶²

- 6.19** Regional Development Australia – Far West requested support from the NSW Government in order to obtain the Ramsar listing:

... the seeking of a Ramsar listing at Menindee Lakes requires a formal indication of support from the NSW Government. We have received verbal support on different occasions. We now require a commitment in writing from the NSW Government to indicate whether this proposal has a State ‘blessing’ in order to proceed.³⁶³

Committee comment

- 6.20** The Committee acknowledges the critical importance of strong, diverse industries in encouraging the economic and social development of central and western NSW. The later sections of this chapter will examine initiatives currently being pursued by the Government to encourage growth, together with a number of community led initiatives that are occurring across the region.
- 6.21** The Committee agrees that there are potential benefits to eco-tourism of listing the Menindee Lakes under the Ramsar Convention on Wetlands. However, we note that there appears to be limited evidence on potential economic impact for the far west of NSW, in regard to both current and potential industries, of this listing. The Committee therefore recommends that the

their resources. Under the Convention, 2,005 wetlands have been placed on the List of Wetlands of International Importance.

³⁶⁰ Submission 34, Regional Development Australia Far West, p 21.

³⁶¹ Ms Linda Nadge, Chief Executive Officer, Regional Development Australia – Far West, Evidence, 4 November 2011, p 6.

³⁶² Ms Nadge, Evidence, 4 November 2011, p 6.

³⁶³ Submission 34, p 14.

NSW Government undertake an analysis of the potential impact of the listing by July 2013. We further believe that unless this analysis identifies that significant detrimental impacts would arise, the NSW Government should support the listing of the Menindee Lakes under the Ramsar Convention on Wetlands.

Recommendation 17

That the NSW Government undertake an analysis of the potential impact of the listing of the Menindee Lakes under the Ramsar Convention on Wetlands, by July 2013, and unless this analysis identifies significant detrimental impacts, that the NSW Government support the listing of the Menindee Lakes under the Convention.

- 6.22** The Committee also notes that the NSW Legislative Assembly's Economic Development Committee is currently conducting an inquiry into the establishment of special economic zones, and in particular the provision of state tax and financial incentives to promote economic growth, employment and investment in regional and rural NSW. Whilst the Economic Development Committee will be examining the promotion of economic growth across all regions of NSW, we look forward to reviewing the recommendations ensuing from that report and the potential positive impact for central and western NSW.

Rates of employment and skills shortages

- 6.23** Employment across the region, and skills shortages that exist in certain geographic locations and in particular job sectors, are the second factor impacting on the economic development of central and western NSW.
- 6.24** The NSW Government outlined the decline in employment in the agricultural sectors throughout central and western NSW:

Currently, agriculture accounts for 13 per cent of employment in central western NSW ... Despite this, employment in the agricultural sector has declined over the past decade due to drought and other factors. These other factors include a 50 per cent decline in Merino sheep numbers and an increase in the scale and sophistication of farming and cropping equipment, which has reduced the number of relatively low-skilled agricultural jobs.³⁶⁴

- 6.25** Mr Alok Ralhan, Director, Industry Strategy and Stakeholder Engagement, NSW Department of Trade and Investment, Regional Infrastructure and Services, advised that while the overall level of unemployment in central and western NSW is comparable with the rest of the State, there are pockets of 'entrenched unemployment':

It is interesting that if you look at the gross unemployment levels, it is comparable with the rest of the State, but, once again, in the smaller communities in far west New South Wales, the variations are quite substantial. There are areas with a very high unemployment rate and pretty entrenched unemployment in those areas, while there are others in western New South Wales which are going quite well. There are a lot of issues in terms of what sort of action the Government can take either in terms of

³⁶⁴ Submission 52, pp 5-6.

service delivery or in terms of ameliorating any of the impacts which arise from that.³⁶⁵

6.26 Regional Development Australia Central West identified a range of issues that impact on employment levels in the region, including:

- industry sectors are fragmented and not able to clearly identify skills gaps or needs
- appropriate qualifications do not equate to job readiness and there is capacity for qualified staff to undertake a larger component of work experience.
- employees can be over-skilled for their current position, resulting in an under-utilisation of skills in the workforce.
- staff retention and labour turnover can cause skills shortages for business.
- inadequate understanding and usage of the pool of non-traditional learners/employees in regional areas who have a commitment to the region in which they live (e.g. mature workers, Aboriginal workers, women returning to the workforce after child-bearing etc).
- industry's lack of engagement with vocational education and training (VET) and employment services sector results in limited understanding of the capacity to develop partnerships in recruitment, or of the flexibility of the training and employment sectors to deliver pre-employment training and other outcomes for industry.
- communication and networking between government agencies and industry about skills development programs and initiatives have been inconsistent.³⁶⁶

6.27 A second factor highlighted by inquiry participants as influencing economic development was the skills shortages being experienced across the region. Mr Cullen observed that there are different aspects to the skills shortage, stating that in the first instance a skills shortage can relate to shortages which are attributable to being unable to attract workers to one region due to more favourable employment conditions in other places:

... skills shortages tends to get used as a term to cover a whole set of different things. In terms of places like Orange and Bathurst, the skills shortages are in engineering, are in mining related type activities, are in things like actually finding truck drivers. In terms of freight movements and logistics there is a whole string of things which impact the situation.

That is mainly because the actual workforce need in those locations has grown significantly and some of the skilled people who were there have gone to places like Western Australia because there was a boom and there was basically a sense of being able to get higher wages than you could if you were doing that work for the farming community, which would have been the case five or six years ago, you could probably get double your salary in Western Australia because of the shortage of skilled people over there.³⁶⁷

³⁶⁵ Mr Alok Ralhan, Director, Industry Strategy and Stakeholder Engagement, NSW Department of Trade and Investment, Regional Infrastructure and Services, Evidence, 12 September 2011, p 3.

³⁶⁶ Submission 23, Regional Development Australia Central West, pp 21-21.

³⁶⁷ Mr Cullen, Evidence, 12 September 2011, pp 18-19.

- 6.28** Two further aspects of skills shortages were highlighted by Mr Cullen, relating to shortages due to unfavourable perceptions of some areas, and shortages related to a lack of workers with specific skills:

The second aspect is where there are some locations as I mentioned previously that unfortunately public perception is that you would not want to go to those locations and it might even be that in places like Brewarrina and Wilcannia where even filling Government positions is somewhat of a challenge. Part of it is unfortunately because of the public perception of those locations, which is not always fair.

Thirdly, what you have is where there are particular emerging industry opportunities where the skills do not probably exist in the way they need to at the moment. In western New South Wales that might be in terms of Broken Hill, with basically the creative industry around film et cetera, there are some new sorts of skills in that area that might be needed. It is a different set of things.³⁶⁸

- 6.29** The Local Government and Shires Associations of NSW likewise observed that in addition to high unemployment levels in some areas, there are also ‘chronic shortages’ of skilled and unskilled workers in some places in the region:

Many disadvantaged rural areas experience high long term unemployment levels creating welfare dependent communities. These areas are limited in their revenue capacity and resources, making it difficult for councils to provide infrastructure and services that would help improve the socioeconomic outcomes for these communities.

On the other hand, many rural and regional areas continue to suffer chronic shortages of both skilled and unskilled workers placing a brake on growth and development.. The Associations believe that greater support and coordination is required for skills development and migration programs.³⁶⁹

- 6.30** Some inquiry participants highlighted that the continued development of the mining industry across different parts of central and western NSW was exacerbating the skills shortages in the area is due to competition between mine sites and firms for suitable employees. For example, Cobar Shire Council said:

Cobar is already facing a significant shortage in skilled and professional labour. This is likely to increase in coming years as more mines open in more desirable locations, such as Mudgee, Orange and the Hunter Valley.³⁷⁰

- 6.31** Regional Development Australia – Far West suggested that better coordination between the government, education providers and mining companies could assist to address this shortage, especially if efforts were made to better engage unemployed people in region:

Skills development in mining is one area where Governments, RDA Far West NSW, education providers and mining companies can cooperate to ensure a steady stream of qualified people is on hand to fill the vacancies as they arise. There are too many unemployed people in our region, particularly amongst Indigenous people. With the

³⁶⁸ Mr Cullen, Executive Evidence, 12 September 2011, pp 18-19.

³⁶⁹ Submission 48, pp 8-9.

³⁷⁰ Submission 18, Cobar Shire Council, p 3.

support and cooperation of all relevant stakeholders, a coordinated approach could be developed to focus on addressing this single, important issue in our region.³⁷¹

- 6.32** Mr John Walkom, Chair, Regional Development Australia – Orana, highlighted the potential of engaging unemployed people to help ease shortages in certain industries, such as the construction trades:

We are certainly having skills shortages to do with the resource sector. So those VET trades with heavy machinery, fitter and turner, boilermakers. Then you have construction trades. There is certainly a shortage in those ... But we have a high percentage of unemployed in some communities that we actually could have doing those trades, so that would help. And they do not necessarily want to leave our region; they want to stay in our region. So that would then help solve that problem.³⁷²

Indigenous employment

- 6.33** Some inquiry participants highlighted the need to better engage the indigenous population of central and western NSW through the provision of employment opportunities. For example, the NSW Aboriginal Land Council highlighted the role that Land Councils can play ‘...to improve, protect and foster the best interests of the Aboriginal peoples of the communities they represent ...’:

[The Councils] ... play a central role in these communities, and with a function to facilitate business enterprises are uniquely positioned to provide community based economic development across that region. Local Aboriginal Land Councils already play a key role in many communities in terms of providing employment and facilitating business enterprises. This is particularly true in regional NSW, including the central west.³⁷³

- 6.34** The NSW Aboriginal Land Council argued that the existing council structures present an opportunity to foster development throughout the region:

The Committee must recognise that with these structures in place to provide good governance and strategic planning, the Local Aboriginal Land Councils of central western NSW are positioned to deliver further economic and social outcomes to their communities and by extension the broader communities of that region. However, additional government resourcing is required to fully realise this potential too.³⁷⁴

- 6.35** Mr Raymond Longfellow, Mayor, Central Darling Shire Council, noted the importance of employment for the indigenous community, suggesting that encouragement into trainee and apprenticeships would simultaneously assist indigenous youth and address skills shortages in the shire:

... the thing that we have got to search for is meaningful and gainful employment for those people. They have got to learn a trade. How can they learn a trade if they are not

³⁷¹ Submission 34, p 13.

³⁷² Mr John Walkom, Chair, Regional Development Australia – Orana, Evidence, 2 November 2011, p 33.

³⁷³ Submission 36, NSW Aboriginal Land Council, p 2.

³⁷⁴ Submission 36, p 2.

being encouraged to do so? We have not got – well, we may have one in Wilcannia but overall we have not got a plumber, an electrician or a builder living in the shire. So the emphasis should be on teaching or helping these kids get to a level where they can get that gainful employment and they can be retained within our council area and can go on to better things.³⁷⁵

- 6.36** Options for increasing indigenous employment were put forward by Mr Tim Drew, General Manager, Central Darling Shire Council, who suggested providing traineeships, and implementing requirements that contracts and tenders for work in the region require the employment of local workers:

... there are probably two keys ways in which this can happen. One is council and other organisations in town can provide more in the way of traineeships for young people and young Aboriginal people who are still of school age. They can do school-based traineeships to give them an experience in the workplace, get them used to the working environment and what to expect once they leave school. The second key point I think in this comes back to the contract and the tender situation through State and Federal government agencies ... We need to structure those contracts and operations in such a way that from the very start the traineeships and the engagement with the local people are higher up the list of priorities when it comes to evaluation criteria. Also to better plan activities so they do not all happen at once and so that there can be a continuation through projects.³⁷⁶

- 6.37** Mr Drew provided a recent example from Central Darling Shire Council, noting that the employment of local people in the delivery of projects was given minimal consideration throughout the tendering process:

I think generally the tendering and contract management arrangements are lacking in relation to the change in providers and how the tendering process works ... Over the last two days, Wednesday and Thursday, we have been dealing with the Office of Water in relation to a water and sewer project in Wilcannia. It seems to be a perennial issue when these tenders are being developed and the agencies coming to liaise with us as a council do not take into consideration the employment or the use of local contractors or local people. The agencies have their tendering objectives, which are to get a tender out, make a decision and base it on the standard set of criteria, which are heavily weighted around financial considerations.

The discussion we had over the last two days, once again, was in relation to the use of local people, local contractors and providing opportunities for local, particularly Aboriginal people, to receive training and traineeships through this contract. When we get to the point where we have a discussion like that with the Office of Water or through public works it is really too late because their objective is to let the tender, put the tender out, make a decision and you get the contract underway. It is almost too late. This is not to denigrate any of the staff we have spoken to over the last couple of days. They are doing their job and playing their part. But it is not high on their radar, and it needs to be higher.³⁷⁷

³⁷⁵ Mr Raymond Longfellow, Mayor, Central Darling Shire Council, Evidence, 4 November 2011, p 31.

³⁷⁶ Mr Tim Drew, General Manager, Central Darling Shire Council, Evidence, 4 November 2011, p 31.

³⁷⁷ Mr Drew, Evidence, 4 November 2011, p 30.

Committee comment

- 6.38** The Committee acknowledges the impact that skills shortages have on the economic development of central and western NSW, but notes that addressing skills shortages is a complex issue. While skills shortages in the region can partly be attributed to a lack of appropriately skilled workers, shortages are exacerbated by the booming mining industry attracting workers away from other industries.
- 6.39** The Committee agrees with inquiry participants that better support and cooperation across government, particularly in the areas of education, training and migration programs, will assist to overcome skills shortages in regional areas. Further, the Committee considers that greater efforts should be made to engage the indigenous population in the workforce, in addition to encouraging participation by unemployed people.
- 6.40** The Committee considers that a greater emphasis on engaging local firms and people to undertake government contract work will both improve employment opportunities in regional areas and assist to address skills shortages. The Committee believes that where feasible consideration must be given to the employment of local workers to undertake government work in rural and regional areas.

Recommendation 18

That the NSW Government explore the feasibility of requiring that consideration must be given to the employment of local workers to undertake government contract work in rural and regional areas.

- 6.41** The next section of this chapter discusses specific initiatives that have been implemented to encourage economic development in regional areas.

Initiatives to promote economic growth and development

- 6.42** Inquiry participants highlighted a range of initiatives to encourage economic growth and development in central and western NSW. There were two streams of initiatives identified by inquiry participants: government initiatives to promote economic growth across regional NSW generally; and community led initiatives, which encourage economic growth in specific communities in the region.

Government initiatives

- 6.43** The NSW Government outlined a range of programs aimed at stimulating economic growth in regional areas of NSW. These initiatives include Industry Action Plans, the Jobs Action Plan and the Regional Industries Investment Fund.
- 6.44** The Committee notes that these initiatives have only recently been implemented, or have yet to be finalised. We have therefore received limited evidence on their effectiveness from inquiry participants.

6.45 The relocation of government agencies to regional areas was also identified as having the ability to positively influence economic growth in non-metropolitan areas. Finally, the establishment of food security precincts, and the Regional Produce Showcases, which were held at NSW Parliament House between 2006 and 2009 were highlighted as worthwhile initiatives to promote growth.

6.46 While government led initiatives have the ability to positively influence economic growth, Mr Cullen emphasised that the role of government is not to promote unsustainable industries, but to remove impediments to growth:

A lot of the process behind our programs is very much about working with what the commercial opportunity is and removing the impediment that stops that being able to happen, whether it be working with other Government agencies to solve the problem without dollars or whether there is a need for some sort of relatively minor assistance to move a roadblock out of the way ... It is not about making ridiculous offers of assistance; that does not work. If something is purely motivated by incentive, then it is not sufficient. It is about removing some of the roadblocks out of the way to a location to make it competitive in terms of the alternative locations either internationally or domestically.³⁷⁸

Industry Action Plans

6.47 The NSW Government advised that it is currently developing Industry Actions Plans which will ‘...present a significant opportunity to develop strategies to foster regional productivity’.³⁷⁹ These Industry Actions Plans aim to:

- identify drivers for, and barriers to, growth and innovation, especially those caused by government practices;
- detail a program for government and industry to encourage sector growth and innovation, covering areas including skills, regulations, research and development, infrastructure and policy reform; and
- contain specific key performance indicators including clear timetables and benchmarks to monitor progress.³⁸⁰

6.48 The NSW Department of Trade and Investment, Regional Infrastructure and Services told the Committee that the plans would assist to ‘... position key sectors of the State’s economy for strong growth, resilience, improved innovation and productivity, global competitiveness, and new investment opportunities over the next decade’.³⁸¹

6.49 Industry Action Plans are currently being developed for five key industry sectors:

³⁷⁸ Mr Cullen, Evidence, 12 September 2011, pp 10-11.

³⁷⁹ Submission 52, p 8.

³⁸⁰ Submission 52, p 8.

³⁸¹ NSW Department of Trade and Investment, Regional Infrastructure and Services, Industry Actions Plans, accessed 28 March 2012 < <http://www.business.nsw.gov.au/doing-business-in-nsw/industry-action-plans>>

- manufacturing – including processed food and beverage manufacturing; metal manufacturing; and machinery and equipment manufacturing, renewable energy technology, and defence equipment
- professional services – such as finance and insurance services, legal and regulatory services, and engineering services
- the digital economy – focussing on digital content and applications, information services and analytics, and smart networks and intelligent technologies
- tourism and events – development of a tourism and events strategy for NSW
- international education and research – including education exports, innovation in education delivery, and developing and enhancing NSW’s international education, research and industry precincts.³⁸²

6.50 The Plans are due to be released by the end of 2012.³⁸³

Jobs Action Plan

6.51 The Jobs Action Plan aims to create 100,000 new jobs in NSW by providing business with a payroll tax rebate following the employment of an additional employee in a new position. Mr Cullen outlined the Plan:

The Jobs Action Plan is a \$400 million program over two years which essentially provides you \$4,000 per year per new payroll tax viable job. It is paid in two tranches of \$2,000 over two years and 40,000 of the 100,000 payroll tax viable jobs targeted through this will be in regional New South Wales.³⁸⁴

6.52 Under the Plan, the minimum employment period is two years starting on the date that the employment commenced.

Regional Industries Investment Fund

6.53 Under the Regional Industries Investment Fund, financial assistance is available for projects across regional NSW that result in or promote positive economic outcomes.³⁸⁵ Mr Cullen advised that the Fund has four aims:

- attracting investment to regional NSW
- business development – assisting existing businesses to grow
- building industry development capacity

³⁸² NSW Department of Trade and Investment, Regional Infrastructure and Services, Industry Actions Plans.

³⁸³ NSW Department of Trade and Investment, Regional Infrastructure and Services, Industry Actions Plans.

³⁸⁴ Mr Cullen, Evidence, 12 September 2011, p 16.

³⁸⁵ Department of Trade and Investment, Regional Infrastructure and Services, *Regional NSW Assistance Programs – Regional Industries Investment Fund*, accessed 28 March 2012, <<http://www.business.nsw.gov.au/assistance-and-support/grants/regional-programs/regional-industries-investment-fund>>

- investing in critical business infrastructure.³⁸⁶

6.54 There are three streams of funding available under the Regional Industries Investment Fund:

- business investment projects –for projects that contribute to regional population growth through the creation of new jobs, or in special circumstances the retention of existing jobs in a regional location
- local infrastructure projects –for projects that are linked with employment generation investments and deliver industrial projects that have the potential to benefit more than one firm
- economic development projects – for projects that build capacity in local regional industries and/or have the potential to generate economic benefits such as employment, business or industry development/growth.³⁸⁷

6.55 Mr Cullen explained that the Fund has amalgamated a number of previously operating funds in order to facilitate easier access to information for business and other applicants:

There were a number of programs that were operated in the regional development space previously. They were funds like the Regional Business Development Scheme, Illawarra Advantage Fund, Hunter Advantage Fund, et cetera. What has happened is all of those programs have been consolidated into a single program ... it is about providing a simple focus for businesses to come into one fund rather than be confused about which one of 11 funds that it has replaced.³⁸⁸

Relocation of government agencies to regional areas

6.56 The majority of inquiry participants expressed support for the relocation of government business activity to central and western NSW, arguing that such relocations would assist regional communities to grow both economically and socially. For example, the Local Government and Shires Associations of NSW supported the relocation of government agencies:

The Associations advocate the relocation of the NSW Government agencies and staff to regional NSW. Relocation of government activities is a legitimate tool for promoting economic development and decentralization, providing tangible support for other economic development initiatives, employment diversity and acting as a catalyst for other economic activity.³⁸⁹

6.57 Gilgandra Shire Council suggested that in addition to the relocation of government agencies to regional areas, the decentralisation of purchasing to local suppliers by government agencies would assist to stimulate regional economies:

³⁸⁶ Mr Cullen, Evidence, 12 September 2011, p 10.

³⁸⁷ Department of Trade and Investment, Regional Infrastructure and Services, *Regional NSW Assistance Programs – Regional Industries Investment Fund*, accessed 28 March 2012, <<http://www.business.nsw.gov.au/assistance-and-support/grants/regional-programs/regional-industries-investment-fund>>

³⁸⁸ Mr Cullen, Evidence, 12 September 2011, p 13.

³⁸⁹ Submission 48, p 5.

It is much easier to grow an existing business than attract a new one. In a community where the population is fairly stagnant if not slowly declining how does a small business grow? ... One solution is decentralising purchasing of State and federal governments. The local hospital purchases off the local supermarket and butcher is a simple example. This would provide a base contract for local businesses that provides stable cash flow.³⁹⁰

6.58 The Your Rights at Work Committee – Bathurst Electorate argued that as public sector workers ‘...contribute heavily to the economic and social development of the community’, greater investment be directed towards the retention and recruitment of staff in non-metropolitan locations such as Bathurst.³⁹¹

6.59 However, some inquiry participants highlighted that relocation of government agencies to regional areas had, to date, been limited. For example, the Local Government and Shires Associations of NSW noted that most agency relocations had occurred to outer metropolitan areas, rather than to regional locations:

Several NSW Governments have undertaken regional relocation of agency functions and jobs over many years. However, with a few exceptions (DPI at Orange), these have been sporadic and piecemeal. Relocations from the Sydney CBD to other metropolitan locations have been far more significant (e.g. Parramatta).³⁹²

6.60 Another aspect of the relocation of government agencies is the retraction of government services *away* from regional areas. In this regard, the Pastoralists’ Association of West Darling observed that the retraction of government services from regional communities had a detrimental impact on the social and economic fabric of communities:

The pastoral industry has seen a steady decline in government services related to agriculture over the last ten years. Broken Hill in particular has lost offices dedicated exclusively to agriculture, with the last remaining DPI [Department of Primary Industries] staff member now sharing office space with other departments and expected to do the job of four people ... this sort of decentralising may be good on paper but does very little for small communities who gain value from government departments through staff which brings families and growth to the district.³⁹³

Food security precincts

6.61 Some inquiry participants suggested that the Government should seek to establish food security precincts in central and western NSW as a way to encourage the economic and social development of the region, while concurrently providing the State with a reliable source of food. For example, Blayney Shire Council argued that it had ‘strong potential’ to be a food security precinct:

The Central West region, and particularly the Blayney Shire Council area have strong potential to develop the social and economic capital required to transform itself into a food secure region. Establishing this region as Australia’s first food secure regional

³⁹⁰ Submission 39, Gilgandra Shire Council, p 3.

³⁹¹ Submission 14, Your Rights at Work Committee – Bathurst Electorate, p 1.

³⁹² Submission 48, p 5.

³⁹³ Submission 43, Pastoralists’ Association of West Darling, p 3.

hub connected with its network of transport routes would have lasting economic and social benefits³⁹⁴

- 6.62** Cowra Shire Council also argued that given the strength of the agricultural, service and transport sectors in the Shire, Cowra would serve as an ideal location for a food security precinct:

Cowra, as an established primary production area, would also be an ideal location for the establishment of a Food Security Precinct. Its proximity to Sydney (4 hours), Canberra (2 hours) and Dubbo (2 hours) means that it is centrally located to act as a collection, processing and distribution site for food products. Good road and rail access would promise development as a transport hub while the availability of water and electricity with excess capacity would cater for further development potential ... A modern agricultural and food processing precinct will not only provide business development and employment opportunities for the regional food processing sector, but will also help to build food security throughout the state as it meets the needs of a growing population.³⁹⁵

- 6.63** Bathurst Regional Council also identified itself as a potential site for a food security precinct, suggesting that research be undertaken to determine the viability of the proposal:

In order to progress this concept, the Bathurst region requires support for coordinating community engagement, as well as scoping the market research and actuary data required to make Bathurst a food secure region by establishing successful local markets in conjunction with existing food distribution processes ... Council views the NSW Government inquiry as a prime opportunity to develop a pilot program in the Bathurst region to develop itself as a proud food secure region, which also contributes to the region's tourism profile and attractiveness as a destination for visitors and new residents alike ...³⁹⁶

Regional Produce Showcases

- 6.64** During the course of the inquiry, some inquiry participants advised that the Regional Produce Showcases that had been held at NSW Parliament House was a valuable tool for promoting regional businesses. The Showcases were a joint initiative of the then Department of State and Regional Development and the Department of Primary Industries, Tourism NSW and NSW Parliament House.

- 6.65** The Regional Produce Showcases were held between 2006 and 2009, and were designed to introduce small food and beverage suppliers from featured regions to key Sydney-based trade and media contacts, and to promote the culinary tourism appeal of the featured regions. The following regions were featured at the Showcases:

- Orange and Hawkesbury (2006)
- Southern Highlands and Northern Rivers (2007)
- New England-North West and Riverina (2008)

³⁹⁴ Submission 38, Blayney Shire Council, p 10.

³⁹⁵ Submission 51, Cowra Shire Council, pp 5-6.

³⁹⁶ Submission 45, Bathurst Regional Council, pp 12-13.

- Hunter/Central Coast and Mid North Coast (2009).³⁹⁷

6.66 The Department of Trade and Investment, Regional Infrastructure and Services advised that '[t]he direct cost of each showcase to the government was around \$20,000. Both the agencies and the suppliers also contributed substantial in-kind resources'.³⁹⁸

6.67 The Department of Trade and Investment, Regional Infrastructure and Services indicated that the Showcases generated a number of valuable 'soft' benefits for the participating suppliers and the featured regions.³⁹⁹ The 'soft' outcomes identified included:

- a stronger sense of partnership among each region's suppliers
- a better appreciation of the benefits of collaboration in areas such as marketing and logistics;
- providing regional suppliers with access to a range of metropolitan food trade and media contacts.⁴⁰⁰

6.68 Despite these 'soft' outcomes, the Department stated that '... it has proved difficult to establish hard commercial outcomes, and accordingly the initiative has been discontinued'.⁴⁰¹ The Department explained that this lack of 'hard' outcomes may be due to issues such as the limited financial and management resources of most suppliers, which restricted follow-up of leads generated, and lack of production capacity to achieve scale economies and reliability of supply.⁴⁰²

6.69 Accordingly, the Department of Trade and Investment, Regional Infrastructure and Services advised that support for the Showcases was discontinued:

In light of the limited information available on business outcomes, over the last two years NSW Trade & Investment has discontinued the regional produce showcases, and focussed its efforts on more targeted activities including supporting established companies to participate in trade exhibitions like Fine Food, which are regarded as more likely to generate measurable commercial outcomes.⁴⁰³

Committee comment

6.70 The Committee acknowledges that there are a range of initiatives currently being undertaken to promote economic growth in central and western NSW. These initiatives demonstrate a strong commitment to ensuring that central and western NSW remains an attractive place for a wide range of businesses to operate.

³⁹⁷ Correspondence from Mr Barry Buffier, A/Director General, Department of Trade and Investment, Regional Infrastructure and Services, to Chairman, 25 January 2012, p 3.

³⁹⁸ Correspondence from Mr Buffier to Chairman, 25 January 2012, p 4.

³⁹⁹ Correspondence from Mr Buffier to Chairman, 25 January 2012, p 1.

⁴⁰⁰ Correspondence from Mr Buffier to Chairman, 25 January 2012, p 4.

⁴⁰¹ Correspondence from Mr Buffier to Chairman, 25 January 2012, p 1.

⁴⁰² Correspondence from Mr Buffier to Chairman, 25 January 2012, p 4.

⁴⁰³ Correspondence from Mr Buffier to Chairman, 25 January 2012, p 4.

- 6.71** The Committee notes that Government led initiatives, including the Jobs Action Plan and the Regional Industries Investment Fund, have only recently been implemented, and the Industry Action Plans are yet to be finalised. It is therefore difficult to determine their effectiveness in encouraging growth in the region. The Committee will monitor the outcomes of these initiatives with interest.
- 6.72** The Committee acknowledges the support from inquiry participants for the relocation of government business activity to central and western NSW. In particular, we note the suggestion that the decentralisation of purchasing processes would allow government businesses to purchase items from local suppliers, and provide a much needed economic stimulus for regional areas. The Committee believes that this idea has merit, and encourages the NSW Government to facilitate locally based purchasing by government businesses in regional areas.

Recommendation 19

That the NSW Government facilitate locally based purchasing by government businesses in regional areas.

- 6.73** In regard to the establishment of food security precincts, the Committee notes that several locations in central and western NSW appear well placed to serve as food security precincts. Given the wide range of factors that must be considered, we believe that further exploration is needed to establish the viability of, and potential locations for, food security precincts. Accordingly, we consider that the Minister for Primary Industries should refer an inquiry into the feasibility of establishing food security precincts in NSW to this Committee for closer examination.

Recommendation 20

That the Minister for Primary Industries refer to the NSW Legislative Council's Standing Committee on State Development an inquiry into the feasibility of establishing food security precincts in NSW.

- 6.74** The Committee notes that the Regional Produce Showcases held at NSW Parliament House were highlighted as worthwhile initiatives to promote growth. We acknowledge the lack of 'hard' outcomes from the initial round of Showcases, but consider that 'soft' outcomes should not be undervalued.
- 6.75** The Committee also strongly believes that the NSW Parliament has a critical role in promoting local industries and regions from throughout NSW. Programs such as the Regional Produce Showcases highlight the important contributions of regional areas, and allow Members of Parliament to engage closely with communities from across the State. We consider that the Regional Produce Showcases should be re-established, and consideration be given to establishing other initiatives, to be held at NSW Parliament House, that promote regional areas and businesses.

Recommendation 21

That the NSW Government, together with the Presiding Officers of the NSW Parliament, re-establish the Regional Produce Showcases at NSW Parliament House, and give consideration to establishing other initiatives that promote regional areas and businesses at NSW Parliament House.

Community based initiatives

- 6.76** In addition to the initiatives implemented by the NSW Government to promote economic development in regional areas, a number of locations in central and western NSW have developed their own initiatives to stimulate economic growth. For example, Cobar Shire Council highlighted that the Cobar Enterprise Facilitation (CEF) project had assisted a number of new and established businesses in the region, as well as assisting with succession planning:

Cobar is serviced by the Cobar Enterprise Facilitation (CEF) project which has proven to be highly successful. Over the last two and a half years, more than 30 new businesses have been established through the project, with around 100 locals accessing the service. This project has also strengthened existing businesses with a number accessing the project to address shortcomings in the areas of human resources, understanding regulations and changes in legislation, finance and marketing support.

Stronger businesses are more resilient to changes in the economic climate and owners are also more likely to be able to sell the business when the time comes - something that often does not happen in this region. Often businesses just close up and the town is left without the products or service. The CEF project can assist with succession planning and ensuring Cobar retains strong retail, manufacturing and tourism sectors.⁴⁰⁴

- 6.77** Cobar Shire Council noted that while the CEF operates solely on community funding, government funding assistance would allow the project to grow further:

Whilst the project is totally dependent on community funding, some partnering dollars from the government would increase its sustainability and let the management team concentrate on managing the project and getting businesses established, rather than fundraising to keep it going. Government assistance would be invaluable and it would be a small investment that achieves large outcomes. The CEF project is a great model for other communities to look at - but it must be community owned and driven.⁴⁰⁵

- 6.78** The Foundation for Regional Development is another example of a community-based initiative to promote growth in regional NSW. The Foundation is a not-for-profit innovative organisation that has been established to:

- promote country and regional Australia to people and businesses who may want to relocate

⁴⁰⁴ Submission 18, Cobar Shire Council, p 5.

⁴⁰⁵ Submission 18, p 5.

- assist with investment and expansion of business in country and regional Australia
- provide a platform and voice for the development of country and regional Australia.⁴⁰⁶

6.79 The Foundation facilitates the annual Country & Regional Living Expo in Sydney, which allows regional communities to promote their regions to the metropolitan marketplace. There were more than 60 exhibitors at the 2011 Sydney Expo, with the next Expo scheduled to be held in August 2012.⁴⁰⁷

6.80 The Central West and Orana Region NSW Business Chamber has developed the ‘10 Big Ideas to Grow the Central West’ campaign to ‘...provide a clear message to both the Government and the Opposition: the region needs local solutions to local problems’.⁴⁰⁸ The ten ideas identified by the Chamber are:

- provide enhanced regional education and training services
- improve transport and infrastructure
- create a regional centre for Health
- foster small business growth
- upgrade telecommunications infrastructure
- develop a regional tourism and marketing plan
- establish a Business Innovation Group
- streamline local government regulations and reduce red tape
- create the conditions for regional sustainability
- encourage growth through planned regional development.⁴⁰⁹

6.81 The Central West and Orana Region NSW Business Chamber said that these ideas represent the business community’s solutions to ‘...position the region for the coming decade by ensuring appropriate infrastructure is provided, that young people have access to appropriate education and training and that businesses are given the necessary support to ensure they are able to grow’.⁴¹⁰

6.82 Team Harden is comprised of representatives from Harden Shire Council, the Chamber of Commerce, Harden Shire Community Action Inc., local businesses, community groups and property owners. Team Harden has developed a Community Vision Strategic Action Plan 2012 to provide an overarching strategy to assist with the rejuvenation of the town. Elements of the plan include:

⁴⁰⁶ Foundation for Regional Development, *Corporate Profile*, accessed 21 May 2012 <<http://www.frdl.org.au/corporate-profile.php> >

⁴⁰⁷ Foundation for Regional Development, *Country and Regional Living Expo*, accessed 21 May 2012 <<http://www.frdl.org.au/expos.php>>

⁴⁰⁸ Submission 49, Central West and Orana Region NSW Business Chamber, p 4.

⁴⁰⁹ Submission 49, p 3.

⁴¹⁰ Submission 49, p 4.

- a \$3 million streetscape renovation program
- the development of a local business incubator model to assist the development of local business
- Council committing 10 per cent of its workforce to traineeships and apprenticeships to address youth unemployment issues.⁴¹¹

6.83 Team Harden suggested that the strategies pursued in Harden Shire could be used as a pilot program for the rejuvenation of other regional and rural towns in central and western NSW, with funding for the program provided on a dollar for dollar basis by each community and the State Government:

... with a State Government investment of \$1 to \$2 million dollars to match existing community commitment of cash resources, Harden Murrumburrah could become a rural and regional pilot program for a 'Bring Back the Bush' program to rejuvenate country towns. The pillars of this program would be to improve the physical and economic development of our small towns, but especially to highlight what can be achieved by a determined, focused and united community. The guidelines would require strategic 'dollar for dollar' funding, but only being available to those towns which draw together all of their community groups to work with one community plan and vision.⁴¹²

Committee comment

6.84 The Committee acknowledges the efforts of communities to ensure their own economic sustainability, through initiatives such as the Cobar Enterprise Facilitation Program, the 'Big 10 Ideas to Grow the Central West' campaign, and the Team Harden action plan. Similarly, the Foundation for Regional Development, and in particular the Country and Regional Living Expo, provides an excellent opportunity to promote the benefits of regional living. We commend local communities for their commitment to ensuring the viability and sustainability of their towns, particularly as it is the community ownership of such programs that contribute greatly to their success.

6.85 The Committee further believes that the NSW Government should consider providing financial assistance to community led initiatives, such as the Cobar Enterprise Facilitation, the Foundation for Regional Development and Team Harden, which promote the economic and social development of communities in central and western NSW.

Recommendation 22

That the NSW Government provides financial assistance to community led initiatives, such as the Cobar Enterprise Facilitation project, the Foundation for Regional Development and Team Harden, which promote the economic and social development of communities in central and western NSW.

⁴¹¹ Submission 25, Team Harden, pp 4-5.

⁴¹² Submission 25, p 2.

Chapter 7 Water resources

Security of, and access to, water resources was the key environmental issue that arose during the inquiry. This chapter examines the concerns of inquiry participants in relation to water. The chapter commences by discussing the importance of water security, before highlighting concerns with water sharing plans and water buyback schemes. The importance of water for both industrial and residential purposes is discussed, together with the increasing collaboration between local councils in regard to the management of water related projects.

This chapter also examines the role of Catchment Management Authorities in managing the natural resources of central and western NSW, before concluding by discussing the application of the *Native Vegetation Act 2003*.

Water security

7.1 A significant issue of concern for the majority of inquiry participants was the security and use of water resources across central and western NSW. Inquiry participants emphasised the importance of access to reliable, secure water resources for both industrial and residential purposes.

7.2 Water security was one of the key concerns raised during the inquiry, particularly as much of central and western NSW has experienced severe drought conditions over the past decade. Regional Development Australia Central West described the role of water as being the ‘lifeblood’ of the region:

The Lachlan and Macquarie river systems are the lifeblood of the Central West region. Supplemented by groundwater resources, these river systems support significant commercial activity and sustain dozens of healthy and growing communities.

As a consequence of the impact of the worst drought on record, and in response to climate change, improving water supply security across the region is a top priority impacting dramatically on the region’s social and economic sustainability.⁴¹³

7.3 Mr Andrew Gee MP, Member for Orange, noted that without water security, the potential for economic and social development in the region would be severely restricted:

If the Central West is to grow and prosper water security needs to be ensured. Mining activity is increasing across the Central West including in the Mudgee and Gulgong districts and also the Orange district. This will lead to a greater strain on water supplies in the Central West. To ensure economic development there is in my view a need for a comprehensive water strategy for the Central West ...⁴¹⁴

7.4 The participants at the Central NSW Councils Regional Organisation of Councils (CENTROC) roundtable discussions also identified water security as a critically important issue, highlighting the need for secure and reliable access to water, together with the need to

⁴¹³ Submission 23, RDA Central West, p 22.

⁴¹⁴ Submission 62, Mr Andrew Gee MP, Member for Orange, p 3.

ensure that any urban and industry water needs are adequately balanced against environmental requirements.⁴¹⁵

- 7.5** Regional Development Australia – Central West observed that three of the key industries in the region – mining, manufacturing and agriculture – are all dependent on access to secure water resources:

Mining, manufacturing and agriculture are three key industries in the Central West and are all heavily reliant on water for their ongoing viability. Sustainable long term growth in these industries requires management of the region’s water supply and planning for future periods of drought.⁴¹⁶

- 7.6** The Mid-Western Regional Council also highlighted the significance of water security for both the mining and agricultural industries, and noted the increasing pressure that mining activities would place on the long term water supply:

It is vital that the use of water by mining related industries is examined closely to determine the potential impacts on the local community ... The region’s water resources are highly valuable and well utilized in productive agricultural activities, but vast quantities of water are required for the mining of coal and other minerals. The importance to the agriculture sector of the security of water cannot be overestimated. The impact of mining on rivers, catchments and water tables is considerable and places increased risks on the security of long term water supply for this community.⁴¹⁷

- 7.7** Macquarie River Food and Fibre (MRFF) asserted that there was a dwindling amount of water entitlements allocated for productive agricultural purposes, particularly when compared to allocations for environmental flows, and argued that a better approach was needed to manage competing demands for water resources:

In the Macquarie system alone, water recovery has already advanced to the point where the water available for productive purposes is now around 20% of the total available resource. The alternative way of looking at this, is that around 80% of the water resource is allocated to the environment and whole-of-system losses.

If we are not achieving the desired results from 80% of the available resource, then we need to consider that either we are not making effective use of that 80% or that perhaps the ‘just add water’ approach does not provide the whole solution to the health of our rivers and wetlands. MRFF believes there are alternative solutions in this valley to improving system health while maintaining a vibrant and productive irrigated agricultural industry. These opportunities exist as both opportunities for in-stream efficiency improvements for the benefit of all water users as well as alternative opportunities for the management of the valley’s key environmental asset, being the Macquarie Marshes.⁴¹⁸

⁴¹⁵ Legislative Council Standing Committee on State Development, *CENTROC roundtable sessions report*, March 2012, p 2.

⁴¹⁶ Submission 23, p 22.

⁴¹⁷ Submission 10, Mid-Western Regional Council, p 14.

⁴¹⁸ Submission 50, Macquarie River Food and Fibre, pp 9-10.

- 7.8 The representatives of CENTROC also observed that there appears to be decreasing secure yields for agricultural usage as compared to required environmental releases.⁴¹⁹
- 7.9 MRFF was further concerned that in addition to reduced water entitlements for agriculture, irrigators were ‘...exposed to potentially bearing a greater burden of the costs for state owned water storage and delivery infrastructure and associated services’⁴²⁰:

MRFF supports equitable and efficient pricing of bulk water management and delivery services and has previously been a strong supporter of the IPART process for these determinations. However, this level of confidence is waning following a number of IPART pricing determinations that have failed to address valley specific issues raised by MRFF in relation to the equitable cost-sharing arrangements for the flood mitigation role of Burrendong Dam, and water charges for storage and delivery of the General Security Environmental Water Allowance in the Macquarie-Cudgegong system. Failure to address these issues results in an unfair cost burden on Macquarie Valley irrigators, which in effect lowers the competitiveness of our industry and stifles investment in our region.⁴²¹

- 7.10 MRFF argued that a clear legislative framework, coupled with the efficient management of water infrastructure across central and western NSW, were critical for the agricultural industry to thrive:

We see the irrigation industry as complementary to the strong and diverse agricultural base in central western NSW. However, key to achieving our vision and maximising the contribution of the industry to the social and economic development of the region is a secure legislative framework and efficient management of the region’s water storage and delivery infrastructure and services.⁴²²

Water sharing plans

- 7.11 Some inquiry participants highlighted their concerns in relation to the impact on the region of water sharing plans, most notably the Murray Darling Basin Plan. For example, MRFF argued that the development of the Murray Darling Basin Plan had involved insufficient community consultations, and given minimal consideration to the potential social, economic and environmental impact of the plan:

... the development of the Murray Darling Basin Plan is of major concern to water licence holders in NSW, particularly given the extensive efforts already undertaken in this state, and the so far lack of community engagement in the drafting of the Basin Plan ... MRFF considers the proposed reductions (as per the Guide) for the Macquarie-Castlereagh system as clear evidence of a Basin planning process that does not allow the optimisation of social, economic and environmental values for the benefit of rural and regional communities in NSW.⁴²³

⁴¹⁹ Standing Committee on State Development, *CENTROC roundtable sessions report*, March 2012, p 9.

⁴²⁰ Submission 50, p 7.

⁴²¹ Submission 50, p 7.

⁴²² Submission 50, pp 9-10.

⁴²³ Submission 50, p 6.

- 7.12** The Local Government and Shires Associations of NSW observed that the Murray Darling Basin Plan could potentially have a detrimental impact on the ability of the agricultural industry to survive, and suggested that additional research was need to quantify the socio-economic impacts of the Plan:

In relation to the Murray Darling Basin Plan socio-economic impacts on affected communities, there is argument over the extent and manageability of actual impacts in terms of loss of agricultural production and jobs. Views range from Murray-Darling Basin Authority 800 to 1,000 job losses and offsets of production losses through transition to more sustainable activities (in the 2010 Guide) to dramatic job losses going into the 10,000s and the devastation of regional industries and towns. There appears to be an obvious need for further research, particularly on a local scale.

The Associations continue to request State and Australian Governments work in collaboration with Local Government to ensure the Australian Government carries out proper socio-economic analysis in developing the Murray-Darling Basin Plan and provides early, well-targeted mitigation and transition measures to help communities adapt to the final plan.⁴²⁴

- 7.13** Another criticism was expressed by Mr Anthony Wass, Executive Committee Member, MRFF, who considered that the Murray Darling Basin Plan gave greater weight to environmental issues at the expense of other concerns, such as the impact on the community and farmers:

When you look at what the Murray-Darling Basin plan is attempting to roll out you see that there is a desire on the part of the Federal Government to regain water for a raft of environmental purposes. That water has been bought with no regard to what the effect might be on the community that it buys from ... if you look at the overarching benefit of retaining water within the community and using it for the highest value product that the individual farmer can produce, then there has been a very great lack of consideration.⁴²⁵

- 7.14** Mr Wass further argued that the development of the Murray Darling Basin Plan had prevented the measures outlined in the 2004 water sharing plan from being fully realised, and that water management measures should be given an appropriate amount of time to show results before any adjustments to implemented measures are made:

I think the 2004 water sharing plan ... was a significant model for good water sharing. That is due to come up for review in 2014, and it will be delayed because of the onset of the Murray-Darling Basin plan. But even when the plan is delivered supposedly this month that has to go back and be run through the States to deliver a new water resource plan. It is a different name, same product. That will take a significant amount of time and effort.

In other words, we will be going back and reinventing the wheel of 2004. I think we already have a model but what we are having thrust upon us by the Federal Government is significant uncertainty as to how that will pan out. We already have a good plan. It had not had a chance to work because of the drought. It is now working. It has delivered both productivity outcomes because of water and it delivered

⁴²⁴ Submission 48, Local Government and Shires Associations of NSW, p 8.

⁴²⁵ Mr Anthony Wass, Executive Committee Member, Macquarie River Food and Fibre, Evidence, 2 November 2011, p 22.

environmental outcomes. You have to give these things a chance. The variability of our systems does not mean that you will get it right in the first 10 minutes.⁴²⁶

- 7.15** MRFF noted that the development of a number of water-related plans and initiatives had created significant confusion over the distinction between State and Federal responsibilities for water resources, resulting in the alienation of regional communities and the ‘misalignment’ of water planning objectives:

Since the passing of the *Federal Water Act 2007*, the development of the Murray Darling Basin Plan and implementation of the Australian Government’s Water for the Future program, there is now increasing confusion between state and federal responsibilities in relation to water management, which has led to insecurity in our water markets and for our water dependent industries. The process has also resulted in disengagement of regional communities, and the misalignment of water planning within broader regional planning objectives.⁴²⁷

- 7.16** A further concern raised by inquiry participants related to water buyback schemes. While MRFF acknowledged the right of the government and land holders to engage in water buyback schemes, MRFF expressed concern that buybacks sometimes occur without due consideration being given to the following issues:

- an overarching plan specifying the environmental objectives for water dependent ecosystems and key environmental assets
- a cost-benefit analysis of alternative options for achieving sought environmental outcomes, particularly where these outcomes relate to vegetative condition of water dependent ecosystems such as the Macquarie Marshes
- adequate consideration or mitigation of the resultant social and economic flow-on impacts to central western communities of removing water from productive uses.⁴²⁸

- 7.17** The Local Government and Shires Associations of NSW also expressed concern about water buybacks, suggesting that without sufficient co-ordination of buybacks there could be a range of detrimental economic and social outcomes for rural and regional communities:

The Associations are concerned about potential socio-economic impacts of water buybacks on regional and rural communities. Many areas in regional and rural NSW are largely dependent on agricultural industry with significant long-term investment and little opportunity for diversification. The purchase of water entitlements from irrigators and other water dependent industries could ultimately result in these industries leaving rural and regional areas. This could lead to adverse impacts on local employment, economic development, and the viability and cohesion of local communities that are already struggling under current drought conditions. The Associations believe it is critical that these impacts are identified and appropriately managed and that structural adjustment programs are in place where required.

The Associations also believe that, to ensure optimal environmental, social, and economic outcomes, it is important to appropriately coordinate water buy-backs

⁴²⁶ Mr Wass, Evidence, 2 November 2011, p 23

⁴²⁷ Submission 50, p 5.

⁴²⁸ Submission 50, pp 5-6.

under the Australian Government Murray Darling Basin program with water buy-back programs of the NSW Government ...⁴²⁹

- 7.18** Mr Chris Hogendyk, Executive Committee Member, MRFF, argued that the continuing lack of certainty over water sharing plans and water buybacks was creating instability in the community, and emphasised that certainty over access to water resources was critically important:

We need security. We are farmers. We do not want to be here having political stoushes with all manner of people. If we are going to invest and the community is going to invest in stability, we need stability. We thought 2004 brought the end of that instability. We could go back and farm and concentrate on what we do best. But we are continually brought to the front. Now with where the Murray-Darling Basin plan is, we will be in limbo and wondering where we go. We will have continuing debates. Sure, we need to have adaptive management of change but we need to have some security going forward. Now we are faced with to 2019 where we really will not know where we will be. The States have to deliver some level of ongoing security for us.⁴³⁰

- 7.19** The importance of reducing uncertainty over the availability of water was also raised by Mr Geoff Wise, General Manager, Bourke Shire Council, who stated: ‘... ongoing uncertainty has just left them in the lurch. Once that is all signed off and if it is bedded down and left alone people can plan. That is the key’.⁴³¹

Town water supplies

- 7.20** Inquiry participants raised a number of issues pertaining to town water supplies, including the need for adequate water allocations for town use and the need to improve water infrastructure. The Country Towns Water Supply and Sewerage Program was mentioned as an important fund that supports local councils in their provision of water supply and sewerage services.

- 7.21** Cobar Shire Council identified that an increased water entitlement would assist to better meet the needs of its current population, and serve to facilitate development:

Cobar has a water entitlement of 1850ML and a population of around 5,000. In our neighbouring Shire of Bogan, the township of Nyngan has a population of around 2,500 and a water allocation of 2800ML. Cobar needs an increase in our water entitlement so as to attract new businesses and to adequately provide for our current residents and any future growth.⁴³²

- 7.22** Mr Adam Marshall, Vice-President, Shires Association, and Mayor, Gunnedah Shire Council, noted the critical importance of appropriate water allocations in enabling towns to attract new and maintain existing business:

⁴²⁹ Submission 48, p 8.

⁴³⁰ Mr Chris Hogendyk, Executive Committee Member, Macquarie River Food and Fibre, Evidence, 2 November 2011, p 23

⁴³¹ Mr Geoff Wise, General Manager, Bourke Shire Council, Evidence, 3 November 2011, p 6.

⁴³² Submission 18, Cobar Shire Council, p 4.

... it is absolutely critical that the State Government maintain the allocations as high security for town supplies because they are a huge carrot which gives us some leverage to dangle in front of big industry and big business. The fact is that we have allocations that often in a lot of country areas do have some head space between our actual usage and our allocation and that is a big carrot to dangle in front of a business to say yes, we can supply you 400 megalitres a year, the infrastructure is there or we can construct it at a cost, but we can guarantee a potable supply, you do not ever have to worry about it. Any reduction in those allocations would significantly cripple the community's ability in the central west to be able to attract new business, let alone support the existing business ...⁴³³

- 7.23** Mr Allan Smith, Vice President, Local Government Association, and Councillor, Dubbo City Council, observed that the Murray Darling Basin Plan would likely have an impact on town water supplies, and argued that town water supplies should be excluded from the sustained diversion limits set under the Plan:

Just adding further to the Murray Darling Basin issues that are coming forward, within the program we are looking at sustained diversion limits (SDLs). We believe strongly that local communities should be exempted from the SDLs in relation to the town water supplies ... to allow for growth rather than stifling growth.⁴³⁴

- 7.24** Mr Smith argued that if town water supplies were not excluded, economic growth would be concentrated in coastal areas which do not have their water use governed by the Plan:

Nearly all that area that you are inquiring into is affected by the Murray Darling Basin process. If you want to drive growth away from that region and stick it all on the coast, which is outside the Murray Darling Basin, the quickest way is to push for Government to support the idea of having urban water governed somehow by this new process, because the coastal strip will not be governed by the things that are put in place that govern the Murray Darling Basin process.⁴³⁵

Water infrastructure

- 7.25** Some inquiry participants highlighted the need for improvements to water infrastructure. For example, Cobar Shire Council noted that half of its water supply is lost in transit to the town due to the use of open pipes and channels:

Water shortages affect our community and are likely to limit future growth in our Shire. Our water is brought from the Macquarie River and travels a great distance via open channel and pipeline. We experience 50% water losses. The state government is not willing to provide funding to pipe the open channel.⁴³⁶

⁴³³ Mr Adam Marshall, Vice-President, Shires Association, and Mayor, Gunnedah Shire Council, Evidence, 12 September 2011, p 27.

⁴³⁴ Mr Allan Smith, Vice President, Local Government Association, and Councillor, Dubbo City Council, Evidence, 12 September 2011, pp 27-28.

⁴³⁵ Mr Smith, Evidence, 12 September 2011, pp 27-28.

⁴³⁶ Submission 18, p 4.

- 7.26** Another infrastructure-related concern was the state of some water reservoirs. For example, Mr Wise described the Wilcannia weir as ‘...in desperate need of replacement and upgrading, it is a few sticks and two bits of concrete’.⁴³⁷
- 7.27** Mr Raymond Longfellow, Mayor, Central Darling Shire Council, suggested that replacing the Wilcannia weir would have a positive impact on a range of economic and social factors in the town:
- The replacement of the Wilcannia weir is a project that has been talked about for over 10 years. The time for talking in relation to this project is over. The community’s view is clear. They want a weir to proceed and the State Government should facilitate this in the next two years. This project will secure the town’s water supply, lead to improved cultural outcomes for Aboriginal people and provide a boost for the town in its tourism and to the passing public.⁴³⁸
- 7.28** Mr Wise similarly noted the importance of the weir in achieving positive social outcomes:
- ... there was a study done some years ago that the level of social unrest in Wilcannia was inversely proportionate to the amount of water in the weir. The less water in the weir pool, the more social unrest. Something as simple as that can have such an impact on communities.⁴³⁹
- 7.29** Several inquiry participants highlighted the importance of the Country Towns Water Supply and Sewerage Program in assisting local councils to undertake works on water supply and sewerage projects. The Country Towns Water Supply and Sewerage Program is managed by the NSW Office of Water. As of mid 2011, \$935 million had been spent for the completion of over 460 water supply and sewerage projects. The program is scheduled to run until 2016/17, with a total funding commitment for the program exceeding \$1.2 billion.⁴⁴⁰
- 7.30** The Local Government and Shires Associations of NSW suggested that the Program should be extended ‘...to eliminate the remainder of the backlog projects to ensure that all communities have access to modern water and sewerage infrastructure’.⁴⁴¹
- 7.31** CENTROC representatives also highlighted the usefulness of the Program, noting that approximately \$103 million in funding had been provided by the State Government in 2011, but that there remained a significant backlog of projects that had yet to receive funding.⁴⁴²
- 7.32** Mr Smith argued that the Program should be continued to ensure that all communities in central and western NSW have adequate water infrastructure in place to enable growth:

⁴³⁷ Mr Wise, Evidence, 3 November 2011, p 8.

⁴³⁸ Mr Raymond Longfellow, Mayor, Central Darling Shire Council, Evidence, 4 November 2011, p 28.

⁴³⁹ Mr Wise, Evidence, 3 November 2011, p 8.

⁴⁴⁰ NSW Office of Water, *Country Towns Water Supply and Sewerage Program*, accessed 23 March 2012 < <http://www.water.nsw.gov.au/Urban-water/Country-Towns-Program/Country-town-water>>

⁴⁴¹ Local Government and Shires Associations of NSW, *Country Towns Water Supply and Sewerage Program*, accessed 23 March 2012 < <http://www.lgsa.org.au/www/html/334-country-towns-water-supply-and-sewerage-program.asp>>

⁴⁴² Standing Committee on State Development, *CENTROC roundtable sessions report*, March 2012, p 9.

... the Country Towns Water Supply and Sewerage Program, is a very important fund for Government to consider to maintain. If you are looking for growth within communities, no community, no matter how big it is or how small it is, is going to grow or be able to supply further services to provide opportunities for new business or expanding business if it cannot supply water.⁴⁴³

- 7.33** Support for the program was also expressed by Ms Phyllis Miller, Chair, CENTROC, and Mayor, Forbes Shire Council, who highlighted the difficulty facing local councils in charging residents the appropriate fees for the sewerage services provided.⁴⁴⁴

Collaboration between local councils

- 7.34** Many local councils in central and western NSW collaborate on a range of projects related to the provisions of water and sewerage utilities. The Local Government and Shires Associations of NSW advised that there are presently over 100 local water and sewage utilities which are owned and operated by local councils, and that local councils are increasingly collaborating to provide such services:

Across NSW Councils are forming LWU [local water and sewage utilities] alliances. These LWU alliances facilitate the sharing of resources and technical capacity among the councils' LWU's and to ensure best practice management and regulatory requirements are met.

- 7.35** The Committee notes that local councils collaborate across a range of areas, as discussed in chapter 9.

- 7.36** The Local Government and Shires Associations of NSW highlighted that such co-operation and resource sharing arrangements have allowed councils to address a range of challenges related to the provision of water services, including:

- implementing regional water resource planning and integrated water cycle management
- responding to uncertain (reduced) water availability
- responding to demand variations
- building professional capacity to meet technical, environmental and water quality standards.⁴⁴⁵

- 7.37** Collaborations between the regional water utilities of Wellington, Dubbo, Narromine, Bogan, Warren, Cobar, Brewarrina and Bourke were noted by Mr Smith, who observed that such collaborations foster innovation in the provision of services:

Water utilities are important to those communities, they are being serviced well and where there are shortfalls, councils are looking at innovative ways to overcome that by co operation or alliances to help that happen.⁴⁴⁶

⁴⁴³ Mr Smith, Evidence, 12 September 2011, p 27.

⁴⁴⁴ Ms Phyllis Miller, Chair, CENTROC, and Mayor, Forbes Shire Council, Evidence, 12 September 2011, p 48.

⁴⁴⁵ Submission 48, p 7.

⁴⁴⁶ Mr Smith, Evidence, 12 September 2011, p 27.

- 7.38** Regional Development Australia Central West said that CENTROC ‘...have settled on an integrated program of water conservation and demand management measures, coupled with new and upgraded water supply and storage infrastructure’.⁴⁴⁷ Ms Jennifer Bennett, Executive Manager, CENTROC, outlined in greater detail that scope of the alliances’ work:

We have set up a vehicle, the CENTROC Water Utilities Alliance, to do a CENTROC water security study. We have identified, including climate change, in 2059 what needs to happen to ensure a secure quality water supply across the region ... Part of the water security study identified that our councils themselves need to engage in some demand management and other types of activities. So they are now working collectively, all the councils across the region are working collectively to deliver on our component of what we would simply do in relation to water utilities.⁴⁴⁸

- 7.39** Ms Bennett argued that the alliance model was a positive initiative that allowed for the sharing of information and skills across the region:

It really is, we believe, the answer to the correct model that should be in place where local government retains control over the utility but at the same time gets the benefit of collaborative activity through purchasing and sharing information. At the moment we are putting together a training, mentoring, procurement and resource sharing plan, which is talking about the skills gap across the region, how we can manage that collectively. We have come up with some quite interesting solutions in that area as well.⁴⁴⁹

Committee comment

- 7.40** Access to, and security of, water resources is of critical importance throughout central and western NSW. The Committee notes the varied concerns of inquiry participants in regard to water security, particularly the need to appropriately balance the competing demands placed on water resources in the region. The Committee also notes that there is confusion and discontent across central and western NSW relating to the development of water sharing plans and the implementation of water buyback schemes.
- 7.41** The Committee considers it crucially important that there be better communication between the State and Federal Governments about the management of water resources, and that the community is closely involved in the development of any water related plans or policies. This will enable an equitable balance to be achieved between residential, industrial and environmental water needs.
- 7.42** The Committee acknowledges the collaborative approach being pursued by local governments in regard to the management of water resources. The Committee encourages the continuation of such collaborations, which facilitate the sharing of knowledge and expertise between local councils while simultaneously enabling the more efficient use of water resources.

⁴⁴⁷ Submission 23, p 22.

⁴⁴⁸ Ms Jennifer Bennett, Executive Manager, CENTROC, Evidence, 12 September 2011, p 48.

⁴⁴⁹ Ms Bennett, Evidence, 12 September 2011, p 48.

- 7.43** The Committee notes that several inquiry participants identified the Country Towns Water Supply and Sewerage Program as greatly benefitting regional communities. We also note that, despite a backlog of projects yet to be funded, the Program is scheduled to finish in 2016/17.
- 7.44** The Committee considers that the NSW Office of Water should undertake an audit to determine the extent of the backlog of projects yet to receive funding under the Program. Once this audit has been completed, additional funding should be allocated to allow the completion of all outstanding projects, and the impacted local councils advised of the timetable for completion of works.

Recommendation 23

That the NSW Office of Water:

- undertake an audit of projects yet to receive funding under the Country Towns Water Supply and Sewerage Program,
 - if necessary, allocate additional funding to the Program to allow the completion of all outstanding projects, and
 - advise the impacted local councils of the timetable for completion of works.
-

Catchment Management Authorities

- 7.45** Three Catchment Management Authorities (CMAs) – the Central West, Lachlan and Western CMAs – play a role in managing the natural resources of central and western NSW. During the inquiry, the Central West CMA outlined a new approach to natural resource management being pursued by CMAs across the state, based on the principle of ‘resilience thinking’.
- 7.46** The Central West CMA explained that each of the 13 CMAs in NSW are required to develop a Catchment Action Plan (CAP) that ‘... sets a vision for the integrated management of natural resources by the community and local, state and Australian governments’.⁴⁵⁰
- 7.47** Ms Carolyn Raine, General Manager, Central West CMA, advised that all CAPS are currently under review, with the Central West and Namoi CMA’s completed first as part of a pilot program to introduce the use of ‘resilience thinking’.⁴⁵¹ Ms Raine outlined what is meant by ‘resilience thinking’:

What we found was that natural systems are chaotic, they are all intrinsically linked and it is hard to work out where you can have the biggest input. We cottoned on to the idea of resilience thinking. I will give you the Oxford dictionary definition of ‘resilience’: The capacity of a system to absorb disturbance and reorganise without significant changes to the structure, function, feedback and output. Or, in plain English: The ability to cope with change and to keep functioning in much the same way. Or, as we like to call it: Defining a safe operating space in which change is unlikely to happen.⁴⁵²

⁴⁵⁰ Submission 20, Central West Catchment Management Authority, p 1.

⁴⁵¹ Ms Carolyn Raine, General Manager, Central West Catchment Management Authority, Evidence, 12 March 2012, p 37.

⁴⁵² Ms Raine, Evidence, 12 March 2012, p 37.

- 7.48** The principles of ‘resilience thinking’ allowed the Central West CMA to identify the limits within which the system operates best, and to identify when action is needed to ensure that the system does not move outside of these limits. Ms Raine explained:

The principles of resilience thinking taught us that there are limits to how much a system – which could be a region, town, ecosystem or an individual farm business – can change and still recover. Beyond those limits the system will function differently and often in ways we do not want it to. Resilience thinking and our catchment action plan are about identifying exactly what those limits are, trying to manage in a way that stays within them and being adaptive within those limits.⁴⁵³

- 7.49** Ms Raine advised that in order to encourage sustainable land use practices in the catchment area, the Central West CMA targets community leaders and innovators in order to build a critical mass of participants who follow best practice resource management:

We found what drives changes in attitude and motivation for our land-holders is evidence. They like to see evidence that something will work and also a critical mass of participants. So once a large number of land-holders start getting involved in something it is more likely that their colleagues will become involved. We have seen over the past 10 years with conservation farming that was originally seen as quite radical and it is now seen as quite mainstream in the Central West ... We focus on our innovators, our leaders and fast followers and we provide them with opportunity for training, capacity building and partnerships, and also provide financial incentives.

Those leaders, innovators and fast followers are the ones who tend to take the rest of the group with them. Once we hit that critical mass of participants then what we are trying to achieve, which is best practice, in natural resource management becomes mainstream.⁴⁵⁴

- 7.50** Mr Thomas Gavel, Chairman, Central West Catchment Management Authority, described the work of the Central West CMA as ‘the best regional delivery process I have seen’, largely due to local involvement in and ownership of natural resource management strategies:

We are appointed from the region; we are local people. We know the issues within our catchments and we can address them. We can also get out into the catchments and are recognised and noticed and we can be spoken to directly by the local people—that is, our stakeholders. That has been of great value ... In my time involved with natural resources this is the best regional delivery process I have seen. There must be ownership within the regions. That is something that should happen not only with natural resources ...⁴⁵⁵

- 7.51** Other inquiry participants also expressed support for the CMAs, arguing that the CMAs should be sufficiently funded in order to enable them to continue fulfilling their role as natural resource managers. For example, Mr Lachlan Gall, Councilor, Pastoralists’ Association of West Darling, argued:

⁴⁵³ Ms Raine, Evidence, 12 March 2012, pp 37-38.

⁴⁵⁴ Ms Raine, Evidence, 12 March 2012, p 38.

⁴⁵⁵ Mr Thomas Gavel, Chairman, Central West Catchment Management Authority, Evidence, 12 March 2012, p 40.

Supporting the catchment management authorities and, in turn, for them to support on-ground works for landholders, gives really good outcomes for the financial viability of property managers. There are good environmental outcomes and that generates jobs and economic activity in the region.⁴⁵⁶

- 7.52 The representatives of CENTROC also supported the work of the local CMAs, but suggested that the relationship between the CMAs and local councils could be strengthened.⁴⁵⁷

Committee comment

- 7.53 The sustainable management of natural resources in central and western NSW is crucially important to ensure the health and productivity of the land now and into the future. The Committee commends the work of CMAs in managing the State's natural resources and striving to balance the needs of the wide variety of stakeholders that use the region's natural resources. The Committee will be interested to follow the impact of the resilience thinking strategies currently being implemented by CMAs.

Management of native vegetation

- 7.54 The *Native Vegetation Act 2003* and the *Native Vegetation Regulation 2005* regulate the clearing of native vegetation on all land in NSW, except for excluded land listed in Schedule 1 of the Act. Ms Raine outlined the role of the CMAs in regard to the application of the Act:

Our role is one of the consent authority for the *Native Vegetation Act* and the regulation. We work with landholders to negotiate and deliver property vegetation plans.⁴⁵⁸

- 7.55 Under the Act, voluntary and legally binding property vegetation plans are prepared by landholders in conjunction with the relevant CMA. These plans permit landholders to manage native vegetation on their property. Clearing provisions included in a plan last up to 15 years, and remain binding despite any change of landholder. A landholder can apply at any time to change a property vegetation plan.⁴⁵⁹

- 7.56 There was mixed support for the Act and the regulation from inquiry participants. Mr Marshall said that the Act had caused some friction in communities as a result of confusion over its application to different industries:

... it can act as an inhibitor in a lot of areas but in some areas it is quite justified. It has caused enormous problems and enormous friction in communities between various industries. For example, the agricultural sector believes that they are very hard done by through the Native Veg legislation and yet right next door over the paddock fence they can see the mining industry virtually able to avoid its obligations under the

⁴⁵⁶ Mr Lachlan Gall, Councillor, Pastoralists' Association of West Darling, Evidence, 4 November 2011, pp 44.

⁴⁵⁷ Standing Committee on State Development, *CENTROC roundtable sessions report*, March 2012, p 9.

⁴⁵⁸ Ms Raine, Evidence, 12 March 2012, p 41.

⁴⁵⁹ NSW Office of Environment and Heritage, *Native vegetation plans*, accessed 22 March 2012 <<http://www.environment.nsw.gov.au/vegetation/pvp.htm>>

Native Veg Act because there are different requirements on that industry ... that pendulum, everyone feels needs to come back into the centre a little bit more and it needs to be applied consistently to all industries and not seen as simply singling out one industry over another.⁴⁶⁰

7.57 Mr Smith also noted that there is dissatisfaction about the Act within the community:

Whether you are a supporter of less removal of trees or whether you are a supporter of opening up more lands for food production, either way I do not think either side are winning very much out of it at the present time.⁴⁶¹

7.58 Mr Gall also noted that the preparation of a native vegetation plan consumes a considerable amount of time on behalf of both landholders and the relevant CMA:

... there is opportunity cost in time and liaising with catchment management authority staff to prepare a property vegetation plan. Half the problem there is having time as landholders to fulfil our side of the equation. Then the other side of it is being able to get a staff member from the catchment management authority to be able to give you time to help prepare that property vegetation plan. It is very hard to get some time.⁴⁶²

7.59 Ms Raine acknowledged that the time taken to prepare a property vegetation plan was an issue: 'Landholders at the moment are waiting too long, particularly in our catchment'.⁴⁶³ Ms Raine noted that the longest waiting time for a plan could be up to two years, but observed that pending changes to the regulation could significantly reduce the time taken to have a plan approved:

The worst waiting times statistically across the State would be up to two years from when a landholder wants an approval to when he would actually get it, which is completely unacceptable in our book. Generally, if a property vegetation plan is fairly simple and a landholder does not change their mind a lot you could get a fairly complex one done in, say, a month and an easy one done in a matter of days.⁴⁶⁴

7.60 Mr Gall also observed that the conditions of the plan can be restrictive on landholders who may want to control invasive native scrub on their properties:

When it comes to controlling what they call in the trade INS, invasive native scrub, there are a number of control methods that can be undertaken by landholders. But to do that you have to obtain a property vegetation plan under the conditions of the legislation. It is a fairly long-winded process and you are locked in to the conditions of that property vegetation plan for many years, if not perpetually, is my understanding. There is a long list of conditions that go with these property vegetation plans. For instance, one of them is if you are clearing invasive native scrub you have to leave 20 per cent of it. That is like a doctor going in to remove a tumour and leaving 20 per cent of the tumour behind ...⁴⁶⁵

⁴⁶⁰ Mr Marshall, Evidence, 12 September 2011, pp 31-32.

⁴⁶¹ Mr Smith, Evidence, 12 September 2011, p 31.

⁴⁶² Mr Gall, Evidence, 4 November 2011, pp 40-41.

⁴⁶³ Ms Raine, Evidence, 12 March 2012, p 41.

⁴⁶⁴ Ms Raine, Evidence, 12 March 2012, p 41.

⁴⁶⁵ Mr Gall, Evidence, 4 November 2011, pp 40-41.

- 7.61** In September 2011, the Minister for Environment, the Hon Robyn Parker MP, announced the commencement of a review of the regulations for the *Native Vegetation Act 2003*, including the Native Vegetation Regulation 2005. Community consultation sessions were held across the State in November 2011, with the sessions run by the local CMA and the Office of Environment and Heritage.⁴⁶⁶
- 7.62** As noted at paragraph 7.59, there can be significant variations in the amount of time taken to finalise a property vegetation plan. Ms Raine suggested that the time taken to prepare a plan could be ‘cut in half easily’ by changing the regulation.⁴⁶⁷
- 7.63** As part of the review, Ms Raine indicated that a proposal has been made to incorporate a code of practice into the regulation, which would streamline the approval process for simple native vegetation plans:

... could incorporate more codes of practice, which would involve either a very simple property vegetation plan or a code of practice that a landholder could follow off their own bat with enough direction. I believe that is going to happen now and we are working with OEH on developing those codes of practice. I think they are definitely the way to go. For something that we know can get through the system – so it is allowed under the native vegetation act and it is very simple and low risk – we should not have to spend weeks and weeks and weeks assessing it and collecting data; we should be able to just say you do it in this manner, go ahead.⁴⁶⁸

Committee comment

- 7.64** The Committee notes the concerns of inquiry participants in regard to the *Native Vegetation Act 2003* and in particular the time taken to prepare property vegetation plans under the Act, and the impact of these delays on landholders.
- 7.65** The Committee acknowledges that the Minister for the Environment is currently undertaking a review of the Act. The Committee encourages the Minister to complete this review process as quickly as possible, and to strongly consider implementing reforms which streamline the process for preparing and implementing a property vegetation plan, such as a code of best practice for simple vegetation plans. Further, the Committee considers that the *Native Vegetation Act 2003* should incorporate within it a requirement that local socio-economic impacts be part of any assessment considerations.

⁴⁶⁶ NSW Office of Environment and Heritage, *Review of the native vegetation regulations*, accessed 22 March 2012 < <http://www.environment.nsw.gov.au/vegetation/ReviewofNVRRegulations.htm> >

⁴⁶⁷ Ms Raine, Evidence, 12 March 2012, p 41.

⁴⁶⁸ Ms Raine, Evidence, 12 March 2012, p 42.

Recommendation 24

That, in completing the review of the regulations for the *Native Vegetation Act 2003*, the Office of Environment and Heritage implements reforms which streamline the process for preparing and implementing a property vegetation plan, and that the *Native Vegetation Act 2003* incorporate within it a requirement that local socio-economic impacts be part of any assessment considerations.

Chapter 8 Planning

Although the inquiry terms of reference did not specially request that the Committee examine the role that the planning framework plays in the economic and social development of central and western NSW, several planning related issues were raised during the course of the inquiry. This chapter examines these concerns, commencing with a discussion of the Local Environmental Plan (LEP) template that local councils have been required to use since March 2006. The chapter also briefly discusses two strategies being developed by the Government to guide long-term planning for the infrastructure needs of NSW: regional growth infrastructure plans and Strategic Land Use Plans.

Concerns with the planning framework

- 8.1 While the Committee did not receive a large amount of evidence on the current planning framework, some inquiry participants highlighted concerns in relation to the template for the preparation of LEPs. These concerns related to a perception that the template is not able to reflect unique local needs, the burdens placed on local councils in preparing an LEP and the minimum lot sizes permissible.

Local Environmental Plans

- 8.2 The majority of discussion around the planning framework focussed on the preparation of LEPs, which guide planning decisions for local government areas through the use of land zoning and development controls.
- 8.3 In March 2006, the NSW Government gazetted a standard instrument for preparing new LEPs, known as the LEP template. This template means that all LEPs in NSW are prepared using the same planning language and principles. The Department of Planning and Infrastructure states that in developing LEPs, local councils can ‘... include localised planning objectives and provisions specific to their area, as well as determine zoning, additional land uses, heritage items, and development standards such as height and minimum lot sizes’.⁴⁶⁹
- 8.4 Mr Neil McGaffin, Executive Director, Planning Operations, Department of Planning and Infrastructure, advised that since the introduction of the standard template, nine of the 25 local councils in central and western NSW had finalised their LEP, while the others are in the process of completion:

Of the 25 councils in the region we are looking at, nine have a standard instrument in place, six have been endorsed for public exhibition and we continue to work with the remaining 10 councils to try to generate a plan so it can be placed on public exhibition. The new planning instruments are more detailed and more sophisticated in a land use planning sense than the previous instruments. They represent a more detailed number of zones and more detailed controls than in the past.⁴⁷⁰

⁴⁶⁹ Department of Planning and Infrastructure, *Standard Instrument*, accessed 27 March 2012 <<http://www.planning.nsw.gov.au/LocalEnvironmentalPlans/StandardInstrument/tabid/247/language/en-US/Default.aspx>>

⁴⁷⁰ Mr Neil McGaffin, Executive Director, Planning Operations, Department of Planning and Infrastructure, Evidence, 9 March 2012, p 16.

8.5 Many local councils who participated in the inquiry raised concerns about the ability of the standard LEP framework to provide sufficient flexibility to allow local councils to reflect local circumstances, and the amount of resources that councils need to dedicate to preparing a plan that complies with the template.

8.6 Mr Adam Marshall, Vice-President, Shires Association, and Mayor, Gunnedah Shire Council, said that '[i]n terms of planning, having the right planning framework is absolutely essential for unlocking the economic potential of the community'.⁴⁷¹ However, Mr Marshall continued to suggest that, in practical use, the standard LEP template created difficulties for local councils:

Essentially the LEP template across the state is great in theory but it creates a lot of problems for local communities that are looking to do things a little bit differently to create opportunities for business and industry to develop in their communities ... The template though creates some difficulty because often it takes the power away from local communities to determine their future and it means that we have to do what everyone else is doing because there is a standard instrument that we all must comply with.⁴⁷²

8.7 Mr Marshall observed that the template had in some cases caused friction between local councils and the Department of Planning and Infrastructure because of the restrictions placed on councils in developing their planning instrument:

I have lost track of how many member councils have made representations to us saying 'We want to do this. We have done some consultation with our community with business. This would be a great idea to do such and such but we keep getting the rejection from the Department of Planning'.

It does cause some problems, some friction between planning and local councils and definitely, without going into all the detail, we can see that as a huge inhibitor to certain communities going ahead because there is a standard instrument that we all must comply with, instead of having some broad principles and strategy and within that allowing local communities to tailor their planning instruments how best they see fit.⁴⁷³

8.8 Concerns about a lack of flexibility were echoed by representatives from the Central NSW Councils Regional Organisation of Councils (CENTROC), who argued that while the principles behind the standard LEP template are sound, the template lacks flexibility to allow local input to address unique local needs. There was also a perception that the Department of Planning and Infrastructure was pursuing a 'one size fits all approach'.⁴⁷⁴

8.9 Bathurst Regional Council and Blayney Shire Council both commented on the restrictive nature of the standard planning instrument. Both councils also highlighted their concerns in

⁴⁷¹ Mr Adam Marshall, Vice-President, Shires Association, and Mayor, Gunnedah Shire Council, Evidence, 12 September 2011, p 30.

⁴⁷² Mr Marshall, Evidence, 12 September 2011, p 30.

⁴⁷³ Mr Marshall, Evidence, 12 September 2011, p 30.

⁴⁷⁴ Legislative Council Standing Committee on State Development, *CENTROC roundtable sessions report*, March 2012, p 12.

regard to the current lack of a regional strategy and the removal of some planning powers from local government:

Like many other regional councils there are several restrictions and issues in relation to planning which hinder Councils strategic planning process. These include the lack of a regional strategy, the removal of planning powers from local government (eg State Government Planning Policies and other legislative requirements) and the lack of flexibility of the Standard Instrument (Local Environmental Plans) Order 2006.⁴⁷⁵

- 8.10** In response to these criticisms from local councils, Mr McGaffin acknowledged the concerns expressed by inquiry participants that the LEP template is not sufficiently flexible to recognise local needs, but argued that the template provides a ‘skeletal framework’ that allows local councils to add provisions that reflect local needs:

It is a skeletal framework. Councils are able to add zoning objectives or local clauses and they are able to populate the land use tables with the uses they want permitted – permitted with consent or prohibited to reflect their local circumstances ...⁴⁷⁶

- 8.11** Mr McGaffin indicated that there had been discussions between the Department and local councils on how the standard template could be best utilised by councils to meet their specific requirements:

If you are going to have a standard instrument not everybody can translate everything they have got into that standard instrument, so there has got to be some give and take. That is an ongoing tension. It is an ongoing work practice for us to not only be fixed in ‘yes you can have this or no you cannot have that’, but what we try and do is say, ‘What do you want to achieve? What is your vision? What is your objective?’ and ‘How can we best deliver that with the standard instrument being the vehicle of delivery?’.⁴⁷⁷

- 8.12** Mr McGaffin continued to observe that there would inevitably be ongoing tension between the different parties involved in the LEP process, but that the template provided more flexibility than the approach pursued in other states:

If we can focus on what everyone is trying to deliver then I think we, as in the department, have become a little bit more flexible in recent times compared with when we first started off the project. It is clear to me, having worked in other States, that the current system is a lot more flexible than the standard approach in other States, and we have also been criticised for that because particularly the development industries say that we are moving away from a standard practice in a residential zone ... it will continue to be a balancing act and one for negotiation ...⁴⁷⁸

- 8.13** Another concern expressed about the LEP template was the level of resources that local councils need to deploy to prepare compliant LEPs. For example, CENTROC representatives expressed concern that because local councils in central and western NSW tend to be less well

⁴⁷⁵ Submission 38, Blayney Shire Council, p 9. See also Submission 45, Bathurst Regional Council, p 12.

⁴⁷⁶ Mr McGaffin, Evidence, 9 March 2012, pp 17-18.

⁴⁷⁷ Mr McGaffin, Evidence, 9 March 2012, p 24.

⁴⁷⁸ Mr McGaffin, Evidence, 9 March 2012, p 24.

resourced than councils in metropolitan areas, regional councils need to be better resourced to prepare, develop and review their LEPs.⁴⁷⁹

- 8.14** When questioned on the concerns of CENTROC in this regard, Mr McGaffin acknowledged that '[r]esourcing is obviously a big issue in the central west'.⁴⁸⁰ Mr McGaffin indicated that the Department worked closely with councils where possible, particularly during the development process for LEPs:

The majority of councils do not have professional town planning staff. We are trying to work as closely as we can with them. Since 2002-03 the Government has spent \$2.2 million giving funds to the councils in the Central West to work on planning-related strategies, products or activities. In the last two years we have spent \$1.4 million helping the councils specifically with their standard instrument local environmental plans. We tend to work a lot closer with councils in the Central West through our regional office in Dubbo because they are generally looking for more assistance than some of the metropolitan councils that have the resources that councils out west do not.⁴⁸¹

- 8.15** Mr McGaffin also noted that while all local councils are required to use the LEP template, the Department of Planning and Infrastructure allows flexibility in the level of planning requirements stipulated in the LEPs for regional and metropolitan areas:

We are under the premise that if something comes to us and we are not happy with it we will recommend how we think it can be improved to meet a standard we are comfortable with ... it is not an identical standard.⁴⁸²

Other issues

- 8.16** One recurrent issue in the preparation and approval of LEPs was the lot sizes permissible under the template. For example, CENTROC observed that there was some disparity between the lot sizes permitted in different council areas, which had created some confusion and tension between councils.⁴⁸³
- 8.17** When questioned on these concerns, Mr McGaffin explained that the approach pursued by the Department was to require sufficient evidence to support any changes in existing minimum lot sizes already permitted by councils :

The general policy is that if councils want to maintain their current minimum lot size, we will bring that through into the new local environmental plan without real question. If they want to change the lot size then there is a process to go through and there needs to be some evidence about how they want to change it. In most cases councils want to reduce the minimum lot size and what we are concerned about is the impact on agricultural production for that region or that local government area.⁴⁸⁴

⁴⁷⁹ Standing Committee on State Development, *CENTROC roundtable sessions report*, March 2012, p 11.

⁴⁸⁰ Mr McGaffin, Evidence, 9 March 2012, p 17.

⁴⁸¹ Mr McGaffin, Evidence, 9 March 2012, p 17.

⁴⁸² Mr McGaffin, Evidence, 9 March 2012, p 18.

⁴⁸³ Standing Committee on State Development, *CENTROC roundtable sessions report*, March 2012, p 12.

⁴⁸⁴ Mr McGaffin, Evidence, 9 March 2012, p 20.

- 8.18** Ms Carolyn Raine, General Manager, Central West Catchment Management Authority, explained that the Authority closely engaged with local councils on a range of issues, including advocating for the retention of reasonable minimum lot sizes:

We have employed a local government liaison officer and the councils also give us funding to employ a local government project officer who works across the 16 councils. We have had a huge amount of input into their regional strategies and also the new LEPs. And minimum lot size is something that we champion and something that we believe we need to have to avoid death by a thousand cuts ... If we are to maintain our viability that agricultural land needs to stand as it is. So we push the councils hard on not lowering minimum lot sizes and keeping within that small urban area – the footprint.⁴⁸⁵

- 8.19** A second issue raised by the Mid-Western Regional Council in relation to planning processes was the impact of the expansion of mining activities in the region, an issue which has been reflected in a number of chapters throughout this report.

- 8.20** The Mid-Western Regional Council expressed concern that the cumulative impact of mine expansion was not being adequately considered during planning processes, which could ultimately have a detrimental impact on communities near mining sites:

Mine creep is also a major concern for Council. Three of the existing mines in the Mid-Western region are undergoing expansions to existing mining activities which will effectively double coal output. While this will have considerable community impacts, the expansion of activities tends to ‘fly under the radar’ because these mines already exist. It is critical that each expansion is considered with the same degree of rigour as a new mining project and that the overall cumulative impact is taken into account ... The big picture must be taken into consideration by all community stakeholders, the mines and all levels of government.⁴⁸⁶

- 8.21** The Mid-Western Regional Council said that it was ‘increasingly concerned’ about this situation:

The investment by the major mining companies in capital infrastructure and employment in the region is huge and has the potential to create significant economic benefits in the future. However, Council has become increasingly concerned that the rapid rate of expansion has not been thoughtfully planned nor have the cumulative impacts of these activities been factored into a long term cost-benefit analysis for the local or regional community.⁴⁸⁷

- 8.22** The Committee notes that Strategic Regional Land Use Plans are intended to address concerns relating to the expansion of the mining and coal seam gas industries. These Plans are discussed in further detail at paragraph 8.31.

⁴⁸⁵ Ms Carolyn Raine, General Manager, Central West Catchment Management Authority, Evidence, 12 March 2012, p 44.

⁴⁸⁶ Submission 10, Mid-Western Regional Council, p 5.

⁴⁸⁷ Submission 10, p 4.

Committee comment

- 8.23** Achieving balance in the planning framework is a difficult task, particularly in relation to the development and implementation of LEPs. On the one hand, the Department of Planning and Infrastructure seeks to provide a standard framework which allows local councils to develop LEPs using shared standards and principles. On the other hand, local councils want to develop LEPs that have sufficient flexibility to respond to unique local needs and circumstances.
- 8.24** The Committee notes the concerns of inquiry participants that the current template is not sufficiently adaptable to local needs, and that there is a perception that the Department of Planning and Infrastructure can sometimes lack flexibility in what is permitted within LEPs. We also acknowledge the efforts made by the Department to assist local councils in developing their LEPs. The wide range of municipalities across the State that have finalised LEPs suggests that it is possible to create an LEP that balances shared planning principles with unique local needs.
- 8.25** The Committee also notes that a review of the *Environmental Planning and Assessment Act 1979* commenced in July 2011, and that it is anticipated that a Green Paper with recommendations for change will be released early May 2012. Pending the outcome of this review the Committee has refrained from making any recommendations for change in this area, although we urge the review to take the concerns raised during our inquiry into consideration.

Regional planning initiatives

- 8.26** The NSW Government has commenced preparation of a series of strategies to guide long-term planning for the infrastructure and development needs of NSW. Two such plans were discussed during this inquiry: regional growth infrastructure plans and Strategic Regional Land Use Plans.

Regional growth infrastructure plans

- 8.27** The NSW Government advised that regional growth infrastructure plans will be prepared for all regional areas of the state. These long-term plans will guide the provision and development of infrastructure, and will be used to assist Infrastructure NSW in the development of its 20 year infrastructure strategy:

These plans will support the Government's long-term (20-25 year) land use strategies for the regions using population, housing and economic projections to better plan and deliver infrastructure and improve accountability and certainty around infrastructure provision. This long-term regional infrastructure planning will inform Infrastructure NSW's 20-year State Infrastructure Strategy and will provide the Government with the lead time necessary to plan for delivery of infrastructure in a coordinated manner.⁴⁸⁸

- 8.28** Mr Ian Reynolds, Deputy Director General, Strategies and Land Release, Department of Planning and Infrastructure, said that the regional growth infrastructure plans would allow a holistic examination of the infrastructure needs of each region:

⁴⁸⁸ Submission 52, NSW Government, p 9.

The concept behind the growth infrastructure plan is to look at a place and to say: If this is going to grow, whatever the population projections are and that sort of thing, we do not just need roads – we need roads, we need water and we need power. Look at it as a place rather than just as different sectors. That is the single biggest change in that approach and we will be trying to roll that out as much as we can every time we do a strategy.⁴⁸⁹

- 8.29** CENTROC expressed support for the development of long term regional plans to guide the development of infrastructure, but cautioned that that the involvement of local councils in the development of such plans would be critical to ensure that the plan was reflective of local needs and concerns.⁴⁹⁰
- 8.30** Mr Marshall agreed that the development of the regional growth infrastructure plans and Strategic Land Use Plans would be ‘... absolutely critical because they will sit in the planning hierarchy above our local environmental plans’.⁴⁹¹ However, Mr Marshall observed that the Local Government and Shires Associations had not been asked to participate in the development of these plans, despite these plans having a significant influence on the role of local councils:

Our association is seeking a seat at the table on the reference group which is helping develop those plans. At the moment the peak organisation representing Local Government in the state does not have a seat at that reference group table and - to be polite - we are not very impressed about that because these plans will inform our LEPs, they will shape how our communities can develop and they will impact some of the biggest land use issues surrounding our communities in the central west, which are mining versus agriculture and then if you have mining, how do the offsets work, the environmental offsets? Yet, we do not yet have a seat at the table.⁴⁹²

Strategic Regional Land Use Plans

- 8.31** The NSW Government has commenced the development of Strategic Regional Land Use Plans that will ‘... identify and protect strategic agricultural land around the state’.⁴⁹³ Mr Daniel Keary, Director, Strategic Regional Policy, Department of Planning and Infrastructure, described the Strategic Regional Land Use Plans as ‘strategic frameworks’ that respond to a number of land use issues, most notably the impact of the mining and coal seam gas industries:

They not only deal with the issue of mining and agriculture, but also with a whole range of land use issues in these high-growth areas, particularly around infrastructure, housing, economic factors, climate et cetera. But the key policy focus is on protecting

⁴⁸⁹ Mr Ian Reynolds, Deputy Director General, Strategies and Land Release, Department of Planning and Infrastructure, Evidence, 9 March 2012, p 25.

⁴⁹⁰ Standing Committee on State Development, *CENTROC roundtable sessions report*, March 2012, p 11.

⁴⁹¹ Mr Marshall, Evidence, 12 September 2011, p 30.

⁴⁹² Mr Marshall, Evidence, 12 September 2011, pp 30-31.

⁴⁹³ Submission 52, p 9.

agricultural land and resources from the ongoing impacts of the growth in the mining and coal seam gas industries.⁴⁹⁴

- 8.32** The NSW Government advised that following the completion of the first two Strategic Regional Land Use Plans for the Upper Hunter and New England areas, the preparation of the plan for Central West NSW has commenced, while the development of the plan for the Far West will commence in 2013:

The NSW Government is currently in the process of developing Strategic Regional Land Use Plans that will identify and protect strategic agricultural land around the state. The first plans will be prepared for the Upper Hunter and New England areas which are currently experiencing land use conflicts associated with the growth of the coal and coal seam gas industries. In 2012, the NSW Government will commence work to prepare a Strategic Regional Land Use Plan for the Central West region, and in 2013 work will commence on a Strategic Regional Land Use Plan for the Far West.⁴⁹⁵

- 8.33** Mr Keary outlined the current status of the central west plan, advising that a stakeholder group had been established to guide the plan's development:

We currently are undertaking an infrastructure assessment in conjunction with the Mid-Western Regional Council, which will be a key input into the Central West plan. We have started the initial scoping and mapping of the region in consultation with other key agencies and plan an exhibition of the draft plan in the second half of this year. Between now and that point in time there will be extensive consultation with local government, key industry stakeholders and key interest groups. The Government has established what is called a stakeholder reference group, which comprises groups such as the Farmers' Association, the Minerals Council, the gas peak industry group, key environmental groups, local government representation et cetera. There will be further consultation with those groups as we develop the Central West plan.⁴⁹⁶

- 8.34** Ms Raine commented on the involvement of the Catchment Management Authority in the development of the plans, and suggested that the Strategic Regional Land Use Plan should be aligned with the relevant Catchment Action Plans:

We have made some data available to our colleagues in the Department of Primary Industries who are working on that with the Department of Planning. The CMAs, as a whole, will comment on the two recently released plans for Gunnedah and the Hunter and we will have some overall input about how we can participate better in those plans in the future. We see a definite alignment between those plans and the catchment action plans and we believe we have a fair bit to offer. We have made arrangements to work closely with our planning colleagues on the Central West plan, so watch this space ...⁴⁹⁷

- 8.35** Mr Keary further indicated that while the plans would primarily focus on the impact of mining and coal seam gas across the region, the public consultation process following the release of

⁴⁹⁴ Mr Daniel Keary, Director, Strategic Regional Policy, Department of Planning and Infrastructure, Evidence, 9 March 2012, p 15.

⁴⁹⁵ Submission 52, pp 9-10.

⁴⁹⁶ Mr Keary, Evidence, 9 March 2012, p 15.

⁴⁹⁷ Ms Raine, Evidence, 12 March 2012, p 43.

the draft plans would likely identify further issues that need to be considered, such as the protection of prime agricultural land from subdivision or appropriate lot sizes:

The focus is on mining and coal seam gas. The plans do address housing and in a cursory sense they also address lot sizes. However, there is no clear policy response to that issue in the two draft plans on exhibition now. We will be receiving submissions not only about the coal seam gas element but also a range of other issues, and housing and infrastructure will be among them. The lot size issue may come through strongly in those submissions. If that happens, we will have to come back to government and say that this issue is being raised and that we need a response in the draft plans.⁴⁹⁸

Committee comment

- 8.36** The Committee considers that the development of regional growth infrastructure plans and Strategic Regional Land Use Plans for central and western NSW is a positive step to encourage sustainable economic and social development in central and western NSW. These plans will provide a cohesive and considered approach to development in the region over a significant period of time, which will allow communities in the region to better understand where and when development will occur.
- 8.37** In developing these plans, it is essential that the Government consult with a wide range of stakeholders to ensure that the plans accurately reflect the infrastructure and growth needs of the region, and balance the differing needs of communities in the region. This includes consultation with the NSW Local Government and Shires Associations, as representatives of local government across the region.

⁴⁹⁸ Mr Keary, Evidence, 9 March 2012, p 22.

Chapter 9 Government relations

This chapter examines the relationships that exist between the different levels of government operating within central and western NSW. The chapter commences with a discussion of the financial sustainability of local councils, including the impact of rate pegging. The chapter then discusses ways to improve the relationship between State and local governments, before exploring the collaborative methods being pursued by some local governments to the delivery of services and infrastructure. The chapter briefly examines the role of the three Regional Development Australia groups that operate in the region, before concluding by discussing the approaches to regional development pursued in two other Australian jurisdictions: Queensland and Victoria.

Financial sustainability of local councils

9.1 The financial sustainability of local councils, and in particular the impact of cost shifting and rate pegging on councils, was an issue that was discussed throughout the inquiry. The local councils that participated in the inquiry highlighted that local government is increasingly assuming financial responsibility for a number of services to their communities, including in areas that have not traditionally been within their domain.

9.2 As noted in earlier chapters of this report, this includes responsibility for the provision and maintenance of cultural infrastructure, the maintenance of the regional road network and, for many councils, the provision of a range of health care services. The Orana Regional Organisation of Councils (OROC) outlined some of the ‘...cost shifting activities and burdens’ that have fallen on the local councils that are members of OROC:

Some of these cost shifting activities include: a range of health infrastructure and health services, emergency services, animal control, water licensing, load based licensing, environment, land management, on site sewer management and Rural Fire Service to name a few. The continued impost of cost shifting activities is driving many rural councils into areas of non-traditional core business activities such as education, community safety, law enforcement and a range of child and youth services.⁴⁹⁹

9.3 Cobar Shire Council similarly noted a range of cost-shifts to local councils, arguing that the funding given to local councils must ‘accurately reflect’ the cost of providing these services:

Councils are one-stop shops for government business activities, such as Centrelink and RTA shopfronts. The funding that Councils receive for these activities needs to accurately reflect the cost of providing the service, it should not be up to the rate payer to subsidise it. Council provides a great deal of community services, such as youth and children’s services, library services, all of which are inadequately funded and are therefore once again left to the rate payer to fund.⁵⁰⁰

9.4 Bathurst Regional Council highlighted that councils in regional areas, including those in central and western NSW, tend to experience a greater funding gap than metropolitan councils, due to an inability to ‘capture economies of scale’:

⁴⁹⁹ Submission 40, Orana Regional Organisation of Councils, p 9.

⁵⁰⁰ Submission 18, Cobar Shire Council, p 6.

Regional councils such as Bathurst have higher expenditure per person, on average, compared with urban councils. This is largely explained by the inability to capture economies of scale, having to pay higher input costs, maintaining more kilometres of roads per person and undertaking a relatively more extensive service mix ... Bathurst Regional Council urges the Government to support Local Government in finding ways to fund the current and growing infrastructure gap.⁵⁰¹

- 9.5** Some inquiry participants argued that this funding gap was exacerbated by rate pegging, which limits the ability of local councils to raise funds through charging increased rates. Certain council revenues are regulated under rate pegging, which sets the maximum permissible percentage increase to general revenue for councils. Since 2011/12, the Independent Pricing and Regulatory Tribunal (IPART) has set the rate peg for each year.⁵⁰²
- 9.6** The rate peg percentage for 2011/12 is 3.6 per cent.⁵⁰³
- 9.7** Councils may also obtain permission to make a special rate variation. There are two types of special rate variations that a council may request: either a single year variation, or a multi-year variation for between two and seven years.⁵⁰⁴
- 9.8** Some inquiry participants were critical of rate pegging, arguing that the rate set by IPART does not accurately reflect the costs of services provided by local councils. For example, Blayney Shire Council argued that 'rate rises are typically low', and that the 2011/12 rate rise '...is well below the increases in the cost of provision for infrastructure'.⁵⁰⁵
- 9.9** Along with many other local councils that participated in this inquiry, Blayney Shire Council urged the Government to recognise the increasing demands on local government and to find ways to fund the current and growing infrastructure gap.⁵⁰⁶
- 9.10** As noted earlier, local councils are delivering an expanded range of services to the community, with current funding arrangements unable to provide adequate funds to cover the cost of providing these services. If rate pegging was abolished, the majority of inquiry participants felt that the precarious financial situation of many local councils would be exacerbated, with councils unable to recover the full cost of providing services and infrastructure to the community.
- 9.11** Some inquiry participants argued that local councils would be able to raise a large portion of the required funds from their rate base. For example, Mr Allan Smith, Vice President, Local Government Association, and Councillor, Dubbo City Council, when asked if councils would

⁵⁰¹ Submission 45, Bathurst Regional Council, p 12.

⁵⁰² Before 2011/12, the rate peg was set by the Minister for Local Government.

⁵⁰³ Independent Pricing and Regulatory Tribunal, *Our role in local government rate setting and special variations – fact sheet*, May 2012, p 2, accessed 8 May 2012 <http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt/Fact_Sheets_Information_Papers/Fact_Sheet_-_Our_role_in_local_government_rate_setting_and_special_variations_-_May_2012>

⁵⁰⁴ Independent Pricing and Regulatory Tribunal, *Our role in local government rate setting and special variations – fact sheet*, May 2012, p 3.

⁵⁰⁵ Submission 38, Blayney Shire Council, p 9.

⁵⁰⁶ Submission 38, p 9.

have the capacity to function if rate pegging was abolished said: 'I think the answer to that is substantially'.⁵⁰⁷ Mr Smith explained the reasoning behind his position:

You have got to remember in this State there has been over 30 odd years of rate pegging, and most of those rate pegging procedures are well below what the CPI would have been for that particular year. So I think the capacity to do the lot has been lost. We could substantially do it, but of course you have got to also remember that a lot of the infrastructure that we now have to maintain was either wholly funded or partly funded by the State or Federal Government, where local government will have to take over the total asset maintenance of that, even though they may not have put up the capital in the first place.⁵⁰⁸

- 9.12** Mr Garry Styles, Executive Manager, Central NSW Councils Regional Organisation of Councils (CENTROC), and General Manager, Orange City Council, suggested that while there may be a limited number of councils that could achieve financial sustainability if rate pegging were removed, the majority of councils would struggle:

There are probably, I don't know, three or four tiers of Local Government if you like. Certainly some of them will be able to do what you say ... There is going to be a large group of councils who cannot do that, it is just not going to fit in terms of the rise and their where-with-all.⁵⁰⁹

- 9.13** Local councils that participated in this inquiry demonstrated the disparity in income generated by rates through reference to their own funding mix. For example, Mr Tim Drew, General Manager, Central Darling Shire Council, highlighted that for the Central Darling Shire, revenue from rates equates to only 10 per cent of the Council's revenue:

Rates are certainly inadequate. They account for 10 per cent of our total revenue ... Most of our funding comes from grants, whether from Federal or State sources, certainly. But to have only 10 per cent of our revenue base come from rates is unusual in local government. I think the State average is about 47 per cent. I am not sure what the regional average is but we are well below par.⁵¹⁰

- 9.14** In comparison, Broken Hill City Council advised that the revenues earned from rates in their local government area constitutes 43 per cent of the Council's total annual revenue:

Council's annual operating budget is approximately \$30 million (2011). Income from rates and annual charges is in the order of \$12.8 million or 43% of its total annual revenue. The balance of income is primarily from Commonwealth and State Government operating grants and contributions (\$9.45 million) and user charges and fees (\$4.1 million). This collectively means that service provision and asset management in particular within this environment is a major challenge for the organisation.⁵¹¹

⁵⁰⁷ Mr Allan Smith, Vice President, Local Government Association, and Councillor, Dubbo City Council, Evidence, 12 September 2011, p 28.

⁵⁰⁸ Mr Allan Smith, Evidence, 12 September 2011, p 28.

⁵⁰⁹ Mr Garry Styles, Executive Manager, CENTROC, and General Manager, Orange City Council, Evidence, 12 September 2011, p 51.

⁵¹⁰ Mr Tim Drew, General Manager, Central Darling Shire Council, Evidence, 4 November 2011, p 29.

⁵¹¹ Submission 24, Broken Hill City Council, p 2.

9.15 The majority of inquiry participants argued that councils would not be able to achieve financial sustainability if rate pegging were removed for two key reasons: firstly, due to the small size of the rate base of many local government areas and secondly, due to limited community capacity to afford the substantially increased rates that would be necessary to compensate for the accumulated financial impact of rate pegging.

9.16 Mr Adam Marshall, Vice-President, Shires Association, and Mayor, Gunnedah Shire Council, commented on his concerns in this regard:

Firstly, the effect of rate pegging and the compound effect of pegging over so many years means you will never be able to catch up. It is just an impossibility. You have also got the fact that you have got to look at the community's capacity to pay and councils will not increase rates astronomically to a ridiculous level. You have got Central Darling Shire Council out in the far west. The size of the shire is 55,000 square kilometres. They have a ratepayer base of about 2000 people who pay rates. No matter how much you charge those 2000 ratepayers, you are never going to obtain the money you need to maintain that infrastructure. It is not feasible, plus it is politically unpalatable.⁵¹²

9.17 Ms Linda Nadge, Chief Executive Officer, Regional Development Australia – Far West, observed that communities in the far west of the State did not have the financial capacity to afford the significant rate rises that would be necessary to sustain the local council: '... their rate bases have been dwindling and have been dwindling for some time ... I do not think that the people can pay too much more'.⁵¹³

9.18 Concerns over the capacity of communities to afford substantial rate increases were raised by Ms Phyllis Miller, Chair, CENTROC, and Mayor, Forbes Shire Council, who told the Committee that '...we have to be responsible on what the capacity to pay within our community is'.⁵¹⁴ Ms Miller further observed that, in her opinion, the rate peg set by IPART was not at a 'sensible' level:

Rate pegging in itself is not going to change local government being sustainable or not, because you can only charge so much for certain services ... I can live with rate pegging but it needs to be sensible, and at the moment it is not sensible in the way that IPART determines it.⁵¹⁵

9.19 An alternate method of setting the annual rate peg, was suggested by Mr John Davis, Deputy Chair, CENTROC, and Mayor, Orange City Council, who argued that permissible annual increases should be based on the Consumer Price Index:

... I think it should be the cost of living, I think it should be 2.8 or 3.2, whatever it is that particular year. The fact is that anyone is kidding themselves in regards to saying

⁵¹² Mr Adam Marshall, Vice-President, Shires Association, and Mayor, Gunnedah Shire Council, Evidence, 12 September 2011, p 28.

⁵¹³ Ms Linda Nadge, Chief Executive Officer, Regional Development Australia – Far West, Evidence, 4 November 2011, p 2.

⁵¹⁴ Ms Phyllis Miller, Chair, CENTROC, and Mayor, Forbes Shire Council, Evidence, 12 September 2011, p 50.

⁵¹⁵ Ms Miller, Evidence, 12 September 2011, p 44.

get rid of rate pegging and charge whatever you like. I do not believe the community can afford that.⁵¹⁶

9.20 In its submission to the inquiry, the NSW Government acknowledged that local governments in central and western NSW ‘... face a range of challenges that limit their ability to provide necessary infrastructure and services’⁵¹⁷, including the size of their rate base:

For example, the income that some councils can generate is limited due to the size of the rate base, resulting in a reliance on state and Commonwealth grants to deliver basic services. The NSW Government is aware of these challenges and is looking at ways that service delivery can be improved in the region.⁵¹⁸

9.21 The NSW Government advised that in response to the challenges facing local government, it has commenced the Destination 2036 initiative, which aims to reform the structure, financing and governance arrangements for local government in NSW:

The NSW Government has commenced a major new initiative, called Destination 2036, which is designed to help shape the future of local government in NSW over the next 25 years. This initiative is focused on achieving reform to the structure, financing, governance arrangements and capacity of the NSW system of local government. A particular focus of this work will be how services to rural and remote areas might be better provided in a more sustainable and effective way.⁵¹⁹

9.22 As part of Destination 2036, the Local Government Review Panel was established in March 2012. In a Ministerial Circular, the Minister for Local Government, the Hon Don Page MP, outlined that the panel will investigate and identify options for governance models, structural arrangements and boundary changes for local government in NSW.⁵²⁰

9.23 The terms of reference for the Local Government Review require the panel to take into consideration a range of factors including the:

- ability to support the current and future needs of local communities
- ability to deliver services and infrastructure efficiently, effectively and in a timely manner
- financial sustainability of each local government area
- ability for local representation and decision making
- barriers and incentives to encourage voluntary boundary changes.⁵²¹

9.24 The Panel is due to report in the second half of 2013.

⁵¹⁶ Mr John Davis, Deputy Chair, CENTROC, and Mayor, Orange City Council, Evidence, 12 September 2011, p 47.

⁵¹⁷ Submission 52, NSW Government, p 12.

⁵¹⁸ Submission 52, p 12.

⁵¹⁹ Submission 52, p 12.

⁵²⁰ Hon Don Page MP, Minister for Local Government and Minister for the North Coast, Destination 2036 – Independent Local Government Review Panel, *Ministerial Circular*, 21 March 2012, accessed 10 May 2012 <<http://www.dlg.nsw.gov.au/dlg/dlghome/documents/Circulars/M12-01.pdf>>

⁵²¹ Hon Don Page MP, Minister for Local Government and Minister for the North Coast, Destination 2036 – Independent Local Government Review Panel, *Ministerial Circular*, 21 March 2012.

9.25 In his submission to the inquiry, the Hon Kevin Humphries MP advised that as the Minister for Western NSW he was already working with the Minister for Local Government to examine new models of service delivery for local governments specifically in Western NSW.⁵²²

9.26 Two initiatives that may assist local governments in central and western NSW in delivering services and infrastructure to their communities were highlighted by the NSW Government: an audit of the infrastructure backlogs of local councils, and the Restart NSW fund.

9.27 Firstly, the NSW Government advised the Committee that it has commenced a council-by-council audit of local infrastructure backlogs, and that in order to address these backlogs, local councils would be given 'greater access to debt funding':

A council-by-council infrastructure audit has commenced to help identify and address the local infrastructure backlog. The NSW Government will work with councils, and other bodies such as Infrastructure NSW and the Commonwealth Government to address long-term issues of under-investment in the region.

Part of the solution to address the backlog is to allow local councils greater access to debt funding. To this end, the NSW Government will be providing an interest rate subsidy on commercial borrowing for eligible infrastructure backlog projects. Reducing the cost of borrowing for councils will help with the funding of projects most in demand within their communities.⁵²³

9.28 Secondly, Restart NSW was established under the *Restart NSW Fund Act 2011*.⁵²⁴ The purpose of the Restart NSW Fund is to generate economic growth and productivity in the State by funding major infrastructure projects that improve:

- public transport
- roads
- infrastructure required for the economic competitiveness of the State, such the movement of freight, inter-modal facilities and access to water
- local infrastructure in regional areas that are affected by mining operations
- hospital and other health facilities and services
- workplaces for law and justice officers, teachers, nurses and other staff providing services to the public.⁵²⁵

9.29 Thirty per cent of Restart NSW is dedicated to spending on projects in regional areas.⁵²⁶

⁵²² Submission 53, Hon Kevin Humphries MP, pp 1-2.

⁵²³ Submission 52, p 12.

⁵²⁴ Submission 52, p 11.

⁵²⁵ *Restart NSW Fund Act 2011* s 6; Answers to questions taken on notice during evidence 9 March 2012, Mr Simon Smith, Deputy Director General, Department of Premier and Cabinet, Question 1, p 1.

⁵²⁶ Submission 52, p 11.

- 9.30** As the responsible Minister, the Treasurer is permitted to authorise payments from the Restart NSW Fund on the recommendation of Infrastructure NSW for projects that promote a purpose of the Fund.⁵²⁷

Committee comment

- 9.31** The Committee notes that local government is delivering an increasing range of services to their communities, including in areas that have not traditionally been within their domain. As discussed in previous chapters, this is placing significant pressure on local governments as they seek to prioritise the areas in which they spend their limited funds.
- 9.32** The Committee also acknowledges the concerns of inquiry participants in regard to rate pegging. We consider that, if rate pegging were abolished, many local councils would be unable to raise rates to the extent necessary to recover the full costs of providing services and infrastructure to the community. However, the Committee also believes that many local councils would be able to make a greater contribution to the provision of such services and infrastructure. In light of the evidence received during this inquiry, we consider that the Minister for Local Government should review rate pegging.

Recommendation 25

That the Minister for Local Government review rate pegging in light of the evidence received during this inquiry.

- 9.33** The Committee notes the great dissatisfaction amongst inquiry participants regarding the adequacy of funding arrangements for local governments in central and western NSW. We consider it likely that this dissatisfaction is shared by local governments throughout NSW.
- 9.34** The Committee considers that new methods of funding and resourcing local governments must be explored to ensure that communities have access to a full range of quality services and infrastructure. The Local Government Review Panel, established as part of Destination 2036, has been tasked with a range of responsibilities, including examining the financial sustainability of each local government area across NSW. This is a formidable task for the Panel to undertake, requiring a balancing act between the need for fiscal responsibility and the need to ensure that local governments are well resourced to serve their communities.
- 9.35** In undertaking this review of local government funding and practices, we recommend that the Panel examine the approaches to local government funding and resourcing used in other Australian states and territories, including Victoria and Queensland, to determine if there is a more suitable and equitable approach to local government funding. This inter-jurisdictional comparison may identify alternate approaches to the delivery of services and infrastructure to regional communities.

⁵²⁷ *Restart NSW Fund Act 2011* s 8.

Recommendation 26

That the Minister for Local Government request that the Local Government Review Panel undertake an inter-jurisdictional comparison of the approaches to local government funding and resourcing used in other Australian states and territories, including Victoria and Queensland.

Relations with State Government

- 9.36** A number of inquiry participants suggested that there was significant scope to improve the relationship between the State and local governments. For example, the Lachlan Shire Council argued that there could be better communication and co-ordination across levels of government:

Coordination of government activities at a local level is often very difficult and Council submits that increased communication and coordination between all levels of government would greatly assist in the development of the shire and the region.⁵²⁸

- 9.37** Central Darling Shire Council also advocated for better communication, noting that changes to government departments and responsibilities often generates confusion over how to locate the correct point of contact:

Better coordination of Government services is a necessity to improve efficiencies in existing businesses or new enterprises. With constant changes in the make-up of Government Departments, changed reporting lines and responsibilities it can make it difficult for the non-frequent user of Government services to locate the appropriate department or person.⁵²⁹

- 9.38** Mr John Harris, Regional Development Australia – Far West, said that there needed to be a less fragmented approach to funding, with different government agencies liaising with each other to establish a holistic understanding of community needs:

You have got the different departments or agencies or services which they describe in terms of silos. So you have everybody rolling out funding in a fragmented way coming down in could be any number of streams ... there needs to be some capacity to breach the holistic nature of community with the segmented nature of government operation.⁵³⁰

- 9.39** A change in focus so that the State government works directly with communities to develop local solutions to local issues, rather than looking at issues on a regional basis, was strongly advocated by Wellington Council:

We urge government to redefine the regional approach to working with communities and implement strategies in partnership with local communities to address local issues. We make this submission on the basis that the needs of a community are best met by

⁵²⁸ Submission 16, Lachlan Shire Council, p 5.

⁵²⁹ Submission 28, Central Darling Shire Council, p 4.

⁵³⁰ Mr John Harris, Regional Development Australia – Far West, Evidence, 4 November 2011, p 2.

the provision of local solutions, rather than regional solutions which strengthen opportunity and advantage in larger regional centres ...⁵³¹

- 9.40** Wellington Council emphasised the importance of recognising the unique issues of communities, and argued that this focus should be supported by closer engagement with local councils:

Communities are unique, with discrete issues and particular opportunities. It is important to recognise this uniqueness, and to craft strategies which respond to local issues or capitalise on local opportunities ... This focus on local outcomes should be supported by engagement with local council's in the development of local plans designed to inform government investment and interventions in particular local government areas. Indeed, local council's should be more adequately resourced to deliver some of the functions which the State Government has abandoned in small communities, such as crime prevention.⁵³²

- 9.41** A number of inquiry participants advocated for an equal partnership between the State and local governments. For example, Mr Smith said:

... we believe we can work very, very co-operatively with Government as long as Government sees us as a partner and deliver a lot of the services to community that community wants, whether it be a small community or a large community, if we are given the opportunity to do so as partners.⁵³³

- 9.42** Establishing partnerships between State and local governments was also supported by Mr Frank Zaknich, General Manager, Broken Hill City Council:

Rather than cost shifting, why would the State Government not partner local government in terms of delivering services? The council is the front door to so many of these services in its community. Why would appropriately funded councils not be able to provide those services on behalf of the State Government?⁵³⁴

- 9.43** Inquiry participants made some suggestions as to how to improve relationship between State and local governments. For example, Mr Marshall suggested that a beneficial initiative would be the implementation of a 'Local Government Impact Statement' for new legislation, which would examine the implications and costs of any new legislation for local councils:

... there needs to be attached to any piece of legislation or new government regulation, a Local Government impact statement, for want of a better term, so that when decisions are made that the law makers are aware of the full impacts of legislation on local communities.

For example, two that spring to mind, recently the new swimming pool regulation or the food safety regulations, which are very good pieces of legislation that are about ensuring the safety of community when they eat at restaurants or to ensure that swimming pools have the appropriate fencing, but some unintended consequences

⁵³¹ Submission 26, Wellington Council, p 2.

⁵³² Submission 26, p 21.

⁵³³ Mr Smith, Evidence, 12 September 2011, p 29. See also Mr Marshall, Evidence, 12 September 2011, p 29.

⁵³⁴ Mr Frank Zaknich, General Manager, Broken Hill City Council, Evidence, 4 November 2011, p 20.

were that it meant for a lot of our members they had to employ extra staff just to implement those regulations, because we are responsible for regulating them. But there is no financing coming from state to local to compensate councils for taking on those extra staff ...⁵³⁵

- 9.44** Participants at the CENTROC roundtable discussions in Parkes suggested that the relationship between the State and local governments could be improved through the re-instatement of the Mayoral Roundtable sessions, where a Minister would meet with a group of mayors to discuss policy initiatives and issues facing communities.⁵³⁶
- 9.45** In response to the concerns raised by local government representatives, the NSW Government advised that it is seeking to build relationships across different levels of government, and across different government departments. In addition to the Destination 2036 initiative, as mentioned as paragraph 9.21, the NSW Government is also reforming the Regional Coordination Program.
- 9.46** Mr Simon Smith, Deputy Director General, Department of Premier and Cabinet, noted that a review of the Regional Coordination Program had found that there was scope to improve the outcomes achieved through the program:

... the program was very effective in ensuring that people such as regional managers in agencies were able to come together and reflect on what needed to be done better in each particular region, but there had been a failing in the program in the sense that it was ineffective in escalating problems. For those problems that needed to get fixed at head office level or ministerial level, it was not so effective in conveying those issues to the centre.

The review found that regional coordinators were well respected and got on with useful work with the local councils, regional development boards and community organisations, for example. But as I mentioned, that central failing was the inability to escalate things and get things fixed that you just cannot get fixed in a region, no matter how much goodwill there is.⁵³⁷

- 9.47** Mr Smith continued that the Regional Coordination Program had been restructured so that the Program is more responsive to local needs, and to encourage clearer communication between regional areas and Cabinet:

What we want the program to be in the future is far more directive about making sure that regional managers know exactly what is going on here in Cabinet and what are the priorities of the government of the day, and being an instrument of driving the NSW 2021 priorities.

The Government has made it clear to us that it wants more local say about what is going to get done in each region. We will go and find out what that is. We will turn that into an active to-do list, and the regional coordinators will be there to drive those things and make sure they get done. Those kinds of things where we discover needs

⁵³⁵ Mr Marshall, Evidence, 12 September 2011, p 29.

⁵³⁶ CENTROC roundtable report, p 3.

⁵³⁷ Mr Simon Smith, Deputy Director General, Department of Premier and Cabinet, Evidence, 9 March 2012, p 50.

are not being met, or that the left hand is not working properly with the right hand, will be escalated much more rapidly for resolution.⁵³⁸

- 9.48** The Department of Premier and Cabinet is playing a role in coordinating the major planning initiatives currently being undertaken by different departments, such as the Long Term Transport Master Plan being prepared by Transport for NSW and Regional Land Use strategies being prepared by the Department of Planning and Infrastructure. In this regard, Mr Smith observed ‘... the Premier’s Department role, is very much in trying to tie or bring together the various major planning strategies that are underway and link those to the budget’.⁵³⁹
- 9.49** The NSW Government also holds Community Cabinet meetings throughout NSW, which provide an opportunity for people to raise matters important to the local community with the Premier and Ministers. In 2012, meetings have been held in the Blue Mountains and Parramatta. In 2011, meetings were held in in the Central Coast, Queanbeyan, Greater Western Sydney, Illawarra and South Coast, Port Macquarie, Sutherland Shire, the Hunter and Macarthur.⁵⁴⁰

Committee comment

- 9.50** The Committee considers that a strong relationship between the State and local governments is essential in encouraging economic and social development in central and western NSW. The Committee acknowledges the efforts being made by the Department of Premier and Cabinet to better engage with regional communities through the Regional Coordination program as a good start, but considers that more can be done to create a more balanced relationship between State and local governments.
- 9.51** The Committee notes that while a number of Community Cabinet meetings have been held, none have been held in central and western NSW. The Committee considers it vitally important that communities in central and western NSW, and indeed in all regional areas of NSW, are able to engage with the Premier and Ministers. The Committee recommends that at least four regional Community Cabinet meetings be held before November 2013, including at least one in central and western NSW.

Recommendation 27

That the NSW Government hold at least four regional Community Cabinet meetings before November 2013, including at least one in central and western NSW.

- 9.52** The Committee further considers that the presence of the Premier and Ministers in regional areas affords an excellent opportunity for the Cabinet to engage with local governments. The Committee recommends that, in conjunction with the regional Community Cabinet, meetings also be held with local government representatives.

⁵³⁸ Mr Simon Smith, Evidence, 9 March 2012, p 50.

⁵³⁹ Mr Simon Smith, Evidence, 9 March 2012, p 49.

⁵⁴⁰ NSW Department of Premier and Cabinet, Community Cabinet Meetings, accessed 11 May 2012 <http://www.dpc.nsw.gov.au/programs_and_services/community_cabinet_meetings>

Recommendation 28

That in conjunction with the regional Community Cabinet meetings, the NSW Government meet separately with representatives of local government.

Collaboration between councils

9.53 Inquiry participants informed the Committee that local governments in central and western NSW have been pursuing a collaborative approach to the delivery of services and infrastructure, most notably through the Regional Organisation of Councils (ROCs). There are two ROCs in central and western NSW: CENTROC and OROC.

9.54 The NSW government explained the role of ROCs:

ROCs provide a forum for the exchange of ideas between member councils and are an interface between governments. They act as a facilitator of joint activities between councils that allow benefits to be realised through economies of scale.⁵⁴¹

9.55 OROC highlighted the commitment of its member councils to using collaborative relationships to achieve social and economic development:

Strong collaborative local government alliances across the Orana region have proven to be a successful formula in improving growth and activity. This is well demonstrated by the commitment of 11 local government areas committing to support alliances and groups throughout the region and across boundaries.⁵⁴²

9.56 The Deputy Chair of CENTROC, Mr Davis observed that collaborations through vehicles such as CENTROC and OROC are beneficial in regard to improving the 'political clout' of regional councils in advocating for regional issues:

... over the last five years, in the State arena as well as Federal arena, the governments of the day seem to certainly want to interact and deal with regions. That is what it is all about. CENTROC has been highly successful in regards to getting funds and money within our areas. To get the political clout for a rural council with 6,000 or 10,000 people, for example, it is interwoven into 300,000, that is what it is all about, to give a voice to nearly a third of New South Wales basically through this organisation.⁵⁴³

9.57 The achievements of ROCs were highlighted by Lachlan Shire Council, who noted that the collaborative relationship has delivered 'genuine benefits' to regional communities:

The central west is indeed fortunate to have a very effective regional organisation of Councils – CENTROC – that has been very active in the area of infrastructure in recent years. Major studies have been completed in relation to water and transport and those studies have helped to inform local councils and State and Federal governments

⁵⁴¹ Submission 52, p 4.

⁵⁴² Submission 40, p 9.

⁵⁴³ Mr Davis, Evidence, 12 September 2011, p 41.

alike as to the infrastructure needs of the region. There is good evidence of the councils working together in this framework to achieve economies of scale and deliver genuine benefits to the region as a result.⁵⁴⁴

- 9.58** Regional Development Australia – Central West noted the close working relationships of the CENTROC member councils:

The CENTROC group of councils are highly collaborative, advocating on agreed positions and priorities for the region and facilitating cooperation and the sharing of knowledge, expertise and resources.⁵⁴⁵

- 9.59** Inquiry participants highlighted other collaborative relationships that have been established by local councils. For example, the Local Government and Shires Associations of NSW noted the different types of networks that have formed between councils as a way to strengthen ‘purchasing power, advocacy and their resource and technical capacities’:

Many NSW councils have joined together regionally in Strategic Alliance Networks (SAN), Regional Organisation of Councils (ROC), and regional alliances for Local Water Utilities. Through these successful arrangements councils have strengthened their purchasing power, advocacy and their resource and technical capacities. Some have also partnered with urban councils and have staff swapping arrangements broadening access to skills and building skill levels.⁵⁴⁶

- 9.60** In addition to close involvement in CENTROC, Mr Kenneth Keith, Mayor, Parkes Shire Council, advised that Parkes Shire Council has an alliance with Lachlan, Weddin and Forbes Shire Councils to ‘... cooperate and liaise on more specific local issues’.⁵⁴⁷

- 9.61** Bathurst Regional Council also commented on the benefits that collaborations can achieve to improve the efficiency and effectiveness of local councils:

Bathurst Regional Council plays an important and expanding role in delivering a broad range of important services at the local level. However, it is also under growing financial pressures that hinder its ability to provide for the increasingly complex needs of 21st century communities. Council therefore works collaboratively on a range of projects with key member organisations such as CENTROC and other regional councils to maximise efficiencies and economies of scale.⁵⁴⁸

- 9.62** A similarly collaborative approach to local government is pursued by the Remote Area Planning and Development Board in Queensland, discussed at paragraph 9.80.

Committee comment

- 9.63** The Committee commends the collaborative approach being pursued by local governments across central and western NSW. We encourage local government to continue to pursue this

⁵⁴⁴ Submission 16, p 5.

⁵⁴⁵ Submission 23, RDA Central West, p 18.

⁵⁴⁶ Submission 48, Local Government and Shires Associations of NSW, p 6.

⁵⁴⁷ Mr Kenneth Keith, Mayor, Parkes Shire Council, Evidence, 2 November 2011, p 36.

⁵⁴⁸ Submission 45, p 8.

cooperative approach, which allows for leveraging of resources and capabilities to achieve better outcomes for communities throughout central and western NSW.

- 9.64** The Committee also encourages the Minister for Local Government, as part of the Destination 2036 initiative, to review and remove any impediments that prevent local governments from pursuing a collaborative approach, particularly in relation to joint applications for funding.

Recommendation 29

That the Minister for Local Government, as part of the Destination 2036, initiative, review and remove any impediments that prevent local governments from pursuing a collaborative approach, particularly in relation to joint applications for funding.

Regional Development Australia groups

- 9.65** Central and western NSW is represented by the three Regional Development Australia (RDA) groups that operate in the region: the Central West, Far West and Orana RDAs. The NSW Government explained the role of the RDAs:

Regional Development Australia is a joint initiative between the Commonwealth and NSW Government with a network of 14 committees across NSW tasked with providing input to government about regional issues that impact on economic development, particularly jobs, environmental solutions and social inclusion strategies.⁵⁴⁹

- 9.66** Mr Styles observed that there had been a ‘patchwork of outcomes’ achieved by RDAs in the region:

Some of them are doing different things with different levels of engagement with their local government entity. We have gone to a lot of trouble in the central west one to be partners with CENTROC and our councils and that seems to have worked quite well in terms of collaboration. I am aware that others have not taken that view or that approach ...⁵⁵⁰

- 9.67** Mr Styles continued to note that over time, the role of the RDAs has improved so that they are becoming ‘the eyes and ears’ of their regions: ‘... it has taken a while for them to get their act together, to get their strategic plans together. It is only just now that they are getting into adding value and trying to be the eyes and the ears’.⁵⁵¹

- 9.68** Local communities may apply for grants from the RDA Fund, which is a national program to support projects in regional Australia, and is administered by the Commonwealth Department of Regional Australia, Local Government, Arts and Sport.

⁵⁴⁹ Submission 52, pp 12-13.

⁵⁵⁰ Mr Styles, Evidence, 12 September 2011, p 43.

⁵⁵¹ Mr Styles, Evidence, 12 September 2011, pp 43-44.

9.69 No projects in central and western NSW received funding in the initial round of grant applications. Round Two of applications for funding under the RDA Fund commenced in November 2011, with the list of successful projects anticipated to be published at the end of May 2012.⁵⁵²

9.70 A number of inquiry participants expressed concern about the assessment process for grant funding applications. For example, Ms Miller noted that the centralised assessment process did not allow for input to be made from the local RDAs in regard to the merits of each project:

... what I found with the last round of funding with the RDAs, a lot of work went into that and CENTROC, we got every council to prioritise their projects and then put them in so that we kind of had a plan for the central west. All of that went in. What I found was disappointing with that there was no assessment done at the board level ... No assessment done with that local knowledge that the RDA board within that area knows. So that all went off to Canberra and there are just piles of paper. It is just trudging through trying to work out the best projects.

We are politically smart enough to know there will be decisions that will sway one way or the other, but at the same time, without any assessment from the local RDA board in going forward with some prioritisation is just a mess.⁵⁵³

9.71 Ms Nadge advised that in regard to the Far West '[w]e had eight applications from the region and all of them were very worthy but we were not successful'.⁵⁵⁴ Ms Nadge acknowledged the strong competition for the grants, and noted that applicants have received feedback on how to improve their applications for future rounds of grant funding:

... I would suggest is that there was such high competition that any application that had any imperfection whatsoever would have been put to the side and not have even been considered. We know that a few of the people in our region have taken advantage of feedback and they will take that on board and improve their applications.⁵⁵⁵

9.72 Another criticism of the process was raised by Cobar Shire Council, who highlighted the time and money expended by local councils in preparing funding applications, particularly as projects for which funding is requested must be 'shovel ready':

All levels of government should be aware of the resources that Councils are committing to trying to access limited grant funding to assist with infrastructure provision and to drive economic growth. Councils spend a relatively large amount of very limited rate funds on having consultancy reports prepared to get projects to a 'shovel ready' stage. Councils then commit an excessive amount of time to put in quality grant submissions ...⁵⁵⁶

⁵⁵² Commonwealth Department of Regional Australia, Local Government, Arts and Sport, *Regional Development Australia Fund*, accessed 10 May 2012 <<http://www.regional.gov.au/regional/programs/rdaf.aspx>>

⁵⁵³ Ms Miller, Evidence, 12 September 2011, p 44.

⁵⁵⁴ Ms Nadge, Evidence, 4 November 2011, p 9.

⁵⁵⁵ Ms Nadge, Chief Evidence, 4 November 2011, p 9.

⁵⁵⁶ Submission 18, p 6.

- 9.73** Mr Styles also expressed frustration at the emphasis on putting forward ‘shovel ready’ projects during the grant application phase:

One of the things that is very frustrating is this focus on you have got to have it shovel ready all the time. Some of the major projects actually need some proper planning in front of it and they need a hand at the planning stage so that the major project can happen. This entire focus on shovel ready, shovel ready all the time - you are not sometimes getting to do some of the key projects.⁵⁵⁷

- 9.74** To improve the efficiency of the grant process and reduce the administrative burden on local councils, Cobar Shire Council suggested that in future funding rounds, it would be useful to have the RDA bodies assess the merits of proposed applications before the full grant funding application is completed:

It may be better to use the Regional Development Australia bodies to ‘short list’ within the region and provide good feedback on a ‘short form’ of the grant submission to determine if a full application is required.⁵⁵⁸

- 9.75** This type of approach to the grant process is pursued by Regional Development Victoria, as discussed at paragraph 9.93.

- 9.76** Broken Hill City Council suggested that the regional development model could be reformed to place the responsibility for regional development at the local government level, which would achieve savings in administrative costs:

Consider streamlining further the regional development model, dismantling further the committee structures and placing and funding the whole regional development function within the charter and responsibility of local government linked to a regional planning model and the NSW State Plan. Service delivery can be decentralised by utilising the existing council shopfronts across NSW and in particular Far West NSW. The savings in administrative costs would appear to be significant and these savings can then be directed to on the ground works.⁵⁵⁹

Committee comment

- 9.77** The Committee acknowledges the concerns of inquiry participants in regard to the RDA groups, particularly in relation to the application process for grants from RDA Fund.

- 9.78** However, as the RDAs are Commonwealth bodies, this Committee is not in a position to recommend reform to the RDA process. The Committee will, however, forward a copy of this report to the Commonwealth Minister for Regional Australia, Regional Development and Local Government, the Hon Simon Crean MP, to inform him of the concerns of our inquiry participants in this regard.

⁵⁵⁷ Mr Styles, Evidence, 12 September 2011, p 44.

⁵⁵⁸ Submission 18, pp 6-7.

⁵⁵⁹ Submission 24, p 5.

Other models

9.79 Some inquiry participants drew attention to the approaches pursued in other jurisdictions in NSW in regards to encouraging economic and social development in regional areas. Most notably, inquiry participants highlighted the work of Remote Area Planning and Development Board (RAPAD) in Queensland and Regional Development Victoria. The Committee also met with representatives from each of these organisations.

Remote Area Planning and Development Board

9.80 The Central Western Queensland Remote Area Planning and Development Board (RAPAD) is a collaborative local government organisation that assists the growth and development of the seven member councils: Barcaldine Regional Council, Barcoo Shire Council, Blackall-Tambo Regional Council, Boulia Shire Council, Diamantina Shire Council, Longreach Regional Council and Winton Shire Council.⁵⁶⁰

9.81 RAPAD focuses on achieving outcomes for its member councils in areas including:

- transport
- service retention and expansion, with an emphasis on health, education and housing
- technology, communication and the digital economy
- sustainable industries
- regional planning and capacity building.⁵⁶¹

9.82 In regard to structure, RAPAD is an ASIC listed company, with a board of directors comprising representatives of the member local governments.

9.83 Mr Peter Bailey, Director and Chief Executive Officer, Foundation for Regional Development Ltd, discussed RAPAD and its role:

The councils in western Queensland are incredibly small. I think the smallest council in that RAPAD group is about 246 people but it is a massive geographic area and Peter Beattie took a courageous decision not to amalgamate them. But RAPAD is supported, from my understanding, by State Government and by Local Government. They perform a number of tasks. They have grants officers, they run tourism out west, they have economic development and they provide a whole lot of support to smaller councils.⁵⁶²

9.84 As a demonstration of the success achieved by RAPAD in supporting its member councils, the Outback Regional Roads Group was cited. As members of the Group, the RAPAD councils collectively prioritise road infrastructure needs of regional significance that cross

⁵⁶⁰ Central Western Queensland Remote Area Planning and Development Board, *About RAPAD*, accessed 8 May 2012 < <http://www.rapad.com.au/web/guest/about-rapad1> >

⁵⁶¹ Central Western Queensland Remote Area Planning and Development Board, *About RAPAD*

⁵⁶² Mr Peter Bailey, Director and Chief Executive Officer, Foundation for Regional Development Ltd, Evidence, 12 September 2011, p 57.

shared boundaries and submit regional applications for funding. The Group has been successful in securing \$70 million of funding for the region, based on a 5-year plan.⁵⁶³

9.85 While the planning and funding application is undertaken on a regional level, the work is completed by the individual councils.⁵⁶⁴

9.86 Mr Bailey advocated that the NSW Government ‘... look at some way of establishing some kind of resource sharing in western New South Wales’ using the RAPAD model.⁵⁶⁵

Regional Development Victoria

9.87 The second approach to encouraging economic and social development in regional areas highlighted by inquiry participants was that pursued by Regional Development Victoria. Regional Development Victoria advised that the ‘centrepiece’ of the Victorian Government’s regional development policy is the \$1 billion Regional Growth Fund (RGF), which is ‘... predominantly targeted towards building upon and mobilising the unique assets and advantages of different regions, and strengthen the links between them’.⁵⁶⁶

9.88 The RGF targets investment in a number of areas, including land use planning, infrastructure provision, quality of life, human capita and innovation, and capacity building.⁵⁶⁷ Regional Development Victoria highlighted that there are four central features of their approach to policy making under the RGF:

- flexibility in terms of the projects that can be supported, including funds for the development of program proposals and applications
- local input into decision making to ensure local communities have a key role into determining spending priorities
- greater funding certainty for local council, through a dedicated \$100 million fund within the RGF
- better co-ordination with Commonwealth programs through the role of the five non-metropolitan RDA committees as a key advisory structure on regional policy.⁵⁶⁸

9.89 Mr Lachlan Bruce, Chief Executive, Regional Development Victoria, said that there are two funding streams within the RGF: strategic initiatives, which are approximately 60 per cent of the fund, and local initiatives, which make up the remaining 40 per cent.⁵⁶⁹

⁵⁶³ NSW Legislative Council, Standing Committee on State Development, *Sub-committee report on visit of inspection to Longreach, Queensland*, September 2011, p 2.

⁵⁶⁴ Standing Committee on State Development, *Sub-committee report on visit of inspection to Longreach, Queensland*, September 2011, p 2.

⁵⁶⁵ Mr Bailey, Evidence, 12 September 2011, p 57.

⁵⁶⁶ Submission 57, Regional Development Victoria, p 1.

⁵⁶⁷ Submission 57, p 1.

⁵⁶⁸ Submission 57, p 2.

⁵⁶⁹ Mr Lachlan Bruce, Chief Executive, Regional Development Victoria, Evidence, 12 March 2012, p 27.

9.90 Mr Bruce highlighted that the key program under strategic initiative area is the Economic Infrastructure Program, and explained how the Program operates:

We basically co-invest with local government and other parties in key economic infrastructure in regions. That could be, in some cases, roads and bridges although that is a relatively small part of the business that needs to have an economic flavour to it. But we get involved in everything from arts centres through to wastewater upgrades for major industries or airport upgrades. We use that fund to match some of the funding that we are hoping to receive and have received from the Regional Development Australia fund. That is our key program there. We commit about \$60 million a year under that program ...⁵⁷⁰

9.91 Within the local initiative area, Mr Bruce indicated that there are two key streams under which local governments can receive funding. The first stream is the local government infrastructure program:

That is a program where through a formula we allocate about \$2 million a council. We have 48 councils in what we consider rural and regional Victoria, so there is \$100 million there ... That is for them to spend on their projects, we do not require them to match that, but that is really to bring forward a whole lot of local government infrastructure which we recognise is important in those communities. It gets invested in everything from curb and channel drainage through to library upgrades.⁵⁷¹

9.92 The second stream is the Putting Local First program. Mr Bruce explained that this program, which is worth \$100 million over four years, is used for ‘... locally driven initiatives and they can be events, studies or upgrades to community facilities – on a co-investment basis’.⁵⁷²

9.93 Mr Bruce observed that Regional Development Victoria pursues a different approach to the grant application process than that pursued by RDA, where ‘shovel-ready’ applications are required:

It is when you start committing money against a project for which you are not sure you are going to get finance then it becomes more difficult. That is sort of the Regional Development Australia fund scenario where they want detailed business cases and there is no guarantee of funding. Last time there was something like 550 applications and maybe 100 were funded. In the way we operate we try and reduce that uncertainty. With that Economic Infrastructure Program we actually do not give people application forms until we have had a conversation with them to determine that their project is likely to be eligible.⁵⁷³

Committee comment

9.94 The Committee acknowledges the different approaches to regional development pursued in Victoria and Queensland, and considers that elements of these approaches could be beneficial in NSW. As noted at paragraph 9.35, we have recommended that the Local Government Review Panel undertake an inter-jurisdictional comparison of approaches used in other States

⁵⁷⁰ Mr Bruce, Evidence, 12 March 2012, p 27.

⁵⁷¹ Mr Bruce, Evidence, 12 March 2012, p 27.

⁵⁷² Mr Bruce, Evidence, 12 March 2012, p 27.

⁵⁷³ Mr Bruce, Evidence, 12 March 2012, p 28.

to identify alternate approaches to the delivery of services and infrastructure to regional communities.

9.95 Pending the findings of the Local Government Review Panel, the Committee considers that the Victorian Regional Growth Fund is an initiative that would benefit regional development in NSW.

9.96 The Committee acknowledges that 30 per cent of the Restart NSW fund is dedicated to spending on regional infrastructure projects, as noted at paragraph 9.28. We believe that, for the purpose of clarity, this funding should be quarantined into a separate fund, to be known as Restart Regional NSW. We recommend that the Treasurer, as the Minister responsible for the *Restart NSW Fund Act 2011*, seek an amendment to the Act and give close consideration to the regional development model pursued in Victoria.

Recommendation 30

That the Treasurer seek an amendment to the *Restart NSW Fund Act 2011* to establish the Restart Regional NSW Fund, and give close consideration to the regional development model pursued in Victoria.

Appendix 1 Submissions

No	Author
1	Mrs Janet Noble
2	Mr Spencer Ferrier
3	Mr Michael Neall, Former Mayor, Wollongong City Council
4	Narromine Shire Council
5	Community Tehnology Centres Association
6	Rail Action Bathurst
7	Eugowra Promotion and Progress Association Inc
8	Mr John Elliott
9	Cabonne Council
10	Mid-Western Regional Council
11	The Long Paddock
12	Weddin Shire Council
13	Bells Line Expressway Group
14	Your Rights at Work Committee – Bathurst Electorate
15	Emmdale Landcare
16	Lachlan Shire Council
17	Rural and Remote Autism Spectrum Disorder Awareness and Carers Network
18	Cobar Shire Council
19	NSW Rural Assistance Authority
20	Central West Catchment Management Authority
21	Central West Transport Forum
22	Canowindra Produce Co Pty Ltd
23	Regional Development Australia Central West
24	Broken Hill City Council
25	Team Harden
26	Wellington Shire Council
27	Arts OutWest
28	Central Darling Shire Council
29	Oberon Council
30	Forbes Shire Council
31	Royal Flying Doctor Service, South Eastern Section
32	Blue Mountains City Council

No	Author
33	Parkes Shire Council
34	Regional Development Australia Far West NSW
35	Bland Shire Council
36	NSW Aboriginal Land Council
37	Central NSW Councils (CENTROC)
38	Blayney Shire Council
39	Gilgandra Shire Council
40	Orana Regional Organisation of Councils
41	Western Research Institute
42	Tandou Limited
43	Pastoralists' Association of West Darling
44	Regional Development Australia – Orana
45	Bathurst Regional Council
46	Dubbo City Council
47	Association of Consulting Surveyors NSW Inc.
48	Local Government and Shires Association of NSW
49	Central West & Orana Region NSW Business Chamber
50	Macquarie River Food and Fibre
51	Cowra Shire Council
52	NSW Government
53	The Hon Kevin Humphries MP, Minister for Western New South Wales
54	Ms Julie Head
55	Regional Aviation Association of Australia
56	Brindabella Airlines
57	Regional Development Victoria
58	Broken Hill High School students
59	Year 11 students, Red Bend Catholic College
60	Clontarf Foundation
61	Royal Agricultural Society of NSW
62	Mr Andrew Gee MP, Member for Orange

Appendix 2 Witnesses at hearings

Date	Name	Position and Organisation
Monday 12 September 2011 Macquarie Room Parliament House	Mr Michael Cullen	Executive Director- Enterprise Small Business and Regional Development, Department of Trade and Investment, Regional Infrastructure and Services
	Mr Alok Ralhan	Director – Industry Strategy and Stakeholder Engagement, Department of Trade and Investment, Regional Infrastructure and Services
	Cr Allan Smith	Vice-President Local Government Association & Councillor, Dubbo City Council
	Cr Adam Marshall	Vice-President, Shires Association & Mayor, Gunnedah Shire Council
	Hon Ian Armstrong	Chairperson, Bells Line Expressway Group
	Cr John Davis	Mayor, Orange City Council & Deputy Chair, Central NSW Councils (CENTROC)
	Ms Jennifer Bennett	Executive Officer, Central NSW Councils (CENTROC)
	Mr Garry Styles	General Manager, Orange City Council & Executive Manager, Central NSW Councils (CENTROC)
	Cr Phyllis Miller OAM	Mayor, Forbes Shire Council & Chair, Central NSW Councils CENTROC
	Ms Carissa Bywater	General Manager, Forbes Shire Council & Executive Secretary, Central NSW Councils (CENTROC)
	Mr Peter Bailey	Director and Chief Executive Officer, Foundation for Regional Development Limited
Wednesday 2 November 2011 Coventry Room Parkes Shire Library and Cultural Centre, Parkes	Mr Sandy Morrison	Chairman, Regional Development Australia – Central West

Date	Name	Position and Organisation
	Ms Sharon Rabey	Executive Officer, Regional Development Australia – Central West
	Mr Graham Dunn	Central West Transport Forum
	Mr Tony Wass	Executive Member, Macquarie River Food and Fibre
	Mr Chris Hogendyk	Executive Member, Macquarie River Food and Fibre
	Mr John Walkom	Chair, Regional Development Australia - Orana
	Cr Ken Keith	Mayor, Parkes Shire Council
	Mr Kent Boyd	General Manager, Parkes Shire Council
	Mrs Anna Wylie	Parkes Study Centre Coordinator, Parkes Shire Council
	Ms Fran Rowe	Chair, NSW Rural Assistance Authority
	Mr Steve Griffith	A/Chief Executive Officer, NSW Rural Assistance Authority
	Mr Paul Tyrrell	Chief Executive Officer, Regional Aviation Association of Australia
	Ms Nicole Masters	Chief Operating Officer, Brindabella Airlines
	Mr Matthew Hobson	Director, AVEO International Pty Ltd
Thursday 3 November 2011 Coventry Room Parkes Shire Library and Cultural Centre, Parkes	Cr Andrew Lewis	Mayor, Bourke Shire Council
	Mr Geoff Wise	General Manager, Bourke Shire Council
	Ms Belinda Barlow	Executive Officer, Orana Regional Organisation of Councils
	Mr Rick Warren	General Manager, Coonamble Shire Council
Friday 4 November 2011 Council Chambers Broken Hill City Council Broken Hill	Ms Linda Nadge	Chief Executive Officer, Regional Development Australia – Far West
	Mr John Harris	Committee member, Regional Development Australia – Far West
	Cr Wincen Cuy	Mayor, Broken Hill City Council
	Mr Frank Zaknich,	General Manager, Broken Hill City Council

Date	Name	Position and Organisation
	Mr John Elliot	Treasurer, Emmdale Landcare
	Cr Ray Longfellow	Mayor, Central Darling Shire Council
	Mr Tim Drew	General Manager, Central Darling Shire Council
	Mrs Sue Andrews, President	Pastoralists Association of West Darling
	Mr Lachlan Gall, Councillor	Pastoralists Association of West Darling
	Dr Lisa McFayden	Business Manager, Health Services, Royal Flying Doctor Services, South Eastern Section
	Mr Stewart Riley	Chief Executive Officer, Far West Local Health District
Friday 9 March 2012 Macquarie Room Parliament House	Mr Tim Reardon	Deputy Director General, Policy and Regulation, Transport for NSW
	Mr Ian Reynolds	Deputy Director General, Strategies and Land Release, Department of Planning and Infrastructure
	Mr Neil McGaffin	Executive Director, Planning Operations, Department of Planning and Infrastructure
	Mr Daniel Keary	Director, Strategic Regional Policy, Department of Planning and Infrastructure
	Mr Lachlan Bruce	Chief Executive, Regional Development Victoria
	Mr Tom Gavel	Chairman, Central West Catchment Management Authority
	Ms Carolyn Raine	General Manager, Central West Catchment Management Authority
	Ms Jane Chrystal	Implementation Manager, Central West Catchment Management Authority
	Mr Simon Smith	Deputy Director General, Delivery and Implementation Group, Department of Premier and Cabinet

Appendix 3 Tabled documents

1 Monday 12 September 2011

Public hearing, Macquarie Room, Parliament House

- Mr Peter Bailey, Director and Chief Executive Officer, Foundation for Regional Development Limited tendered a PowerPoint presentation entitled 'Promoting the social and economic development of country and regional Australia'.

2 Wednesday 2 November 2011

Public hearing, Coventry Room, Parkes Shire Library and Cultural Centre, Parkes

- Mr Dunn, Central West Transport Forum tendered two confidential documents
- Mr Tony Wass, Executive Member, Macquarie River Food and Fibre tendered a document 'The Macquarie Marshes: an ecological history' by Gillian Hogendyk, Institute of Public Affairs Occasional Paper, September 2007 and a supplementary submission from Macquarie River Food and Fibre
- Ms Fran Rowe, Chair of the NSW Rural Assistance Authority tendered a map of NSW showing Exceptional Circumstances Interest Rate Subsidy 2002 to 30 June 2011 by Rural Lands Protection Board area.

3 Thursday 3 November 2011

Round table discussion, Coventry Room, Parkes Shire Library and Cultural Centre, Parkes

Mr Perry, Cr West and Mr Bell tendered the following documents:

- Presentation to State Government Standing Committee by Central Tablelands Water County Council, 3 November 2011
- CENTROC population projections, 11 December 2008
- Upper Lachlan Briefing Note, NSW State Standing Committee on Economic Development
- Upper Lachlan Planning Agreement, Wind Farms
- Upper Lachlan Planning Agreement, Power Stations
- Upper Lachlan Development Control Plan 2010, section 3.17 Community Enhancement Program
- Upper Lachlan Development Control Plan 2010, section 9.5 Wind Farms
- Environment, Climate Change & Water, Renewable Energy Precincts map
- NSW Planning & Infrastructure, NSW Wind Farms map
- Correspondence between Mayor Upper Lachlan Shire Council to Premier, 16 September 2011
- Victorian Government Gazette, Electricity Industry Act, Order under section 94, 25 August 2005
- Local Government Victoria, Local Government (Rating arrangements under the Electricity Industry Act 2000) Review Panel, December 2004
- Media Release, Victorian Minister for Local Government, Minister for Energy Industries & Resources, 'New arrangements provide rating certainty for councils and energy generators', Thursday 5 May 2005.

4 Friday 4 November 2011**Public hearing, Council Chambers, Broken Hill City Council, Broken Hill**

- Mr John Elliott, Treasurer, Emmdale Landcare tendered a quote for solar lights for Emmdale Airfield, 20 October 2011 and photographs of the Cobb Highway
- Mr John Elliott tendered confidential photographs
- Dr Lisa McFayden, Business Manager, Health Services, Royal Flying Doctor Services, South Eastern Section tendered the Royal Flying Doctor Service, Annual Report 2010/11.

5 Friday 9 March 2012**Public Hearing, Macquarie Room, Parliament House**

- Mr Ian Reynolds, Deputy Director General, Strategies and Land Release, NSW Department of Planning and Infrastructure tendered a PowerPoint presentation, entitled 'NSW Planning and Infrastructure – Inquiry into Economic and Social Development in central western NSW', dated 9 March 2012
- Mr Ian Reynolds, Deputy Director General, Strategies and Land Release, NSW Department of Planning and Infrastructure tendered a map of NSW entitled 'Average Annual Growth Rate of central western LGAs, 2005-2010'
- Ms Carolyn Raine, General Manager, Central West Catchment Management Authority tendered a PowerPoint presentation, entitled 'Central West Catchment Management Authority – Catchment Action Plan Upgrades & Resilience Thinking'
- Ms Carolyn Raine, General Manager, Central West Catchment Management Authority tendered a document titled 'Central West Catchment Management Authority – Understanding the Central West Catchment Action Plan 2011-2021'.

Appendix 4 Answers to Questions on Notice

The Committee received answers to questions on notice from:

1. Macquarie River Food and Fibre
2. NSW Department of Planning and Infrastructure
3. NSW Department of Premier and Cabinet
4. NSW Department of Trade and Investment
5. Regional Development Victoria
6. Royal Flying Doctor Service – South Eastern Section
7. NSW Rural Assistance Authority
8. Transport for NSW

Appendix 5 Participants in round table consultation

Date	Name	Position and Organisation
Thursday 3 November 2011 Coventry Room Parkes Shire Library and Cultural Centre, Parkes	Mr David Shaw	Director – Planning, Bathurst Shire Council
	Cr Wendy Tuckerman	Mayor, Boorowa Shire Council
	Ms Therese Manns	General Manager, Boorowa Shire Council
	Mr Stephen Harding	A/General Manager, Cabonne Shire Council
	Mr John Farr	Chair, Central Tablelands Water
	Mr Tony Perry	General Manager, Central Tablelands Water
	Cr Bill West	Mayor, Cowra Shire Council
	Mr Paul Devery	General Manager, Cowra Shire Council
	Cr Graham Falconer	Deputy Mayor, Forbes Shire Council
	Cr Des Manwaring	Mayor, Lachlan Shire Council
	Mr George Cowan	General Manager, Lachlan Shire Council
	Mr John Chapman	A/General Manager, Oberon Shire Council
	Mr Garry Styles	General Manager, Orange Shire Council
	Cr Ken Keith	Mayor, Parkes Shire Council
	Mr Kent Boyd	General Manager, Parkes Shire Council
	Cr John Shaw	Mayor, Upper Lachlan Shire Council
Mr John Bell	General Manager, Upper Lachlan Shire Council	
Cr Maurice Simpson	Mayor, Weddin Shire Council	
Ms Jennifer Bennett	Executive Officer, Central Region Organisation of Councils (CENTROC)	

Appendix 6 CENTROC roundtable sessions report

The Standing Committee on State Development conducted a series of roundtable discussions with representatives from the Central NSW Councils (CENTROC) on Thursday 3 November 2011 in Parkes, NSW. These roundtables allowed the Committee to closely examine nine key issues impacting on the economic and social development of central western NSW.

The following report begins with a summary of the central issues that emerged across the sessions, and are considered by CENTROC to be fundamental to encouraging economic and social development of central western NSW. The report then highlights the key conclusions and recommendations of each session, and provides a summary of the issues discussed during each of the roundtable sessions. A list of attendees at the roundtable discussions is provided at the end of this report.

Central issues

- 6.1** A number of central issues reoccurred throughout the roundtable sessions, with many roundtable participants suggesting that addressing these issues will be critical to allow central western NSW to reach its full potential. This section briefly discusses each of these key issues.

Transport

- 6.2** Access to safe, efficient and reliable transport options were viewed as critical to ensuring the economic and social development of central western NSW. Roundtable participants highlighted the need for improvements across a number of forms of transport for both passenger and freight purposes.
- 6.3** In regard to road transportation, participants strongly argued for the construction of the Bells Line Expressway over the Blue Mountains, noting that the central west was the only region that did not have expressway access to Sydney. Participants also highlighted the need to upgrade road surfaces and improve safety features on the Newell highway and local roads due to the increasing amount of freight traffic, and the need to develop a consistent strategy on the permissible movements of high productivity vehicles. Public transport services were also highlighted as being lacking, restricting the ability of people without personal vehicles to move around the region.
- 6.4** Rail was the second area of transport highlighted by round table participants, particularly in regard to the importance of rail for freight movements from the region to port facilities in coastal areas. Participants highlighted the difficulties and costs faced in moving freight over the Blue Mountains, especially as containers cannot be double stacked and congestion on the existing line regularly causes delays. Participants also advocated for the re-opening of the Blayney-Demonrille rail line and construction of the Inland Rail to improve freight movements across and through the region.
- 6.5** Access to regular air passenger transport was also seen as having the potential to unlock the region, largely through the expansion of passenger routes. Participants also highlighted the financial impost for local councils of maintaining and upgrading local airport facilities.

Water security

- 6.6 Water security was identified as a critical issue for the region. Round table participants highlighted the need for security and stability of access to water, and the need to ensure that any environmental requirements are adequately balanced against urban and industry water needs. Improvements to water related infrastructure would also allow the region to better manage the water resource.

Planning

- 6.7 The planning framework was an area of consternation, with many roundtable participants expressing a desire for a complete re-write of the *Environmental Planning and Assessment Act 1979*. Whilst participants acknowledged the need for a common planning framework across the state, participants felt that there needs to be planning tools that recognise individual regional needs and circumstances. The development of flexible Regional Plans was also seen as a positive initiative.
- 6.8 Dissatisfaction with the Department of Planning was expressed, with participants noting the time it can take to get a response from the Department. There was also a perception that the Department does not have an awareness of regional issues or terrain, which can result in disconnect between the Department and local councils.
- 6.9 Upper Lachlan Shire Council suggested that local government should have a greater role in the approval of energy generating projects, particularly State Significant Developments, and that compliance with the relevant local council's Development Control Plan for energy generating projects should be mandatory. Upper Lachlan Shire Council also suggested that energy generators should be required to pay a contribution to the relevant local council in lieu of rates, as occurs in Victoria.

National Broadband Network

- 6.10 Round table participants emphasised the importance of the National Broadband Network (NBN) in providing central western NSW with reliable, metro-comparable internet services. Access to the NBN will allow the region to improve the delivery of services in a number of areas, such as health and education, and will allow businesses in the region to compete in different markets and grow their businesses.

Health and related services

- 6.11 Access to health and related services continues to be an issue of critical importance for people in central western NSW, with a shortage of doctors and health professionals a major challenge for the region. Participants cautioned against the 'regional centralisation' of health services, arguing that funding should be directed towards health facilities in smaller areas as well as regional health hubs in larger regional cities. Round table participants also highlighted the cost shifting that had occurred towards local councils, especially in relation to the provision of aged care services.

- 6.12** Transport to health facilities for people without access to personal vehicles is an issue for many residents of the central west. Participants also advocated for the establishment of a 24 hour emergency helicopter at Orange Base Hospital.

Better relations and co-ordination across government

- 6.13** Round table participants suggested that there was significant scope to improve relationships across the different levels of government, and to achieve better co-ordination and collaboration across the region.
- 6.14** A number of participants expressed a desire for more regular contact with Ministers, and suggested the re-instatement of the Mayoral Roundtable as being one way to increase this interaction. Participants also advocated for greater consideration to be given to the regional impact of legislation or policy decisions. This could be achieved through the use of a tool such as a 'legislative impact statement', or a requirement that policy makers visit regional areas prior to the formation of policy to ensure regional input in the initial stages of the policy process.
- 6.15** Participants further suggested that there is scope to achieve better co-ordination and collaboration across the region by better utilising Regional Organisations of Councils and Regional Development Australia groups. Such co-operation could achieve better funding for, and co-ordination of, region-wide projects.

Roundtable sessions

- 6.16** This section summarises the key recommendations and conclusions reached by each of the nine roundtable sessions. It also includes an overview of the key discussion points covered by the groups.

Attracting people to the region

- 6.17** This roundtable session discussed measures to attract new residents to central western NSW, including what incentives may be successful in attracting people to relocate.
- 6.18** The key conclusions and recommendations reached during the session were:
- need to develop a comprehensive regional development program for NSW, together with an integrated plan to promote regional tourism
 - Regional Relocations Grants should only be seen as one tool in attracting people to the region, and should be part of a suite of incentives and initiatives to encourage people to relocate
 - Action to improve areas such as transport to and in the region, together with improvements in health services, water security and other key areas will ultimately assist to encourage people to relocate to central western NSW.
- 6.19** The key discussion points covered were:

- Access: needs to be improved access to the central west, particularly with regards to attracting doctors and nurses
- incentives could be pursued to attract people, such as income tax 20% max for doctors, preferential tax rate, zoned pay roll tax concession, no pay roll tax for a number of years
- decentralisation of government department
 - for example, the Department of Primary Industries: initial complaints about the shift, but nobody moved back to where they came from. Once you get people out there they will stay
- mixed feelings about the Country & Rural Expo
 - for example, Parkes is always able to participate but it is difficult for smaller councils to go
 - smaller councils look south to Canberra, but there must be employment opportunities in order to attract people to communities. Boorowa is commuting distance to Canberra and could offer more affordable housing
- need to focus on regional advantages to encourage relocations
 - strategically focus efforts to attract people and businesses using local advantages, rather than have a broad campaign
 - may be better to focus on the advantages of a ‘cluster’ of towns with a regional overlay
 - but regional tourism efforts should be broadly focused
- main street programming to improve attractiveness
 - Boorowa did a streetscape program – now has a bakery in the main street and everybody stops and has a cup of coffee on the way to Canberra
- Regional Relocation Grants are a good idea but Councils have yet to see people take them up
 - grant is the ‘icing on the cake’ but unlikely to be the main reason why people would move
 - needs to be integrated into a series of things, such as village revitalisation, main street programming, transport access (for example, people can’t live in the Blue Mountains and work in Lithgow as there are no commuter trains)
- Evocities initiative good for the larger cities, but doesn’t have a real impact on smaller locations
- baby boomers will move out into the region, however:
 - rural areas are already facing stress in regard to ageing populations
 - transport issues can also prevent people from relocating
 - need to ensure basic needs are addressed, such as water security, doctors, education, transport, midwives and nurses – this applies for attracting all people to relocate
- inject money into accommodation at universities, also the ASPIRE program at CSU which targets young people at any early age
 - People educated in regional areas are more likely to remain in or return to the region

- Desire to re-establish the Regional Produce Showcases that were held at NSW Parliament House, as a way of promoting regional produce and tourism
- no comprehensive regional development program exists in NSW
 - From June 2012 the Regional Tourism Office will have a ‘hundred mile’ website
 - need to have a comprehensively integrated plan to manage regional tourism
 - funding is neither flexible, or managed equitably – lack of clarity as to what the formula is for funding.

Collaboration and co-operation

6.20 This roundtable session discussed a number of issues, including the role of Regional Development Australia groups and the 2036 Local Government Conference.

6.21 The key conclusions and recommendations reached during the session were:

- the need to reinstate the Mayoral Roundtable program, which was a useful tool for facilitating the discussion of a range of issues
- need to determine the impact of new legislation on local councils and communities, possibly through a tool such as a ‘legislative impact statement’
- the need for a re-examination of the role of Regional Development Australia groups and the Regional Organisation of Councils to encourage better collaboration and create better results.

6.22 The key discussion points for the session were:

- Regional Development Australia (RDA) groups
 - concerns were expressed over the RDA grant system, including that it is too process driven. Participants noted that no projects in the central west have received any funding to date
 - while project assessment is intended to be non political and on merit, a perception exists that the assessment process does have a political element
 - The application process was too involved – the region has to benefit not a specific locality, have to have quality plan and LEP plan, project has to be ‘shovel ready’, and the form was approximately 34 pages long, which takes a very long time to complete
 - Limited or no collaboration between State and RDAs, or between the RDAs themselves – significant scope to achieve better integration
 - The RDAs operate on a shoestring and need to be better funded, currently they are process based and achieving limited outcomes.
- Parkes Aboriginal coordination officer is funded by about 10 or 15 different departments, but there is no coordination at a State level. There could be a possible role for RDAs as a co-ordinating body
- Bush fire coordination has resulted in loss of control/influence for Councils. There was a general feeling that Councils should not have to pay RFS
- important role for ROCs as a central contact point

- State could talk to ROCs before sending information out to Councils
- Need to be wary of a new tier of proposed cost shifting to ROCs
- 2036 Local Government conference
 - partnership between State and Local governments
 - integrated planning/model code of conduct
 - it would be good if there was a ‘decent framework’ to work with from the beginning of the process, as piloted examples could be helpful instead of everybody coming up with their own plan
- 17 councils came up with the drought management plan
 - ROCs share everything informally, but there is no central database just networking
- no access to Ministers
 - community cabinet meetings are not yet planned or on website
 - Used to have mayoral round tables when Ministers visited – were locally organised and they want to get them up and running again
- local governments want recognition in the Constitution – but need bipartisan State support
- regional filter for new legislation
 - For example, competitive tendering for RTS services. This may adversely affect small communities and local enterprises, where the commercial reality is that only council and a larger firm will tender
 - At a higher LGSA level a proposal may look okay, but would like to see a ‘legislative impact statement’ required to assess the flow-on impact for community resilience
 - Vital to consult in the early stage of policy development and be aware of impact on the regions.

Cultural and recreational services

6.23 This roundtable session explored the role of local councils in providing cultural and recreational services to their local communities.

6.24 The key conclusions and recommendations from the session were:

- the need for equity of opportunity for attracting funding for sport and recreational facilities (avoid concentration of funding in same centres)
- the need to ensure equity across communities within an LGA in regard to distribution of grant funding
- the need to recognise small communities as important elements of LGAs/regional NSW, and to consider whether a certain proportion of grant/funding should be earmarked for such communities
- insurance costs are a significant impost on regional sporting and recreational facilities – Government should investigate how to reduce this impost

- there is a need for each regional community to identify its unique elements and to use this in marketing for tourism and/or in seeking to attract funding monies
- there needs to be greater regional co-operation in chasing funding monies
- need to acknowledge that the volunteer base for cultural and recreational services has and is being eroded by administrative/regulatory requirements, and that this issue needs to be addressed.

6.25 The key discussion points were:

- maintenance of swimming pools
 - many swimming pools across regions are the same age and present a large cost. It is difficult to fund the required capital upgrades as the Federal Government does not view pools as regional infrastructure
 - capital upgrades of pools cannot be met by user pays. Councils accept and budget for negative cost of maintenance and operation of swimming pools
 - community has long-standing expectations with respect to provision of swimming pools – there may be need for ‘demand expectation management’
- good state of art sporting resources are required in order to attract regional/national sporting events and associated tourism.
- disparity in allocation of grant funds – there is uneven distribution of grant funds, with propensity for new facilities to always go to larger rural cities. At the moment ‘regionalisation’ is being turned into ‘regional centralisation’
- acknowledge that local clubs are very often the cultural centres for local communities
- need for more passive recreation facilities to account for older population
- local councils need access to loans and ‘cheap dollars’ to maintain/build sporting and cultural facilities
- mining can bring an influx of men in 20-30 age bracket, but that mining shift work can preclude them from traditional sporting club timeframes
- reduction in the number of volunteers contributing to local cultural and recreation life.

Economic growth and business development

6.26 This roundtable session explore a range of issues impacting on the economic growth and business development of central western NSW, including state significant energy projects and accessibility of transport and telecommunications services.

6.27 The key conclusions and recommendations from the session were:

- the need to reduce the negative impact of the Department of Planning and the planning process on economic development
- the need to deliver the Bells Line of Road upgrade
- the need to secure water infrastructure

- the need for councils to have an approval role with respect to energy generators, and the need for energy generators to contribute to community enhancement programs and to councils through the payment of rates on land used (similar to Victorian model)
- the need for NBN and secure, fast internet access.

6.28 The central discussion points that emerged during the session were:

- problem with State Significant energy generators (such as wind farms)
 - no council approval required, no community enhancement contributions required, wind farms provide some employment in construction stage but not ongoing
 - relevant Victorian legislation is the *Electricity Industry Act 2000*
- transport and internet access are the two major impediments to companies considering relocation to regional areas. Fix/build Bells Line of Road and central west will grow
- water
 - need sufficient water storage
 - mining is a water dependent industry. Mining companies will only become serious about contributing to water security proposals once studies have been done and firm proposal/cost is known.
- Cowra has capacity to grow and wants government to undertake further decentralisation
- regional airports are vital pieces of infrastructure that must be supported
- standard template LEPs are still restricting development, spot rezoning still frustrating
- development of wind farms can result in a ‘mate vs mate’ situation, where economic benefits accrue to landowners but not to neighbours who might suffer negative effects. Consider some form of compensation payment to all affected
- when discussing impediments thrown up by planning system, a number of agencies (RTA, water, RFS) frequently mentioned.

Environmental issues

6.29 This session explored a range of environmental issues impacting on central western NSW, including water security and the disposal of bio-solids.

6.30 The key conclusions and recommendations from the session on environmental issues were:

- greater security and certainty in regards to water is essential for the future of the region, especially in relation to environmental releases and access to water for mining operations
- additional funding for the Water Supply and Sewage scheme would be beneficial, as would an extension of the Scheme to encompass improvement works
- more rigorous analysis of Impact Assessment for major projects, such as mining developments, is needed to have a clearer understanding of potential environmental outcomes.

6.31 The key discussion points were:

- water related issues are a key concern for the region
 - Federal government has provided some funding for water-related upgrades of infrastructure, but no equivalent State funding has been provided
 - co-ordination of funding across State and Federal Governments is lacking – this lack of co-ordination is evident across a number of areas, not just water
- Water Supply and Sewage Scheme
 - \$103 million in funding provided by the State Government this year, but the funding has already been allocated and there is a significant backlog of projects
 - funding for backlog works, not growth/improvement works
- decreasing secure yields for water
 - increasing requirement in relation to required environmental releases
 - Murray Darling Basin Scheme does not give a great deal of consideration to urban water needs
 - ‘bigger picture’ policy issues needs to be addressed in terms of how to calculate yields and releases
- Catchment Management Authority funding allocations
 - support for the work of the CMA’s, but changing funding arrangements will impact on their ability to undertake programs
 - quality of mapping of flora/fauna could be improved, with better linkages between State and local projects required
- Environmental Trust monies
 - reduction in the amount of funding available
 - two streams of funding: legislated (for research and education) and discretionary (for urban sustainability schemes)
- mining related issues
 - Regional Environmental Plan – Department of Planning needs to undertake more rigorous examination of Impact Assessments
 - some conflict between agriculture and mining, largely related to access to water and transport. For example, Cadia water licences amount to 24 mega-litres per day of new water, proposed Newmount gold mine at Blayney may use up to 4500 mega-litres per year
 - mining also has an impact on ground water systems and aquifers
 - large amount of exploration being undertaken in the region
- disposal of bio-solids
 - Councils have no real consent authority over the disposal of bio-solids in their shires
 - lack of transparency is concerning – Councils can only find out that bio-solids have been disposed of if the company contacts them, or if residents complain about the smell (which Council then has to deal with)
 - can be dumped on paddocks raising concerns about contamination
 - in regards to the experience of Boorowa Shire Council, the Environmental Impact Statement (EIS) relating to disposal was lacking. The EIS did not recognise the

- proximity to the water catchment area, and seems to have been ‘a desk top review’ without any physical examination of the site
- Councils would like there to be standardised procedures for the cleaning and disposal of bio-solids, with more rigorous checking of the EIS
 - Waste Levy and Garbage Disposal: changes to the SEPP around developing Council Tip facilities have made it harder to get permission to expand sites
 - purchase of properties for carbon capture facilities
 - especially for planting of eucalypts
 - reduces availability of farming land, increases bush fire hazard
 - New Zealand sets percentage limits on the amount of farm land that can be planted for carbon capture purposes.

Health and related services

6.32 This roundtable session examined the perspective of local councils with regard to the delivery of health and related services.

6.33 The key conclusions and recommendations from this session were:

- shortages of doctors continues to be a challenge, and there are a number of obstacles to be overcome if recruiting doctors from overseas to fill positions
- there is a desire to ‘re-localise’ health services, with greater funding needed for smaller hospitals and greater collaboration between existing health services
- a 24 hour emergency retrieval helicopter based at Orange would assist to improve access to health services in the region
- limited transport options to access health services can inhibit people receiving necessary treatment, with the suggestion that under-utilised school transport could fill some of the transport gaps.

6.34 The central discussion points that emerged during the session were:

- more effort needs to be directed towards the maintenance of smaller hospitals
- ‘the ‘re-localisation’ of health services is needed, as without this there is limited accountability
- 24 hour emergency retrieval helicopter based at Orange would be an asset to the region
- Area Health Network too big and inaccessible
 - Problems with Health Department - Greater Western Health don’t consider themselves part of NSW Health.
- cost shifting between State and Local governments in regards to health services
 - it’s not local government’s job to recruit doctors and build aged care facilities. Councils try to stay out of it as high care in aged care is quicksand for local government
- doctor shortages

- need the technology (NBN) to run a doctor’s service with maybe just a nurse present
- Charles Sturt University needs a medical campus so that they stay in the area – want to ‘grow their own’ doctors. Noted that ANU has a medical campus outreach program
- ‘Beyond the Range’ program – initiative to attract more doctors to the region
- there are too many hurdles for immigrant doctors
- Lachlan Shire now has 6 doctors, all trained overseas – it cost the council ‘a bomb’ as they had to gain accreditation, study, overcome several bureaucratic hurdles, but has been a good investment for Council
- Lachlan has a DA to convert a building into specialist place
- transport to medical appointments a big problem
 - community transport in Cowra received 12 months funding only
 - need a sustainable form of transport – so many trips for appointments are hard for the elderly, Dept of Transport buses do not provide necessary flexibility
 - Mr Green suggested that councils look at Shoalhaven service providers transport network that is really successful
- Aboriginal Medical Service provides a critical service and bulk bills
 - But lack of coordination across services which can result in duplication of efforts
- A large number of services don’t know that each other exist, needs to be better communication of what everyone else is doing.

Planning for the future

6.35 This roundtable session examined the views of local councils in regard to the NSW planning system and the role of the Department of Planning.

6.36 The key conclusions and recommendations from this session were:

- development of Regional Plans which addresses a range of local issues (such as land use, food security, mining) but don’t lose focus on long term infrastructure planning (such as roads and hospitals). The involvement of Local Councils in these plans is critical
- rewrite of the *Environmental Planning and Assessment Act* must be comprehensive, and include provisions for Community Enhancement Programs
- Councils need to be better resourced to prepare, develop and review their LEPs.

6.37 The main discussion points during this session were:

- concerns over the accuracy of population forecasting – discrepancies between forecasting undertaken by Councils and by the Department of Planning
- Department of Planning needs to be better resourced
 - concerns also that the Department is not locally focussed, very prescriptive and has a tendency to micro-manage, and response times are slow
- review of the Planning system and *Environmental Planning and Assessment Act*

- concern expressed that the current review of the planning framework does not appear to be sufficiently wide reaching. Councils feel that the entire Act needs to be rewritten and simplified
- confusion expressed over the future role of the Land and Environment Court
- Local Environment Plans (LEPs)
 - still being finalised by many Councils
 - Councils feel that the LEPs do not allow enough flexibility to address unique local needs – while the principles are sound, it's the additional factors that are difficult, such as dictionary terms which do not acknowledge local needs: "The Department has taken the "local" out of LEP"
 - the LEP template viewed as 'too restrictive', would like to have a 'toolbox of provisions' that allow for the reflection of unique local circumstances
 - very big emphasis on the idea the 'one size does not fit all' – need to allow flexibility for local input and conditions
- potential for land use conflicts between 'lifestylers' and traditional agricultural producers
 - no consistent definition as to what constitutes a 'lifestyle' block
 - need to ensure that food security and appropriate agricultural lands are protected, and need to acknowledge that productive agricultural lands vary in regards to size and usage
 - Strategic Agricultural Land – new initiative which plans to map agricultural lands, acknowledging the need to keep lands suited for different types of agriculture and not just flat black soil plains.

Relations with State Government

6.38 This session examined the view of local councils on their relationship with the NSW State Government, and what measures could help to strengthen this relationship.

6.39 The key conclusions and recommendations from the session were:

- the need for clearer delineation of respective responsibilities and roles between State and Local government
- the need to address cost-shifting
- ongoing problem with contradictions when an issue falls under separate pieces of legislation – need to remove any contradictions where possible – or have a source to advise local government which Act takes precedence.
- the need for a clearer statement of State direction/forward planning, especially for RTA roads. LGAs have to produce their forward budgets which are in many cases dependent on State decisions.
- the need to investigate/acknowledge rural and regional implications when developing policy and where necessary have policy variances to take account of differences. Its important for senior policy makers to actually visit regions before imposing a policy upon the area.

6.40 The central discussion points that emerged during the session were:

- lack of uniformity in message and direction between Department of Health and regional area health service. Water, Planning and the RTA were also mentioned as having communication problems.
- Integrated Planning
 - Councils required to undertake this and to have extensive consultation with their communities, but many of the issues on which they are required to consult are issues over which they have no direct control. The result is community expectations are raised as part of this planning process but councils have no mechanism to meet these expectations.
- ‘plethora’ of small administrative and policy requirements that can impose a money or time cost for no effect. The cumulative effect of these costs can be that some projects cannot be pursued.
- possible need for more regular meetings with government departments. There was a general feeling that response times for Ministers and Departments was poor.

Transport

6.41 This roundtable session explored the transport needs of central western NSW, with particular emphasis on rail and road infrastructure.

6.42 The key conclusions and recommendations from the session were:

- the development of regional air services is a priority, including access to Charles Kingsford Smith Airport (not Bankstown) for regional airlines
- public transport lacking in many regional areas such as Young (having services provided by a CountryLink Bus would be a solution in the Young example)
 - funding of transport is currently allocated on a per capita basis, meaning that smaller villages may not attract funding despite there being a need for services
- basing 24 medical helicopter retrieval services at Orange Hospital would greatly benefit the region. The current helicopter is only equipped to fly during the day
- flood damaged roads: if roads are flood damaged, it makes sense to reconstruct with a stronger foundation rather than to just patch the damage.

6.43 The main discussion points during this session were:

- Lachlan Regional Transport Committee
 - heavily involved in the ongoing process to re-open the Blayney-Demondrille rail line. A series of consultant reports has been undertaken into the line – Samron, then Booz & Co Consulting and now Samron re-engaged to assess the Booz & Co report
 - \$25.5 million has been allocated by the Federal Government to progress the Maldon-Dumbarton link
 - research indicates that there would be a demand for freight rail on the line. Freight over the Blue Mountains is overloaded, and it is currently not possible to double stack containers over the Mountains

- ‘vital’ to keep the North-South rail line on the Government’s agenda. Some of the line has been built, and funds have been allocated in the 2014 Federal Budget. Must progress land acquisition to move projects forward
- Port Botany is ‘at saturation point’, which increase the necessity of good links to Port Kembla
- passenger rail transport – would like an extension of electric trains/commuter transport to Bathurst, Lithgow and Orange
- Bells Line Expressway
 - the central west is the only area surrounding Sydney not services by an expressway
 - acknowledge that upgrading is being undertaken on the Bells Line of Road, but would prefer work to be progressed on the construction of an Expressway
 - need to identify and quarantine a corridor for the Expressway, especially in the Blue Mountains and at the eastern end near the Hawkesbury/M7
 - Councils acknowledge that this will be unpopular in these areas, and are trying to engage affected areas in consultations
 -
- Newell Highway
 - increasing number of high performance vehicles accessing the Highway, meaning that a substantial upgrade is needed in order to lift the standard of the road. Estimated cost of the upgrade is \$10.5 million/year over five years, but there is some debate over the figures
 - access for high performance vehicles on local road networks is also causing some concern – inconsistencies across shires as to which roads can and can’t be accessed by these vehicles
- Lachlan Valley Way
 - very poor safety standard, especially given the increasing freight and passenger traffic (thoroughfare to/from Canberra and the snow) using the road
 - needs upgrading in terms of passing lanes, road quality etc
- Grain Lines (rail)
 - insufficient number of trains and staff, and problems with restrictions on the line, are causing problems with freighting grains – this will be an increasing problem as harvest improve
 - Grain Corp is increasingly using trucks to move grain because the rail network can’t cope
 - need to better resource Grain Corp
- Logging trucks
 - logging trucks are causing a great deal of damage to roads as the move towards Tumut
 - ForestsNSW don’t pay rates, and therefore don’t contribute to road maintenance costs.

Attendees at the roundtable session

6.44 The following representatives from the Central Region Organisation of Councils (CENTROC) were present at the roundtable discussions:

- Mr David Shaw, Director – Planning, Bathurst Shire Council
- Cr Wendy Tuckerman, Mayor, Boorowa Shire Council
- Ms Therese Manns, General Manager, Boorowa Shire Council
- Mr Stephen Harding, A/General Manager, Cabonne Shire Council
- Mr John Farr, Chair, Central Tablelands Water
- Mr Tony Perry, General Manager, Central Tablelands Water
- Cr Bill West, Mayor, Cowra Shire Council
- Mr Paul Devery, General Manager, Cowra Shire Council
- Cr Graham Falconer, Deputy Mayor, Forbes Shire Council
- Cr Des Manwaring, Mayor, Lachlan Shire Council
- Mr George Cowan, General Manager, Lachlan Shire Council
- Mr John Chapman, A/General Manager, Oberon Shire Council
- Mr Garry Styles, General Manager, Orange Shire Council
- Cr Ken Keith, Mayor, Parkes Shire Council
- Mr Kent Boyd, General Manager, Parkes Shire Council
- Cr John Shaw, Mayor, Upper Lachlan Shire Council
- Mr John Bell, General Manager, Upper Lachlan Shire Council
- Cr Maurice Simpson, Mayor, Weddin Shire Council
- Ms Jennifer Bennett, Executive Officer, Central Region Organisation of Councils (CENTROC).

Appendix 7 Sub-committee report

LEGISLATIVE COUNCIL

Standing Committee on State Development

Sub-committee report on visit of inspection to Longreach, Queensland

Report - i

How to contact the committee

Members of the Standing Committee on State Development can be contacted through the Committee Secretariat. Written correspondence and enquiries should be directed to:

The Director

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Sub-committee membership

The Hon Rick Colless MLC	The Nationals	<i>Chairman</i>
The Hon Amanda Fazio MLC ¹	Australian Labor Party	

¹ The Hon Amanda Fazio MLC was discharged from the Committee on 7 September 2011

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Report on visit of inspection to Longreach, Qld 26-28 July 2011

- 1.1 On 7 July 2011, the Standing Committee on State Development appointed a sub-committee for the purposes of conducting a visit of inspection of the Queensland Remote Areas Planning and Development Board (RAPAD) and attending RAPAD's board meeting in Longreach, Queensland on 27 July 2011.
- 1.2 The Hon Rick Colless MLC and the Hon Amanda Fazio MLC were appointed as members of the sub-committee, and were accompanied by the Committee Clerk.
- 1.3 Minutes from the RAPAD board meeting are attached as Appendix 1. A copy of the sub-committee's meeting schedule is attached as Appendix 2, and the sub-committee minutes are attached as Appendix 3.

Themes that emerged from discussions and meetings

- 1.4 The following section summarises the main themes, issues and areas of concern that were raised during meetings attended by the sub-committee.

Localised decision making

- 1.5 Centralised decision making was felt to disadvantage local communities. For example, the Hon Fred Chaney, Chair of the Remote Focus Desert Knowledge Board referred to a 'democracy deficit' in regional Australia. Decisions affecting communities are made remotely from that community. Policy is being made on a 'one-size fits all' basis, for the whole country or state, without taking sufficient account of local needs and differences. It is an example of a growing centralisation and regionalisation, which, when coupled with increasingly 'top-down' policy making, reduces the decision making authority of local government and agencies.
- 1.6 Economic development was seen as a potential threat to localised decision making. For example, decisions relating to mining approvals were being made centrally and not by local councils. There were often unintended consequences of these decisions, such as a detrimental impact on volunteerism and sense of community of a decision to implement 12-hour shifts in mines.
- 1.7 RAPAD sees itself as part of a regional governance web that includes health, education, cultural and other services in the region. When asked why RAPAD appears to be so successful, the sub-committee was advised that RAPAD has a sense of common purpose. Discussions at RAPAD are about regional issues that affect all the councils rather than focussing on local issues. The mayors of RAPAD councils also believed that RAPAD positively assisted their interaction with state and federal governments because it is easily identified organisation that has earned the state government's trust because of its integrity.
- 1.8 RAPAD provides a link between state and federal government and small local service providers. The RAPAD staff have the expertise to assist local organisations prepare funding submissions, and to be more strategic in their planning. The General Manager of RAPAD, Mr

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David Arnold, also told the sub-committee that RAPAD shares any success or goodwill between both state government departments and local organisations.

Regional funding

- 1.9 RAPAD's General Manager, Mr Arnold, referred to a disconnect between government's desire for local councils to work regionally, but providing localised funding.
- 1.10 The Outback Regional Roads Group, which is a sub-set of RAPAD, is a positive example of achieving results by adopting a regional approach to applying for funding. The RAPAD councils collectively prioritise road infrastructure needs of regional significance that cross shared boundaries. The Group has been successful in securing \$70 million funding for the region, based on a 5-year plan.
- 1.11 While the planning and funding application was done on a regional level, the work was undertaken by the individual councils.
- 1.12 The mayors told the sub-committee that the Outback Regional Roads Group makes it easier for state and federal government to give RAPAD funding because it was not seen as taking funding from one council to give to another.
- 1.13 Another example discussed with the sub-committee is funding arrangements for regional health services. Instead of the funds being administered centrally, the district is the funds-holder. The District Chief Executive Officer, Ms Jill Magee, considered the new funding arrangements one of her greatest achievements. Ms Magee advised the sub-committee that one benefit of the arrangement is that where a service isn't provided to an area, funds are available to source the service from elsewhere. The funding model gives the region the authority to determine and purchase the services that they consider most important for their community.

Culture

- 1.14 RAPAD funds an arts program, CICADAS, which fosters community and culture as well as art. The program uses art and craft to grow and empower the community. The CICADAS program sees art and culture as the fourth pillar of sustainability in a community along with economic, environment and social sustainability. The program funds one full-time position which is currently split between three part-time staff. This is considered beneficial as each of the three have different strengths, styles and approaches.
- 1.15 The CICADAS approach sees art integrated with other industry sectors, rather than standing alone in a network of regional galleries or touring artists from capital cities. Under this approach, art is 'not for arts' sake' but has another purpose, for example providing props for a rural show. A specific example described to the sub-committee is aged care residents knitting squares which were integrated into a dress to be used at a cultural event that all the aged care residents attend.

Vocational training

- 1.16** RAPAD acknowledges the importance of providing vocational training opportunities to students in the region.
- 1.17** One example of RAPAD's involvement in this area is the Big Red Truck. The Big Red Truck is a B-double truck that was purpose built to include a commercial kitchen, a marquee and seating to cater for up to 300 people. Funded by the Federal Government under the Trade Training Scheme, it will be used as a training resource at five schools in the region, including Longreach, Aramac, Barcaldine, Blackall and Winton. Based at Longreach High School, the truck will travel to various locations to conduct training, making the training more accessible than if students have to travel to Longreach. It will be used to run a Certificate II in Hospitality, a Certificate II in Event Management, Barista and RSA courses.



Conclusion

- 1.18** The visit of inspection to RAPAD demonstrated to the sub-committee the importance of empowering local communities in developing solutions to issues facing those communities. The visit also highlighted the importance of collaboration across local councils, through the development of regional networks, to achieve better outcomes. The Committee will need to consider the importance of community involvement and regional collaboration in developing recommendations for its inquiry into central western NSW.

Appendix 1 RAPAD board meeting minutes

Draft Meeting Minutes
Central Western Qld Remote Area Planning and Development Board
27 July 2011

Item No.	Item & Recorded Comments
27 July 2011	
1	<p>Meeting Open: 8.40am Welcome: Cr Warren</p>
2	<p>Present: Board Members: Cr Ed Warren, Cr Jan Ross, Cr Rick Britton, Cr Rob Dare, Cr Bruce Scott, Cr Rob Chandler</p> <p>LG Member Representatives: Scott Mason, Bob O'Brien, Vince Corbin, Murray Hilton</p> <p>Proxies: Michelle McFadyen for Cr John Palmer</p> <p>RAPAD: David Arnold, Kris Arnold, Louise Campbell, Robyn Adams, Ray Heffernan, Ted Burling</p> <p>Guests: Sue McCosker, Wally Kearnan, Hon Fred Chaney AO, Dr Bruce Walker, Hon Rick Colless, Hon Amanda Fazio, Rachael Simpson, Ray Heffernan, Tahna Jackson, Peter Donaghy, Scott Buchanan, Jim Belford, Tor McCaul, Josh Whitcombe, Toni Willmott, John Roworth, Greg Clarke, Mike Donald, Keith Luckhurst</p> <p>Apologies: Cr John Palmer, Mike Pratt, John te Kloot, Sue Slater, Hon Bruce Scott</p> <p>Resolution: That the Board moves that the apologies and proxies be accepted and leave of absence be granted for Cr Palmer Moved: Cr Scott, Seconded: Cr Ross, Carried</p>
3.	<p>Previous Minutes</p> <p>Resolution: That the Board resolved that the draft 1 July 2011 Board minutes are a true and accurate record Moved: M.McFadyen, Seconded: Cr Britton, Carried</p>
4.	<p>remoteFOCUS</p> <ul style="list-style-type: none"> ➤ Cr Warren introduced speakers and spoke on importance of remote Australia and its attributes such as low population, vast areas etc; the need for engagement of remote Australia in Australia's dialogue ➤ Presentation from Hon Fred Chaney AO and Dr Bruce Walker. The <i>remoteFOCUS</i> project seeks to reform government governance, administration and engagement in remote Australia with the aim of significantly advancing regional development through a

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	<p>more strategic, systemic and sustainable process of governance by government. A key aim of <i>remoteFOCUS</i> is to develop a national conversation about how remote Australia should best be governed and administered in a way that recognises its very different conditions and particular needs</p> <ul style="list-style-type: none"> ➤ 4 main areas of findings – decisions not made locally - a democratic deficit; service delivery by state and federal and not much local accountability; financial flow is limited for local delivery; national narrative – where does remote Australia fit in the national picture ➤ There was lengthy discussion between members and presenters about the form of governance occurring in the CW region / remote Australia, which was the intended aim of the forum
5.	<p>NSW Standing Committee on State Development</p> <ul style="list-style-type: none"> ➤ The Hon Rick Colless MLC, Chairman, NSW Legislative Council, Standing Committee on State Development & The Hon Amanda Fazio MLC, Member, NSW Legislative Council, Standing Committee on State Development provided an update on their committees current inquiry which is investigating economic and social development in central western NSW, which was referred to the Committee by the Minister for Western New South Wales. It is in this context that the Committee is interested in the work of RAPAD. In particular, the Committee has been asked to examine methodologies for local government to collectively co-operate to achieve increased infrastructure funding and economic growth ➤ GM arranged a number of meetings with people / groups involved in the social and economic development field in the CW
6.	<p>ICT Plan</p> <ul style="list-style-type: none"> ➤ Mr Ray Heffernan provided an overview of the ICT plan ➤ NBN Co wanted technical / engineering submissions from regions, as these would facilitate a region and or LGA positioning itself as a priority area for NBN Co roll out ➤ There was discussion on the need to place broadband as a priority in LG corporate plans ➤ LRC have developed a broadband policy given the complexity of, and time to, updating a corporate plan
7.	<p>CICADAS Update</p> <ul style="list-style-type: none"> ➤ CICADAS provided a general project update, including the <i>'Public art in a non-urban context'</i> symposium to be held in Blackall, and ➤ the indigenous mentoring program which will allow for the attendance, at the Cairns Indigenous Art Fair, (http://www.ciaf.com.au/) of up to 6 indigenous artists from the CW & SW ➤ CICADAS very busy across the 11 LG areas and targeting their focus at groups / LG's etc where their assistance is sought <p>Resolution: The Board notes the Arts Qld / RAPAD contract relating to Indigenous Mentoring Moved: Cr Ross, Seconded: Cr Scott, Carried</p>
8.	<p>RAPAD Skilling Update</p> <ul style="list-style-type: none"> ➤ GM gave overview and asking for consideration of strategic leadership from a Director/s re RAPAD Skilling; closer engagement with LG's on their skills needs and request facilitation of these discussions at the LG level; and consideration of collaborative approach regionally and involvement, or not, of RS in this ➤ GM needs to consider future status of RTO given significant compliance costs

	<ul style="list-style-type: none"> ➤ Kris Arnold gave overview of current projects and recent submission of DEEDI Green Army application re up to 40 placements ➤ Greg Taylor from Skills DMC gave a brief overview of his role and capacity to assist with skills gap audits ➤ Scott Mason provided a brief update on ORRG tech group activities relating to skilling <p>Resolution: That the Board endorses a local government skills gap audit undertaken by Skills DMC</p> <p>Moved: Cr Dare, Seconded: Cr Ross, Carried</p> <p>Action: That the Board investigates the further strategic use of RS as a training provider / coordinator to its member LG's, and requests Scott Mason take this advice to the ORRG tech group</p>
9.	<p>Coal Seam Gas: Regulation – Mr Jim Belford, Director, LNG Enforcement Unit, DERM; Mr Wally Keaman, General Manager, Coal and Coal Seam Gas Operations, DERM</p> <ul style="list-style-type: none"> ➤ Both DERM representatives provided advice on the regulatory aspects relating to CSG
10.	<p>Coal Seam Gas & Mining: an economic perspective - Mr Peter Donaghy, A/Director, Department of Mines and Energy; Ms Sue McCosker, A/Director, Fitzroy & Central West, DEEDI</p> <ul style="list-style-type: none"> ➤ Both DEEDI representatives spoke on DEEDI initiatives to facilitate harnessing economic benefits of extractive industries; and the economic potential of mining and extractive industry development in the CW and wider GB / Bowen B region <p>Action: GM to continue discussions with Peter Donaghy with the aim of seeking an outcome of progressing economic modelling of the Galilee Basin / CSG / extractive industries developments</p>
11.	<p>Wild Rivers Codes Consultation - Scott Buchanan, Director, Wild Rivers, DERM</p> <ul style="list-style-type: none"> ➤ Scott conducted an initial consultation regarding the Wild Rivers codes relating to local government operations. He will be following up with LG's over coming months ➤ The Chair commented that C.Newman stated during a recent visit that a LNP government would not fully overturn WR legislation <p>Resolution: The Board endorses that the LEBWRAP be continued post its existing term and that the GM relay this advice to the Minister and Cr Nielson.</p> <p>Moved: Cr Britton, Seconded: Cr Dare, Carried</p>
12.	<p>Regional Water Group and Regional Water Technical Group meeting</p> <ul style="list-style-type: none"> ➤ GM introduced the matter key points being the proposed LGAQ pilot and subsequent DERM support; the development of the ToR, and background priority areas ➤ Simone Talbot updated meeting - DERM's support has some caveat's and reliant on some co-funding; there are a range of issues for LGAQ to sort through with DERM before any further progression and this would be a several month process; DERM stated they will take a 'back seat' on this and LG's will lead; LGAQ thanked the RAPAD leadership and RAPAD's involvement was instrumental in convincing DERM ➤ Cr Warren thanked Simone and LGAQ ➤ S.Mason expressed concern over some changes he noted between what the Board had originally discussed, the pilot process as per the media release, and he referred to the caveats being outlined in the media release and by S.Talbot ➤ M.McFadyen offered comments similar to S.Mason and suggested that Directors need to

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Sub-committee report on visit of inspection to Longreach, Queensland

	<p>be fully informed at all times, as/when the potential pilot progresses. Important that Directors maintain full control and are aware of all potential review findings and scenarios</p> <ul style="list-style-type: none"> ➤ David Timms stated that he understood the matters raised by S.Mason and M.McFadyen however there were opportunities ➤ Vince Corbin raised water metering ➤ John Roworth said concerns on institutional reform were valid but there was an opportunity to progress matters discussed proactively ➤ Cr Ross was concerned about council losing control ➤ Cr Chandler stated there was an opportunity ➤ There was continuing discussion on the pro's and con's and that there were several processes occurring at present being discussion on (1) the pilot (2) the establishment of two water groups – refer previous Board minutes (3) the draft pilot ToR and 19 December 2010 water meeting outcomes priority areas <p>Resolution: That the Board endorses the formation of an Outback Regional Water Group and an Outback Regional Water Technical Group Moved: Cr Chandler, Seconded: Cr Scott, Carried</p> <p>Action: Directors to ask CEO's to advise the GM of who from their LG will be members of the ORWG and ORWTG. GM to prompt with correspondence</p> <p>Action: The Board instructed the GM that the QWD, LGAQ, DERM and IPWEA Qld be invited to join both groups</p>
13.	<p>Potential meeting with C.Newman</p> <ul style="list-style-type: none"> ➤ Possible meeting with C.Newman on Thursday 8th @ 2.30pm <p>Action: LG's to submit key points to GM and Directors to advise GM of who can attend</p>
14.	<p>LGMA membership</p> <p>Resolution: That the Board pay LGMA membership costs for the GM Moved: Cr Chandler, Seconded: M.McFadyen, Carried</p>
15.	<p>Next Meeting</p> <ul style="list-style-type: none"> ➤ Board instructs a meeting be called for Friday 5 August @ 9am ➤ Cr Warren thanked all for their attendance and support <p>Meeting closed: 4.55pm</p>

Appendix 2 Meeting schedule

Agenda (v3) for Hon Rick Colless MLC and Hon Amanda Fazio MLC regarding the
'Inquiry into economic and social development in central western New South Wales'

What	Where	Who/Contact	When
NSW party arrival – have arranged own accommodation and vehicle	Longreach Airport	Rachael Simpson	26 th 2.20pm
RAPAD Skilling & Outback Hospitality 'Big Red Truck'	RAPAD Office (100 Galah St) & Longreach State High school <i>Advice: RAPAD Office is the corner of Duck and Galah St, bottom floor of the Masonic Lodge</i>	Kris Arnold	26 th – 3.00pm
Health – Government and NGO health provision Qld Health, NWQPHC (potentially others still trying to contact)	Qld Health, Glasson House, Eagle St <i>Advice: Head south along Eagle St (the main st) and Glasson House is on the right opposite Wesfarmers. Turn right at the round-about and you will see the Qld Health entry</i>	Jill McGee Wendy Tabrett (EA) Fiona Richardson (NWQPHC)	26 th – 4.30pm
Dinner Cr Ed Warren, Hon Fred Chanel, Dr Bruce Walker, David Arnold, Hon Rick Colless, Hon Amanda Fazio, Rachael Simpson & other Board members	Longreach Motor Inn	David Arnold Ed Warren	26 th – 6.45 pm
RAPAD BOARD MEETING	Fairmont Room, Longreach Civic Centre	David Arnold	27 th – See RAPAD meeting agenda for detail. Assuming NSW members will attend from 8.20am through to approx lunchtime

Arts & Culture: CICADAS @ RAPAD	RAPAD Office (100 Galah St) & Longreach State high school	Louise Campbell	27 th – before or after lunch <i>Advice: See agenda. Rachael to finalize time with Louise at the Board meeting</i>
Dr Bruce Walker <i>Remotefocus</i> <i>Advice: See attached. Dr Walker would like the opportunity to speak to both members for his research. Please advise if this is a problem</i>	RAPAD Office (100 Galah St)	Dr Bruce Walker	27 th – 1.30pm
Australian Agricultural College Corporation – Longreach Campus (including <i>Beyond Billabong</i>)	AACC, Landsborough Hwy, Longreach	Tony Rayner	27 th – 3pm onwards
Board Dinner	Albert Pk Motor Inn	David Arnold	27 th – 6.45 for 7.15pm sit down
Outback Regional Roads Group (ORRG) meeting	Fairmont Room, Longreach Civic Centre	Cr Ed Warren	28 th – 8.30am
Leanne Kohler, CEO Desert Channels Qld (DCQ)	DCQ office, Galah St <i>Advice: DCQ is about 100m from the RAPAD building heading north along Galah St</i>	Leanne Kohler <i>Advice Rachael to contact Leanne on the 27th or early 29th to finalize time</i>	28 th – 9.30am
Local Economic Development, Longreach Regional Council	Longreach Regional Council Office, Longreach <i>Advice: same building precinct as the civic centre</i>	Peter Scott	29 th – 11am
Tourism – Outback Qld Tourism Authority	RAPAD Office <i>Advice: Rachael to ring Matt as there may be better alternative given you have lunch and getting to the airport to consider</i>	Matt Bron	28 th – 12.30pm
NSW party departure	Longreach Airport		28 th – 2.20pm

Appendix 3 Sub-committee minutes

Draft Minutes No. 1

State Development Subcommittee
Tuesday 26 to Thursday 28 July 2011
Longreach, Queensland

1. Members present

Mr Colless (*Chair*)
Ms Fazio

2. Site visit to Longreach, Queensland

The Committee met with the following individuals from representative organisations:

- Mr David Arnold, General Manager, Remote Area Planning and Development Board (RAPAD)
- Clr Ed Warren, Chair, RAPAD and Chair, Outback Regional Roads Group
- Mr Kris Arnold, RAPAD
- Hon Fred Chaney, *Remotefocus*
- Dr Bruce Walker, *Remotefocus*
- Ms Louise Campbell, CICADAS @ RAPAD
- Ms Jill McGee, Health Queensland Health, Government and NGO health provision
- Ms Fiona Richardson, North and West Queensland Primary Health Care
- Mr Tony Rayner, Australian Agricultural College Corporation
- Ms Leanne Kohler, Desert Channels Queensland
- Mr Matt Bron, Tourism Queensland
- Mr Tony Martin, Adventure Outback Queensland Tourism Association
- Mr Mark Kleinschmidt, DC Solutions

3. Adjournment

The subcommittee adjourned at 2.00pm on Thursday 28 July 2011, *sine die*.

Rachel Simpson
Committee Clerk

Appendix 8 Minutes

Minutes No 2

Wednesday, 22 June 2011

Waratah Room, Parliament House, Sydney, at 1.10 pm

1. Members present

Mr Colless (*Chairman*)
Mr Veitch (*Deputy Chair*)
Ms Fazio
Mr Green
Mr Lynn
Dr Phelps

2. Attendance by Dr Ernesto Sirolli, Founder of the Sirolli Institute

Resolved, on the motion of Mr Green: That, in accordance with Standing Order 218(2), the Committee invite Dr Ernesto Sirolli and Ms Vi Le, Secretary and Research Assistant to Mr Lynn, to attend the Committee meeting on Wednesday 22 June at 1.10 pm.

3. Presentation by Dr Ernesto Sirolli

Dr Sirolli briefed the Committee on the potential for entrepreneurship training to contribute to local, regional and state development.

4. Adjournment

The Committee adjourned at 2.15 pm *sine die*.

Merrin Thompson

Clerk to the Committee

Minutes No. 3

Thursday, 7 July 2011

Room 1153, Parliament House, Sydney, at 2.40 pm

1. Members present

Mr Colless (*Chairman*)
Mr Veitch (*Deputy Chair*)
Ms Fazio
Mr Green (*via teleconference*)
Dr Phelps

2. Apologies

Mr Lynn

3. Electronic participation

The Chair advised that he had received advice that Mr Green would be participating via teleconference.

4. Confirmation of previous Minutes

Resolved, on the motion of Mr Veitch: That Draft Minutes No 2 be confirmed.

5. Correspondence

The Committee noted the following item of correspondence received:

- 4 July 2011 – From the Hon Kevin Humphries MP, Minister for Western New South Wales, referring an inquiry into economic and social development in central western New South Wales to the committee.

Ms Fazio joined the meeting.

6. Consideration of terms of reference received from Minister for Western New South Wales

The Chair tabled the following terms of reference for an inquiry received from the Hon Kevin Humphries MP, Minister for Western New South Wales on 4 July 2011.

That the State Development Committee inquire into and report on the factors restricting economic and social development in the Central West region of New South Wales, and in particular:

- a) the provision of health, education and cultural facilities,
- b) the reasons for population decline or growth in different areas,
- c) the adequacy of transport infrastructure,
- d) the comparative level of government business activity located within the region,
- e) ways to encourage development of local enterprises and the potential of the region overall.
- f) methodologies for local government to collectively cooperate to achieve increased infrastructure funding and economic growth,
- g) any other factor restricting economic and social development in Central Western NSW.

Resolved, on the motion of Ms Fazio: That,

- the Committee, for the purpose of this inquiry, delete the words ‘Central West region of’ in the inquiry title and insert instead ‘central western’
- the Committee adopt the terms of reference from the Minister for Western New South Wales to undertake an Inquiry into economic and social development in central western New South Wales.

7. Inquiry into economic and social development in central western New South Wales

7.1 Advertising and call for submissions

Resolved, on the motion of Mr Green:

- That the closing date for submissions be Friday 26 August 2011.
- That the Inquiry and call for submissions be advertised in following newspapers in the week commencing Monday 18 July:
 - Western Advocate
 - Central Western Daily
 - Blayney Chronicle
 - Blue Mountains Gazette
 - Cowra Guardian
 - Dubbo Daily Liberal
 - Forbes Advocate
 - Lithgow Mercury

- Mudgee Guardian
- Parkes Champion Post
- The Young Witness
- The Land.
- That the Chair issue a media release announcing the establishment of the Inquiry

7.2 Invitation to stakeholders to make a submission

Resolved, on the motion of Ms Fazio: That the Committee write to the following stakeholders informing them of the Inquiry and inviting them to make a submission:

NSW Government

- Department of Premier and Cabinet
- Department of Trade and Investment, Regional Infrastructure and Services
- Education and Communities
- Department of Health
- Family and Community Services
- Transport NSW
- Central NSW Tourism
- Rural Assistance Authority
- Central West Catchment Management Authority
- Regional Development Australia Central West (RDACW)

Local government

- CENTROC, Central NSW Councils
- Orana Regional Organisation of Councils (OROC)
- Local councils in central western NSW area
- NSW Local Government and Shires Association
- NSW Country Mayors Association
- Local Government Managers Association.

Chambers of Commerce

- NSW Chamber of Commerce
- Central West Business Chamber
- Dubbo Chamber of Commerce Inc
- Bathurst Chamber of Commerce
- Orange Business Chamber
- Cowra Business Chamber
- Young & District chamber of Commerce Inc.

Other

- NSW Farmers Association
- Australian Retailers' Association
- Central West Business Enterprise Centre
- Birrang Enterprise Development Company
- Central West Transport Forum
- Council of Social Services NSW
- Central West Regional Development Board
- Country Women's Association
- Rural Financial Counselling Service
- Major welfare providers (e.g. Mission Australia, Barnardo's, Anglicare etc)

Resolved, on the motion of Ms Fazio: That members notify the Secretariat of any other stakeholders they wish to be invited to make a submission by COB Friday 15 July 2011.

7.3 Possible hearing & site visit dates and reporting date

Resolved, on the motion of Mr Veitch: That the Committee hold a public hearing in Sydney on Friday 16 September, and that the Committee hold two public hearings in regional areas during the period Wednesday 2 to Friday 4 November 2011.

7.4 Authorisation of publication of submissions

Resolved, on the motion of Mr Veitch: That the Committee authorises the publication of all submissions to the Inquiry, subject to the Committee Clerk first reviewing them for confidentiality, adverse mention and other issues. Submissions identified as containing confidentiality, adverse mention or other issues will then be considered by the Committee.

8. Establishment of sub-committee for the purpose of an interstate visit of inspection

The Chair briefed the Committee on the work of the Queensland Remote Area Planning & Development (RAPAD) Board and its relevance to the terms of reference of the inquiry.

Resolved, on the motion of Mr Green: That:

- the Committee appoint a sub-committee for the purposes of conducting a visit of inspection of the Queensland Remote Areas Planning & Development Board and of providing a report back to the Committee.
- Mr Colless and Ms Fazio be members of the sub-committee
- the Committee, subject to the approval of the President, authorise the expenditure for the sub-committee, accompanied by the committee clerk, to conduct a visit of inspection of the Queensland Remote Areas Planning and Development Board from 26 to 28 July 2011, and that the Chair seek the approval of the President for the sub-committee's visit.

9. Adjournment

The Committee adjourned at 2.55 pm *sine die*.

John Young
Clerk to the Committee

Minutes No. 4

State Development Subcommittee
Tuesday 26 to Thursday 28 July 2011
Longreach, Queensland

1. Members present

Mr Colless (*Chairman*)
Ms Fazio

2. Site visit to Longreach, Queensland

The Committee met with the following individuals from representative organisations:

- Mr David Arnold, General Manager, Remote Area Planning and Development Board (RAPAD)
- Clr Ed Warren, Chair, RAPAD and Chair, Outback Regional Roads Group
- Mr Kris Arnold, RAPAD
- Hon Fred Chaney, *Remotefocus*
- Dr Bruce Walker, *Remotefocus*

- Ms Louise Campbell, CICADAS @ RAPAD
- Ms Jill McGee, Health Queensland Health, Government and NGO health provision
- Ms Fiona Richardson, North and West Queensland Primary Health Care
- Mr Tony Rayner, Australian Agricultural College Corporation
- Ms Leanne Kohler, Desert Channels Queensland
- Mr Matt Bron, Tourism Queensland
- Mr Tony Martin, Adventure Outback Queensland Tourism Association
- Mr Mark Kleinschmidt, DC Solutions

3. Adjournment

The subcommittee adjourned at 2.00pm on Thursday 28 July 2011, *sin die*.

Rachel Simpson
Committee Clerk

Minutes No. 5

Thursday, 25 August 2011

Standing Committee on State Development

Members Lounge, Parliament House, Sydney, at 1.00 pm

1. Members present

Mr Colless (*Chairman*)
Mr Veitch (*Deputy Chair*)
Ms Fazio
Mr Green
Mr Lynn (*at 1:03 pm*)
Dr Phelps

2. Previous minutes

Resolved, on the motion of Mr Veitch: That Draft Minutes No 3 be confirmed.

3. Correspondence

The Committee noted the following items of correspondence:

Received

- 22 August 2011 – Email from Ms Liz Gemes, Policy Officer, Local Government & Shires Associations of NSW to the Secretariat, requesting an extension of the submission deadline until Friday 2 September 2011
- 25 August 2011 – Email from Mr Danny Bielik, Policy Adviser, Office of the Hon. Adrian Piccoli MP, Minister for Education, noting that the submission from the Department of Education and Communities was sent in error, and requesting that the Committee withdraw the original submission, or keep that submission confidential.

Sent

- 19 August 2011 – From the Chairman to Mr Mark Paterson, Director General, Department of Trade and Investment, Regional Infrastructure and Services, requesting that representatives from the Department attend the public hearing on Monday 12 September 2011.

4. Submissions

Mr Lynn joined the meeting.

Resolved, on the motion of Ms Fazio: That the submission from the Department of Education and Communities be withdrawn.

Resolved, on the motion of Mr Green: That the closing date for submissions to the inquiry into economic and social development in central western NSW be extended until Friday 2 September 2011.

4.1 Public submissions

The Committee noted that Submission Nos 1-3, 5-7 and 9-10 were published by the Committee Clerk under the authorisation of the Committee's previous resolution of 7 July 2011.

4.2 Partially confidential submissions

Resolved, on the motion of Ms Fazio: That the Committee authorise the publication of Submission No. 4 with the exception of Appendix A which is to remain confidential.

Resolved, on the motion of Mr Lynn: That the Committee authorise the publication of Submission No. 8 with the exception of the appendices containing a travel itinerary and correspondence, which are to remain confidential.

5. Public hearing

Resolved, on the motion of Mr Green: That the following organisations be invited to appear before the Committee on Monday 12 September 2011:

- Department of Trade and Investment, Regional Infrastructure and Services
- Local Government and Shires Association
- CENTROC (Central NSW Councils Regional Organisation of Councils)
- NSW Farmers' Association
- any other individual or organisation identified by the Committee following the closing date for submissions.

6. Sub-committee visit to Longreach, Queensland

The Committee noted the visit of inspection by the sub-committee to the Queensland Remote Area Planning & Development (RAPAD) Board from 26 to 28 July 2011. The Chairman thanked the General Manager of the RAPAD Board for organising the visit.

7. Adjournment

The Committee adjourned at 1.10 pm, until 9.15 am on Monday 12 September 2011 (public hearing).

Rachel Simpson

Clerk to the Committee

Minutes No. 6

Monday 12 September 2011

Standing Committee on State Development

Macquarie Room, Parliament House, 9.05am

1. Members present

Mr Colless (*Chairman*)
 Mr Veitch (*Deputy Chair*)
 Mr Green (*at 9.10am*)
 Mr Lynn
 Dr Phelps
 Mr Whan

2. New member

The Committee noted that Ms Fazio was discharged from the Committee on 7 September 2011 and that Mr Whan has been appointed to the Committee in the place of Ms Fazio. The Committee welcomed Mr Whan to the Committee.

3. Previous minutes

Resolved, on the motion of Mr Veitch: That Draft Minutes nos. 4 and 5 be confirmed.

4. Correspondence

The Committee noted the following items of correspondence:

Received

- 1 September 2011 – Letter from Mr Paul Toole MP, member for Bathurst, forwarding a copy of the submission from the Bells Line Expressway Group (submission no. 13).
- 2 September 2011 – Email from Mr Mike Foster, Cowra Business Officer, Cowra Shire Council to the secretariat, advising that Cowra Shire Council is interested in hosting the Committee during its regional site visits and that the Mayor would like the opportunity to address the Committee at a public hearing
- 6 September 2011 – Email from Mr Peter Bailey, Director and Chief Executive Officer, Foundation for Regional Development, attaching information on the Foundation and the Country and Regional Living Expo.

Sent

- 25 August 2011 – From the secretariat to Mr Danny Bielik, Policy Adviser, Office of the Hon. Adrian Piccoli MP, Minister for Education, advising that the Committee resolved to withdraw the submission from the Department of Education and Communities
- 2 September 2011- From the secretariat to Mr Mike Foster, Cowra Business Officer, Cowra Shire Council, advising that the Committee will shortly decide on its program for regional site visits and noting Cowra Shire's interest in the Committee's activities.

5. Submissions

5.1 Public submissions

The Committee noted that Submission Nos. 11-20, 22-30 and Nos. 32 to 51 were published by the Committee Clerk under the authorisation of the Committee's previous resolution of 7 July 2011.

5.2 Partially confidential submissions – appendices suppressed

Resolved, on the motion of Dr Phelps: That the Committee authorise the publication of Submission Nos. 21 and 31 with the exception of the appendices, which are to remain confidential.

6. Background paper

The Committee noted the background paper prepared by the secretariat which provides introductory information on its inquiry into economic and social development in central western NSW.

7. Report of the sub-committee: visit to Longreach, Queensland

The Chairman tabled the report of the sub-committee, which having been previously circulated, was taken as being read.

Resolved, on the motion of Mr Lynn: That the Committee adopt the report of the sub-committee.

8. Regional site visits

Mr Green joined the meeting.

Resolved, on the motion of Dr Phelps That the Committee hold public hearings on Wednesday 2 November and Thursday 3 November in Parkes, and on Friday 4 November in Broken Hill.

Resolved, on the motion of Dr Phelps: That the Committee charter a plane to facilitate travel from Sydney to Parkes, Parkes to Broken Hill and Broken Hill to Sydney, for the regional site visits from 2-4 November 2011, at an approximate cost of \$23,000.

8.1 Potential witnesses

Resolved, on the motion of Mr Veitch: That the Committee invite the following organisations to appear before the Committee on Wednesday 2 November and Thursday 3 November in Parkes:

- Regional Development Australia – Central West
- Orana Regional Organisation of Councils (OROC)
- Regional Development Australia – Orana
- Macquarie River Food and Fibre
- NSW Farmers Association
- any other individual or organisation identified by the Committee.

Resolved, on the motion of Mr Veitch: That the Committee invite the following individuals and organisations to attend public hearings on Friday 4 November in Broken Hill:

- Mr John Elliott
- Broken Hill City Council
- Royal Flying Doctor Service, South Eastern Section
- Regional Development Australia – Far West
- Pastoralists Association of West Darling
- any other individual or organisation identified by the Committee.

9. Supplementary questions

Resolved, on the motion of Mr Veitch: That for the duration of the Inquiry, supplementary questions may be lodged with the secretariat up to two days following the circulation of the hearing transcript to members.

10. Questions on notice

Resolved, on the motion of Mr Veitch: That for the duration of the Inquiry, witnesses be requested to return answers to questions taken on notice and supplementary questions within 21 days of the date on which the questions are forwarded to the witness.

11. Public hearing – 12 September 2011

11.1 Filming by students of the University of Technology, Sydney

Resolved, on the motion of Mr Green: That the Committee authorise students from the University of Technology Sydney to film the Committee hearing on 12 September 2011.

11.2 Public hearing

The witnesses, the public and the media were admitted.

The Chairman made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses from the Department of Trade and Investment, Regional Infrastructure and Services were sworn and examined:

- Mr Michael Cullen, Executive Director, Enterprise, Small Business and Regional Development
- Mr Alok Ralhan, Director, Industry Strategy and Stakeholder Engagement.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Cllr Allan Smith, Vice President, Local Government Association and Councillor, Dubbo City Council.

- Clr Adam Marshall, Vice President, Shires Association and Mayor, Gunnedah Shire Council.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- The Hon Ian Armstrong, Chairperson, Bells Line Expressway Group.

The evidence concluded and the witness withdrew.

The following witnesses from Central NSW Councils (CENTROC) were sworn and examined:

- Clr Phyllis Miller, Chair, and Mayor, Forbes Shire Council
- Clr John Davis, Deputy Chair and Mayor, Orange City Council
- Ms Jennifer Bennett, Executive Director
- Mr Garry Styles, Executive Director and General Manager, Orange City Council
- Ms Carissa Bywater, Executive Secretary and General Manager, Forbes Shire Council.

The evidence concluded and the witnesses withdrew.

The following witness from the Foundation for Regional Development Limited, was sworn and examined:

- Mr Peter Bailey, Director and Chief Executive Officer.

Mr Bailey tabled a PowerPoint presentation entitled 'Promoting the social and economic development of country and regional Australia'

The evidence concluded and the witness withdrew.

The public hearing concluded and the public and the media withdrew.

12. **Acceptance and publication of documents tendered during the public hearing**

Resolved, on the motion of Mr Whan: That the Committee accept and publish, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1) the following document tendered during the public hearing:

- 'Promoting the social and economic development of country and regional Australia'.

13. **Submission invitations**

Resolved, on the motion of Mr Whan: That the Committee write to the following stakeholders informing them of the Inquiry and inviting them to make a submission:

- QantasLink
- Rex (Regional Express)
- Aeropelican
- Brindabella Airlines
- CountryLink
- Regional Development Victoria.

14. **Regional visits – further witnesses**

Resolved, on the motion of Mr Lynn: That the General Managers of the CENTROC councils be invited to hold a round table discussion with the Committee during the regional visit to Parkes.

15. **Adjournment**

The Committee adjourned at 5.00pm *sine die*.

Cathryn Cummins

Clerk to the Committee

Minutes No. 7

Friday 21 October 2011

Standing Committee on State Development

Members Lounge, Parliament House, 1.00 pm

1. Members presentMr Colless (*Chairman*)Mr Veitch (*Deputy Chair*) (*at 1:05pm*)Mr Green (*at 1:03pm*)

Mr Lynn

Dr Phelps

Mr Whan

2. Previous minutes

Resolved, on the motion of Mr Lynn: That Draft Minutes no. 6 be confirmed.

3. Correspondence

The Committee noted the following items of correspondence:

Received

- 29 September 2011 – from Mr Michael Cullen, Executive Director, Enterprise, Small Business and Regional Development, Department of Trade and Investment, Regional Infrastructure and Services, requesting that a correction be made to figures relating to small business in NSW cited on page 12 of the hearing transcript from 12 September 2011
- 14 October 2011 – from the Hon Dr Peter Phelps MLC, Government Whip in the Legislative Council, advising that the Hon Charlie Lynn MLC will be unable to attend the regional visits from 2-4 November 2011, and that the Hon Scot MacDonald MLC will be attending as a participating member.

Sent

- 13 September 2011 – from the Chairman to Mr Alan Joyce, Chief Executive Officer, Qantas, inviting Qantas to make a submission to the inquiry
- 13 September 2011 – from the Chairman to Mr James Davis, Managing Director, Regional Express Airlines (REX), inviting REX to make a submission to the inquiry
- 13 September 2011 – from the Chairman to Mr Jeff Boyd, Chief Executive Officer, Brindabella Airlines, inviting Brindabella Airlines to make a submission to the inquiry
- 13 September 2011 – from the Chairman to Mr Paul Graham, General Manager, Aeropelican, inviting Aeropelican to make a submission to the inquiry
- 13 September 2011 – from the Chairman to Mr Rob Mason, Chief Executive Officer, Country Link - Rail Corporation NSW, inviting CountryLink to make a submission to the inquiry
- 13 September 2011 – from the Chairman to Mr Lachlan Bruce, Chief Executive, Regional Development Victoria inviting Regional Development Victoria to make a submission to the inquiry.

Resolved, on the motion of Dr Phelps: That, following the request Mr Michael Cullen, Executive Director, Enterprise, Small Business and Regional Development, Department of Trade and Investment, Regional Infrastructure and Services, a footnote be inserted on page 12 of the hearing transcript from 12 September 2011 stating that 400,000 small businesses in NSW do not employ anybody except themselves, while 574,000 employ up to four employees.

4. Submissions

The Committee noted that Submission Nos. 52-56 were published by the Committee Clerk under the authorisation of the Committee's previous resolution of 7 July 2011.

5. Regional visits 2-4 November 2011

The Committee noted the:

- travel arrangements for the regional visits on 2-4 November 2011
- draft hearing schedules for Parkes (2-3 November 2011) and Broken Hill (4 November 2011)
- arrangements for the round table discussions with representatives from the CENTROC councils on 3 November 2011.

6. **Adjournment**

The Committee adjourned at 1.15 pm until 7.15 am, Wednesday 2 November 2011 at the Universal Building, Ross Smith Avenue, Sydney Kingsford Smith Airport.

Rachel Simpson

Clerk to the Committee

Minutes No. 8

Wednesday 2 November 2011

Standing Committee on State Development

Coventry Room, Parkes Shire Library & Cultural Centre, Parkes, 9.25am

1. **Members present**

Mr Colless (*Chairman*)
Mr Veitch (*Deputy Chair*)
Mr Green
Mr MacDonald
Dr Phelps
Mr Whan

2. **Apologies**

Mr Lynn

3. **Participating member**

Mr MacDonald

4. **Previous minutes**

Resolved, on the motion of Mr Veitch: That Draft Minutes No. 7 be confirmed.

5. **Public hearing**

The witnesses, the public and the media were admitted.

The Chairman made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses from Regional Development Australia – Central West were sworn and examined:

- Mr Sandy Morrison, Chairman
- Ms Sharon Rabey, Executive Officer.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Mr Graham Dun, Central West Transport Forum.

Mr Dun tendered the following documents:

- Correspondence dated 25 October 2010 and 28 February 2011

- Central Regional Organisation of Councils (CENTROC) draft Professional Services Contract for a Feasibility Study into Proposed Motorway Nepean River to Lithgow, October 1998

The evidence concluded and the witness withdrew.

The following witnesses from Macquarie River Food and Fibre were sworn and examined:

- Mr Tony Wass, Executive Member
- Mr Chris Hogendyk, Executive Member.

Mr Wass tendered the following documents:

- 'The Macquarie Marshes: an ecological history' by Gillian Hogendyk, Institute of Public Affairs Occasional Paper, September 2007
- 'Macquarie Food & Fibre – Supporting Information' – supplementary submission

The evidence concluded and the witnesses withdrew.

The Chairman welcomed students from Red Bend Catholic College to the public gallery.

The following witness was sworn and examined:

- Mr John Walkom, Chair, Regional Development Australia - Orana.

The evidence concluded and the witness withdrew.

The following witnesses from Parkes Shire Council were sworn and examined:

- Cr Ken Keith, Mayor
- Mr Kent Boyd, General Manager
- Mrs Anna Wyllie, Parkes Study Centre Coordinator.

The evidence concluded and the witnesses withdrew.

The following witnesses from the NSW Rural Assistance Authority were sworn and examined:

- Ms Fran Rowe, Chair
- Mr Steve Griffith, A/Chief Executive Officer.

Ms Rowe tendered the following document:

- Map of NSW showing Exceptional Circumstances Interest Rate Subsidy 2002 to 30 June 2011 by Rural Lands Protection Board area

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Paul Tyrrell, Chief Executive Officer, Regional Aviation Association of Australia
- Ms Nicole Masters, Chief Operating Officer, Brindabella Airlines
- Mr Matthew Hobson, Director, AVEO International Pty Ltd.

The evidence concluded and the witnesses withdrew.

The public hearing concluded and the public and the media withdrew.

6. Acceptance and publication of documents tendered during the public hearing

Resolved, on the motion of Mr Veitch: That the Committee:

- accept and keep confidential the two documents tendered by Mr Dun

- accept 'The Macquarie Marshes: an ecological history' by Gillian Hogendyk, Institute of Public Affairs Occasional Paper, September 2007 tendered by Mr Wass
- accept and publish the 'Macquarie Food & Fibre – Supporting Information' – supplementary submission tendered by Mr Wass
- accept and publish the map of NSW showing Exceptional Circumstances Interest Rate Subsidy 2002 to 30 June 2011 by Rural Lands Protection Board area tendered by Ms Rowe.

7. Adjournment

The Committee adjourned at 4:35pm until 9am, Thursday 3 November 2011 (roundtable discussions, Parkes)

Cathryn Cummins
Committee Clerk

Minutes No. 9

Thursday 3 November 2011

Standing Committee on State Development

Coventry Room, Parkes Shire Library & Cultural Centre, Parkes, 9.00am

1. Members present

Mr Colless (*Chairman*)
Mr Veitch (*Deputy Chair*)
Mr Green
Mr MacDonald
Dr Phelps
Mr Whan

2. Apologies

Mr Lynn

3. Participating member

Mr MacDonald

4. Public round table consultation

The witnesses, the public and the media were admitted.

The Chairman made an opening statement regarding the broadcasting of proceedings and other matters.

The Committee met with the following representatives from the Central Region Organisation of Councils (CENTROC):

- Cr Ken Keith, Mayor, Parkes Shire Council
- Mr John Farr, Chair, Central Tablelands Water
- Mr Tony Perry, General Manager, Central tablelands Water
- Cr Bill West, Mayor, Cowra Shire Council
- Mr John Shaw, Mayor, Upper Lachlan Shire Council
- Mr John Bell, General Manager, Upper Lachlan Shire Council.

Mr Perry tendered the following document:

- Presentation to State Government Standing Committee by Central Tablelands Water County Council, 3 November 2011.

Councillor West tendered the following document:

- CENTROC population projections, 11 December 2008.

Mr Bell tendered the following documents:

- Upper Lachlan Briefing Note, NSW State Standing Committee on Economic Development
- Upper Lachlan Planning Agreement, Wind Farms
- Upper Lachlan Planning Agreement, Power Stations
- Upper Lachlan Development Control Plan 2010, section 3.17 Community Enhancement Program
- Upper Lachlan Development Control Plan 2010, section 9.5 Wind Farms
- Environment, Climate Change & Water, Renewable Energy Precincts map
- NSW Planning & Infrastructure, NSW Wind Farms map
- Correspondence between Mayor Upper Lachlan Shire Council to Premier, 16 September 2011
- Victorian Government Gazette, Electricity Industry Act, Order under section 94, 25 August 2005
- Local Government Victoria, Local Government (Rating arrangements under the Electricity Industry Act 2000) Review Panel, December 2004
- Media Release, Victorian Minister for Local Government, Minister for Energy Industries & Resources, 'New arrangements provide rating certainty for councils and energy generators', Thursday 5 May 2005.

The Committee conducted round table discussions with the following representatives from the Central Region Organisation of Councils (CENTROC):

- Mr David Shaw, Director – Planning, Bathurst Shire Council
- Cr Wendy Tuckerman, Mayor, Boorowa Shire Council
- Ms Therese Manns, General Manager, Boorowa Shire Council
- Mr Stephen Harding, A/General Manager, Cabonne Shire Council
- Mr John Farr, Chair, Central Tablelands Water
- Mr Tony Perry, General Manager, Central Tablelands Water
- Cr Bill West, Mayor, Cowra Shire Council
- Mr Paul Devery, General Manager, Cowra Shire Council
- Cr Graham Falconer, Deputy Mayor, Forbes Shire Council
- Cr Des Manwaring, Mayor, Lachlan Shire Council
- Mr George Cowan, General Manager, Lachlan Shire Council
- Mr John Chapman, A/General Manager, Oberon Shire Council
- Mr Garry Styles, General Manager, Orange Shire Council
- Cr Ken Keith, Mayor, Parkes Shire Council
- Mr Kent Boyd, General Manager, Parkes Shire Council
- Cr John Shaw, Mayor, Upper Lachlan Shire Council
- Mr John Bell, General Manager, Upper Lachlan Shire Council
- Cr Maurice Simpson, Mayor, Weddin Shire Council
- Ms Jennifer Bennett, Executive Officer, Central Region Organisation of Councils (CENTROC).

The round table discussions concluded and the participants withdrew. The public and the media withdrew.

5. Public hearing

Witnesses, public and media were admitted.

The following witnesses were sworn and examined:

- Cr Andrew Lewis, Mayor, Bourke Shire Council
- Mr Geoffrey Wise, General Manager, Bourke Shire Council

- Ms Belinda Barlow, Executive Officer, Orana Regional Organisation of Councils
- Mr Rick Warren, General Manager, Coonamble Shire Council

The evidence concluded and the witnesses withdrew.

The public hearing concluded and the public and the media withdrew.

6. **Adjournment**

The Committee adjourned at 2:35pm until 9.30am, Friday 4 November 2011 (public hearing, Broken Hill).

Cathryn Cummins
Committee Clerk

Minutes No. 10

Friday 4 November 2011

Standing Committee on State Development

Council Chambers, Broken Hill, 9.30am

1. **Members present**

Mr Colless (*Chairman*)
Mr Veitch (*Deputy Chair*)
Mr MacDonald
Dr Phelps
Mr Whan

2. **Apologies**

Mr Lynn
Mr Green

3. **Participating member**

Mr MacDonald

4. **Public hearing**

The witnesses, the public and the media were admitted.

The Chairman made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses from Regional Development Australia – Far West were sworn and examined:

- Ms Linda Nadge, Chief Executive Officer
- Mr John Harris, Committee member

The evidence concluded and the witnesses withdrew.

The following witnesses from Broken Hill City Council were sworn and examined:

- Cr Wincen Cuy, Mayor
- Mr Frank Zaknich, General Manager

The Chairman welcomed students from Broken Hill High School to the public gallery.

The evidence concluded and the witnesses withdrew.

The following witness from Emmdale Landcare was sworn and examined:

- Mr John Elliott, Treasurer

Mr Elliott tendered the following documents:

- Quote for solar lights for Emmdale Airfield, 20 October 2011
- Photographs of Cobb Highway
- Photographs of goats on Cobb Highway.

The evidence concluded and the witness withdrew.

The following witnesses from Central Darling Shire Council were sworn and examined:

- Cr Ray Longfellow, Mayor
- Mr Tim Drew, General Manager

The evidence concluded and the witnesses withdrew.

The following witnesses from the Pastoralists Association of West Darling were sworn and examined:

- Mrs Sue Andrews, President
- Mr Lachlan Gall, Councillor

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Dr Lisa McFayden, Business Manager, Health Services, Royal Flying Doctor Services, South Eastern Section
- Mr Stuart Riley, Chief Executive Officer, Far West Local Health District

Dr McFayden tabled the following document:

- Royal Flying Doctor Service, Annual Report 10/11

The evidence concluded and the witnesses withdrew.

The public hearing concluded and the public and the media withdrew.

5. **Acceptance and publication of documents tendered during public hearings**

Resolved, on the motion of Mr Whan: That the Committee: accept and publish the following documents tendered by Mr Perry, Cr West and Mr Bell on Thursday 3 November:

- Presentation to State Government Standing Committee by Central Tablelands Water County Council, 3 November 2011
- CENTROC population projections, 11 December 2008
- Upper Lachlan Briefing Note, NSW State Standing Committee on Economic Development
- Upper Lachlan Planning Agreement, Wind farms
- Upper Lachlan Planning Agreement, Power Stations
- Upper Lachlan Development Control Plan 2010, section 3.17 Community Enhancement Program
- Upper Lachlan Development Control Plan 2010, section 9.5 Wind farms
- Environment, Climate Change & Water, Renewable Energy Precincts map
- NSW Planning & Infrastructure, NSW Wind Farms map
- Correspondence between Mayor Upper Lachlan Shire Council to Premier, 16 September 2011
- Victorian Government Gazette, Electricity Industry Act, Order under section 94, 25 August 2005
- Local Government Victoria, Local Government (Rating arrangements under the Electricity Industry Act 2000) Review Panel, December 2004

- Media Release, Victorian Minister for Local Government, Minister for Energy Industries & Resources, 'New arrangements provide rating certainty for councils and energy generators', Thursday 5 May 2005.

Resolved on the motion of Mr Whan: That the Committee accept and publish the following documents tendered by Mr Elliott and Dr McFayden on Friday 4 November 2011:

- Quote for solar lights for Emmdale Airfield, 20 October 2011
- Photographs of Cobb Highway
- Royal Flying Doctor Service, Annual Report 2010/11.

Resolved on the motion of Mr Whan: That the Committee accept and keep confidential the following document tendered by Mr Elliott on Friday 4 November 2011:

- Photographs of goats on Cobb Highway.

6. Adjournment

The Committee adjourned at 3.35pm *sine die*.

Cathryn Cummins
Committee Clerk

Minutes No. 11

Friday 9 March 2012

Standing Committee on State Development

Macquarie Room, Parliament House, 9:15 am

1. Members present

Mr Colless (*Chairman*)
Mr Veitch (*Deputy Chair*)
Mr Green (*from 9.25am*)
Mr Lynn
Dr Phelps
Mr Whan

2. Public hearing: Inquiry into economic and social development of central western NSW

Witnesses, the public and the media were admitted.

The Chairman made an opening statement regarding the broadcasting of proceedings and other matters.

The following witness from Transport for NSW was sworn and examined:

- Mr Tim Reardon, Deputy Director General, Policy and Regulation.

Mr Green joined the meeting.

The evidence concluded and the witness withdrew.

Mr Lynn left the meeting.

The following witnesses from the Department of Planning and Infrastructure were sworn and examined:

- Mr Ian Reynolds, Deputy Director General, Strategies and Land Release
- Mr Neil McGaffin, Executive Director, Planning Operations
- Mr Daniel Keary, Director, Strategic Regional Policy.

The witnesses opened their evidence with a PowerPoint presentation, entitled 'NSW Planning and Infrastructure – Inquiry into Economic and Social Development in central western NSW', dated 9 March 2012.

Mr Reynolds tendered the following document:

- Map of NSW entitled 'Average Annual Growth Rate of central western LGAs, 2005-2010'.

The evidence concluded and the witnesses withdrew.

Mr Lynn rejoined the meeting.

The following witness from Regional Development Victoria was examined via teleconference:

- Mr Lachlan Bruce, Chief Executive.

The evidence concluded and the witness withdrew.

The following witnesses from the Central West Catchment Management Authority were sworn and examined:

- Mr Tom Gavel, Chairman
- Ms Carolyn Raine, General Manager
- Ms Jane Chrystal, Implementation Manager.

The witnesses opened their evidence with a PowerPoint presentation, entitled 'Central West Catchment Management Authority – Catchment Action Plan Upgrades & Resilience Thinking'.

Ms Raine tendered the following document:

- 'Central West Catchment Management Authority – Understanding the Central West Catchment Action Plan 2011-2021'.

The evidence concluded and the witnesses withdrew.

The following witness from the Department of Premier and Cabinet was sworn and examined:

- Mr Simon Smith, Deputy Director General, Delivery and Implementation Group.

The evidence concluded and the witness withdrew.

The public hearing concluded at 3.00 pm. The public and the media withdrew.

3. Previous minutes

Resolved, on the motion of Dr Phelps That draft Minutes Nos 8, 9 and 10 be confirmed.

4. Correspondence

The Committee noted the following items of correspondence:

Received

- 3 November 2011 – Email from Mr Alok Ralhan, Director, Industry Strategy and Stakeholder Engagement, NSW Department of Trade and Investment, Regional Infrastructure and Services, providing answers to questions taken on notice at the hearing on 12 September 2011

- 3 November 2011 – Email from Mr Matt Hobson, AVEO, providing information on the Queensland Government’s ‘Aviation Strategy for Queensland’ and the ‘Rural and Remote Queensland Air Services & Queensland Local Fare Scheme – Cape York and Torres Strait’
- 7 November 2011 – Email from Ms Rachael Young, Central NSW Councils (CENTROC), providing a copy of the ‘Bathurst-Orange-Dubbo Environmental Sustainability Action Plan’
- November 2011 – Letter from Mr Geoffrey Wise, General Manager, Bourke Shire Council providing information relating to the Heads of Agreement for the Barwon-Darling River System
- 11 November 2011 – Email from Mr Alok Ralhan, Director, Industry Strategy and Stakeholder Engagement, NSW Department of Trade and Investment, Regional Infrastructure and Services, providing information on assistance provided to various businesses in central western NSW and requesting that this information be kept confidential as it contains commercial-in-confidence material
- 30 November 2011 – Email from Mrs Linda Nadge, Chief Executive Office, RDA – Far West, providing the latest economic update for the Far West region
- 25 January 2012 – Letter from Barry Buffier, A/Director General, NSW Trade & Investment, providing background on, and an evaluation of, the Regional Produce Showcases held at Parliament House.

Sent

- 9 November 2011 – From the Chairman to Cr Ken Keith, Mayor, Parkes Shire Council, thanking the Council for its hospitality in hosting the Committee during its visit to Parkes
- 9 November 2011 – From the Chairman to Cr Wincen Cuy, Mayor, Broken Hill City Council, thanking the Council for its hospitality in hosting the Committee during its visit to Broken Hill
- 9 November 2011 – From the Chairman to Ms Jennifer Bennett, Executive Officer, CENTROC, thanking CENTROC for its assistance in organising the roundtable discussions in Parkes
- 17 November 2011 – From the Chairman to Mr Mark Paterson AO, Director General, Department of Trade and Investment, Regional Infrastructure and Services, inviting the Department to make a submission regarding the Regional Produce Showcases held at Parliament House to the inquiry
- 17 November 2011 – From the Chairman to Mr Peter King, Chief Executive Officer, Royal Agricultural Society of NSW, inviting the Society to make a submission to the inquiry
- 17 November 2011 – From the Chairman to Mr Michael Quigley, Chief Executive Officer and Director, NBN Co, inviting NBN Co to make a submission to the inquiry
- 17 November 2011 – From the Chairman to Mr Gerard Neesham, Chief Executive Officer, Clontarf Foundation, inviting the Foundation to make a submission to the inquiry.

5. Submissions

The Committee has received a total of 62 submissions.

5.1 Public submissions

The Committee noted that submission Nos. 56-62 have been published by the Committee Clerk under the authorisation of the Committee’s previous resolution of 7 July 2011.

6. Publication of answers to questions on notice

The Committee noted that the following answers to questions on notice have been published by the Committee Clerk under the authorisation of the Committee’s previous resolution of 1 June 2011:

- Macquarie River Food and Fibre
- NSW Department of Trade and Investment, Regional Infrastructure and Services
- Royal Flying Doctor Service
- Rural Assistance Authority.

6.1 Confidential answers to questions on notice

Resolved, on the motion of Dr Phelps: That the answers to questions on notice received from Mr Ralhan of the Department of Trade and Investment, Regional Infrastructure and Services on 11 November 2011 remain confidential.

7. Report from roundtable discussions with CENTROC, 3 November 2011

Resolved, on the motion of Dr Phelps: That the Committee adopt the report from the roundtable discussions with representatives of CENTROC in Parkes on 3 November 2011.

The Committee commended the secretariat for their work in organising the roundtable discussions with representatives of CENTROC, and preparing the report from those discussions.

8. Acceptance and publication of documents tendered during the public hearing

Resolved, on the motion of Mr Veitch: That the Committee accept the following documents tendered during the public hearing on 9 March 2012:

- PowerPoint presentation by the Department of Planning and Infrastructure
- 'Average Annual Growth Rate of Central Western LGAs, 2005-2010' by the Department of Planning and Infrastructure
- PowerPoint presentation by the Central West Catchment Management Authority
- 'Understanding the Central West Catchment Action Plan 2011-2021' by the Central West Catchment Management Authority.

9. Adjournment

The Committee adjourned at 3.10 pm until 1.00 pm, 28 May 2012 in Room 1153 (*report deliberative*).

Cathryn Cummins

Clerk to the Committee

Draft Minutes No. 12

Monday 28 May 2012

Standing Committee on State Development

Room 1153, Parliament House, 1.00 pm

1. Members present

Mr Colless (*Chairman*)
 Mr Veitch (*Deputy Chair*)
 Mr Green
 Mr Lynn
 Dr Phelps

2. Apologies

Mr Whan

3. Draft minutes

Resolved, on the motion of Mr Veitch: That draft Minutes No. 11 be confirmed.

4. Correspondence

The Committee noted the following items of correspondence received:

- 3 April 2012 – Email from Mr Simon Smith, Deputy Director General, Department of Premier and Cabinet, providing answers to questions taken on notice at the hearing on 9 March 2012
- 4 April 2012 – Email from Mr Tim Reardon, Deputy Director-General, Policy and Regulation, Transport for NSW, providing answers to questions taken on notice at the hearing on 9 March 2012
- 4 April 2012 – Email from Mr Lachlan Bruce, Chief Executive and Deputy Secretary, Regional Development Victoria, providing answers to questions taken on notice at the hearing on 9 March 2012
- 12 April 2012 – Email from the Hon Brad Hazzard MP, Minister for Planning and Infrastructure, providing answers to questions taken on notice at the hearing on 9 March 2012.

5. Publication of answers to questions on notice

The Committee noted that the following answers to questions on notice were published by the Committee Clerk under the authorisation of the Committee's previous resolution of 1 June 2011:

- Department of Premier and Cabinet
- Transport for NSW
- Regional Development Victoria
- Department of Planning and Infrastructure.

6. Consideration of Chairman's draft report

The Chairman submitted his draft report entitled 'Inquiry into economic and social development in central western NSW' which, having been previously circulated, was taken as being read.

Chapter 1 read.

Resolved, on the motion of Mr Veitch: That chapter 1 be adopted.

Chapter 2 read.

Resolved, on the motion of Mr Veitch: That Recommendation 2 be amended by inserting the words 'prior to the next round of regional population forecasting' after the words 'undertake research'.

Resolved, on the motion of Dr Phelps: That chapter 2, as amended, be adopted.

Chapter 3 read.

Resolved, on the motion of Mr Veitch: That paragraphs 3.34, 3.35 and 3.39 be amended by inserting the word 'aerial' before the word 'emergency'.

Resolved, on the motion of Dr Phelps: That chapter 3, as amended, be adopted.

Chapter 4 read.

Resolved, on the motion of Mr Veitch: That Recommendation 7 be amended by inserting the word 'annual' before the word 'funding'.

Resolved, on the motion of Mr Veitch: That after paragraph 4.60, a new recommendation be inserted to read 'That the NSW Government conduct a further inquiry into funding models for sport and cultural facilities in regional NSW'.

Question put.

The Committee divided.

Ayes: Mr Colless, Mr Green, Mr Lynn, Mr Veitch.

Noes: Dr Phelps.

Question resolved in the affirmative.

Resolved, on the motion of Mr Veitch: That after paragraph 4.80, a new recommendation be inserted to read 'That the NSW Government support a high speed national broadband network, and proactively engage in the roll out to maximise the engagement of, and benefit to, regional and rural communities'.

Resolved, on the motion of Dr Phelps: That chapter 4, as amended, be adopted.

Chapter 5 read.

Resolved, on the motion of Mr Veitch: That Recommendation 9 be amended by inserting the words 'provide a report to this Committee on the current status of the preservation of a transport corridor over the Blue Mountains, and' after the words 'Transport for NSW'.

Resolved, on the motion of Mr Veitch: That Recommendation 12 be amended by inserting the words 'and approval' after the word 'assessment'.

Resolved, on the motion of Mr Green: That Recommendation 13 be amended by inserting the words 'especially the Maldon to Dombarton rail line' after the word 'ports'.

Resolved, on the motion of Mr Veitch: That chapter 5, as amended, be adopted.

Chapter 6 read.

Resolved, on the motion of Dr Phelps: That chapter 6 be adopted.

Chapter 7 read.

Resolved, on the motion of Mr Green: That Recommendation 22 be amended by inserting the words 'and that the *Native Vegetation Act 2003* incorporate within it a requirement that local socio-economic impacts be part of any assessment considerations' after the word 'plan'.

Resolved, on the motion of Dr Phelps: That chapter 7 be adopted.

Chapter 8 read.

Resolved, on the motion of Mr Lynn: That chapter 8 be adopted.

Chapter 9 read.

Resolved, on the motion of Dr Phelps: That a new sentence be inserted at the end of paragraph 9.32 to read 'However, the Committee also believes that many local councils would be able to make a greater contribution to the provision of such services and infrastructure'.

Resolved, on the motion of Dr Phelps: That a new recommendation be inserted after paragraph 9.32 to read 'That the Minister for Local Government review rate pegging in light of the evidence received during this inquiry'.

Resolved, on the motion of Dr Phelps: That chapter 9, as amended, be adopted.

Resolved, on the motion of Mr Veitch: That Appendices 1-5 be adopted.

Resolved, on the motion of Dr Phelps: That Appendix 6 be adopted.

Resolved, on the motion of Mr Veitch: That Appendix 7 be adopted.

Resolved, on the motion of Mr Green: That the draft report, as amended, be the report of the Committee, and that the Committee present the report to the House, together with transcripts of evidence, submissions, tabled documents, answers to questions on notice, minutes of proceedings and correspondence relating to the inquiry, except for documents kept confidential by resolution of the Committee.

Resolved, on the motion of Mr Veitch: That the Committee forward:

- evidence received on public transport in central and western NSW to the NSW Legislative Assembly's State and Regional Development Committee.
- a copy of the final report entitled 'Inquiry into economic and social development in central western NSW' to the Commonwealth Minister for Regional Australia, Regional Development and Local Government.
- a copy of the final report entitled 'Inquiry into economic and social development in central western NSW' to the Commonwealth Minister for Transport and Infrastructure, and request that serious consideration be given to providing the necessary funding for sealing and lighting works at the Emmdale Emergency Aerodrome.

7. Consideration of terms of reference received from Minister for Primary Industries

The Chair tabled the following terms of reference for an inquiry received from the Hon Katrina Hodgkinson MP, Minister for Primary Industries, on 28 May 2012:

That the Standing Committee on State Development inquire into and report on the adequacy of water storages in NSW, and in particular:

- a) the capacity of existing water storages to meet agricultural, urban, industrial and environmental needs;
- b) models for determining water requirements for the agricultural, urban, industrial and environmental sectors;
- c) storage management practices to optimise water supply to the agricultural, urban, industrial and environmental sectors;
- d) proposals for the construction and/or augmentation of water storages in NSW with regard to storage efficiency, engineering feasibility, safety, community support and cost benefit;
- e) water storages and management practices in other Australian and international jurisdictions;
- f) any other matter relating to the adequacy of water storages in NSW.

Resolved, on the motion of Dr Phelps: That the Committee adopt the terms of reference.

8. Adjournment

The Committee adjourned at 2.20 pm until 1pm, Thursday 31 May 2012 in the Members Lounge.

Cathryn Cummins

Clerk to the Committee