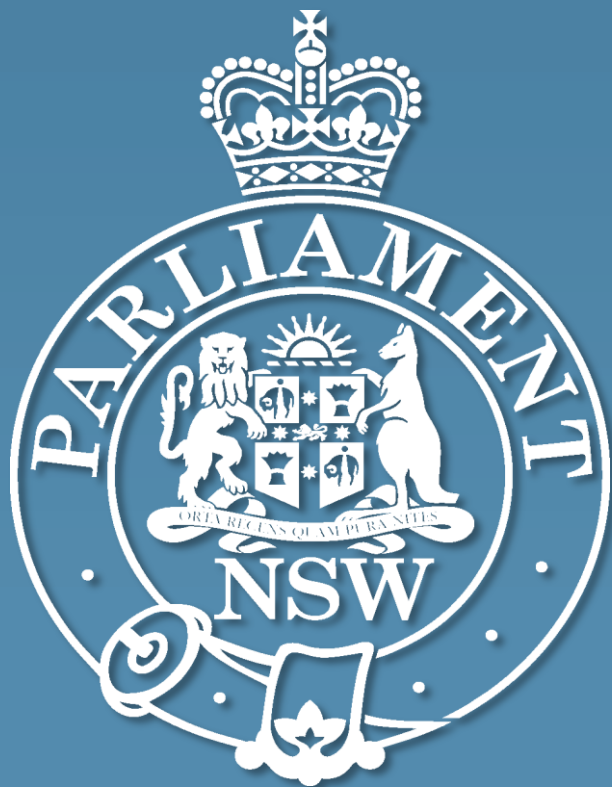


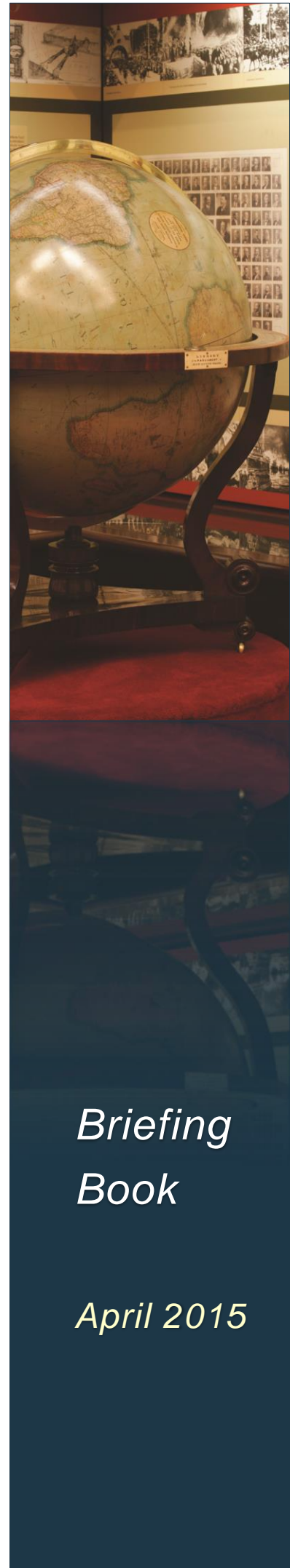
Key Issues for the 56th Parliament



NSW Parliamentary Research Service

*Briefing
Book*

April 2015



NSW PARLIAMENTARY RESEARCH SERVICE

Gareth Griffith (BSc (Econ) (Hons), LLB (Hons), PhD),
Manager, Politics & Government/Law (02) 9230 2356

Daniel Montoya (BEnvSc (Hons), PhD),
Senior Research Officer, Environment/Planning (02) 9230 2003

Lenny Roth (BCom, LLB),
Senior Research Officer, Law..... (02) 9230 2768

Christopher Angus (BA(Media&Comm), LLM(Juris Doctor)),
Research Officer, Law (02) 9230 2906

Tom Gotsis (BA, LLB, Dip Ed, Grad Dip Soc Sci)
Research Officer, Law (02) 9230 3085

Andrew Haylen (BResEc (Hons)),
Research Officer, Public Policy/Statistical Indicators (02) 9230 2484

John Wilkinson (MA, PhD),
Research Officer, Economics (02) 9230 2006

Should Members or their staff require further information about this publication please contact the author. Information about Research Publications can be found on the Internet at:
<http://www.parliament.nsw.gov.au/prod/parlment/publications.nsf/V3L1stRPSubject>

Advice on legislation or legal policy issues contained in this paper is provided for use in parliamentary debate and for related parliamentary purposes. This paper is not professional legal opinion.

Except to the extent of the uses permitted under the *Copyright Act 1968*, no part of this document may be reproduced or transmitted in any form or by any means including information storage and retrieval systems, without the prior consent from the Manager, NSW Parliamentary Research Service, other than by Members of the New South Wales Parliament in the course of their official duties.

ISSN 1325-5142

ISBN 978-0-7313-1931-2

April 2015

© 2015

Table of Contents

Chapter 1 - Portrait NSW	1
Population NSW	2
Multicultural NSW	4
Indigenous NSW.....	6
State Finances	8
NSW Economy	10
Chapter 2 - Politics NSW	12
State Election 2015	13
Parliamentary Committees	15
Integrity in Politics.....	17
Federalism.....	19
Local Government	21
Greater Sydney Commission	23
Chapter 3 - Building NSW	25
Planning	26
Sydney Urban Growth	28
Infrastructure	30
Second Sydney Airport.....	32
Chapter 4 - Transport NSW	34
Transport Statistics.....	35
WestConnex.....	37
Heavy Rail.....	39
Light Rail	41
Chapter 5 - Powering NSW	43
Energy Statistics.....	44
Coal Seam Gas	46
Coal.....	48
Renewable Energy	50
Chapter 6 - Privatising NSW.....	52
Asset Sales 2011-2015.....	53
Poles and Wires Lease.....	55

Chapter 7 - Environment NSW	57
Environment Statistics	58
Biodiversity & Native Vegetation.....	60
The Marine Estate	62
Drought	64
Chapter 8 – Learning NSW	66
Early Childhood Education	67
School Funding	69
School Performance	71
School Issues	73
TAFE	75
Chapter 9 – Healthy NSW	77
Hospital Funding.....	78
Hospital Performance	80
Rural Health	82
Mental Health	84
Obesity	86
Medical Cannabis	88
Chapter 10 – Living NSW.....	90
Cost of Living.....	91
Utilities & Petrol Prices	93
Home Owner Affordability.....	95
Social Housing	97
Homelessness.....	99
Wellbeing	101
Chapter 11 – Social Issues NSW.....	103
Disability Support.....	104
Autism	106
Child Protection	108
Ice Addiction.....	110
Youth Unemployment.....	112
Youth Suicide	114

Chapter 12 – Crime & Justice NSW	116
Domestic Violence.....	117
Family Violence Courts.....	119
Alcohol-Related Violence.....	121
Organised Crime Laws	123
Bail	125
Sentencing	127
Prison Population	129
Reducing Reoffending	131

Foreword

Welcome to the 56th Parliament since the establishment of responsible government in 1856.

This briefing book has two main purposes.

Primarily it serves to provide Members of Parliament, new Members in particular, with a brief but authoritative account of key issues in NSW politics, providing relevant context and legislative history.

In the first chapter we present a portrait of NSW, highlighting the culturally diverse polity that it has become, reviewing whatever progress has been made in “closing the gap” for Indigenous peoples, as well as offering a snapshot of State finances and the economy.

A second purpose of the briefing book is to introduce and showcase the work of the NSW Parliamentary Research Service. We are based in the Parliamentary Library and have subject expertise in the areas of law, social issues, politics, economics and environment and planning.

The briefing book identifies the relevant publications of the Research Service over the life of the previous Parliament. Many of our papers are of a statistical nature, including quarterly economic updates, plus electoral and regional profiles. A regular contributor to our publications is the election analyst Antony Green.

We also publish papers on public policy issues, some concerning legislation that is before the Parliament, others on subjects of general policy interest. Recent examples are papers on [pollution in Sydney Harbour](#), [reducing adult reoffending](#) and on [electricity prices, demand and supply in New South Wales](#).

The Research Service also responds, in strict confidence, to research requests from individual Members. Requests can be made by contacting the Manager, Research Service, in person, by phone or by email at DPS.ResearchService@parliament.nsw.gov.au or DPS.Library@parliament.nsw.gov.au.

Our papers are posted on the Parliament’s [website](#) and you can follow us on Twitter @NSWParlResearch.

Dr Gareth Griffith
Manager, NSW Parliamentary Research Service

17 April 2015



Chapter 1

Portrait NSW

Population NSW

State Finances

Multicultural NSW

NSW Economy

Indigenous NSW

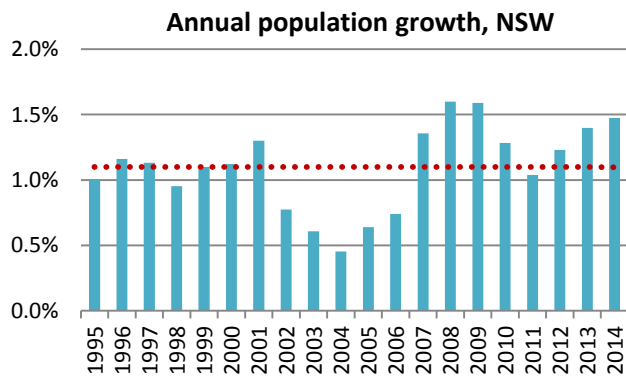
“The NSW 2014-15 Budget is now forecast to be in surplus by \$272 million, compared to the \$283 million deficit initially forecast. The Budget Result is expected to remain in surplus over the forward estimates.”

Population NSW

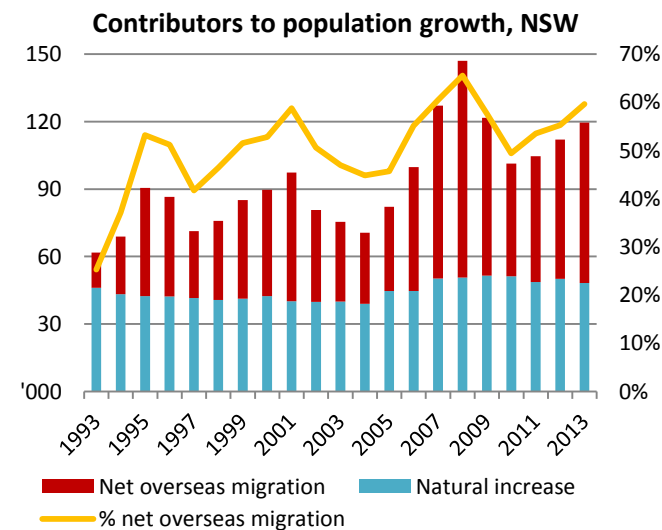
Andrew Haylen

The ABS [estimated](#) the population of NSW at 7.54 million people in 2014. Over the most recent decade, the State's population grew by 13.3% (884,069) at an average annual rate of 1.3%.

The recent rate of population growth in NSW has been relatively strong, growing at or above the two decade average (1.1%) between 2007 and 2014 (except 2011).

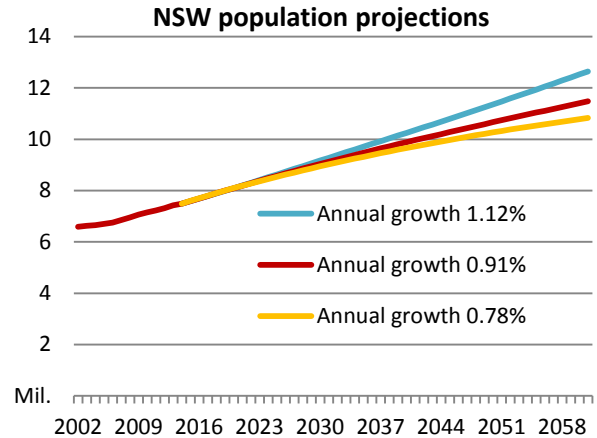


Net overseas migration accounted for 59.6% of the population growth in 2013, with natural increase accounting for the remaining share. The contribution of net overseas migration in NSW has been trending up over time. The natural increase contribution to population growth in NSW trended down for much of the 1990s and is now relatively stagnant after a period of positive growth in response to the Baby Bonus scheme.



According to ABS [projections](#), the NSW population is projected to rise by between 3.4 and

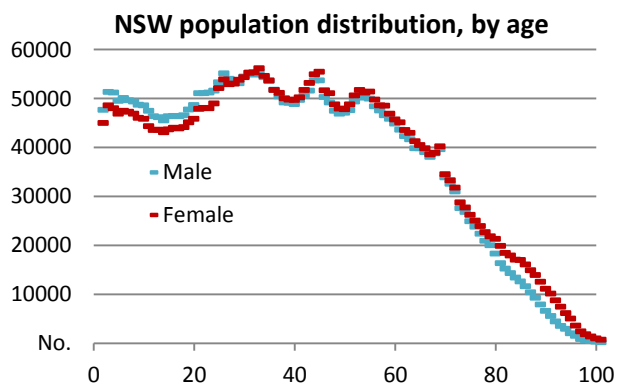
5.2 million people by 2061 (or between 45.8 and 70.3%).



Age distribution

Australia is a developed and relatively wealthy country with access to advanced health, education and aged care infrastructure. This not only reduces infant mortality rates but prolongs life expectancies. Because of this, the population of Australia and of NSW in particular is much more evenly distributed across age brackets than that of developing countries.

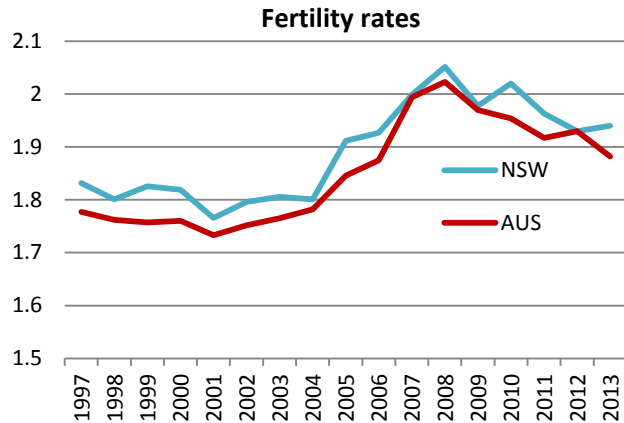
Up to the age of 60, the population in NSW is relatively evenly distributed, albeit with some minor variations. Males have a higher representation in the earlier age brackets up to 24 years of age. Because of a higher life expectancy, however, women are more represented at the later stages of the life cycle.



Births

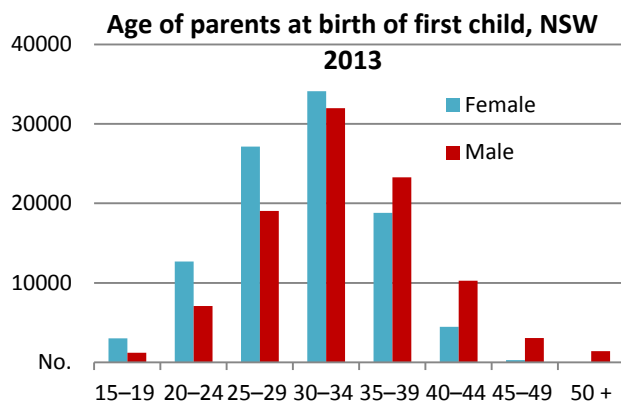
Declining fertility rates have traditionally been one of the underlying forces skewing the population distribution toward the older side of the age ledger. With consequences for a shrinking workforce and an aging population this is of political concern.

However, for both NSW and Australia, this influence has become more subdued as fertility rates have increased through the early 2000s. This was at least partially in response to the Baby Bonus, which was introduced in 2004. Fertility rates have since declined from the highs realised in 2008.



Regional local government areas generally have higher fertility rates in NSW than those in metropolitan areas. The LGAs of Urana (4.58), Jerilderie (4.13), Bourke (3.62), Bogan (3.3) and Bombala (3.21) have the highest fertility rates in NSW. The metropolitan LGAs of Sydney (1.09), North Sydney (1.36), Woollahra (1.41) and Marrickville (1.49) have the lowest fertility rates.

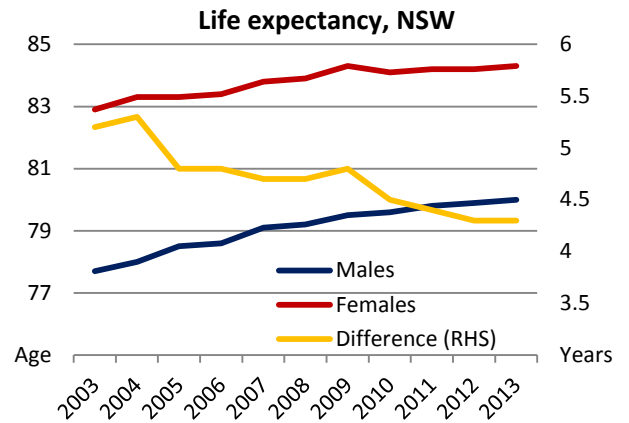
The majority of parents in NSW have their children between the ages of 25 and 34. However, women are more likely to have their children earlier than men. For example, with regards to the birth of their first child, in 2013, 43% of women were aged less than 30, compared to 28% for men.



Deaths

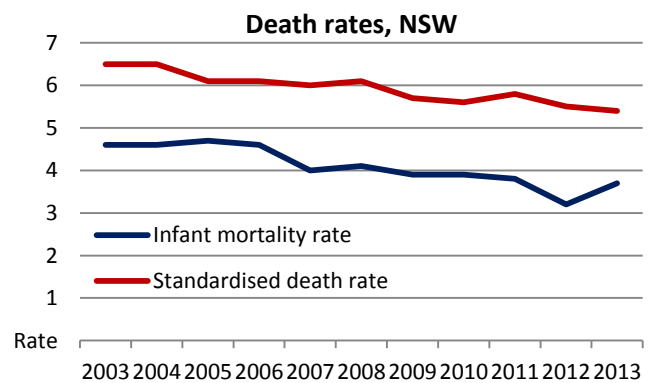
The average life expectancy for males in NSW in 2013 was 80.0 years and for females it was 84.3. Life expectancy continues to increase for both

men and women, albeit at a slightly higher rate for men.



People in regional NSW, on average, have a lower life expectancy at birth than those residents in metropolitan areas of Sydney. Residents in the *North Sydney and Hornsby* region have the highest life expectancy at 85.4 years in 2013, followed by *Baulkham Hills and Hawkesbury* (85.1 years) and *Ryde* (85.1 years). Residents in the *Far West and Orana* (78.7 years), *New England and North West* (80.1 years) and *Murray* (80.4 years) regions have the lowest life expectancies.

Death rates calculate the number of deaths per 1,000 head of population. In NSW, the standardised death rate has fallen by 19% in the last decade. Encouragingly, the infant mortality rate has also fallen by nearly 20%.



Research Service Publications

E Koleth, [Population Issues for Sydney and NSW: policy frameworks and responses](#), Briefing Paper 5/2013

Multicultural NSW

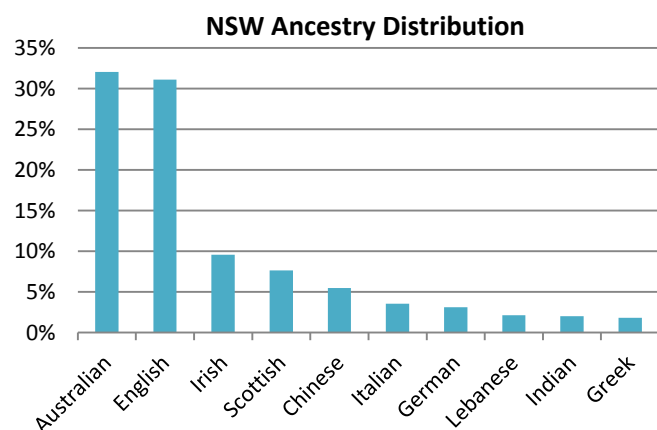
Andrew Haylen

The data presented in this section is sourced from the 2011 Census database based on the 2013 electoral redistribution.

Citizenship and ancestry

85.5% of NSW residents declared themselves as being Australian citizens, the fourth highest proportion of the Australian jurisdictions. Regional areas of NSW generally have a higher proportion of residents who are Australian citizens compared to metropolitan areas.

32.1% of NSW Census respondents declared themselves as having Australian ancestry. 31.1% of respondents declared having English ancestry. Irish (9.6%), Scottish (7.6%) and Chinese (5.5%) were the next highest represented ancestries.



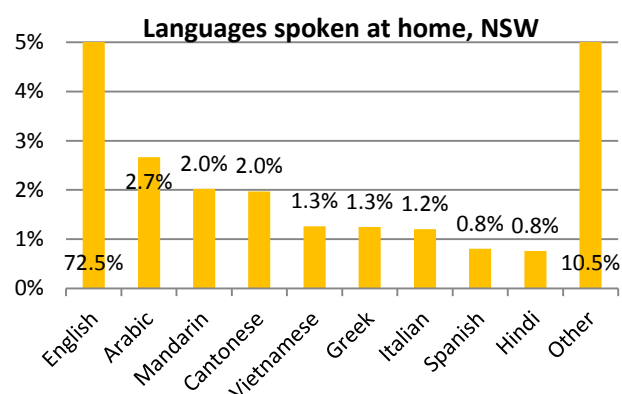
The NSW State electorates with the highest Australian ancestry were Tamworth (49%), Barwon (48%), the Upper Hunter (47.7%) and Dubbo (47.6%). To consider the diversity of ancestry in NSW electorates, there were 40 electorates in which less than 30% of respondents declared Australian ancestry. Cabramatta (8.6%), Auburn (9.0%), Lakemba (10.0%) and Fairfield (10.3%) have the lowest Australian ancestry representation.

Language

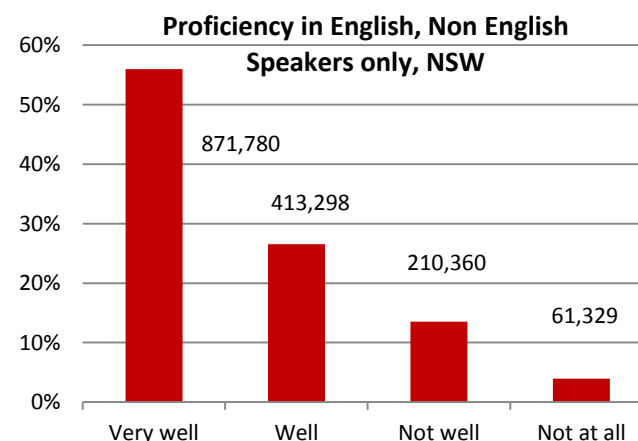
Around 73% of NSW Census respondents declared English as the only language spoken at

home; this was the third lowest of the Australian jurisdictions. The next highest language spoken at home in NSW was Arabic (2.7%), followed by Mandarin (2%) and Cantonese (2%).

The State electorates of Clarence (93.9%), Swansea (93.8%), Port Macquarie (93.7%) and Tamworth (93.5%) have the highest proportion of English only speakers. Auburn (21.6%), Cabramatta (22.4%), Lakemba (22.8%) and Fairfield (24.9%) have the lowest. There are 14 NSW electorates that have less than 50% English only speakers at home; and 47 under 80%.



Of the NSW respondents that spoke a language other than English at home, 56% stated that they spoke English 'Very well'. This was on par with the Australian average.



Cabramatta (7.5%), Fairfield (6.9%), Auburn (6.3%) and Bankstown (5.3%) had the highest proportion of non-English only speakers who could not speak English at all. On the other hand, the Ballina (74.4%), Pittwater (73.3%) and Blue Mountains (72.1%) electorates had the highest proportion of non-English only speakers at home who had a proficiency of English declared as

'Very Well'.

Place of birth

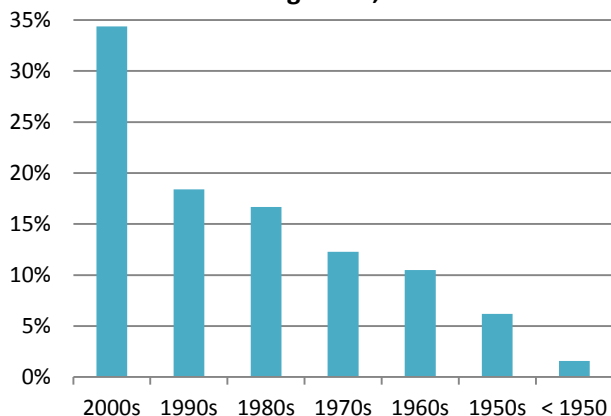
Just over 68.6% of NSW residents were born in Australia, this is the equal second lowest representation of the Australian jurisdictions.

England (3.3% of all NSW residents), China (2.3%), New Zealand (1.7%), India (1.4%) and Vietnam (1%) accounted for the highest proportion of those residents born overseas.

There is a considerable disparity between regional and metropolitan NSW. For 36 of the State electorates, more than 80% of the respondents stated that they were born in Australia. For the Sydney electorates of Auburn, Sydney, Fairfield, Cabramatta, Strathfield, Kogarah and Lakemba less than 45% were born in Australia.

As at 2011, more than half of those that arrived in NSW from overseas came in either the 2000s or 1990s.

Decade of migration, Australia

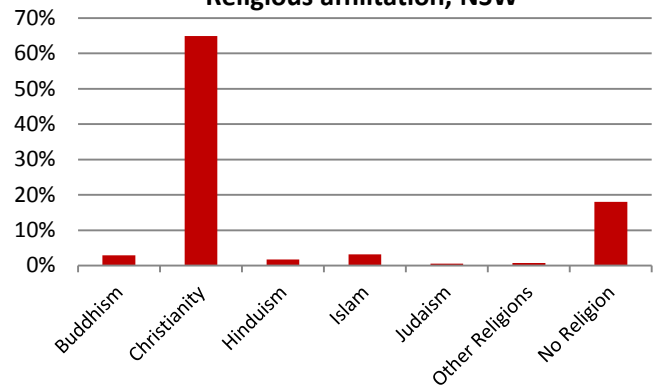


In NSW, 34.2% of people declared that both their parents were born overseas; 48.3% declared that both parents were born in Australia.

Religion

The predominant religion in NSW is Christianity, with 65% of respondents declaring affiliation. 17.9% of respondents stated that they had no religious affiliation, while 3.2 and 2.9% declared affiliation with Islam and Buddhism respectively.

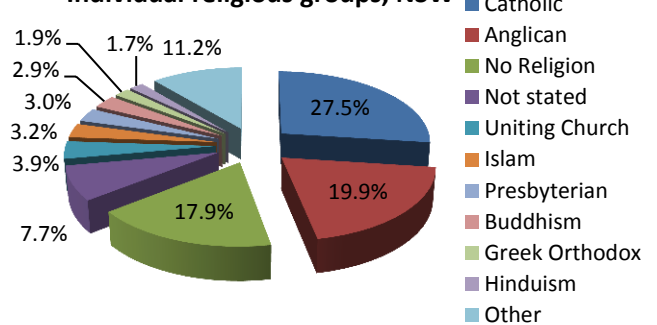
Religious affiliation, NSW



The NSW State electorates of Cootamundra (79.6%), Tamworth (78.6%) and Orange (78.2%) have the highest **Christian** representation. Lakemba (34.6%), Auburn (27.2%) and Bankstown (22.7%) have the highest **Islamic** representation. Cabramatta (32.1%), Fairfield (19.8%) and Bankstown (10.8%) have the highest **Buddhist** representation. There are 3 NSW electorates (Newtown, Balmain and Sydney) for which more than 30% of constituents declared they had no religion. There are 30 electorates in which 20% or more of respondents declared they had no religion.

In terms of individual religious groups, Catholicism (27.5%) and Anglicanism (19.9%) have the highest representation in NSW.

Individual religious groups, NSW



Research Service Publications

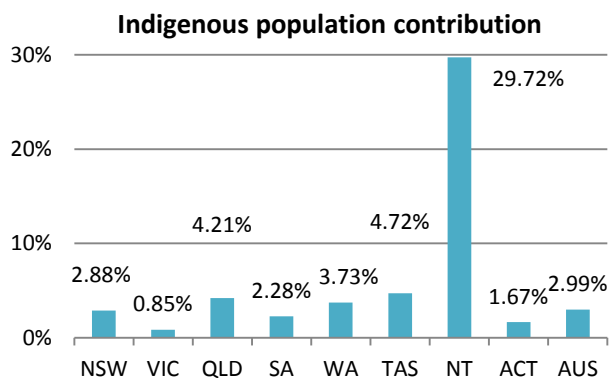
D Montoya and J Finegan, [NSW Electorate Profiles](#), Background Papers 1 and 3-7/2014

D Montoya and J Finegan, [NSW Electorate Profiles: cultural diversity](#), Background Papers 8 and 9/2014

Indigenous NSW

Andrew Haylen

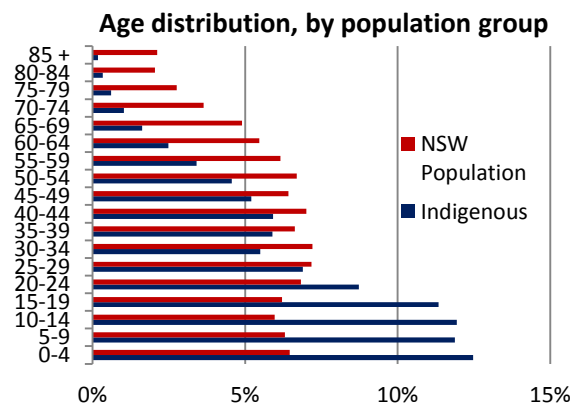
The indigenous population of NSW was estimated at 208,476 in 2011, the highest absolute number of indigenous of all Australian jurisdictions. This is equivalent to 2.88% of the NSW population, the fifth highest proportion of all the jurisdictions.



The indigenous population of NSW is projected to rise by 35.7% to 282,962 between 2011 and 2026.

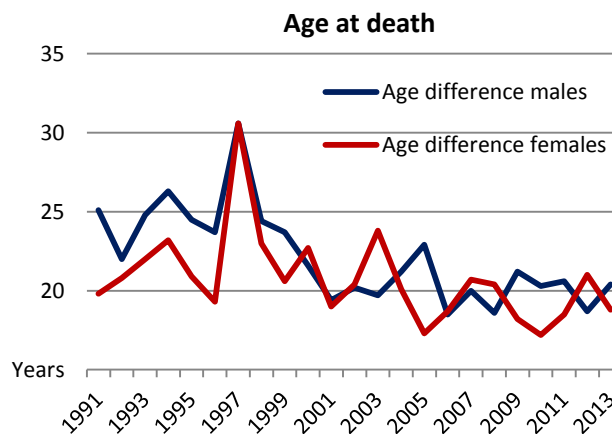
Of the NSW State electorates, Barwon (15.4%), Dubbo (12.0%), Tamworth (9.4%) and the North Tablelands (8.8%) have the highest indigenous representation. The Sydney electorates of Davidson, North Shore, Willoughby, Epping and Ku-ring-gai are the least represented at 0.2%. 34% of State electorates, all of which are in Sydney, have indigenous representation of less than 1%.

36.3% of the indigenous population is aged 14 years or below. By comparison, 18.7% of the total NSW population falls in this age bracket. Higher birth rates and lower life expectancy, induced by poorer health and living standards, explains this.

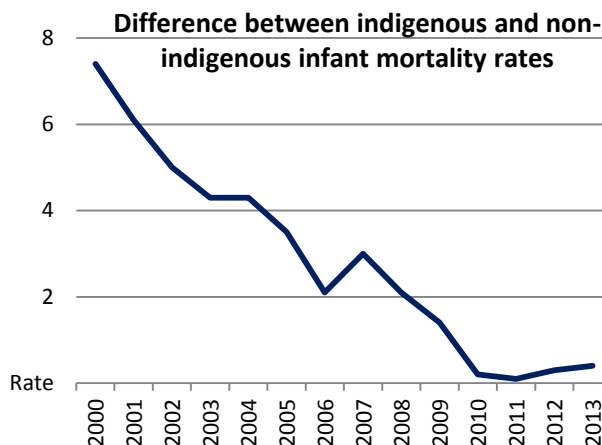


Health

The median age at death for indigenous males is 58.5 and 66.2 for indigenous females. This age has been trending up for the last couple of decades. However, the median age at death gap between the indigenous and non-indigenous NSW populations remains significant.



An important area of improvement for the NSW indigenous population is the decline in the rate of infant mortality. In the late 1990s and early 2000s, the indigenous mortality rate was nearly double that of the non-indigenous population. Infant mortality rates are now close to parity in NSW.



As reported in the 2012-13 Australian Aboriginal and Torres Strait Islander Health Survey, around 69.9% of the State's indigenous population are classified as overweight or obese. This is the worst of all Australian jurisdictions. In addition, around 40.5% of the population are classified as daily smokers.

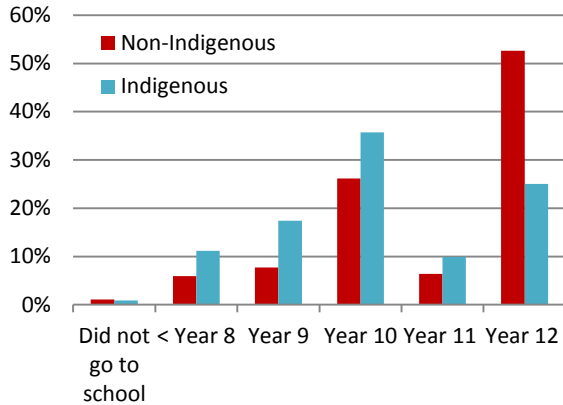
Smoking and being overweight are risk factors for chronic diseases, and approximately 7.9% of the NSW indigenous population has diabetes, while

8.1% have heart and circulatory conditions.

Education and employment

Indigenous education rates in NSW are significantly lower than those of the non-indigenous population. Based on 2011 census data, only 25% of indigenous respondents had completed year 12, compared to 53% for non-indigenous respondents. However, this is an improvement on the 21% reported in 2006.

Indigenous education NSW



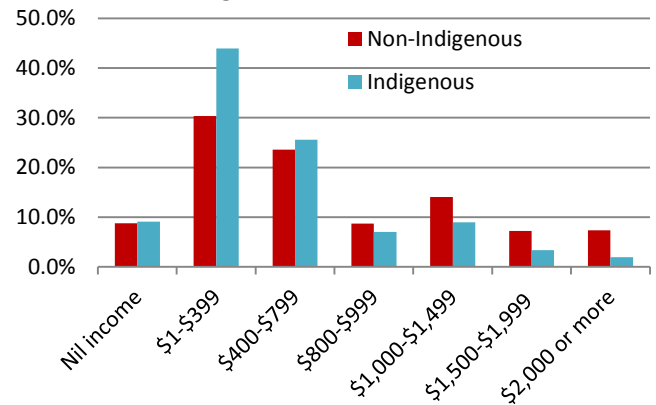
The relatively poor education completion rates for the indigenous population inevitably have implications for employment rates. In 2011 and according to the [ABS](#), NSW had the second highest rate of indigenous unemployment of the Australian jurisdictions at 22%. This is significantly higher than the actual unemployment rate for NSW of 5.9%.

Indigenous unemployment rates



Unsurprisingly, there are noteworthy disparities in income levels between the indigenous and non-indigenous populations. More than half of the indigenous respondents in the 2011 Census declared their weekly income at less than \$400.

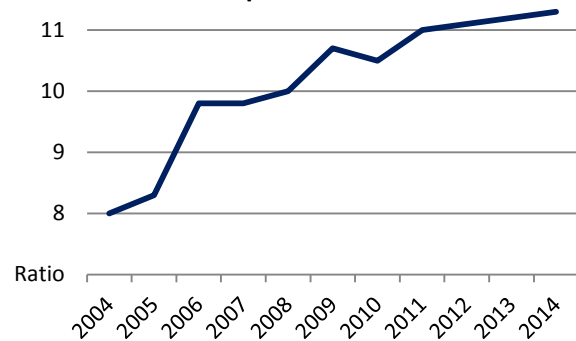
Indigenous income distribution



Social issues

The indigenous population of NSW has significantly higher imprisonment rates than the rest of the population. In 2014, 1,699 indigenous people in NSW were imprisoned per 100,000 people; this compares to 151 for non-indigenous people.

Ratio indigenous to non-indigenous imprisonment rates



The nature of the offences varied considerably between indigenous and non-indigenous. For example, 29.3% of indigenous offenders were imprisoned for “acts intended to cause injury” (compared to 16.0% for non-indigenous). On the other hand, 19.4% of non-indigenous offenders were imprisoned for “illicit drug offences”; only 2.9% of indigenous offenders were imprisoned for such offences. These statistics only relate to the most serious offence/charge.

Research Service Publications

D Montoya, [Child Disadvantage in NSW: recent findings](#), e-brief 7/2014

T Drabsch, [Health Indicators for NSW](#), Statistical Indicators 6/2012

State Finances

Andrew Haylen

The latest Treasury half-yearly [review](#) updates the financial position of the NSW general government sector. Estimates take account of NSW Government policy decisions, known revisions to Commonwealth Government funding and other information affecting the financial statements since the NSW 2014-15 Budget, up to 12 December 2014.

The NSW 2014-15 Budget is now forecast to be in surplus by \$272 million, compared to the \$283 million deficit initially forecast. The Budget Result is expected to remain in surplus over the forward estimates. However, the surpluses now projected over 2015-16 to 2017-18 are softer than those forecast at the time of the 2014-15 Budget.

Operating Statement Aggregates (\$m)

	2013-14	2014-15	2014-15 Rev.	2015-16	2016-17	2017-18
Rev.	66,005	67,113	67,858	70,041	73,559	74,942
Exp.	64,757	67,396	67,586	69,640	72,463	73,903
Result	1,247	-283	272	402	1,096	1,038

Revenue outlook

2014-15 revenues

The revised position reflects an upwards revision in forecast revenues of \$745 million. This increase is predominantly driven by stronger forecast State taxation revenues. In particular, transfer duties are forecast to be markedly higher, driven by continuing strength in the property market. Residential transfer duty is now expected to increase by 12% in 2014-15, following growth of 40% in 2013-14 and 21% in 2012-13.

Offsetting this increase is an expectation of lower payroll tax due to a softer employment outlook and a reduction in mining royalties because of lower-than-expected commodity prices.

Total dividend and income tax equivalent payments, as well as interest receipts are all expected to be higher than estimated at Budget.

Forward estimate revenues

Total revenue growth over the four years to 2017-18 is projected to average 3.2% per annum. This is 0.4 percentage points lower than the average growth forecast at Budget.

Taxation revenue has been revised upwards by \$757 million over the forward estimates compared to Budget, with higher transfer duty of \$1.8 billion offset by lower-than-expected payroll tax of around \$1 billion.

Transfer duty is forecast to continue growing over the forward estimates but at a slower rate. Increased supply of dwellings is expected to lead to slower price growth over the forward estimates, contributing to the moderation in transfer duty growth.

Payroll tax has been revised down over the forward estimates compared to Budget, mainly reflecting the impact of softer employment growth in 2013-14 and 2014-15.

There is a reduction in forecast revenue from mining royalties of \$653 million.

Expenses outlook

2014-15 expenses

Forecast general government expenses in 2014-15 are \$190 million higher than at Budget. This increase primarily relates to a \$316 million impact of the revised [AASB 119 Employee Benefits](#).

The expense growth rate for 2014-15 is 4.4% which is consistent with the forecast at Budget. It reflects continued restraint in Government expenditure, underpinned by the Government's wages policy.

Forward estimate expenses

Total expenses over the forward estimates are estimated to be \$1.5 billion higher than at Budget. This result predominantly reflects parameter and technical adjustments associated with actuarial changes (\$1.0 billion).

Government policy decisions are forecast to increase expenses by a net \$395 million over the forward estimates. Consistent with the Government's fiscal strategy, new policy

proposals are being funded, where possible, from within existing departmental resources.

Capital expenditure

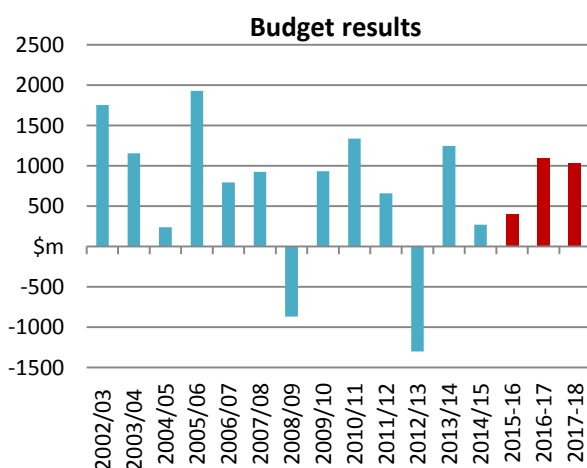
The budget result does not take account of capital expenditure. In 2014-15, capital expenditure is expected to be consistent with Budget at \$10,203 million. Over the forward estimates, capital expenditure is forecast to be \$733 million higher than at Budget and is related to Government decisions for new infrastructure projects since the Budget.

The Half-Yearly Review does not include any proceeds associated with the proposed 49% lease of NSW electricity network businesses.

Historical trends in State finances

Budget results

In 2010-11, the NSW Government reported a budget surplus of \$1,264 million. However, the budget surplus declined in 2011-12 by \$604 million and was reported at \$660 million for the financial year. The budget position worsened in 2012-13, with the Government reporting a deficit of \$1,300 million. The budget result bounced back in a significant way in 2013-14, largely off the back of 40% growth in residential transfer duty.



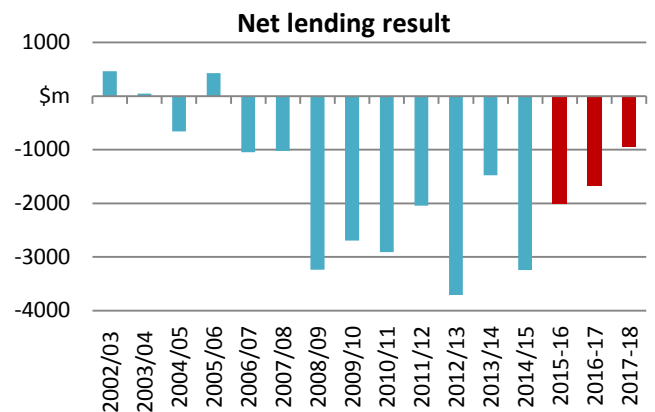
Net lending results

As noted in the [NSW Financial Audit 2011](#), the net lending result reports on the net impact of the general government sector's recurrent and capital activities, and their impact on the balance sheet.

A net lending deficit (i.e. net borrowings) means

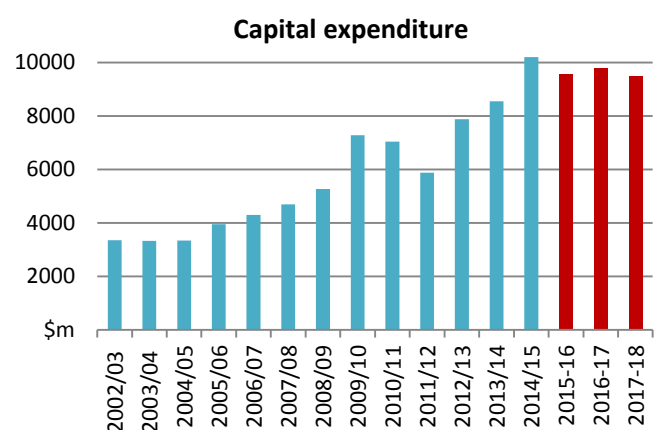
that funds generated from operations (the budget result before depreciation) plus asset sales are insufficient to fully fund the capital expenditure program, and the difference must be funded by borrowings.

There were net lending deficits in the seven years from 2006-07 to 2012-13, and most of these deficits exceeded \$2 billion. Deficits are forecast over the projection period to 2017-18.



Capital expenditure

In the general government sector, there was an upward trend in capital expenditure from 2005-06 to 2009-10, including a spike in 2009-10, which was largely due to the Federal Government's economic stimulus payments. After 2009-10, capital expenditure in both the general government and public trading enterprise sectors fell before rising again in 2012-13 and peaking in 2014-15.



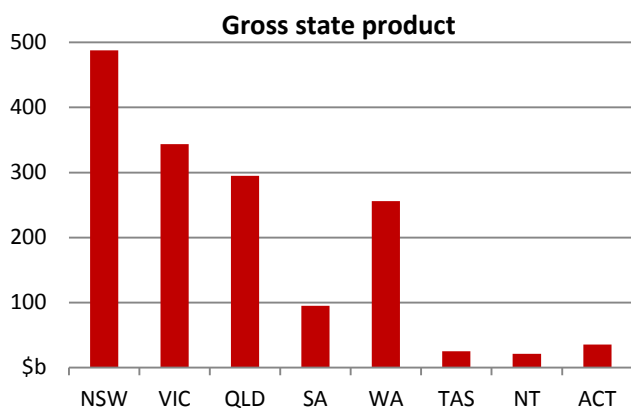
Research Service Publications

L Roth, [Trends in NSW State Finances: 2002-03 to 2014-15](#), Statistical Indicators 8/2014

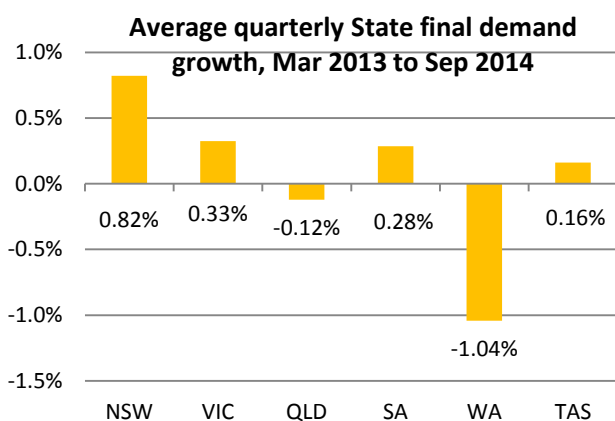
NSW Economy

Andrew Haylen

NSW has the largest economy in Australia, with gross state product (GSP) estimated at \$487.6 billion for the year to June 2014. This is 41.8% higher than Victoria which has the second highest GSP.

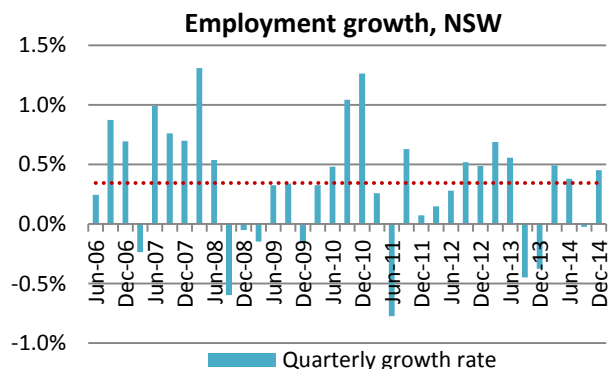


The NSW economy has been performing strongly in recent months and off the back of a solid housing market was named the best performing State in the January CommSec 'State of the States' [report](#). Retail trade and household consumption have also been stimulated by record low interest rates and plummeting oil prices.



Labour force

As at December 2014, there were 3.63 million people employed in NSW. Of these, 70% (2.54 million) are employed on a full-time basis. The NSW labour market is currently in a period of recovery, having experienced above average growth for three of the last four quarters.

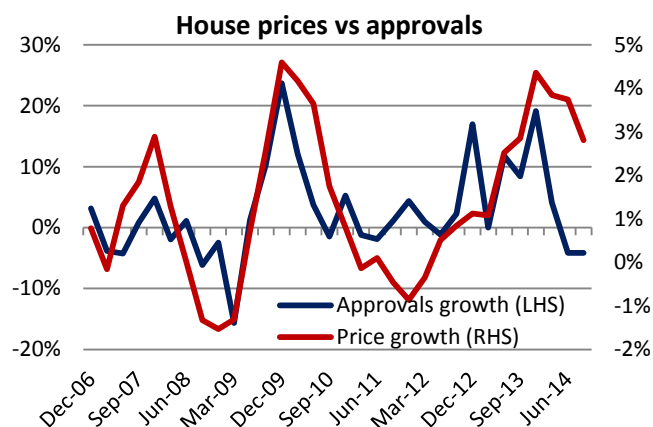


The unemployment rate for the month of December 2014 was at 5.9%, slightly down from the peak in November of 6.0%. Various analysts from the leading banks suggest that the unemployment rate is close to a peak and that there are signs of labour market improvement in the short to medium term. However, St George Bank [noted](#) that "a stronger pace of domestic demand will be necessary before we see a sustained fall in the unemployment rate".

The average adult weekly fulltime earnings (ordinary time) in NSW rose by 2.2% in the May 2014 half year to \$1,456. NSW has the third highest average weekly earnings behind the ACT (\$1,663) and Western Australia (\$1,637).

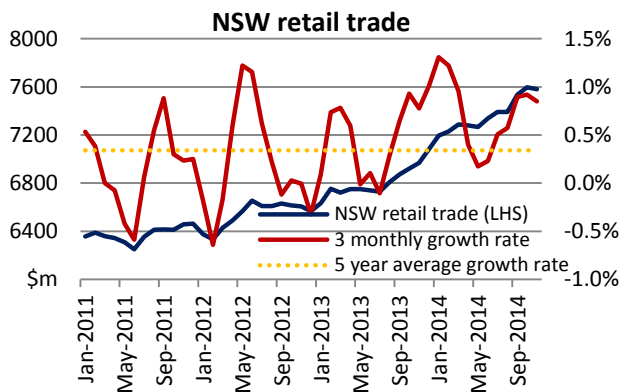
Key growth drivers

Off the back of strong price growth and the associated construction response, the housing market has been a key stimulant for the NSW economy.



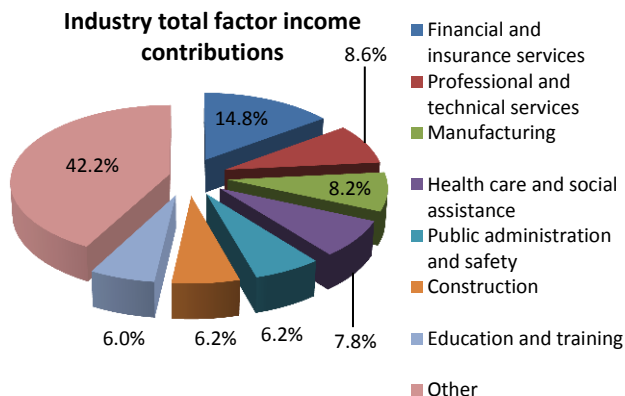
Housing price growth, in combination with record low interest rates and petrol prices, frees up household resources which can then be spent elsewhere in the economy. Retail has been one

of the main beneficiaries of these recent events. Over the past 12 months, retail spending is up 6% in NSW. Average monthly growth is well above the medium term average.



Key sectors

The financial and insurance services sector is the largest contributor to the economy in terms of total factor income (which is a component of gross state product). In the year to June 2014, it accounted for 14.8% (\$58.4 billion) of the NSW industry's total factor income contribution.



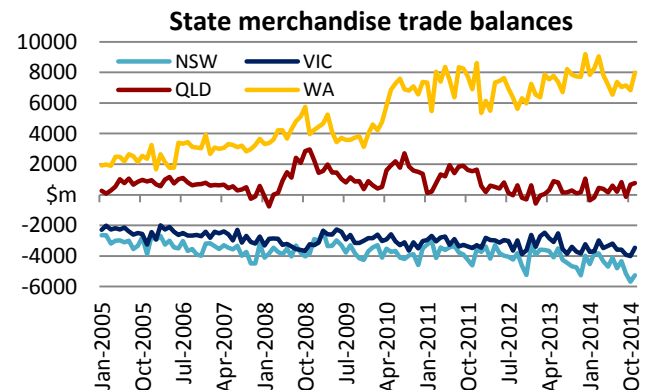
The professional and technical services (8.6%) and manufacturing (8.2%) sectors were the next highest contributors.

The contribution of manufacturing has been declining for the last two decades; in the mid 1990's it accounted for close to 17% of industry total factor income. The opposite can be said of the financial and insurance services sector whose share has nearly doubled in that time.

As at February 2015 and based on the latest ABS labour force [data](#), the health care and social assistance (12.6% of total employed); retail trade (10.1%); and professional, scientific and technical services (8.9%) sectors were the largest employing in NSW.

Trade

As at November 2014, NSW exported \$3.1 billion and imported \$8.3 billion worth of merchandise. This resulted in a negative trade balance of \$5.3 billion, the highest of all Australian jurisdictions.



Key export markets for NSW are Japan (\$680m in November 2014); China (\$559m); Korea (\$249m); United States (\$244m) and New Zealand (\$186m). Major exports for NSW are coal (\$13 billion in 2012-13), copper (\$2b), refined petroleum (\$1.4b) and wheat (\$1.2b)

Key import markets for NSW are China (\$2,603m in November 2014); the United States (\$925m); Japan (\$525m); Korea (\$485m); and Germany (\$431m). Key imports for NSW are telecom equipment (\$7.2 billion in 2012-13), medicaments (\$7.1b), motor vehicles (\$5.6b) and computers (\$5.2b).

NSW economic outlook

The latest Treasury half-yearly [review](#) forecasts NSW GSP to be 2.75% in 2014-15 and 3% in 2015-16. If achieved, this would be the fastest pace of growth in NSW in 15 years. In developing these forecasts the Treasury noted that:

...momentum [is] expected to be maintained by strengthening non-mining business investment and improving net exports. Dwelling investment growth is expected to moderate, though remain solid. Household consumption growth will be underpinned by stronger labour income growth, even as house price growth is anticipated to slow.

Research Service Publications

A Haylen, [NSW Economic Update: January 2015](#), Statistical Indicators 1/2015



Chapter 2

Politics NSW

State Election 2015

Federalism

Parliamentary Committees

Local Government

Integrity in Politics

Greater Sydney Commission

“A feature of the election campaign was a readiness to engage with the public, in particular through debates conducted in a variety of forums. In terms of formal leaders’ debates, Mike Baird and Luke Foley went head to head 3 times, the first debate revealing that the Premier had “No Plan B” should the Upper House block asset privatisation”.

State Election 2015

Gareth Griffith

In 2011 Labor lost and lost badly, gaining only 20 of 93 seats in the Legislative Assembly; the Coalition recorded an historic two-party preferred vote of 64%. Four years on, a closer call was expected. Still, with Mike Baird popular with voters, a second Coalition term in government was on the cards. What could go wrong? On 2 March 2015 Antony Green [wrote](#):

The 2015 NSW election is unusual in that it is likely to be determined on policy not popularity. No one should assume the Coalition will win given the difficult policy it has chosen to try and sell.

In Queensland, the Liberal National Government had surrendered an even larger parliamentary majority. From there, it was “game on”.

By-elections 2011-15

Of the 7 by-elections held between 2011 and March 2015, only in 3 cases did the seat change hands from Liberal to Labor and only in one of these, Miranda, was there a Liberal Party candidate. In Miranda there was a record 26% two-party preferred swing to Labor, a result that seemed to confirm the “non-tribal”, even fickle character of the modern electorate, as well as to question the very idea of a “safe seat”.

Poles apart and other issues

Front and centre of the 2015 election was the debate about the partial privatisation of the electricity distribution network, or the “poles and wires”. For the Baird Government this was the linchpin in its infrastructure strategy, with the Premier committing to travel around the State telling voters about his “\$20 billion plan for rebuilding NSW” ([AFR](#), 2.2.15). Setting out its achievements, the Baird Government published [100 reasons why NSW is better than it was 4 years ago](#), which included a regional breakdown.

Labor opposed the privatisation plan, setting out an alternative infrastructure strategy, as did the Greens NSW ([SMH](#), 5.3.15). The Shooters and

Fishers Party also opposed the partial sell-off, while the Christian Democrats insisted on a public inquiry. Labor, the Greens NSW and the Shooters and Fishers Party also committed to establishing an Upper House inquiry into an alleged attempt by Premier Baird’s office to influence a report on electricity privatisation by UBS, initially titled “Bad for the budget, good for the State” ([SMH](#), 21.3.15). In the last week of the campaign the issue of foreign ownership also figured in the privatisation debate. Opposition to electricity privatisation was reported to have resulted in a preference deal between Labor and the Greens NSW in 23 key seats and in the Upper House ([SMH](#), 17.3.15).

Coal mining and [CSG](#) developments were other issues attracting media attention. According to one [report](#), broad community concern about the risk to water and farming land left the “major parties scrambling to distance themselves from CSG and mining projects”. However, a Fairfax Ipsos poll found that only 8% ranked CSG and mining as the issue most important in deciding their vote, compared to health and hospitals (24%), managing the State’s finances (19%) and education (16%) ([SMH](#), 23.3.15).

Debates and campaign launches

A feature of the election campaign was a readiness to engage with the public, in particular through debates conducted in a variety of forums. In terms of formal leaders’ debates, Mike Baird and Luke Foley went head to head 3 times, the first debate revealing that the Premier had “No Plan B” should the Upper House block asset privatisation ([SMH](#), 28.2.15). Enlivening the campaign were portfolio debates between Ministers, their Opposition counterparts and, in the case of health, Greens NSW spokesperson John Kaye ([SMH](#), 26.2.15).

With as many as one in 4 voters [forecasted](#) to vote prior to election day, Labor was first off the mark launching its campaign at the Campbelltown Catholic Club on 1 March 2015, [declaring](#) the election a referendum on electricity privatisation. The same day Mike Baird [unveiled](#) the Liberal Party’s key election slogans, *Keep NSW Working* and *Back Baird* ([Sun Herald](#), 1.3.15). On 15

March the NSW Nationals launched their campaign at Dubbo, Troy Grant speaking in the Wiradjuri language, with the [Liberals](#) leaving their campaign launch until the last Sunday before polling day. Reflecting on the election, one commentator welcomed “a real contest of ideas” and “a significant improvement in the quality and tone of politics in NSW” ([AFR](#), 25.3.15).

Polls, media and costings

A focus of [polling](#) and media commentary alike was on the contrast between Mike Baird’s popularity and the performance of Prime Minister Tony Abbott and his Government. The “Abbott factor” was particularly marked among young voters, with 56% of 18 to 34 year olds reporting they were less likely to vote Liberal ([Guardian](#), 18.3.15). A consistent feature was Mike Baird’s clear lead over Luke Foley as “preferred Premier”, his popularity seemingly trumping concerns about electricity privatisation ([SMH](#), 23.3.15). The Coalition maintained its lead over Labor, dipping to 53-47 on a two-party preferred basis in mid-February but recovering to 54-46 two weeks out from the election and to 55-45 a few days out.

Baird was backed by both the *Sunday Telegraph* (“Not perfect, but Baird must have a second go”) and the *Sun-Herald* (“On balance, it’s a safer bet for voters to back Baird”).

On 23 March the [Parliamentary Budget Office](#) released its costing of Coalition and Labor policies, finding no budgetary “black holes”.

2015 election result

In the event, give or take a few surprises, the election went to script for the Coalition, returning to office with a reduced but comfortable majority.

Legislative Assembly results

Party	Vote%	Swing%	Seats(93)	Change
Coalition	45.6	-5.5	54	-15
Liberal	35.1	-3.5	37	-14
National	10.5	-2.0	17	-1
Labor	34.1	+8.5	34	+14
Greens	10.3	0.0	3	+2
CDP	3.2	+0.1	-	-
No LT	2.0	+2.0	-	-
Inds/Others	4.7	-5.2	2	-1

* Swings and seat changes are based on the 2011 election results.

[Two party preferred](#): Coalition -9.89/Labor +9.89

Legislative Council results (as at 17/4/15)

Party	Vote %	Swing %	Seats gained (21)	Total seats (42)
Coalition	42.6	-5.1	9	20
Labor	31.1	+7.4	7	12
Greens	9.9	-1.2	2	5
SFP	3.9	+0.2	1	2
CDP	2.9	-0.2	1	2
AJP	1.8	+1.8	1	1

*Total seats include 21 MLCs elected at the 2011 election (11 Coalition; 5 Labor; 3 Greens; 1 SFP; 1 CDP)

Labor polled consistently well in the ICAC affected seats on the Central Coast and in the Hunter Valley, less so in Sydney’s South and Hills District. Gains in Rockdale and Londonderry formed a thin red line from Botany Bay to Labor’s Western Sydney “heartland”. Reflecting demographic changes, the Liberals held on comfortably to such outer metropolitan seats as Camden, Penrith and Mulgoa, and to the West and Inner West seats of Parramatta and Drummoyne. In the Northern Rivers the Nationals were pitted against the Greens NSW, as was Labor in Newtown and Balmain. While not raising their State-wide vote, the Greens NSW concentrated their forces to win an extra 2 seats in the Assembly.

In the Council, the Coalition won 9 seats, thereby allowing it to pass legislation with the support of the Christian Democratic Party. As at 17 April the result may be challenged before the Court of Disputed Returns.

Gender Composition

Gender composition featured in the election campaign, with retiring Liberal MLC Charlie Lynn critical of his Party’s lack of a female candidate in a winnable position on its Upper House ticket ([SMH](#), 24.3.15). Of the 28 new Assembly Members, 13 are women, 9 Labor, 2 Coalition and 2 Greens NSW, bringing the female representation to 28 (30%) from 20 (21.5%): 11 of 54 Coalition Members (20%); 15 of 34 Labor Members (44%). The new Baird Ministry includes the same number of women, 5 from a total of 22 (22.7%), including the first female Treasurer (Gladys Berejiklian) and Attorney General (Gabrielle Upton). Four of 16 parliamentary secretaries are also female.

Parliamentary Committees

Gareth Griffith

The 55th Parliament went out with a bang, with a flurry of activity that placed the work of parliamentary committees at the forefront of public attention. In the vanguard of media commentary was the Legislative Council's Select Committees on the [Planning process in Newcastle and the broader Hunter region](#) and [On the conduct and progress of the Ombudsman's inquiry "Operation Prospect"](#).

Scrutiny and inquiry

Parliamentary committees play a key role in the democratic political system, scrutinising the Executive Government and inquiring into major issues of the day. Scrutiny in this context refers to an accountability relationship between Parliament and the Executive, which can proceed through debate, questions or committee inquiries.

Indeed, Parliament can be said to stand at the apex of the accountability pyramid. By means of its key scrutiny tools, most notably committee inquiries, Parliament is the only body with the authority to undertake a critical investigation of the Executive's actions or omissions, on terms of reference that may not suit the government of the day.

To facilitate these scrutiny and inquiry functions, under the *Parliamentary Evidence Act 1901* parliamentary committees can invite MPs and Ministers to appear before them; committees can also require public servants and other witnesses to appear and to answer any lawful questions. The Standing Orders of both Houses provide parliamentary committees with the power to order the production of State papers. Additionally, the immunities that apply to parliamentary privilege extend to parliamentary committees, allowing witnesses to speak freely without fear of legal reprisal.

Committee systems

Following a period of relative inactivity in the first three-quarters of the 20th century, in NSW and

other jurisdictions parliamentary committees have since been revitalised, with the establishment of what have been [called](#) "systematic committee systems". The scope and nature of any committee system will depend on a range of factors, including the size of a Parliament, its unicameral or bicameral structure, and its national or sub-national character.

In the NSW Parliament, in terms of legal status, there are three types of committees, all of which may be established by a single House or by the two Houses jointly:

Select committees, established for a defined period to inquire into a particular issue;

Standing committees, established by resolution of the House(s) or for the life of the Parliament;

Statutory committees, established by legislation and for as long as the relevant part of the Act remains in force.

NSW parliamentary committees can also be characterised in terms of purpose or mandate. Broadly, at least 6 types of committees can be identified.

(a) Privileges, Procedure and Standing Orders committees focus attention on the Parliament itself, dealing with the business of the respective Houses;

(b) Legislative or regulatory review committees scrutinise Government and other Bills and statutory instruments;

(c) Public Accounts Committees supervise public finance;

(d) Scrutiny and estimates committees examining the activities of the Executive and the appropriations of government departments and agencies;

(e) Committees concerned with inquiry into policy and administration, with or without a focus on specific portfolios or government departments; and

(f) Specialised oversight committees for the supervision of independent investigatory bodies, or for the oversight of a specific legislative regime.

Committees in the 55th Parliament

The modern committee system in NSW dates from the 1980s. It continues to be refined, with the 55th Parliament seeing the introduction of several category (e) committees in the Legislative

Assembly. After the Coalition's decisive election victory in 2011, with a very large backbench in the Lower House, 8 standing committees of this kind were established, with a focus on specific policy and/or portfolio areas. All of these had 5 Members, with a 3/2 Government majority and a Government Chair.

Government Members were also in a majority on the five Joint Statutory Committees, including the Legislation Review Committee, as well as on the three Joint Standing Committees, among them the Electoral Matters Committee.

Select Committees

Whatever structure is in place, the operation of any committee system will depend on political circumstances, on numbers, allegiances and agendas. In previous Parliaments there had been a tendency for more contentious inquiries to be undertaken by the Upper House's General Purpose Standing Committees (GPSCs). That trend was not quite so evident in the 55th Parliament, when three of the five GPSCs were chaired by Government Members.

Instead, in the context of a vigorously independent Upper House, a feature of the 55th Parliament was a proliferation of Council select committees, 15 in total, plus 1 in the Assembly and 4 joint select committees. This compares to a total of 2 Council only and 1 joint select committees during the 54th Parliament. Of the 15 Upper House select committees, none had a Government majority, 8 were chaired by Shooters and Fishers Party members and 7 by Christian Democrat Party members.

Each select committee has its own political story to tell. The topics under investigation ranged from [home schooling](#) to the [impact of gambling](#) and the politically charged issue of [ministerial propriety in NSW](#). The 2012/13 inquiry on the [partial defence of provocation](#) was a model of its kind in terms of reporting standards, community participation, as well as the level of Member participation and cross-party cooperation. The "[Newcastle Planning](#)" and "[Operation Prospect](#)" inquiries exemplify the accountability role committees can play in asking difficult questions of undoubted

public importance of the Executive branch of government. In the wake of the "[Operation Prospect](#)" inquiry, reforming the way police complaints are investigated has been [placed](#) on the political agenda.

Questions and Issues

Questions can be asked about parliamentary committees. How is performance to be measured? Is it about the way governments respond to committee recommendations, or is it about something less precise, the measure of deliberation or public engagement with the democratic process, for example? Are all these factors in play and more? The coherence of committee systems might also be questioned. Are there gaps and duplications? Is there sufficient focus on legislative review?

In terms of committee practice, several issues remain in dispute. As discussed in a [paper](#) by Beverly Duffy and David Blunt, although the Standing Orders of both Houses provide committees with the power to order State papers, the Executive [advises](#) public servants to "request that the Committee refer the matter to the relevant House for a formal order to be made pursuant to the Standing Orders". One instance considered in by Duffy and Blunt was the 2014 [WorkCover bullying inquiry](#), in which context the issue of the privileged status of certain documents was also raised. Another issue in that inquiry was the relationship between parliamentary privilege and statutory secrecy provisions, an issue canvassed again in the "Operation Prospect" inquiry [report](#). The parliamentary view is that, unless expressly abrogated, privilege trumps secrecy provisions. Strongly worded is the [statement](#) that:

The Legislative Council will not accept attempts by future state governments and their agencies to hide behind statutory secrecy when the Council or its committees are seeking to comply with the key role of scrutiny of the executive.

Parliament is what Parliament does. Parliamentary law is shaped by the conventions established by parliamentary practice. An active parliamentary committee system tests and proves the scope and limits of the accountability of the Executive to Parliament.

Integrity in Politics

Gareth Griffith

A key issue in the 2011 State general election was the concern about trust and integrity in government, encapsulated in the Coalition's [Five Point Action Plan](#), which included reforming the regulation of lobbyist and election campaign finance laws, as well as establishing a Public Service Commissioner.

Over the course of the 55th Parliament the issue of trust and integrity was played out in the terms of the Coalition Government's legislative and policy reform agenda, as well as against the background of high profile hearings before the ICAC, resulting in fraud and corruption findings, as sensational as they are disturbing. The 2014 Expert Panel report on [Political Donations](#) commented that these findings, together with alleged breaches of election funding laws, "have led the community to distrust politicians and to question the integrity of government".

The ICAC investigates

The ICAC's inquiries over the past four years have been many and varied. Notably, it released the reports arising from Operations Indus and Jarilo in 2013 and, in 2014, Operations Cyrus, Cabot and Meeka, all involving former Labor Government Ministers. The [Political Donations report](#) said in summary that:

Millions of dollars were involved. It was alleged for example that the tender for mining leases was 'rigged' to the personal benefit of two Ministers and others; that the terms and conditions of valuable café leases at Circular Quay were set favourably to benefit a Minister's family; and that an attempt was made to improperly award the right to provide water and sewerage services in the developing north-west region of Sydney (Operation Cabot).

Fraud and corrupt conduct findings were made in several cases, with the ICAC recommending that consideration should be given to obtaining the advice of the DPP with respect to prosecution.

In its corruption prevention [report](#) concerning

Operations Jasper and Acacia, released in October 2013, the ICAC made 26 recommendations to reduce opportunities and incentives for corruption in the State's management of coal resources. The ICAC's wide ranging criticisms extended to the Register of Disclosures that Members are required to complete and to the [Members' Code of Conduct](#), which it has described as "a feeble document". It was also of the view that:

A comprehensive, timely and independent system for dealing with complaints about the conduct of members is absent in the current system. The NSW Parliament lacks an effective mechanism to manage its own members.

The reform agenda, 2011-2015

Further to the Coalition Government's election platform, since 2011 reforms have taken place across many areas, from whistleblower legislation to revising the [Ministerial Code of Conduct](#), and including the establishment of a Public Service Commissioner to oversee ethical practice in the public sector.

Under the [Ministerial Code of Conduct](#), as amended in 2014, Ministers are prohibited from knowingly directing or requesting public servants "to act contrary to the law", or from directing a public service agency to "provide advice with which the agency does not agree". It is also the case that a substantial breach of the Code may constitute corrupt conduct for the purposes of section 9 of the ICAC Act.

Changes to the regulation of lobbyists include the prohibition of success fees for lobbyists who lobby Ministers and others, along with the prohibition of former Ministers and parliamentary secretaries from engaging in lobbying in the 18 months after they cease to hold office. With the passing in 2014 of reforms to the *Lobbying of Government Officials Act 2011*, the NSW Electoral Commission has been established as an independent regulator of lobbyists. Another facet to these reforms is the quarterly publication of Ministerial diaries.

Political donations legislation has also undergone several rounds of change, including as a result of

the High Court challenge in the [Unions NSW](#) case which overturned the 2012 prohibition against the making of donations by anyone other than an individual who was enrolled to vote.

Debate on this area of the law is ongoing, with the release in December 2014 by the ICAC of [Election funding, expenditure and disclosure in NSW: strengthening accountability and transparency](#). This made 22 recommendations for the reform of electoral funding law, including that criminal and civil sanctions attach to failure of senior party office holders to meet their internal party governance responsibilities. Following hot on the heels of that publication was the Expert Panel [report](#), the key recommendation of which was for an immediate, comprehensive review of the *Election Funding, Expenditure and Disclosures Act 1981*. Further to *McCloy v NSW*, the constitutional validity of the Act's ban against certain classes of political donors, specifically property developers and liquor, gambling and tobacco industry business entities is currently the subject of a High Court challenge.

The Baird Government was reported to have accepted 49 of the expert panel's 50 recommendations. Not supported was a recommendation that an independent body be responsible for approving increases to public funding for political parties ([SMH](#), 6.3.15).

The ICAC investigates further

Despite these reforms, the steady stream of scandal continued. Not least, in April 2014 Premier, Barry O'Farrell resigned after he could not recall to the ICAC that he had received a gift of expensive wine from Liberal donor and lobbyist Nick Di Girolamo. Ongoing are Operations Spicer and Credo, hearings that involved allegations that in 2011 political donations were accepted from banned donors; that some were made in breach of the applicable caps; that false invoices were created to hide donations; and that schemes were devised to "wash" illegal donations through the federal branch of the Liberal Party and channel them back to into New South Wales. These hearings saw a total of 10 Liberal Members of the 55th Parliament stepping aside from the Party to

sit on the crossbench.

The ICAC under scrutiny

The ICAC's lead role in the drama of NSW politics has resulted in questions being asked of the Commission itself, in respect to its procedures, powers and functions. Famously, former Labor Minister Eddie Obeid, a key player in this narrative, boasted "he had 1% chance of being prosecuted", a claim which is now to be tested before the courts ([SMH](#) 22 November 2014). The boast was made against the background of public concern about prosecutions arising from the ICAC's investigations, in particular what were seen as delays between the time of reporting and the time of commencing prosecutions.

The issue was addressed by the Joint Parliamentary Committee on the ICAC, in a discussion paper released in November 2014, [Prosecutions arising from ICAC corruption investigations](#). Reflecting on the core functions of the ICAC, the Committee was of the view that:

While the ICAC should gather and assemble evidence that arises from its activities, this role should not detract from its primary role of being an investigative, 'truth-seeking' body, rather than being another law enforcement body.

The Committee was also asked to consider whether the common law offences of misconduct in public office, bribery and conspiracy to defraud a public official should be replaced by statutory offences.

The ICAC's procedures have been questioned, with the damage done to high profile reputations. With potential implications for ICAC's investigative powers, in [ICAC v Cunneen](#) the High Court held that the ICAC had no power to conduct an inquiry into allegations made against Senior Crown Prosecutor Margaret Cunneen; the alleged conduct was not "corrupt conduct" as defined in s 8(2) of the ICAC Act.

Research Service Publications

G Griffith, [Integrity in government: issues and developments in NSW, 2011-15](#), Briefing Paper 1/2015

L Roth, [Corruption offences](#), e-brief 11/2013

Federalism

Gareth Griffith

For decades commentators have agonised over the state of Australian federalism, picking over its strengths and limitations, articulating reform proposals and alternative future prospects. A recent contribution to the debate is [A Federation for the 21st Century](#), published by the Committee for Economic Development of Australia (CEDA) in October 2014.

The White Paper process

In 2013, then in Opposition, Tony Abbott committed a Coalition government to a major review of Commonwealth-State relations, saying:

The objective will be to reduce and end, as far as possible, the waste, duplication and second-guessing between different levels of government that has resulted, for instance, in the Commonwealth employing 6,000 health bureaucrats though it does not run a single hospital. ([HR](#), 16.5.13)

In government, in June 2014 a review process was established, with a Green Paper to be published in the first half of 2015, ahead of a White Paper in the second half of the year, the release of which is to be coordinated with a White Paper on the Reform of Australia's Tax System. The review process was to be overseen by a Steering Committee comprising the Secretaries and Chief Executives of the Commonwealth Department of Prime Minister and Cabinet, State and Territory First Ministers' departments and the Australian Local Government Association.

The review starts from the premise that, based on the Australian Constitutional Values Survey 2012, while people are generally supportive of the federal system, they do "not believe that our Federation is functioning as well as it could be". According to the [Media Release](#) of 28 June 2014:

A major part of the problem is that over time, the Commonwealth has become, for various reasons, increasingly involved in matters which have traditionally been the responsibility of the States and Territories. The States and Territories have

become increasingly reliant on revenue collected by the Commonwealth to deliver services in the areas they are responsible for, with around 45 per cent of State and Territory revenue now coming from the Commonwealth.

One response to what is called the "vertical fiscal imbalance" (VFI) would be to increase the scope and rate of the GST, an issue that is likely to figure prominently in the Prime Minister's "mature" public debate on federal/state relations ([SMH](#), 27.10.14). Australia's degree of VFI is very high by international standards, with the State, Territory and local governments together raising only 18% of total tax revenue and the Commonwealth raising the remaining 82%.

Directly under review in the White Paper process is the governance of the financial relationship between the Commonwealth and the States, organised since 2009 under the [Intergovernmental Agreement on Federal Financial Relations](#).

Diversity and uniformity

A key objective of the White Paper review is to "ensure that, as far as possible, the States and Territories are sovereign in their own spheres", which will require a "clearer allocation of roles and responsibilities". Among the issues to be considered is the limiting of Commonwealth operation "to core national interest matters".

Is that likely? What are the prospects of the Commonwealth relinquishing power, even to the "limited degree" envisaged in [Issues Paper 1, A Federation for Our Future](#)?

Released in September 2014, that paper encapsulates the tensions involved in any reform agenda. Consideration is given to the "subsidiarity" or "devolution" principle, that is, where central government should perform only those tasks that cannot be more effectively performed at an intermediate or more local level, thereby facilitating difference and diversity.

Against this are "national interest considerations", where a national approach should be adopted in preference to diversity across jurisdictions. [Issues Paper 1](#) contends that in today's inter-connected world "The social and economic imperatives of

nationhood mean some issues need to be resolved in the interests of Australia as a whole, and these have tended to grow in number over time". The question is posed, "when and in what areas should uniformity and consistency trump diversity and competition?"

As part of the White Paper process, other Issues Papers have been published, dealing with roles and responsibilities in [Housing and Homelessness](#), [Health](#) and [Education](#).

COAG

In recent years, the trend has been away from diversity, towards national uniformity. At least since the Rudd Government, the [Council of Australian Governments](#) (COAG) has been the main institutional mechanism for achieving this agenda. COAG's reform agenda covers a wide range of policy areas, including education, skills and training, health, housing and homelessness, the environment and regulatory reform; so wide indeed that every policy area would seem to lie within the orbit of the national reform agenda.

The White Paper's [terms of reference](#) flags improvements to COAG's operations as an issue for consideration, with a view to making COAG "a strategic, consultative and co-operative decision-making forum". Not flagged for consideration are concerns about the anomalous nature of COAG, which has arguably transformed from a leaders' summit in the 1990s to a central institution of government, in circumstances where COAG lacks any statutory or constitutional status.

[Issues Paper 1](#) does address the axing on 30 June 2014 of the COAG Reform Council, a formerly independent body tasked with overseeing the implementation of the reform agenda across the States. It asks whether "there should be independent assessment of governments' performance".

The School Chaplains cases

The White Paper review takes place against the background of High Court cases with potentially significant implications for Australian federalism.

[Williams \(No 1\)](#) concerned the constitutional validity of a funding agreement under the

Commonwealth's National School Chaplaincy Program (NSCP). This funding was not provided under specific legislation or further to section 96 of the Constitution. Rather, it was made under a series of funding arrangements administered by the Commonwealth and only authorised by the relevant Appropriations Acts. The funding agreement was held to be invalid because it was beyond the executive power of the Commonwealth. Federal considerations played a part in limiting the scope of the Commonwealth government's executive power.

In response, the Commonwealth Government passed legislation designed to shore up the validity of no fewer than 427 existing grants and programs. At issue in [Williams \(No 2\)](#) was the validity of this remedial legislative scheme, to the extent that it applied to the school chaplaincy program. This, too, was held to be invalid, leaving in doubt the constitutionality of a raft of federal programs, including grants provided directly to local government in such areas as sport, the arts, roads and the environment. The precise impact of these cases is yet to be determined. For the federal funding of programs outside the Commonwealth's heads of power, one possible outcome is that greater reliance will be placed on direct grants to the States through section 96. If so, as Professor Twomey has [commented](#), it would herald a return to "the basic principles of federalism".

Rekindled by these cases was the debate about the constitutional recognition of local government at the Commonwealth level. An [Expert Panel](#) was appointed, followed by a Commonwealth Joint Select Committee which [reported](#) in March 2013. Its recommendation that a referendum on the "financial recognition" of local government be held at the 2013 federal election was not implemented.

Research Service Publications

G Griffith, [The High Court's decision in the second school chaplains case](#), e-brief 10/2014

L Blayden, [COAG](#), Briefing Paper 6/2013

L Roth, [The constitutional recognition of local government](#), e-brief 5/2013

Local Government

Gareth Griffith

Issues concerned with local government are always on the political agenda. This is hardly surprising when one considers the range of services and functions performed by the third tier of government. There are concerns about governance and accountability, the delivery of infrastructure, revenue and funding arrangements. Talk of mergers is never far from the agenda, a debate that takes place against the background of the Coalition's 2011 election policy of no forced mergers.

Strategically, the O'Farrell and Baird Governments sought to advance the conversation about local government in 2 key directions: through a [Taskforce review](#) of the primary legislation; and by means of an [Independent Panel review](#) of governance models, structural arrangements and boundary changes. The Government's response to both reviews is found in the September 2014 publication, [Fit for the Future: a blueprint for the future of local government](#).

Amending the Local Government Act 1993 (LG Act)

In the interim, with ongoing issues to be addressed, the *LG Act* was amended on several occasions over the past 4 years.

Key amendments

- *enabling the number of councillors or wards to be reduced without the need for a constitutional referendum (s 224A(2) and s 210B);*
- *providing for the Director-General of the Department of Premier and Cabinet to conduct an investigation and determine whether a councillor has engaged in misconduct, as well as to take appropriate disciplinary action (s 4440H);*
- *preventing a person from holding the dual role of a Member of Parliament of NSW and a councillor or mayor of a council (s 275(a1)); and*
- *providing the Minister with the power to issue a "performance improvement order", as well as a "temporary suspension order" for an initial period of no more than 3 months (Chapter 13, Parts 6 and 7).*

Local Government Acts Taskforce

The Local Government Acts Taskforce was appointed to re-write the *LG Act* and review the *City of Sydney Act 1988*. Reporting in October 2013, the [Taskforce](#) found that, instead of a "total rewrite", the Act was more in need of "refocus, re-emphasis and simplification":

In particular, it is evident that there is widespread support for the integrated planning and reporting (IPR) framework. Reflecting this, the key recommendation of the Taskforce is the restructure of the new Act around this framework.

In response, the Government [said](#) it "broadly" supported the recommendations of the Taskforce, and that it would develop a new *LG Act*, "with the aim of phasing it in from 2016/17". Among other things, the new Act would be designed to: use IPR as its central framework; enhance community engagement; reduce unnecessary red tape; and embed the principle of fiscal responsibility.

City of Sydney Act 1988

The [Taskforce](#) concluded that this Act was "working well", except that is for "the non-residential electoral arrangements for Sydney City Council". Discussed by the Taskforce was the decline in electors seeking to be enrolled on the city's non-residential rolls; at the 2012 elections, only 2.13% of the total electors who voted were non-residential electors. Deeming provisions based on those in place in the City of Melbourne were recommended for businesses, a model that also found favour in the March 2014 report of the [Joint Standing Committee on Electoral Matters](#) into the 2012 local government elections.

These recommendations were encapsulated in a Private Member's Bill, supported by the Government, which was to become the *City of Sydney Amendment (Elections) Act 2014*.

Mergers and partnerships

The consolidation of council numbers and the potential for greater regional cooperation are subjects which have attracted considerable attention over the past decade or so. On the consolidation front, there has been a steady decline in numbers, from 324 local councils in 1910 to 152 today. Still, huge variations in size,

geography, demographics and resources remain. For example, in 2011 Blacktown had the highest population, with 301,097; Central Darling the lowest, with 1,992. The NSW Auditor General's 2012 [performance audit report](#) compared NSW and Victoria as follows:

	NSW	Victoria
Number of councils	152	79
Average population in 2010	47,575	70,192
Councils with population under 2,000	4	0
Reduction in councils, 1990-2010	14%	62%

Released in April 2013 was TCorp's report, [Financial Sustainability of the New South Wales Local](#), which found that, in 2012, "only one third of Councils (50) reported an operating surplus. Over the 2009 to 2012 Review Period, the cumulative operating deficits for all Councils in NSW totalled \$1.0b".

Independent Local Government Review

The debate about mergers and partnerships was reflected in the Independent Local Government Review Panel's 2013 report, [Revitalising Local Government](#). The report made 65 wide ranging recommendations, against which the Government made detailed responses. These included:

Recommendation 32 – legislate a revised process for considering potential mergers and boundary changes through a more independent Boundaries Commission ([not supported](#)).

Recommendation 33 – encourage voluntary mergers ([supported](#)). The Government said it would seek to amend the LG Act to provide an opportunity for councils choosing to merge voluntarily to undergo a streamlined application process".

Recommendations 35 and 49 – establish Joint Organisations for certain regions ([supported in principle](#)), including the Hunter and Illawarra ([supported](#)).

Recommendation 40 – strengthen the State government's coordinated metropolitan planning and governance, and ensure more effective collaboration between State and local government ([supported](#)).

Recommendation 53 – establish a Far West Regional Authority ([supported](#)).

Fit for the Future

Following these reviews, the Baird Government published its consolidated strategy for local government in September 2014. Its cornerstone

was that councils would be "asked to assess their current position and submit a Fit for Future proposal by 30 June 2015". High on the agenda is the consolidation of the current 41 councils in Greater Sydney, and the creation of a "more connected system of local government". Key initiatives included:

- \$258m to help councils who have decided to merge to make the transition;
- \$5.3m to get new regional Joint Organisations up and running; and
- \$22.5 million for new councils in Greater Sydney, the Central Coast and the Newcastle/Lake Macquarie and up to \$13.5 million for new councils in regional areas.

Policies and opinions

Both Labor and the Greens NSW oppose forced council mergers, with Labor setting out a 5 point test for voluntary amalgamations. This would include an independent cost benefit analysis, community consultation and commitment that there be no overall job losses or reduction in services (*SMH*, 25.3.15).

The *SMH* (25/11/14) reported that Sydney voters were evenly divided when asked if they agreed that there were too many councils, but that 54% opposed forced mergers, with 40% in support; only 1% said the issue would determine which party they'd vote for. A later poll found that 55% favoured council amalgamations, with 38% against (*DI*, 24.2.15).

The peak body [Local Government NSW](#) supported a policy of voluntary structural reform and, regardless of how local government is configured, called for "reforms to the financial framework of the sector". Its key election priorities included: greater autonomy in governance; autonomy in council revenue raising; and fair funding for shared infrastructure and service responsibilities. The responses of political parties to these priorities were set out on the [Local Government NSW website](#).

Research Service Publications

G Griffith, [Local government, review of current issues](#), e-brief 1/2013

Greater Sydney Commission

Gareth Griffith

By any measure of geographical distribution or population size Sydney is getting bigger and more complicated. In the next 20 years, Sydney's population is [projected](#) to grow by 1.6 million. 900,000 of this growth is projected to occur in Western Sydney, with all the implications that has for public policy, including in the areas of housing, education, transport and planning.

Proposed local council consolidation is one aspect of the response to these developments. Another is the setting up of a Greater Sydney Commission, based on the idea of achieving a more “joined up” approach to metropolitan administration. It is envisaged that the Commission will play a coordinating, advising, monitoring and reporting role in respect to the Sydney metropolitan strategy.

Back to the future

If concerns about the administration of metropolitan Sydney are particularly intense at present, they are by no means new. At least since the 1890s some variation on a Sydney-wide administrative structure with broad planning and other functions has been suggested. For example, the Greater Sydney Bill of 1931 proposed a rationalisation of existing councils and a second-tier directly elected Greater Sydney Council, reaching out to Camden and charged with regional planning and other functions.

Established in 1945 and elected by local councillors was the Cumberland County Council, with the sole task of developing a planning strategy for the Sydney region. Writing in 1978, in *The Government of New South Wales*, RS Parker commented that the Council's insistence on maintaining a “green belt” made it “increasingly unpopular with landowners and local authorities”. It was abolished in 1963, replaced initially by the State Planning Authority, a body with State-wide jurisdiction.

Parker writes that in Sydney, by 1960, a total of

65 different authorities, State and local, were “operating in an area of 670 square miles”. Fifty-five years on, the public administration of metropolitan Sydney remains fractured and complex.

The Greater Sydney Commission

In June 2014 Premier Mike Baird and Planning Minister Pru Goward [announced](#) plans to establish a Greater Sydney Commission, described as a single agency to “streamline the way the NSW Government's infrastructure and urban planning priorities are delivered”. The Planning Minister was charged with developing a detailed proposal for Cabinet consideration.

Released in December 2014 by the Department of Planning and Environment was [A Plan for Growing Sydney](#), which was to be read in conjunction with the NSW Government's [Long Term Transport Master Plan](#) and [Rebuilding NSW - State Infrastructure Strategy 2014](#). It was explained that:

A Plan for Growing Sydney sets priorities and provides a direction for metropolitan planning. It specifically identifies where to focus new housing and jobs, and how to target growth in strategic centres and transport gateways, close to transport, to deliver social and economic outcomes. It sets the direction for subregional planning.

Central to the Plan is the proposed Greater Sydney Commission, defined to be “the lead delivery agency”. Looking to the “[big picture](#)”, the Commission will “coordinate across agencies to deliver the NSW Government's infrastructure and urban planning priorities”. It is said that:

It is the first time an independent entity will take ownership of the delivery of a metropolitan plan. This will effect a steep change in the way the Government's urban infrastructure and planning priorities are delivered across Sydney. The Commission will work with councils and State agencies to ensure that growth is aligned with infrastructure and delivered in the right places at the right time.

According to the Department's [website](#), the Commission will bring together local council areas into 6 sub-regions to co-ordinate planning for

housing, jobs, transport, education and other services. These sub-regions don't seem to correspond to the 6 Greater Sydney sub-regions outlined in [NSW 2021](#); nor do they mirror the regional organisations of councils (ROCs) currently operating in the Sydney metropolitan area. It begs the question of the administrative relationship between these entities.

In respect to [A Plan for Growing Sydney](#), the Commission will also have a monitoring and reporting role, the key components of which will be:

An Annual Update Report which provides advice to the Government on the progress and delivery of the actions in the Plan and will be reported to Parliament;

An Outcomes Report every three years – which provides detailed reporting against the outcomes in the Plan and recommends adjustments to the Plan or changes in the infrastructure priorities, if required; and

A Review of the Plan every five years or as required to update and revise the Plan if necessary.

The Department's [website](#) also explains that, under legislation to be introduced in mid-2015:

The Commission will be located within the NSW Planning and Environment cluster and will have a Board with independent, State agency and local government representatives. The chair of the Board will report directly to the Minister for Planning.

Labor's Greater Sydney Commission

Following the release of [A Plan for Growing Sydney](#), Luke Foley (then Shadow Environment Minister) fleshed out Labor's alternative model. Addressing the Committee of Sydney, he [said](#) that the Baird Government would deliver a "pale and timid Commission, limited in its scope and ambition, under the control of Planning Department bureaucrats". Mr Foley said:

I want to see a Greater Sydney Commission governed by a high-level board, with a majority of its members drawn from outside government. We

should reach out to outstanding leaders who call Sydney home and ask them to contribute their skills and talents to the shaping of this city's future.

As part of its governance plans for metropolitan Sydney, Labor also [proposed](#) a "Congress of Mayors", operating under the Commission, "to develop and implement coordinated policies beyond their council boundaries to support jobs and better local services across metropolitan Sydney".

Comparative note: Melbourne

The Commission model is similar to Melbourne's Metropolitan Planning Authority (MPA), formerly known as the Growth Areas Authority. The MPA's [website](#) explains that it is an independent statutory body, reporting directly to the Minister for Planning, and coordinating the regional planning and infrastructure strategies of 5 sub-regions, as set out in [Plan Melbourne](#).

Stakeholder views

From the limited commentary available, the prospect of a more concerted approach to metropolitan planning has been generally welcomed.

This is especially true of the more development oriented bodies, including [Property Council of Australia \(NSW\)](#) and the [Urban Development Institute of Australia \(NSW\)](#), which welcomed the Commission proposal as a means of streamlining "our ability to deal with all levels of government".

The [Committee of Sydney](#) viewed the proposal as part of larger overhaul of local government.

Concern was expressed by [Urban Taskforce Australia](#) that the Commission might become "another layer of government" for the property industry to deal with; to avoid which it [presented](#) detailed options for the governance of the Greater Sydney Commission.

For [Local Government NSW](#) and the [Better Planning Network](#) the concern back in June 2014 was about the lack of stakeholder consultation. This is [now](#) underway.



Chapter 3

Building NSW

Planning

Sydney Urban Growth

Infrastructure

Second Sydney Airport

“According to 2014 NSW Government projections, Sydney will require an additional 664,300 homes by 2031, including 361,650 in Western Sydney. Achieving this will require a significant increase on recent housing completion levels.”

Planning

Gareth Griffith

The Coalition Government came to power in 2011 promising to overhaul the planning system in NSW and to return “local planning powers to local communities”. That system was said to have “become too complex, too focussed on development assessment at the expense of strategic planning, and uncondusive to effective community participation”. In the event, the proposed overhaul of the planning system is a goal that eluded the Coalition Government.

The NSW planning system in summary

The planning system inherited by the Coalition Government included Part 3A of the Environmental Planning and Assessment Act 1979 (EP&A Act), which provided the Minister with discretionary powers to determine major or critical infrastructure and other projects. Much criticised, Part 3A was repealed in June 2011. Inserted in its place were provisions dealing with “State significant development” and “State significant infrastructure”. The Minister remained the consent authority for major projects. As amended, the EP&A Act’s main features include:

Objects (Section 5) - An extensive objects clause with reference to “ecologically sustainable development”.

Planning bodies The primary planning bodies under the Act are the Minister and local councils. In addition, Part 2A establishes the Planning Assessment Commission (PAC) as an independent statutory body to advise the Minister on planning related matters. Decisions made by PAC after the holding of a public hearing cannot be appealed.

Part 2A establishes Joint Regional Planning Panels (JRPP) to determine regionally significant development for certain parts of the State. Councils are obliged to assist both the PAC and the JRPP’s.

Environmental planning instruments (EPIs) - Part 3 provides for the making of EPIs - State environmental planning policies or SEPPs; and local environmental plans or LEPs. Each council has its own LEP, which cannot be made without prior community consultation. These EPIs, which are published on the NSW legislation website, can identify what types of development are permitted or prohibited. An EPI can state whether consent is required for development to proceed.

Gateway determinations - Part 3, Division 4 provides for a “gateway” procedure for LEPs, designed to provide greater flexibility and efficiency. The Minister decides whether a proposal presented by the relevant planning authority is to proceed, the extent of community consultation required and whether the PAC or another body is to hold public hearings.

Development control plans (DCPs) - Part 3, Division 6 provides that a consent authority can develop DCPs. As amended in 2012, DCPs only provide “guidance” in the implementation of SEPPs and LEPs.

Development assessment - Divisions 1 and 2 of Part 4 are the workhorses of the system, dealing mainly with local development; the Department of Environment and Planning notes that the vast majority of development applications are of this kind. Set out are the procedures for “development assessment”, where consent is and is not required. The steps in the development consent process and the matters to be considered by the consent authority for the different types of development are set out in sections 78A–81 and in the regulations. The review of determinations made by consent authorities is set out in sections 82A–82D. Exemption is also provided for minor developments and for a streamlined process based on accredited certifiers.

Special procedures (Part 4, Divisions 2A and 3) - special procedures apply to “staged development applications”, which set out “concept proposals” for development, and to “complying development”.

State significant development – Part 4, Division 4.1 provides for “State significant development”, for which the Minister is the consent authority.

Development contributions - Part 4, Division 6 makes provision for “development contributions”, notably by property developers for the building of local amenities and services.

Environmental assessment - Part 5 provides for an “environmental assessment” to be conducted by determining authorities (the Minister or a relevant public authority) who are required to produce an Environmental Impact Statement (EIS). This is to have paramount regard to the “protection and enhancement of the environment”.

State significant infrastructure (SSI) - Part 5.1 provides for the Minister to decide upon SSI, with special provisions applying for environmental assessment and public consultation.

Reforming planning in NSW

NSW 2021: A Plan to Make NSW Number One committed the Government to achieving several goals, including “restoring confidence and integrity in the planning system”. The process to achieve this started with the publication in December 2011 of an Independent Review report, The way ahead for planning in NSW: recommendations of the NSW planning system review. Three imperatives were said to “demand

reform” of the planning system: the drag that the present system puts on the economic performance of the State and on housing affordability; broad public distrust in the present planning system; and the complexity of the system itself. A new legislative framework was proposed, including:

- a Sustainable Planning Act – to establish in plain English the framework for a reformed planning system; with the object of providing an “ecologically, economically and socially sustainable framework for land use planning and for development proposal assessment”;
- a Planning Commission Act – to establish an independent Planning Commission.

There followed the release of a [Green Paper](#) in July 2012, which was also informed by [A Review of International Best Practice in Planning Law](#), a paper commissioned by the Department. A [White Paper](#) was then released in April 2013 along with draft planning legislation. This process was [said](#) to involve the most extensive consultation ever undertaken by the NSW Government. Six major areas of reform were proposed by the White Paper:

(1) Delivery culture – a new planning culture to set a sound framework for the successful implementation and operation of the new planning system;

(2) Community participation – increased community participation in the preparation of plans and a statutory Community Participation Charter;

(3) Strategic planning – increased focus on strategic planning through a hierarchy of evidence based strategic plans: NSW Planning Policies; Regional Growth Plans; Subregional Delivery Plans; and Local Plans;

(4) [Development assessment](#) – a performance based system with five assessment tracks in which emphasis would be placed on code complying development and the use of independent expert decision making. The White Paper proposed that 80% of development would either be assessed as complying or code-assessable. That target was later revised with development codes to be used only in nominated growth areas;

(5) [Infrastructure](#) – integration of infrastructure planning and provision with the planning process through measures including Growth Infrastructure Plans. Increased private sector involvement and simplified infrastructure contributions were also envisaged; and

(6) [Building regulation and certification](#) – reforms to provide a more robust, consistent and transparent building regulation and certification system in order to increase confidence in the quality and safety of buildings.

Responses varied. Community views [focused](#) on: the role and extent of community participation, including in the code complying development assessment stream; the place for [heritage](#) within a proposed set of broad zones and approvals; concerns about limits to third party appeals and exemptions from [judicial review](#); and the failure to include “[ecologically sustainable development](#)” in the objects of legislation.

Introduced on 22 October 2013 was the [Planning Bill 2013](#) and the cognate [Planning Administration Bill 2013](#). In the event, the amendments made to the [Planning Bill 2013](#) in the Legislative Council were not agreed to by the Assembly and the Bill lapsed on prorogation. For that reason, the cognate Bill has not been assented to. Several of the amendments inserted additional requirements for the public exhibition of development proposals; requirements for “affordable housing contributions” were also proposed. Of the main parties, the Greens NSW support establishing an Independent State Planning Commission.

Planning in the spotlight

Few subjects generate more heated debate than planning. Among the highly contested issues over the past 4 years are the ongoing decisions and processes relating to the [Barangaroo Project](#) and the assessment of [mining proposals](#) in the Hunter Valley. The NSW Ombudsman is [reported](#) to have told the Planning Assessment Commission to “develop better policies to deal with conflicts of interest”. Planning was again in the spotlight in the Upper House committee report on [The planning process in Newcastle and the broader Hunter region](#). One issue inquired into was the NSW Government’s decision to terminate the Newcastle heavy rail line at Wickham and construct light rail, in respect to which findings of conflict of interest were made.

Research Service Publications

D Montoya and J Finegan, [NSW Planning Reforms](#), Briefing Papers 7,8,9 & 11/2013

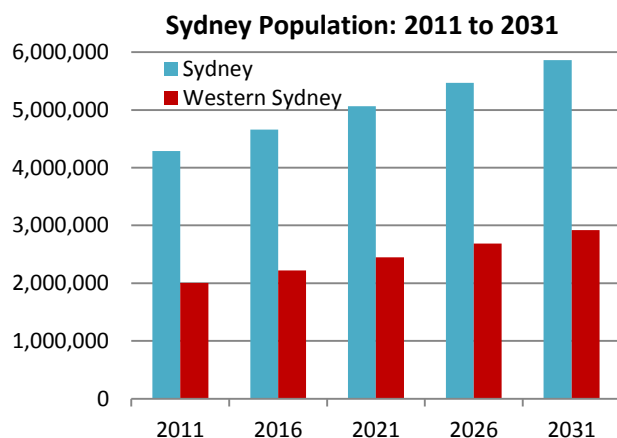
Sydney Urban Growth

Lenny Roth

Population growth brings with it the challenge for Government of planning for new housing, employment and infrastructure.

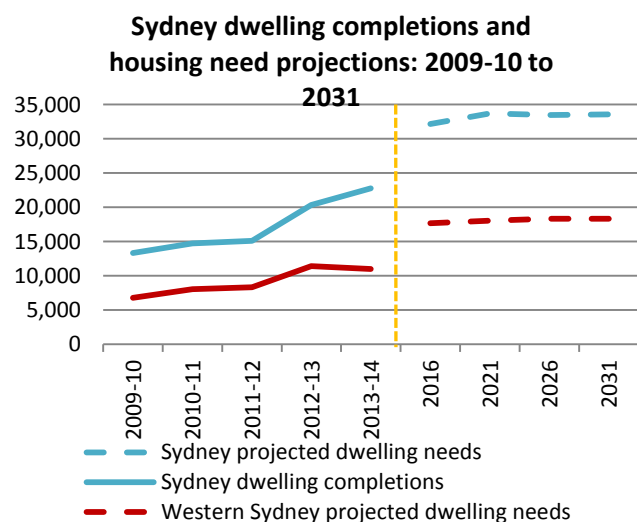
Population projections

2014 NSW Government [projections](#) predict that in the 20 years from 2011 to 2031, Sydney's population will grow by 1.6 million people, from 4.3 million to 5.9 million. Much of this growth will occur in Western Sydney, which will increase by 900,000 people; from 2 million to 2.9 million.



Housing trends and projections

According to 2014 NSW Government [projections](#), Sydney will require an additional 664,300 homes by 2031, including 361,650 in Western Sydney. Achieving this will require a significant increase on [recent](#) housing completion levels.



A 2014 [quarterly report](#) shows that in the four quarters between July 2013 and June 2014, dwelling completions in existing urban areas accounted for 70-80% of total completions, with dwellings in land release (greenfield) areas making up the remaining 20-30%. A 2011 [report](#) shows in the 5 years from 2006-07 to 2009-10, 84% of dwellings were built in existing areas.

The largest areas of land release are in the [North West and South West Growth Centres](#). These growth centres were established in 2005, with the plan to accommodate 500,000 people over the following 30 years. The centres were expected to have land for more than 180,000 homes, 2,500 hectares of employment land, and at least \$7.5 billion in new infrastructure. By the end of 2014, just over 3,500 dwellings had been completed in the two centres (1,119 dwellings in the North-West, and 2,392 dwellings in the South-West).

Recent Government initiatives

The [Housing Acceleration Fund](#) provides funds for new infrastructure projects that support housing growth. The 2012-13 Budget allocated \$181 million to 10 projects, which were expected to accelerate up to 76,000 new housing lots. In 2013-14, over \$300 million was allocated including \$141 million for 11 projects in Sydney and the Lower Hunter, with the aim of generating 42,900 housing lots. In 2014-15, \$83 million was assigned for projects in South-West Sydney.

The [Priority Precincts Program](#) (formerly Urban Activation Precincts) aims to deliver more homes in places with access to infrastructure, transport, services and jobs. It involves detailed planning for precincts, undertaken in close consultation with local communities and councils. There are currently 13 [Priority Precincts](#), which, according to [the Department](#), have the capacity to provide over 42,000 homes. Under the Precinct Support Scheme, over \$100 million (from 2012-13 to 2014-15) was provided to local councils to deliver improvements to public spaces.

In 2013, the Government created a new entity, [UrbanGrowth NSW](#), by merging Landcom and the Sydney Metropolitan Development Authority. UrbanGrowth NSW has a focus on managing

urban renewal in strategic and complex sites. [Major urban transformation projects](#) include: the Green Square Town Centre; the Parramatta Road corridor; and the Bays Precinct (which has been described as the largest urban renewal project in Sydney since the Olympics).

In June 2013, the Government released a [Broader Western Sydney Employment Area Draft Structure Plan](#). It stated that it would “provide some 6,300 hectares of additional employment lands”, noting that the broader area had the potential to generate around 57,000 jobs to 2046. In August 2014, after the Commonwealth Government’s decision to build a second airport at Badgery’s Creek, the NSW Government [proposed](#) adding 4,537 hectares to the area. According to the [Department](#), this revision is expected to be completed by the end of 2015.

Sydney Metropolitan Strategy

In December 2014, the NSW Government released [A Plan for Growing Sydney](#). The Plan is to be read with the [Long Term Transport Master Plan](#) and [Rebuilding NSW - State Infrastructure Strategy 2014](#). The Plan notes that Sydney will need to deliver 684,000 new homes and accommodate 689,000 new jobs by 2031. The Plan’s goals and directions are set out in summary form in the Table below.

Goal 1: A competitive economy with world-class services and transport

Grow a more internationally competitive Sydney CBD

Grow Greater Parramatta – Sydney’s second CBD

Establish a new Priority Growth Area – Greater Parramatta to the Olympic Peninsula

Transform the productivity of Western Sydney through growth and investment

Enhance capacity at Sydney’s gateways and freight networks

Expand the Global Economic Corridor

Grow strategic centres - providing more jobs closer to home

Enhance linkages to regional NSW

Support priority economic sectors

Plan for education and health services to meet Sydney’s growing needs

Deliver infrastructure

Goal 2: A city of housing choice, with homes that meet our needs and lifestyles

Accelerate housing supply across Sydney

Accelerate urban renewal across Sydney – providing homes closer to jobs

Improve housing choice to suit different needs and lifestyles

Deliver timely and well planned greenfield precincts and housing

Goal 3: A great place to live with communities that are strong, healthy and well connected

Revitalise existing suburbs

Create a network of interlinked, multipurpose open and green spaces across Sydney

Create healthy built environments

Promote Sydney’s heritage, arts and culture

Goal 4: A sustainable and resilient city that protects the natural environment and has a balanced approach to the use of land and resources

Protect our natural environment and biodiversity

Build Sydney’s resilience to natural hazards

Manage the impacts of development on the environment

The Plan does not set out how the new homes and jobs will be distributed across Sydney. This will be determined through subregional planning. According to a media [article](#), draft subregional plans are due for release in mid-2015.

A new Greater Sydney Commission will coordinate and monitor delivery of the Plan.

Election policies

The Coalition’s [Rebuilding NSW - State Infrastructure Strategy 2014](#), committed \$20 billion towards infrastructure in NSW. The Coalition also [announced](#) that it would instruct UrbanGrowth NSW to double the number of home sites unlocked from Government-owned land, to 20,000 sites over the next 4 years.

Labor had an alternative [Infrastructure Plan](#) to the value of \$10 billion. It also had a [Plan to Address the Housing Affordability Crisis](#), including releasing 20,000 lots for new homes and investing \$100 million in the Housing Acceleration Fund. It also released a [Plan to Revitalise our Town Centres](#), and a [Plan for the Bays Precinct](#).

Research Service Publications

D Montoya, [Western Sydney: An Economic Profile](#), Briefing Paper 6/2012

Infrastructure

Andrew Haylen

Budgeted infrastructure investment

Public infrastructure investment of \$14.1 billion was estimated for 2013-14 in the [2014-15 Budget](#). This is \$1.4 billion or 9.0% less than the \$15.5 billion forecast in the [2013-14 Budget](#). Changes principally reflect a reduction in utilities spending (\$731 million) and a variation in the spending on road and rail projects (\$416 million).

Major general government sector projects completed or planned for completion in 2013-14 included:

- Great Western Highway, Woodford to Hazelbrook (\$225 million);
- Rail Clearways (\$2 billion) and the Inner West Light Rail (\$220 million);
- COAG funded sub-acute projects including new Mental Health Units at Blacktown, Shoalhaven, St George and Wagga Wagga hospitals and new Rehabilitation Units at Mt Drutt, Mona Vale and Nepean hospitals;
- 10 school upgrade projects.

With \$15.0 billion allocated in the [2014-15 Budget](#), State infrastructure expenditure will total \$62.4 billion over the four years to 2017-18. This is around 30% higher over the next four years than for the four years to 2009-10.

Infrastructure Expenditure Summary					
	13-14	14-15	15-16	16-17	17-18
GG sector	8,652	10,203	9,556	9,782	9,501
Utilities PTEs	3,587	3,602	3,649	3,336	3,303
Other PTEs	1,904	1,241	2,049	3,887	2,155
Total	14,135	15,038	15,375	17,045	14,975

Where is the funding coming from?

Infrastructure expenditure is funded from three different sources: State funding; funding from the Commonwealth; and public trading enterprise

utility funding.

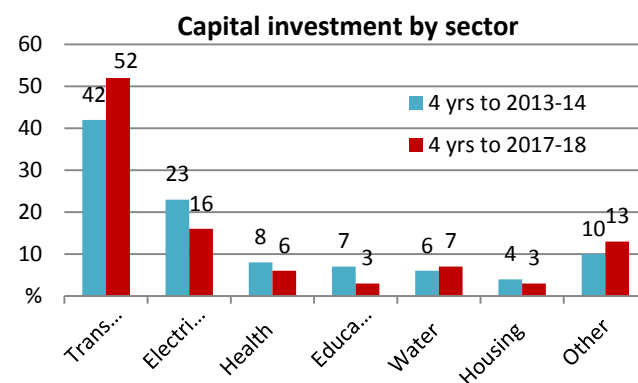
The **State-funded program** will increase to an average \$8.8 billion per year over the four years to 2017-18. A key driver of this funding is the recycling of the proceeds of business asset sales through Restart NSW.

The **Commonwealth Government** will provide funding for around 14.4% of the State's infrastructure program to 2017-18 at an average of just over \$2 billion per year.

Public trading enterprise infrastructure investment will average \$4.3 billion per year over the four years to 2017-18. This is a decrease of around 27% compared with the three years to 2010-11 and is attributable to measures taken since 2011 by the Government, directing the electricity and water networks to manage their capital investment more effectively.

What is the State investing in?

The majority of the State's investment will be directed to transport related projects over the next four years. Electricity, health and education will also see significant funding, albeit down relative to the previous four years of expenditure.



Transport

The latest budget has a particular focus on transport projects designed to reduce the costs of Sydney's road congestion which, according to the [NSW Transport Master Plan](#), costs the State economy an estimated \$5.1 billion each year. Key transport projects include:

- major upgrades for the Pacific Highway (\$5.8 billion), Princes Highway (\$681 million), Western Sydney Growth Roads

- (\$557 million) and Great Western Highway and Bells Line of Road (\$359 million);
- the WestConnex Motorway project (\$3.8 billion);
- roads to support Sydney's second airport at Badgerys Creek (\$1.4 billion);
- rail projects including the North West Rail Link (\$5.2 billion), Northern Sydney Freight Corridor (\$576 million), Fixing the Trains investments (\$280 million) and \$233 million for the next generation of rail fleet;
- CBD and South East Light Rail (\$401 million), new buses (\$422 million), the Opal card (\$205 million) and new ferries (\$42 million); and
- \$502 million to the NorthConnex Public Private Partnership.

Electricity and utilities investment

Capital investment programs for water and electricity principally comprise:

- \$9.9 billion for energy projects to ensure a reliable electricity supply; and
- \$3.9 billion for water and wastewater projects including growth works to service urban development across Sydney, the Illawarra and the Blue Mountains (\$824 million), priority sewerage programs (\$70 million) and upgrades for dams, fish ways and reservoirs.

Health investment

Around \$4.4 billion has been allocated for health capital works to 2017-18 for hospital upgrades, redevelopments and expansions including:

- St George Hospital redevelopment (Stage 1), Westmead Hospital redevelopment (Stage 1), Gosford Hospital redevelopment and Sutherland Hospital expansion; and
- ongoing major works including a new Byron Central Hospital, Blacktown and Mt Druitt Hospitals (Stage 1), Campbelltown Hospital (Stage 1), Hornsby Ku-ring-gai Hospital (Stage 1), Wagga Wagga Base Hospital, Tamworth Hospital and the new South East Regional Hospital at Bega.

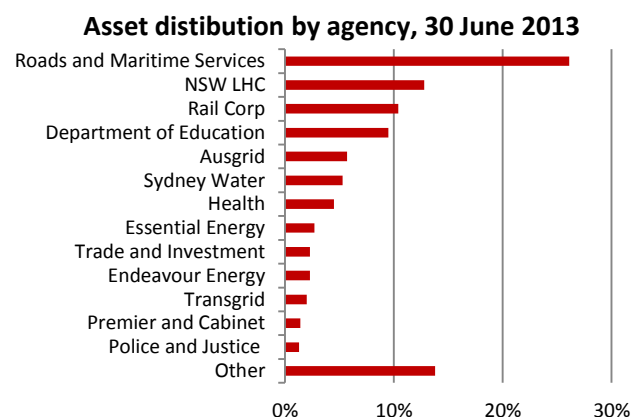
Skills and education investment

Around \$1.9 billion has been allocated for capital works to 2017-18 for education projects including:

- \$1.3 billion for new schools and upgrades at existing schools; and
- \$300 million for the TAFE construction program.

Existing assets and maintenance

The State's physical assets comprise land and buildings, plant and equipment and infrastructure systems. Control of the State's physical assets is concentrated in a relatively small number of agencies.



The State's physical assets across both the general government and PTE sectors had a value of \$265.4 billion as at 30 June 2013 and are estimated to have a value of around \$277.4 billion as at 30 June 2014. The value of physical assets net of depreciation is expected to increase during 2014-15 by \$6.0 billion in the general government sector and by \$6.1 billion in the PTE sector.

Expenditure on asset maintenance in 2013-14 is equivalent to 2.0% of the Government's estimated total built asset holdings as at 30 June 2014. This percentage is estimated to be 1.9% for 2014-15.

Research Service Publications

A Haylen, [Trends in New South Wales public sector assets and sales](#), Statistical Indicators 3/2014

L Roth, [Trends in NSW State finances: 2002-03 to 2014-05](#), Statistical Indicators 8/2014

D Montoya, [Infrastructure funding and the Restart NSW Fund Bill 2011](#), e-brief 10/2011

Second Sydney Airport

Andrew Haylen

Policy progression

On 15 April 2014 Badgerys Creek was approved by Cabinet and confirmed by Prime Minister Tony Abbott as the location of Sydney's second airport.

The Parliamentary Library of Australia have published two comprehensive timelines which cover the policy progression from the [post war period up until the early 2000s](#) and also the decade [from 2002 to 2012](#). A 2014 NSW Parliamentary Research Service [paper](#) outlines key policy developments and reports since the end of 2007 relating to a proposed second airport in Western Sydney.

Key reports

In the last few years, substantial research has been conducted assessing the need for a second major airport in Sydney; and also the suitability of various airport sites, most notably Badgerys Creek, Wilton and Richmond.

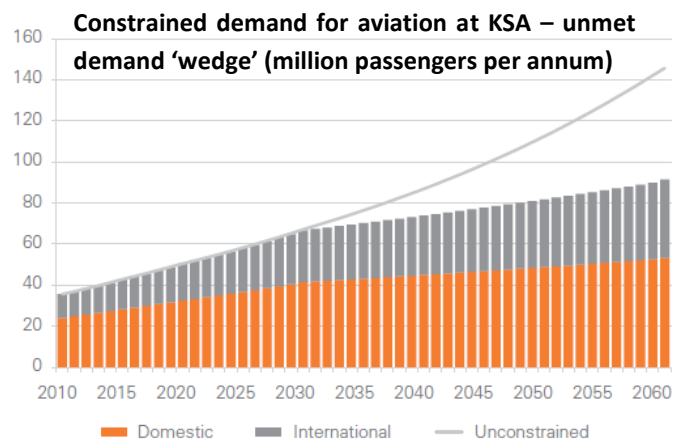
The two main Federal Government sponsored (but independent) reports published are the [Joint Study on Aviation Capacity in Sydney](#) completed in 2012; and [The study of Wilton and RAAF Base Richmond for civil aviation operations](#) completed in 2013.

Both these studies strongly confirmed the need for a second airport in Sydney and for that airport to be located in Badgerys Creek. In reaching these conclusions, a significant number of technical papers were supplied by various government and non-government organisations.

Specifically, the Committee of the Joint Study found that airside infrastructure will be unable to meet the projected aircraft movements in Sydney for the medium and longer term. The Committee suggested that upgrades to Kingsford Smith Airport and changes in regulation did not provide long term solutions for capacity.

From around 2030, the Committee concluded that an additional airport will be needed to supplement

the capacity of Kingsford-Smith Airport. The Committee recommended that other existing airports in the region (including Newcastle, Canberra, Bankstown and Richmond) were not suitable sites for a second airport.



Both government studies, as well as the studies from [Deloitte Access Economics](#) (DAE) and the [Tourism and Transport Forum](#), concluded that there are not only significant economic benefits from developing a second airport in Western Sydney, but also significant costs in delaying it. DAE estimated the impact on the Western Sydney economy over the period 2020 to 2050 at between \$9.2 billion and \$15.6 billion, and the impact on the whole of Sydney's economy at between \$15.7 billion and \$25.6 billion.

In terms of costs, the [Joint Study](#) estimated that the NSW economy would be especially heavily affected from not developing a second airport, with losses across all industries totalling \$30.6 billion in foregone expenditure and \$17.5 billion in foregone gross state product. In 2060 alone, the annual estimate of foregone jobs is approximately 57,000 in NSW and 77,900 nationally.

Contrary to many of the findings published in previous studies, the [Sydney Airport Master Plan](#), developed by Sydney Airport, stated that Kingsford-Smith Airport will be able to accommodate forecast traffic demand beyond the 2033 planning period.

Who builds the airport? The First Right of Refusal

The development of the airport is a complex and long-term infrastructure project. According to the [Department of Infrastructure and Regional](#)

[Development](#), detailed planning for the new airport is underway and it is anticipated the airport could be operational in the mid-2020s.

In facilitating this and delivering the airport, a critical first step is for the Federal Government to meet its obligations under the [Right of First Refusal](#). As part of the Government [sale of Sydney \(Kingsford-Smith\) Airport in 2002](#), the purchaser was provided with the opportunity to develop and operate a second major airport in the Sydney region, within 100 kilometres of the Sydney GPO. Badgerys Creek is located approximately 56 kilometres from the Sydney GPO and as such the provisions of the Right of First Refusal under the 2002 Sale Agreement are applicable. The [Sydney Airport Group](#) has the right to this opportunity.

The Federal Government has issued a **Notice to Consult** to the Sydney Airport Group and the first phase formally [commenced](#) on 30 September 2014. This consultative phase is expected to take nine months.

Following the consultation phase the Government may enter a contractual phase, which would involve issuing a **Notice of Intention** to the Sydney Airport Group. The Notice of Intention would set out the detailed terms for the development and operation of an airport at Badgerys Creek, including technical specifications, contractual terms and timetable. The Sydney Airport Group would then have the opportunity to exercise its option to develop and operate the airport at Badgerys Creek.

Should Sydney Airport Group decline the opportunity, the Federal Government may approach the market, or choose to develop and/or operate the airport itself.

Proposed Airport Operations

The information presented in this section has been sourced from the [Department of Infrastructure and Regional Development](#).

Development of the second airport would be staged in response to demand. An initial stage would be modest including one runway, but there

is capacity for the airport to grow over time.

The final airport layout would potentially consist of two parallel runways of up to 4,000 metres in length on a broadly north-east/south-west orientation, with supporting airside and landside facilities capable of handling up to about 70 million passengers per year. An airport at Badgerys Creek has also been planned to operate on a 24 hour basis.

Flight paths are being determined for the proposed airport and will be provided to the community as part of the public consultation in mid-2015. Indicative flight paths and aircraft approach and departure paths are currently being developed by [Airservices Australia](#).

Operation of the proposed Western Sydney airport is likely to result in some areas of Sydney being exposed to aircraft noise. However, the NSW Government's long-standing planning restrictions around the Badgerys Creek site have largely protected the area from incompatible residential and urban development.

The Federal Government Minister for the Environment has determined that a new Environmental Impact Statement will be undertaken under Australia's national environmental law, the [Environment Protection and Biodiversity Conservation Act 1999](#).

The assessment will consider a range of factors including the environmental and social impacts of developing an airport at Badgerys Creek. Guidelines for the environmental impact assessment of a Western Sydney airport at Badgerys Creek were [released](#) on 29 January 2015 by Infrastructure Minister Warren Truss.

Research Service Publications:

A Haylen, [A second Sydney airport: Policy developments, reports and key findings](#), Issues Backgrounder 4/2014

A Haylen, [Sydney Airport: performance and potential competition from a second airport](#), Briefing Paper 2/2014



Chapter 4

Transport NSW

Transport Statistics

Heavy Rail

WestConnex

Light Rail

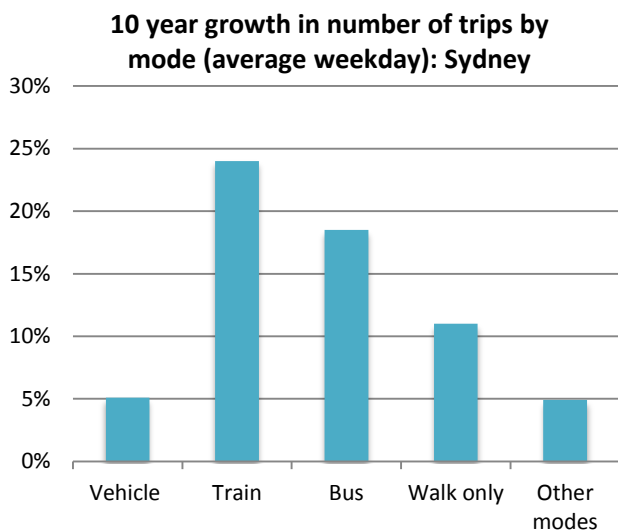
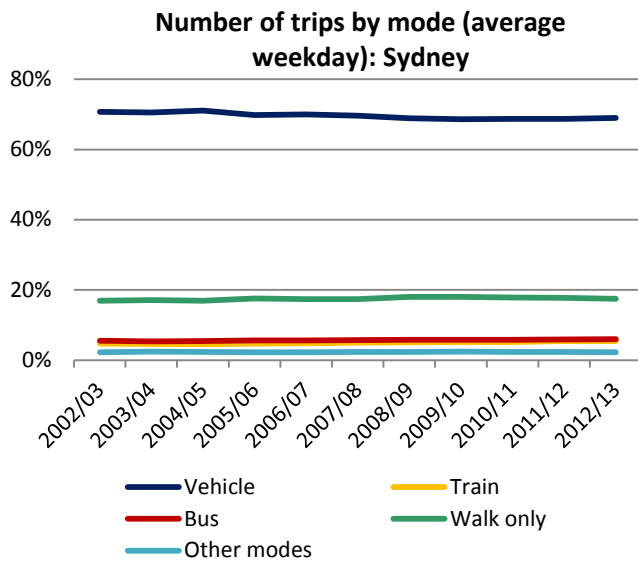
“...on multiple Sydney rail lines, train services in the busiest hour of the morning are forecast to exceed their total capacity by 2021. For the whole network, 14% of customer travel time is forecast to be spent in conditions exceeding total capacity.”

Transport Statistics

Lenny Roth

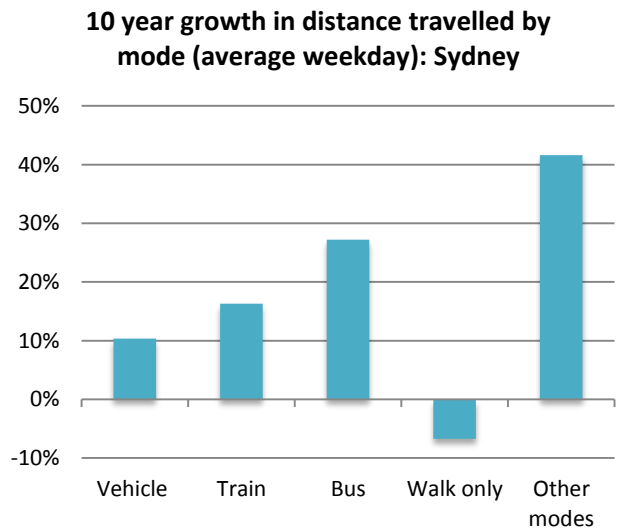
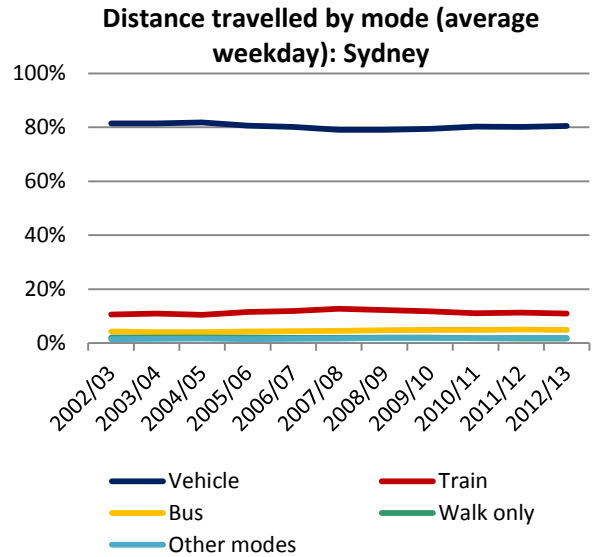
Passenger travel by transport mode

In 2012-13, vehicles accounted for 69% of the total number of trips taken in Sydney, walking made up 18%, bus 6%, train 5%, and other modes (taxi, bicycle and ferry) 2%. Over the previous decade, there was very little change in the proportion of trips by mode of transport. However, the number of vehicle trips grew at a much slower rate than the number of train trips (24%) and bus trips (19%).



Another measure of mode of transport use is by distance travelled. In 2012-13, vehicles made up

81% of the total distance travelled, compared to 11% for trains, 5% for buses, 2% for walking and 2% for other transport modes. On this measure, there was also little change in the proportions for each mode of transport over the past decade. Distance travelled by vehicles grew at a slower rate (10%) than buses (27%) and trains (16%).

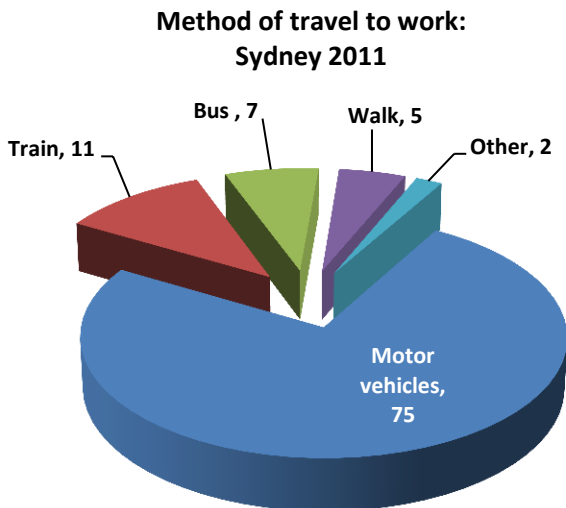


Source: [NSW Bureau of Transport Statistics, 2014](#)

Travel to work by transport mode

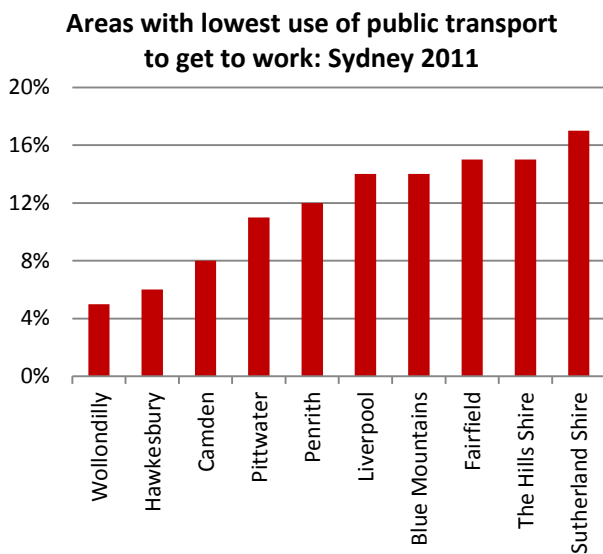
Vehicles are also the dominant mode of travelling to work in Sydney, with 75% of people choosing this option in 2011. 18% of people used public transport to get to work, including 11% who used the train and 7% who took the bus. In 2001, a slightly higher proportion (77%) used motor vehicles to get to work, and a slightly lower percentage (17%) used public transport, including

10% who used the train and 6% who went by bus.



Source: ABS, 2011 Census Community Profiles

Of the ten Sydney LGAs with the lowest proportion of public transport use to get to work (and the highest proportion of motor vehicle use to get to work), most were in Western Sydney.



Time taken to travel to work

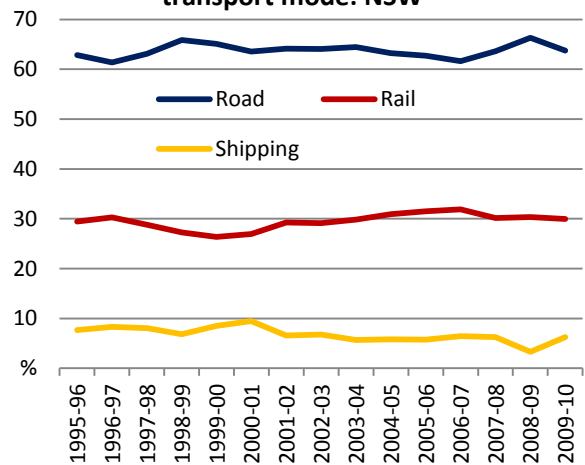
In Sydney in 2012-13, the [average duration of work trips](#) by all modes of transport was 35 minutes, compared to 32 minutes in 2002-03. Most of the LGAs with work trip durations above the Sydney average were in Western Sydney: Wollondilly (41 min), Blue Mountains (40), Campbelltown (40), Canterbury (37), Camden (36), Liverpool (36), Parramatta (36) and Bankstown (36). According to a recent [article](#), over the decade to 2012, the proportion of full-time employees in Sydney who commuted for

over 10 hours a week rose from 22% to 29%.

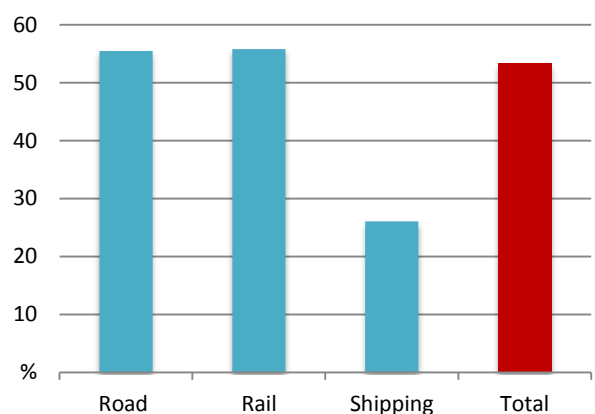
Domestic freight by transport mode

In 2009-10, road accounted for 64% of total domestic freight tonne kilometres in NSW, with rail making up 30% and shipping 6%. A similar breakdown can be seen going back to 1995-96. Total domestic freight tonne kilometres grew by 53% or 1.5 times over the 15 year period, with road and rail freight each growing by 55%. According to the [NSW Freight and Ports Strategy](#), between 2011 and 2031, the annual freight task in NSW is projected to nearly double from 409 million tonnes to 794 million tonnes.

Domestic freight tonne kilometres by transport mode: NSW



15-year growth in domestic freight tonne kilometres: NSW



Source: BITRE, 2014

Research Service Publications

T Drabsch, [Population, housing and transport statistics for NSW](#), Statistical Indicators 4/2011

WestConnex

Chris Angus

The WestConnex project generated controversy since first proposed in 2012. While the NSW Government strongly supported WestConnex, [espousing](#) potential economic benefits from reduced congestion and increased freight movements, the project faced significant criticism regarding its claimed benefits, value for money, and ability to adequately address Sydney's future transportation issues.

Background to WestConnex

Infrastructure NSW's *State Infrastructure Strategy 2012-2032* [concluded](#) that the majority of future transport demand growth would be borne by the road network. It found that there was insufficient capacity on roads connecting the port and airport gateways to Greater Sydney's residential and industrial centres, and identified the M4 and M5 corridors as requiring priority investment. Along with other projects, such as the F3-M2 link and F6 extension, the WestConnex project was one of Infrastructure NSW's key urban road recommendations.

In October 2012, an integrated project team from Infrastructure NSW, Transport for NSW and Roads & Maritime Services (the Integrated Project Team) [advised](#) the NSW Premier that WestConnex should be developed through a special purpose organisation. In October 2013 the NSW Government created the [WestConnex Delivery Authority](#) (WDA) to manage the project.

Project overview and extensions

The WDA planned to construct WestConnex in 3 stages over a 10 year period. Stage 1 of WestConnex—the widening of the M4—was due to commence in May 2015. The WDA planned to put Stage 2 out for [tender](#) midway through the year.

WestConnex Construction Stages

Stage 1	2015-19	Widening of M4; extension of the M4 via a tunnel to Parramatta Road and City West Link, Haberfield
---------	---------	--

Stage 2	2015-19	Increased capacity along M5 East corridor; new motorway access (primarily tunnels) to Sydney Airport and St Peters
Stage 3	2019-23	Joining of Stages 1 and 2 from Haberfield to St Peters



Source: [WestConnex Development Authority 2015](#)

In June 2014 the NSW Government [requested](#) that the WDA assess the possibility of northern and southern extensions to WestConnex. These extensions would [create](#) a western bypass alongside the CBD, alleviating pressure on the existing north-south corridor and reducing journey times from Sydney's southern suburbs. In response to this proposal, Infrastructure NSW [recommended](#) in its *State Infrastructure Strategy Update 2014* that the WDA develop final business cases for the extensions by the end of 2015.

Estimated Costs

The estimated cost of WestConnex has been revised several times. In 2012 the Integrated Project Team [estimated](#) the cost to be \$10 billion, including property acquisition costs. 75% of this cost would be sourced from user charges, with the NSW and Commonwealth Governments providing the remaining \$2-3 billion.

The 2013 WestConnex Business Case Executive Summary (2013 Business Case) [estimated](#) that the project would cost \$11-11.5 billion, with the NSW Government providing \$1.8 billion upfront and the Commonwealth Government providing \$1.5 billion over 4 years from 2013-14.

In 2014 Infrastructure NSW [revised](#) total project costs to \$14.9 billion, including \$1.8 billion for the northern and southern extensions. The Commonwealth Government also agreed to

provide a \$2 billion [concessional loan](#) to bring forward delivery of Stage 2.

Project benefits and criticism

According to the 2013 Business Case, which was not publicly released, WestConnex is supposed to produce the [following benefits](#):

Travel times between Parramatta and Sydney Airport cut by up to 40 minutes	Improved north-south travel times across Parramatta Road for public buses
3,000 trucks a day removed from Parramatta Road, revitalising neighbourhoods	Potential for 25,000 new jobs and 25,000 residences along Parramatta Road
Bus travel times nearly halved between the Inner West and the CBD	10,000 jobs created during the construction phase
Up to 52 sets of traffic lights bypassed	Over \$20 billion in economic benefit to NSW

Local community and other stakeholders questioned these benefits and [criticised](#) the NSW Government for its lack of transparency.

The City of Sydney Council strongly opposed WestConnex. A Council-commissioned review by SGS Economics and Planning [made](#) the following findings:

- It is highly unlikely that traffic demand will make the tolls roads financially viable;
- Claimed travel time savings are not plausible until all proposed road sections are completed;
- There is no guarantee that WestConnex will remove traffic from local roads; and
- There are significant concerns about the project assessment process.

The accuracy of traffic modelling was raised by academic Michiel Bliemer, who [commented](#) that earlier road projects, including Sydney's Cross City and Lane Cove tunnels, overestimated patronage numbers, leading to bankruptcy or other financial problems. Other transport experts called for greater investment in [public transport](#), or [smaller motorway expansions](#) used primarily by commercial traffic.

The NSW Auditor General raised governance and project assessment issues in his December 2014 performance audit of WestConnex. The audit

[found](#) that the project suffered from conflicts of interest; the final business case was prepared before the completion of traffic forecasts; and the sole independent review of the project was provided with insufficient information to determine whether it was a “worthwhile and prudent investment.”

The audit also found deficiencies in how the business case dealt with risks around traffic projections; project cost; economic benefits; financial analysis; governance arrangements; and the procurement strategy.

Benefit to Cost Ratio estimates

WestConnex's Benefit to Cost Ratio (BCR) was calculated on multiple occasions. Following the Integrated Project Team's initial 2012 estimate that WestConnex would [generate](#) a BCR of over 1.5—a return of over \$1.50 for every \$1.00 spent on the project—the 2013 Business Case [revised](#) the BCR upwards to 2.55.

In late 2014 Infrastructure Australia (IA) [assessed](#) WestConnex based on the 2013 Business Case. While estimating a BCR of 1.8, IA cautioned that its assessment could not account for the effect of extra traffic trips taken because of the motorway. IA also found that the WestConnex business case did not make the usual allowance for cost overruns, but remained optimistic that the project would retain a positive BCR even if assessed using more stringent cost estimates.

Alternative proposals

NSW Labor [committed](#) to completing a truncated version of WestConnex, stating that it would cancel the proposed St Peter's interchange and the proposed tunnel linking the M4 and M5. Prior to completion of the M4 and M5 East duplication projects, it planned to halt compulsory acquisition of properties until its alternative route was finalised and genuine community consultation undertaken.

In contrast, the NSW Greens oppose WestConnex entirely, [claiming](#) that the project will come at the expense of broader public services, including public transport such as light rail and train networks, and would damage communities.

Heavy Rail

Andrew Haylen

Capacity of the Sydney Network

Forecasts prepared by Transport for NSW in the October 2014 report [Sydney's Rail Future 2021 Demand Assessment on the 2019 Reference Case](#) show that network wide demand will grow, under the baseline scenario, by 36% between 2011 and 2021. Demand growth was forecast to be greater than population and employment growth in the Sydney region because of the North and South West Rail Links; as well as an expected preference for public over private transport in response to increased road congestion.

As a result, on multiple Sydney rail lines, train services in the busiest hour of the morning are forecast to exceed their total capacity by 2021. For the whole network, 14% of customer travel time is forecast to be spent in conditions exceeding total capacity. The Western (4.5% p.a. demand growth), Northern (3.7% p.a.) and Airport/East Hills Lines (3.3% p.a.) are forecast to have the strongest demand growth in Sydney.

NSW Government Rail Strategy

The Baird Government's strategy to accommodate demand growth across the rail network is set out in [Sydney's Rail Future](#), published in June 2012.

Key projects identified included the development of single deck, [rapid transit](#) trains on the North West Rail Link and a second harbour crossing linking to a new CBD line and new stations. The aim of such projects is to increase peak capacity across the network by 90,000 to 100,000 people

per hour.

North West Rail Link

The [North West Rail Link](#) is the largest public transport project for the NSW Government. It includes eight new railway stations at Cherrybrook, Castle Hill, Showground, Norwest, Bella Vista, Kellyville, Rouse Hill and Cudgegong Road. Five existing railway stations between Epping and Chatswood will be upgraded to cater for single deck, fully-automated rapid transit trains as part of the project.

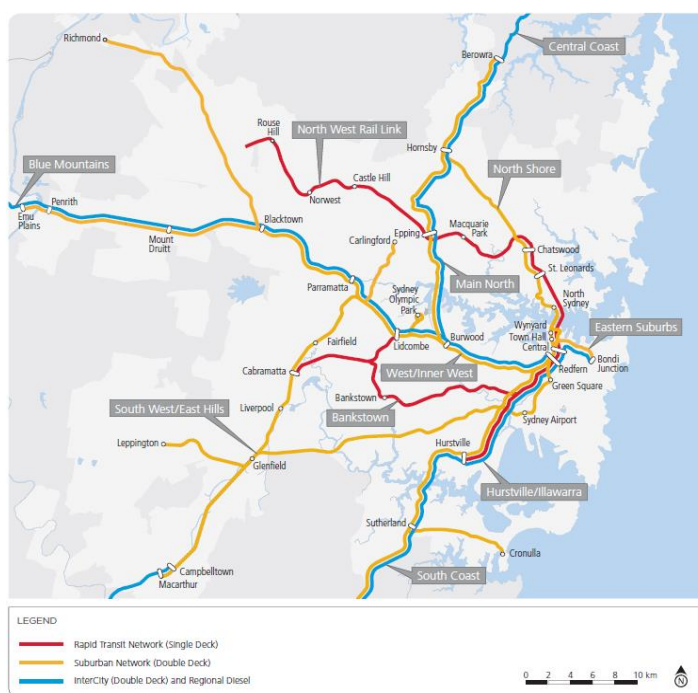
The North West Rail Link also involves the construction of twin 15 km tunnels between Bella Vista and Epping which started in early September 2014. The North West Rail Link is expected to open in the first half of 2019. Initial details of the project can be found in the June 2012 [project overview](#). The Government subsequently released the [North West Rail Link Corridor Strategy](#), which includes Structure Plans for each station and its surrounds to guide development over the next 25 years. Updated details of the North West Rail Link project can be found in the June 2014 [project overview](#).

In [September 2014](#) a \$3.7 billion service contract was signed with Northwest Rapid Transport Consortium. This is the largest Public Private Partnership contract awarded in NSW.

Second Harbour Rail Crossing

As initially outlined in the Sydney Rail Future strategy, the Baird Government has

committed to a second rail crossing of Sydney Harbour. It will be the next major rail project in Sydney, following the completion of the North West Rail Link in 2019. The rapid transit network will extend from Chatswood into the CBD and beyond (represented by the Red Line in the



adjacent figure).

This project, estimated to cost \$10.4 billion overall, is being pitched to improve the capacity of Sydney's rail system; and [according to the Government](#), will deliver a 60% increase in the capacity of the entire Sydney rail network.

Western Sydney Line

The Baird Government has committed to delivering two additional Western Line express services between Parramatta and the Sydney CBD in the busiest part of the morning peak. This is equivalent to 8,000 extra seats per week.

The Baird Government also committed \$1 billion to be spent on upgrades to Sydney's existing rail lines. The focus will be on the Western Line from Penrith through Parramatta to the City and the North Shore line. Upgrades including new signalling systems and power supply upgrades will target "pinch points" on the rail network.

South West Rail Corridor

The [South West Rail Link](#), a new 11.4 kilometre rail line from Glenfield to Leppington, was completed in February 2014. It included two new stations located at Edmondson Park and Leppington, a train stabling facility at Rossmore and an upgrade of the existing Glenfield Station and bus/rail interchange.

The NSW Government quarantined an additional [public transport corridor](#) in Western Sydney which will likely connect with the South West Rail Link and into the existing rail network. The possible extension of the South West Rail Link was one of 19 major transport corridors across Sydney identified for protection in the [NSW Long Term Transport Master Plan](#). According to [Transport NSW](#), the corridor would provide a [north-south connection](#) through the South West Growth Centre and the Broader Western Sydney Employment Area. The Legislative Assembly Committee on Transport and Infrastructure reported on the [Utilisation of Rail Corridors](#) in November 2012.

Hunter Rail Line

The decision to terminate the Newcastle rail line at Wickham and the proposal to construct light rail

through the Newcastle city centre (as part of the [Newcastle Urban Renewal Strategy](#)) was the centre of much debate, the arguments of which were presented at [the Inquiry into the planning process in Newcastle and the broader Hunter region](#). Chapter 4 of the [Interim Report](#) presented these arguments in detail. The Interim Report [recommended](#) (No.2) that:

No steps be taken to remove Newcastle's existing rail infrastructure until a peer-reviewed report is obtained by the NSW Government that thoroughly considers the economic, social and environmental costs and benefits of the alternative options of removing and retaining the existing rail line.

It also recommended that "if the truncation of the Newcastle heavy rail line proceeds, the NSW Government postpone the date of truncation until construction of the light rail service commences." (Recommendation 5).

The Committee's [final report](#) was published on 3 March 2015. Chapter 5 covers developments which occurred after the tabling of the committee's interim report. Most notable was the [NSW Supreme Court case](#) of Save Our Rail against the NSW Government. Following two days of hearings, Justice Michael Adams delivered his judgement on 24 December 2014, granting an injunction to prevent the removal of the Newcastle inner-city rail line infrastructure. Nonetheless, train services to the Newcastle city centre ceased on Boxing Day 2014.

An [Aboriginal land claim](#) on the now unused portion of the heavy rail corridor has also been made; and the Minister for Planning announced a proposal for the [potential future use](#) of Newcastle Station.

Rail infrastructure costings

In March 2012 the General Purpose Standing Committee No 3 [reported](#) on rail infrastructure project costing in NSW. It found that it cost slightly more to build new railway infrastructure in NSW compared with other jurisdictions in Australia. Ernst and Young, as part of a [cost benchmarking study](#), found that the adjusted cost of rail in Australia was \$33 million per track km, 15% less than the adjusted NSW average of \$39 million.

Light Rail

Chris Angus

Sydney's Light Rail Future Report

Prior to 2012 Sydney's light rail network was owned by Metro Transport Sydney. In March 2012, in order to make it easier to expand the light rail network, the NSW Government purchased Metro Transport Sydney for \$19.8 million.

In December 2012 Transport for NSW launched the [Sydney's Light Rail Future](#) report (Light Rail Report). The Light Rail Report estimated that the number of morning peak hour trips into the city centre was expected to increase from 205,000 in 2012 to 242,000 trips by 2031, in conjunction with a 31% increase in the number of CBD-based jobs.

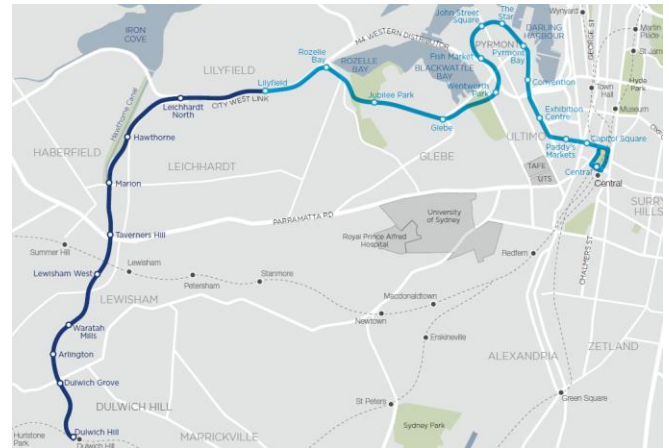
Due to limited capacity for expansion on bus and road networks, the Light Rail Report concluded that expanding the light rail network—which has greater passenger capacity and causes lower congestion than the bus network—was needed to accommodate future growth in the CBD. The Light Rail Report stated that the NSW Government would pursue the following projects:

- Completion of the Inner West Light Rail Extension (originally proposed by the Keneally Government);
- Development of the CBD and South East Light Rail project (CSELR);
- Completion of a *Western Sydney Light Rail Feasibility Study* with Parramatta City Council; and
- Investigation into expanding light rail further down Anzac Parade.

Inner West Light Rail Extension

The Inner West Light Rail Extension commenced construction in 2012 and was opened to the public on 27 March 2014 at a cost of \$176 million. It was a 5.6 kilometre addition to the existing light rail network, running along the former Rozelle freight rail corridor and adding 9 new light rail

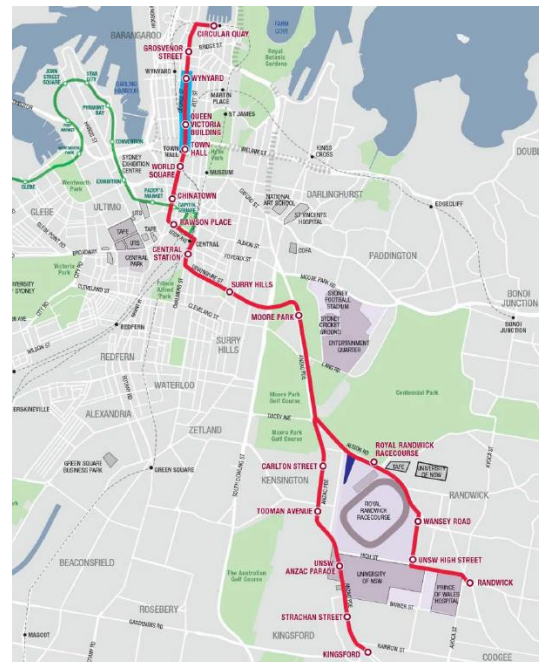
stops between Lilyfield and Dulwich Hill.



Source: [Transport for NSW 2015](#)

CBD and South East Light Rail

Although Infrastructure NSW opposed a CBD light rail in its September 2012 [State Infrastructure Strategy](#) paper, the Light Rail Report recommended construction of the CSELR at a cost of \$1.6 billion. The CSELR will extend from Circular Quay to Central Station via George St, and from there to the University of NSW via Anzac Parade and Alison Road.



Source: [Transport for NSW 2014](#)

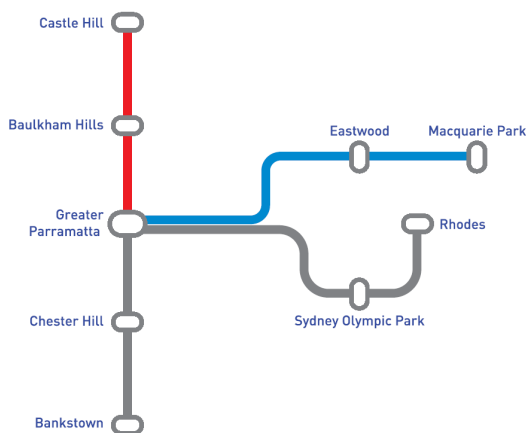
Claimed benefits of the extension included: increased convenience for commuters when changing between transport modes in the CBD; enabling urban renewal along Anzac Parade; and moving up to 9,000 people per hour in each direction.

Planning approval for the CSELR was [given](#) on 4 June 2014, and the contract to design, construct, operate and maintain the line was [signed](#) in December 2014. It was scheduled for completion in 2018 at a revised cost of \$2.1 billion.

The CSELR has received bipartisan support, with NSW Labor also having [committed](#) to completing the project.

Parramatta Light Rail proposal

In 2013, in conjunction with the NSW Government, the Parramatta City Council completed the [Western Sydney Light Rail Feasibility Report](#) into a proposed Western Sydney Light Rail Network. The Report concluded that light rail was feasible for Parramatta, and identified 4 routes for construction.



Source: Western Sydney Light Rail Feasibility Report 2013

The Report nominated the Macquarie Park and Castle Hill lines as preferred routes for the first stage of development for the [following reasons](#):

- Both lines would have an estimated patronage of 5,000 people per peak hour;
- The lines would connect Greater Parramatta to key sites in Sydney's west; and
- The lines would generate significant potential new jobs and dwellings above current forecasts.

The cost of the first stage of the project was estimated at \$1.5 billion for 30 kilometres of rail and 21 light rail vehicles, operating 10 minute services on both lines.

The WestLine Partnership, a coalition of business, local government, sport and property groups, [supported](#) development of the Olympic

Park line, claiming that voluntary developer levies could generate between \$1.6 and \$2.9 billion for a light rail connection between Camellia and Strathfield.

The Olympic Corridor route was also supported by NSW Labor, which [committed](#) \$1 billion in funding for the construction of a Western Sydney Light Rail line between Parramatta, Sydney Olympic Park and Strathfield.

The NSW Government had not made a final decision on which routes it would construct prior to the 2015 election. However, it reserved \$400 million for the Parramatta Light Rail project in the [2014-15 Budget](#).

Future light rail extensions

In its [State Infrastructure Strategy Update 2014](#), Infrastructure NSW found that the CSELR could be extended along the southern Anzac Parade corridor, either to Maroubra Junction, Malabar or La Perouse. Such an extension could mitigate increased road congestion as well as support higher population densities and additional jobs in the Anzac Parade South corridor.



Source: [Infrastructure NSW 2014](#)

Infrastructure NSW further [recommended](#) that Transport for NSW undertake a broad preliminary assessment of how Sydney Light Rail could be extended over a 10-20 year timeframe, and whether such an extension could support more productive land use.



Chapter 5

Powering NSW

Energy Statistics

Coal

Coal Seam Gas

Renewable Energy

“On 19 November 2014, following the release of the NSW Gas Plan, the NSW Government extinguished 16 CSG exploration licence applications covering 43% of the State. A further 12 existing licences covering over 2.9 million hectares (3.6% of the State) were purchased prior to the election; 11% of the State remains covered by licences”.

Energy Statistics

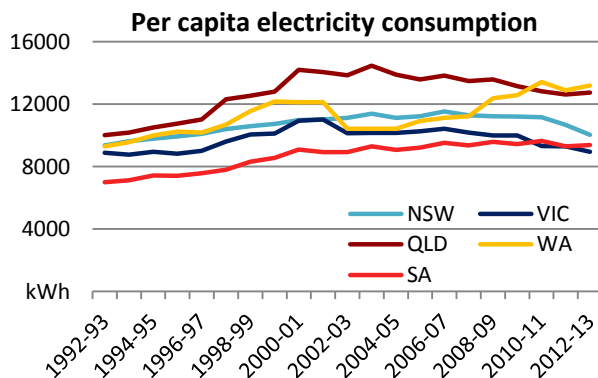
Andrew Haylen

Electricity

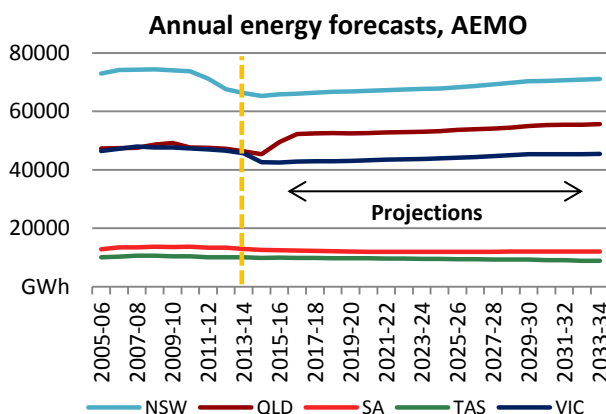
Consumption

NSW is the highest consumer of electricity when compared to the other Australian jurisdictions. In the two decades to 2012-13, aggregate electricity consumption grew from 56 terawatt hours (TWh) to 74 TWh, at an annual rate of 1.4%. Consumption growth has, however, slowed in recent years.

NSW has the third highest per capita electricity consumption (at 10,037 kilowatt hours (kWh)), behind Western Australia (13,199 kWh) and Queensland (12,743 kWh).



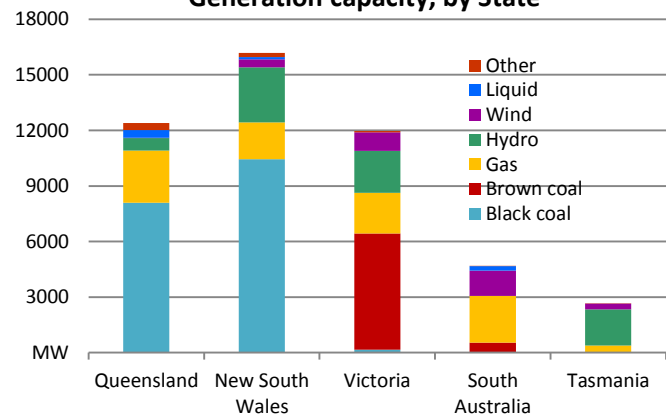
Between 2013-14 and 2033-34, growth in energy demand in NSW is expected to be moderate, increasing at an average annual rate of 0.36%.



Production

As at October 2014, 65% of generation capacity in NSW came from black coal generation; the majority of the other generation capacity came from hydro (19%) and gas (12%).

Generation capacity, by State



In 2012-13, 70,337 gigawatt hours (GWh) of electricity was generated in NSW; of this, 56,798 GWh (or 81%) was generated from black coal.

Electricity generation has actually declined in recent years across most of the eastern States in Australia. Between 2008-09 and 2012-13, electricity generation declined in NSW (down by 5.4%), Victoria (7.2%), Queensland (2.1%) and South Australia (9.4%).

State corporations own around 90% of *generation capacity* in NSW. In 2011, the State Government sold one-third of the State owned generation trading rights to TRUenergy and Origin Energy.

Following the sale, control over the electricity *generation trading rights* in NSW is now split between Macquarie Generation (28%) and Origin Energy (26%), EnergyAustralia (17%), Snowy Hydro (15%) and Delta Electricity (12%).

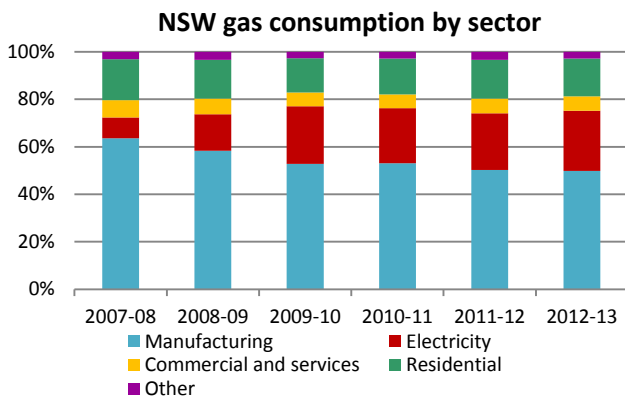
Gas

Consumption

NSW was the fourth highest consumer of natural gas in Australia in 2012-13 at 162 petajoules (PJ). Growth in natural gas consumption has remained relatively subdued, increasing by 13% between 2002-03 and 2012-13.

On a per capita basis, NSW is the lowest consumer of natural gas and in 2012-13 was estimated at 21.8 gigajoules (GJ)/annum.

The manufacturing (50% in 2012-13), electricity generation (25%) and residential (16%) sectors account for the vast majority of gas consumption in NSW.



The Australian Energy Market Operator (AEMO) [forecast](#) Eastern market annual gas demand to increase from 718 PJ in 2014 to 1,960 PJ in 2024 under the medium growth scenario. By 2024, LNG exports are projected to account for 78% of total annual gas demand. Total gas consumption in NSW is forecast to decrease at an average annual rate of 1.8% between 2014 and 2024.

Production

In absolute terms, production in NSW was estimated at 6.2 PJ in 2012-13 (or 0.25% of Australian production), a decline of 25% since 2002-03.

[BREE and the Department of Industry](#) concluded that coal seam gas developments in NSW have the potential to supply more than half of the State's current domestic demand within the next 5 years.

NSW industry is currently dependent on imports from other Australian jurisdictions, most notably Queensland. The AEMO had previously forecast that a gas supply gap would exist at some point in the future. [Current forecasts](#), however, show that no gap is expected over the forecast period (2015-2034). This is due to a 17% decline in the 2019 forecast for industrial, residential and commercial gas consumption. In addition, upgrades to gas market infrastructure, the commissioning of the 1.5 PJ Newcastle LNG storage facility and an increase in the capacity of the Victoria – NSW Interconnect have all alleviated gas supply gaps.

APA Group, a publicly listed company, has the most extensive portfolio of gas transmission assets in NSW and owns three pipelines including

the Moomba to Sydney Pipeline. Transmission pipelines enable gas to be transported under high pressure from production facilities to either the entry point of the distribution system or directly to users that are connected to the transmission pipeline.

Jemena owns the principal NSW gas distribution network, Jemena Gas Networks. The distribution pipeline network delivers gas from demand hubs to industrial and residential customers.

Renewables Consumption

NSW was the second highest aggregate consumer of renewable energy in 2012-13 at 80.8 PJ. When considered by head of population NSW consumed 11 GJ/capita in 2012-13; Tasmania was the greatest consumer of renewable energy in 2012-13 at 94 GJ/capita. When considered as a proportion of total energy consumption, Tasmania is by far the greatest consumer of renewable energy at 82% in 2012-13. 5.1% of NSW's energy is sourced from renewables.

Production

NSW was the second highest aggregate generator of renewable electricity in 2012-13 at 8,179 GWh, equivalent to 12% of its electricity in 2012-13.

Hydro is the main source of renewable electricity generation in NSW. In 2012-13, 5,651.6 GWh of electricity was generated from hydro, up 78% since 2008-09. Wind and solar are the next most significant renewable electricity sources. Both have risen in recent years on the back of renewable energy targets and other associated climate change policies.

Research Service Publications

A Haylen, [Electricity prices, demand and supply in NSW](#), Briefing Paper 3/2014

A Haylen, [A tightening gas market: supply, demand and price outlook for NSW](#), Briefing Paper 4/2014

D Montoya and N Wales, [Key Issues in Energy](#), Background Paper 4/2011

Coal Seam Gas

Daniel Montoya

Coal seam gas in NSW

Coal seam gas (CSG) is a type of unconventional natural gas sourced from coal seams hundreds of metres underground. As of 2014, NSW had [2,266 petajoules](#) of proved and probable CSG reserves. This was equivalent to 1.6% of total Australian gas reserves, and 4.5% of total Eastern Australia gas reserves.

Australian proved and probable gas reserves		
	Petajoules	Share of Aus. reserves (%)
Total Eastern Australia	49,940	36.0%
Eastern Australia CSG	43,422	31.3%
NSW CSG	2,266	1.6%
Total Australia	138,812	100.0%

CSG is trapped within coal seams by water pressure. Dewatering these seams by pumping groundwater (“[flowback water](#)”) to the surface releases the CSG. In some cases, [fracking](#), or hydraulic fracturing, is required to widen coal seam fractures to allow the gas to flow more freely. Water and [chemicals](#) are pumped into the seams at high pressure; sand is generally used to keep the fractures open.

On [19 November 2014](#), following the release of the [NSW Gas Plan](#), the NSW Government [extinguished](#) 16 CSG exploration licence applications covering 43% of the State. A further [12 existing licences](#) covering over [2.9 million hectares](#) (3.6% of the State) were purchased prior to the election; 11% of the State remains covered by licences. [7 CSG production lease applications](#) remain under consideration. As of the end of March 2015, 9 companies hold 32 CSG titles, 6 of which are production leases.

There are 4 CSG projects in NSW, 2 of which are suspended. AGL’s [Camden project](#) has been producing CSG since 2001; its [Gloucester project](#) is now suspended. Santos has a CSG [project](#) in development at Narrabri. Metgasco’s [Bentley project](#), near Lismore, was suspended on [15 May](#)

[2014](#) because it had not met conditions of its [licence](#), namely undertaking genuine and effective consultation with the community.

Regulating the industry

[CSG issues](#) on the agenda prior to the election included water use, water and air pollution, climate change, land use conflict, land access, and human health risks. [4 agencies](#) regulate CSG activities:

The [NSW EPA](#) is the lead regulator of the environmental and health impacts of CSG activities. It issues [environment protection licences](#) for all CSG titles and activities.

The [Office of Coal Seam Gas](#) administers CSG titles and activity approvals, monitors and audits title compliance, and oversees application of WHS statutory requirements.

The [Department of Planning & Environment](#) administers the [Strategic Regional Land Use Policy](#), establishes [CSG exclusion zones](#), implements [Critical Industry Clusters](#), undertakes [Biophysical Strategic Agricultural Land Mapping](#), resources the [Gateway](#) assessment process, and assesses CSG project development applications.

The [NSW Office of Water](#) administers the [Aquifer Interference Policy](#), and assesses the potential impacts of CSG activities on water resources, their dependent ecosystems, culturally significant sites and existing water users.

Also of regulatory relevance are: the 2012 [National Partnership Agreement on Coal Seam Gas and Large Coal Mining Development](#), under which the [Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining Development](#) was established; and [The National Harmonised Regulatory Framework for Natural Gas from Coal Seams 2013](#).

Recent developments

Regulatory and policy reform was constant throughout the 55th Parliament. Recent reforms included July 2014 [amendments](#) to [CSG planning rules](#), a new [Water Monitoring Framework](#), an improved [land access arbitration process](#), and an extended [12 month freeze](#) on CSG exploration

licence applications from September 2014.

Other reforms were introduced after the release of the NSW Chief Scientist and Engineers' [Coal Seam Gas Review](#) in September 2014. The Review concluded that, within a clear, revised legislative framework supported by an effective and transparent reporting and compliance regime, the technical challenges and risks could be managed in part through:

- Careful designation of areas appropriate for CSG extraction;
- High standards of engineering and professionalism in CSG companies;
- Creation of a State Whole-of-Environment Data Repository; and
- Comprehensive monitoring of CSG operations.

In response to the Review, the NSW Government released its [NSW Gas Plan](#) in November 2014. It also made further amendments to the [CSG planning rules](#), as well as amendments to [environment protection licencing](#).

While the Plan set a broad reform agenda supportive of CSG development and accepted the [16 CSG Review recommendations](#), the detail [wasn't released](#) prior to the 2015 election. Industry stakeholders such as APPEA welcomed the Plan while asking for [clarification of important details](#). Stakeholders such as [EDO NSW](#) and the [Lock the Gate Alliance](#) argued that it fell short of the Review recommendations as well as world's best practice. The [Greens NSW](#) opposed CSG exploration and production, while [Labor](#) announced that they would ban CSG in specific "no go zones" and implement a State-wide moratorium on CSG activity while implementing the Review's recommendations. Labor also [committed](#) to permanently banning CSG in the Pilliga forest in the State's north west.

5 parliamentary inquiries dealt, in part at least, with CSG during the 55th Parliament: [Coal seam gas](#); [The economics of energy generation](#); [Downstream gas supply and availability](#); the [Performance of the NSW Environment Protection Authority](#); and [The supply and cost of gas and liquid fuels in NSW](#). In February 2015, the last

(and most recent) of these [recommended](#), in part, that:

- The NSW Government fully implement the Chief Scientist and Engineer's CSG review before any expansion of the CSG industry is contemplated; and
- The Minister for Resources and Energy pursue implementation of an Australia-wide domestic gas reservation policy through CoAG while implementing the review's recommendations.

Several recent incidents highlighted the community's trust and transparency concerns. Between October and December 2014, an AGL contractor, Transpacific, [disposed of untreated flowback water](#) from AGL's [Gloucester project](#) in Hunter Water's sewer network in breach of its [Trade Wastewater Agreement](#). On 15 January 2015, AGL announced it was [investigating](#) the unexpected presence of monoethanolamine borate, an approved fracking chemical. On 19 January 2015, the *Sydney Morning Herald* [reported](#) that AGL had been granted permission to frack prior to approval of an appropriate chemical monitoring methodology. Finally, on 27 January 2015, AGL voluntarily suspended its [Gloucester project](#) following detection of [BTEX](#) (banned chemicals which may naturally occur in coal seams) at [higher than expected levels](#). The NSW EPA [criticised AGL](#) for its lack of transparency and timeliness, AGL having only reported the BTEX finding 12 days after the event. As of the March election, the EPA and Office of Coal Seam Gas were still [investigating](#) the Gloucester project.

Research Service Publications

A Haylen, [A tightening gas market: supply, demand and price outlook for NSW](#), Briefing Paper 4/2014

A Haylen and D Montoya, [Gas: resources, industry structure and domestic reservation policies](#), Briefing Paper 12/2013

D Montoya, [Coal seam gas royalties in Australian States & Territories](#), e-brief 3/2012

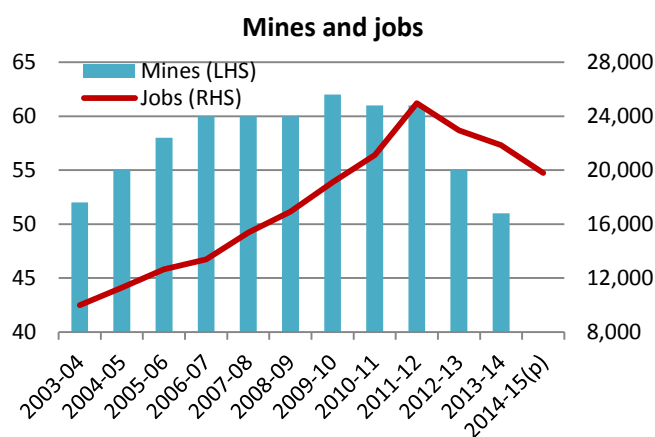
Coal

Daniel Montoya

Facts, figures and trends

As of December 2013, Australia had the fifth largest amount (9%) of black coal reserves in the world and was the fifth largest producer (8%) of black coal. 38% of Australia's recoverable reserves were in NSW (23,596 megatonnes (Mt)), with 58% located in Queensland. In 2012-13, NSW produced 46.8% of total Australian black coal; Queensland produced 51.2%.

In 2013-14, there were 51 coal mines in NSW, down from a high of 62 in 2009-10. Between April 2011 and October 2014, 7 new mines or mine expansions were completed in NSW; 18 more projects are pending. A different report noted that 16 new or expanded coal mines covering up to 45,000 hectares are planned for the Upper Hunter. Jobs in coal mining fell to below 20,000 for the first time since 2009-10.



Coal projects in NSW as of October 2014

Stage	Number	Cost (\$m)	Operating employment
Completed (04/2011 to 10/2014)	7	3,829	-
Committed	5	3,000	750
Feasibility	11	4,584	3,216
Announced	2	2,323	1,000
Total	25	13,736	4,966

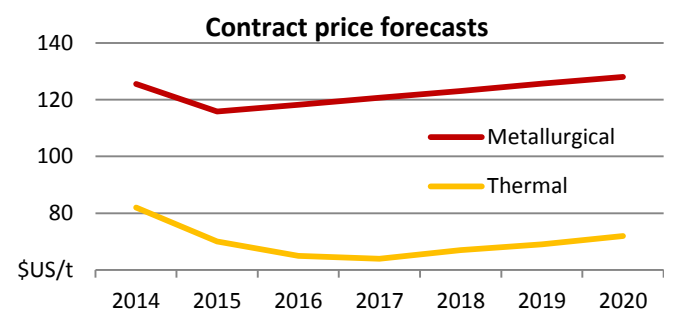
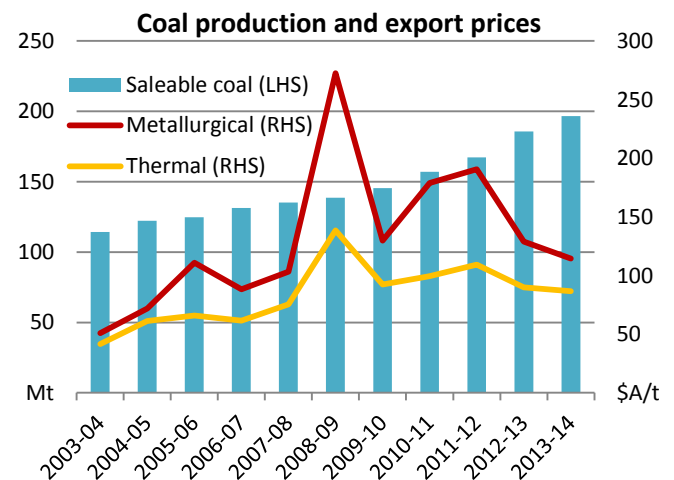
During the 55th Parliament, the NSW Government issued 10 coal exploration licences and 28 mining

leases. As of 1 January 2015, there were 184 exploration licences and 320 mining leases.

Coal titles in NSW as of 1 January 2015

Coal title	Issued/lodged during 55 th Parliament	Total
Exploration licence applications	2	3
Mining lease applications	36	54
Exploration licence	10	184
Mining lease	28	320

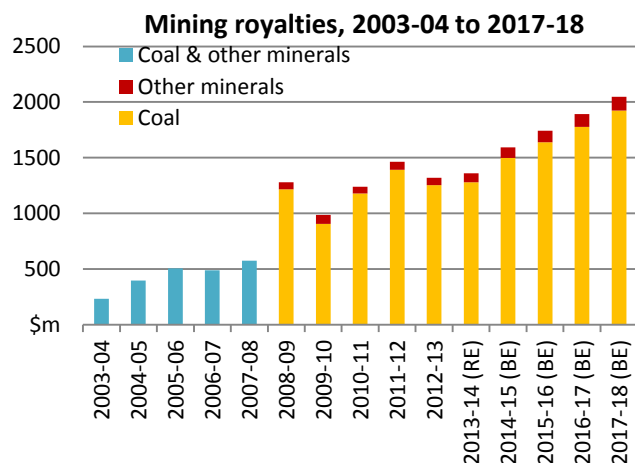
Production of saleable coal has increased at an average annual growth rate of 5.6% per year since 2003-04, to reach 196.6 Mt in 2013-14. In 2012-13, NSW's major coal customers were Japan (47%), China (18%), South Korea (15%) and Taiwan (10%).



In 2014, NSW metallurgical coal exports reached \$2.9 billion and thermal coal exports reached \$12.3 billion. While coal prices have fluctuated in recent years, they reached their lowest level since 2007-08 in 2013-14. On average, metallurgical coal was worth \$114.49 per tonne and thermal coal was worth \$86.68 per tonne. Nominal prices are expected to fall further in 2015, metallurgical

by 7.7% and thermal by 14.6%. Total Australian export production is [expected](#) to increase by 5.3% for metallurgical coal and 3.3% for thermal coal. Reasons for the price falls include: [coal losing share to gas](#) across the globe; an [oversupply of coal](#); Chinese coal use [falling 2.9%](#) in 2014, the first time in 14 years; and [Australian coal exports to China](#) falling 45% in January and February compared to last year. [Chinese consumption](#) is expected to fall further in the next 5 years; some [commentators](#) argue that China may have reached “peak coal”.

In 2013-14, [mining royalties](#) were worth \$1,360 million, 94% of which were [derived from coal](#). Coal has generally accounted for between 90 and 95% of total mining royalties since 2003-04. In 2013-14, mining royalties represented 3.6% of own-source government revenue. Royalties are forecast to increase to \$2,046 million by 2017-18.



Recent developments

Substantial public debate preceded the election: arguments for coal focused on the economic benefits, including jobs; arguments against drew attention to environmental and human health impacts. Two mines received substantial media coverage. Shenhua’s Watermark mine on the [Liverpool Plains](#) received [approval subject to conditions](#) from the NSW Planning Assessment Commission (PAC); the clock is stopped on the [Federal assessment process](#) while the project is being assessed by the [Independent Expert Scientific Committee](#). Following rejection of an earlier Mt Thorley Warkworth mine extension proposal by the [Land and Environment Court](#) and [Supreme Court](#), regulatory reforms enabled the

PAC to find a similar proposal [approvable](#). The PAC stated that the mine would have adverse social and economic impacts on the town of Bulga in the Hunter; its [recommendations](#) included relocation of the whole town, the cost to be borne by the Government and Rio Tinto. The local community is [unable](#) to appeal the PAC finding. The PAC also drew attention to “final voids” – the holes left by mines. The Government estimates that 30 final voids with planning approval will cover 7,500-10,000 hectares, a figure the [PAC](#) doesn’t consider acceptable.

Fossil fuel divestment by investors is a growing international trend due to the contribution of fuels like coal to climate change; in Australia, [ANU](#) and the [Uniting Church](#) recently sold fossil fuel investments. Research published in [Nature](#) found that, to prevent global temperatures rising above 2°C, [90% of Australian coal reserves](#) must not be burnt.

Coal dust from coal trains, mining and power generation are a significant issue in the Hunter. Recent developments include establishment of an [Interagency Taskforce on Air Quality in the Hunter](#) and a Legislative Council committee [inquiry](#), which recommended further investigation of the issue by the EPA. A Climate & Health Alliance [report](#) estimated health costs from particle pollution in Singleton, Muswellbrook and Newcastle at \$97.7 million per annum. Climate and health experts sent an accompanying [open letter](#) to the NSW Premier calling for no new mines and the phase out of coal production.

NSW coal mines have been the focus of protest activity. The [Coalition](#) has flagged tougher regulation of protest activity, and [Labor](#) have said they’d work with stakeholders on further reforms. The [Coalition](#) and [Labor](#) support the coal industry, while the [Greens NSW](#) want exports to end in 5 years and existing mines to be phased out.

Research Service Publications

N Wales, [Mining in NSW \(October 2012\)](#), Statistical Indicators 7/2012

D Montoya and N Wales, [Key Issues in Energy](#), Background Paper 4/2011

Renewable Energy

Andrew Haylen

Commonwealth Policy

The [Energy White Paper 2015](#) was released by the Commonwealth Government in April 2015 and outlines their policy framework with relation to both renewable and non-renewable energy sectors.

Renewable Energy Target

The [Renewable Energy Target](#) (RET) mandates the proportion of electricity generated from selected renewable sources. As part of the 2010 [Renewable Energy \(Electricity\) Act 2000](#) amendments, the expanded RET was split into two parts, the [Large Scale RET](#) (41,000 GWh of electricity) and the [Small Scale Scheme](#) (4,000 GWh). Together, these targets were meant to represent 20% of Australia's electricity usage by 2020. The [Clean Energy Regulator](#) (CER) administers the LRET by managing the [REC Registry](#). The SRES is also administered by the CER. The Commonwealth Government [Review of the Renewable Energy Target Scheme](#) was completed in August 2014.

Carbon pricing

A national carbon price was implemented by the Gillard Government from 1 July 2012. For three years, carbon was to be priced at a fixed (indexed) rate commencing at \$23/tonne of emitted CO₂ and increasing to \$25.40 in 2014.

Carbon pricing is no longer part of the policy framework in Australia following its abolition by the Abbott Government. The carbon tax repeal [legislation](#) received assent on 17 July 2014 and the bills are now law, with effect from 1 July 2014.

Emissions Reduction Fund

The [Emissions Reduction Fund](#) (ERF) is central to the [Direct Action Plan](#), which aims to meet Australia's CO₂ emissions reduction target of 5% below 2000 levels by 2020.

The Federal Government intends to purchase CO₂ emissions reductions at the lowest available

cost and has allocated \$2.55 billion over four years from 1 July 2014.

The ERF is designed to link the existing [Carbon Farming Initiative](#) with new projects such as industrial and commercial energy efficiency and emissions avoidance projects.

Australian Renewable Energy Agency

The [Australian Renewable Energy Agency](#) (ARENA) was established to support the research, development and demonstration of renewable energy technologies. ARENA is supporting more than 200 projects, worth close to \$2.5 billion, with around \$1 billion of funding from ARENA. These projects span the innovation chain, but most are at the research and development stage and typically have a value under \$10 million.

NSW Renewable Energy Policy

Solar Bonus Scheme

In November 2009, the NSW Government established the Solar Bonus Scheme to operate from 1 January 2010 to 31 December 2016. The feed-in tariff policy design used a fixed tariff rate of 60 cents per kWh for 10 kW or less of installed capacity. By the end of June 2010, over 28,000 investors had installed systems. The feed-in tariff rate was subsequently reduced to 20 cents per kWh. Continued investor activity forced the NSW Government to close entry to the scheme in April 2011 and it was officially terminated in July 2011.

Households and small businesses with solar PV units in NSW can still earn feed-in tariffs for the electricity they export to the grid. Those who are not part of the initial scheme can receive unsubsidised feed-in tariffs.

In 2011 the [Auditor-General](#) found that the total tariffs to be paid under the scheme would be between \$1.05 billion and \$1.75 billion. The majority of the funds in the NSW [Climate Change Fund](#) would be required to reimburse distribution network service providers for their tariff payments.

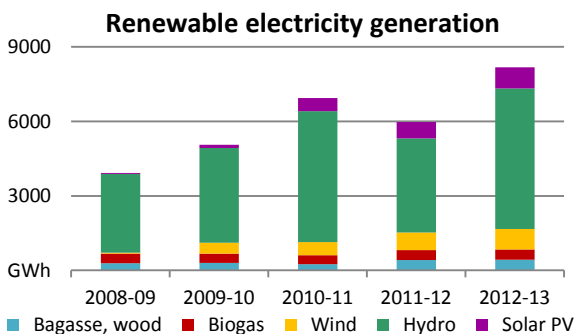
Renewable Energy Action Plan

In September 2013, the NSW Government released its [Renewable Energy Action Plan](#). This Plan supports the achievement of the national

goal for 20% renewable energy by 2020. The NSW Government established a [working group](#) to deliver 24 actions outlined in the plan. The plan will operate alongside the [Energy Efficiency Action Plan](#), the [Regional Clean Energy Program](#) and the [Energy Savings Scheme](#). These and other policies are [discussed](#) in detail by [AdaptNSW](#), which is part of the Office of Environment and Heritage.

NSW renewable energy sector

Hydro is the main form of renewable energy in NSW and is sourced largely from the Snowy Hydro scheme. It is becoming less significant in NSW’s electricity fuel mix, as growth in generation capacity is being outpaced by other fuels. In the five years to 2012-13, hydro’s contribution to renewable electricity fell from 81% to 69%.



The NSW [Wind Farm Map](#) highlights the areas with the highest **wind energy** potential, including the Great Dividing Range. Wind generated 1.2% of total electricity in NSW during 2012-13. The AEMO reported in August 2014 that 28 wind projects were under development in NSW with a combined capacity of 5,089 MW.

NSW **solar energy** has risen from 0.6 PJ in 2002-03 to 3.7 PJ in 2012-13. Solar PV generated 10.5% of all renewable electricity and 1.2% of total NSW electricity in 2012-13. Electricity generation from solar in NSW increased in response to the Solar Bonus Scheme. As a result, the vast majority of solar capacity in NSW is in the form of rooftop solar PV systems installed on homes and businesses. 269,700 small-scale solar power systems were installed in NSW by the end of 2013.

NSW has the second largest **bioenergy** capacity behind Queensland, with 37 plants operating

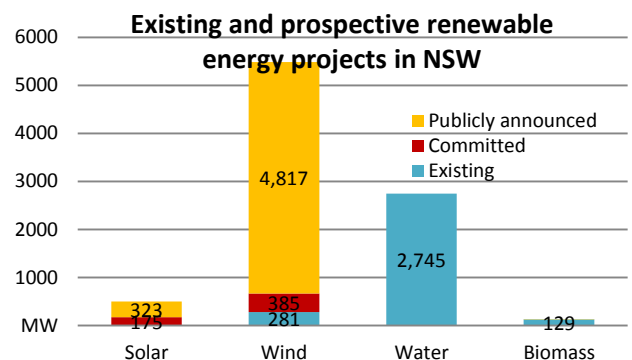
during 2013 and another 5 more in development. Bioenergy fuels generated 10.3% of all renewable electricity and 1.2% of total electricity generation in NSW during 2012-13.

Investment in renewable energy

Investment in renewable energy can take place at a small-scale or large-scale level. Price signals in the wholesale and contract markets for electricity, as well as climate change policies, drive renewable energy investment in NSW. Tightening supply conditions led to an upswing in generation investment between 2008 and 2010. However, subdued electricity demand and surplus capacity have pushed out the required timing for new renewable energy investment. A possible shift in the RET may also undermine future renewable energy investment in NSW.

Most of the recent and prospective renewable investment in NSW relate to wind and solar generation. The Gullen Range wind farm is the largest scheduled in NSW at 165.5 MW. Wind Farms at Boco Rock (113 MW) and Taralga (106.7MW) are currently scheduled for development. AGL is developing large scale solar PV power plants at Nyngan (102 MW - completion in June 2015) and Broken Hill (53 MW – November 2015) in regional NSW.

At December 2014, NSW had 560 MW of committed renewable energy projects. Specific details around the renewable energy projects in NSW can be found on the AEMO [website](#) and in the State of the Renewable Energy Industry in NSW 2014 [report](#).



Research Service Publications

A Haylen, [Policies and prospects for renewable energy in New South Wales](#), Briefing Paper 6/2014



Chapter 6

Privatising NSW

Asset Sales 2011-2015

Poles and Wires Lease

“Electricity privatisation, in one form or another, has been on and off the NSW political agenda since the 1990s. In 2015 it was the defining issue in the election debate”.

Asset sales 2011-2015

Andrew Haylen

Asset sales have been a recurring feature of NSW politics over the past 25 years. This trend continued during the 55th Parliament.

Restart NSW

Most of the larger asset sales by the Government during the 55th Parliament were completed in conjunction with the [Restart NSW](#) initiative which redirects sale funds into State-funded infrastructure projects. According to the [2014-15 Budget](#), receipts of \$6.7 billion were deposited into the Restart NSW fund by June 2014.

Funding source	Total inflow
Asset recycling	\$6.26 billion
<i>Port Botany & Port Kembla (including stamp duty)</i>	\$4.3 billion
<i>Newcastle Port (including stamp duty)</i>	\$1.6 billion
<i>Sydney Desalination Plant</i>	\$312 million
<i>Eraring Power Station</i>	\$48 million
Waratah Bonds (including proceeds from Significant Investor visa program)	\$355 million
Windfall tax revenues	\$96 million
Interest earned	\$77 million
Total inflows	\$6.7 billion

There is now an overarching Asset Recycling Agreement which includes a Commonwealth incentive payment of up to 15% of the asset sale value recycled into public investment (see Box 7.4 [2014-15 Budget Paper No. 2](#)).

Sydney Desalination Plant

The NSW Government announced the refinancing of the [Sydney Desalination Plant](#) in May 2012. It is now [owned](#) by a consortium of the Ontario Teachers' Pension Plan and a Hastings-managed

infrastructure fund.

Sydney Water entered into a 50 year water supply agreement with the plant, with prices regulated by [IPART](#). According to the 2012 Auditor General's [report](#) on State Finances, the State received \$2.3 billion from the lease of the Sydney Desalination Plant. It used \$1.8 billion to repay associated borrowing. The State directed \$312 million from the transaction to the Restart NSW fund.

Ports - Newcastle, Botany, Port Kembla

Following a six-month competitive bidding process, in April 2013 99-year leases for State-owned Port Botany and Port Kembla were [awarded](#) to the NSW Ports Consortium for \$5.07 billion (\$4.31 billion for Port Botany and \$760 million for Port Kembla); and statutory approval was provided by Parliament under the [Port Assets \(Authorised Transactions\) Act 2012](#). Minister for Roads and Ports, Duncan Gay, explained details of the transaction in the [Second Reading](#) speech for the Bill. The net proceeds of around \$4.3 billion were invested in Restart NSW, with 30% of funds reserved for regional projects and \$100 million dedicated for infrastructure projects in the Illawarra.

As part of the [2013-14 Budget](#), subject to a [scoping study](#), the Government decided to undertake a long term lease of the Port of Newcastle. The proceeds would fund priority infrastructure projects, including the rejuvenation of Newcastle city. On 30 April 2014, the NSW Government announced it would enter into a [98-year lease for the Port of Newcastle](#) for a benefit to the State of \$1.75 billion.



Electricity Generation Assets Eraring Energy and Delta West

On 1 August 2013 Treasurer Mike Baird [completed](#) the sale of

Eraring Energy to Origin Energy. This was the first of the State-owned power generators put up for sale by the O'Farrell Government. The

agreement reached with Origin Energy removed taxpayer exposure to liabilities of more than \$1.75 billion.

On 2 September 2013 NSW Treasurer Mike Baird completed the sale of Delta Electricity's [Mt Piper & Wallerawang Power Stations](#) to EnergyAustralia. The sale was valued at \$160 million. EnergyAustralia had already purchased trading rights to their output under the former Labor Government's GenTrader transaction. According to [reports](#), as part of the deal EnergyAustralia was eligible for "liquidated damages" if the power stations did not produce the contracted amount of electricity. Employees of the power stations were transferred to the new owners on conditions current at the time.

Green State Power

On 24 June 2014 NSW Treasurer Andrew Constance [announced](#) the sale of Green State Power's renewable energy assets for \$72.2 million. The Green State Power assets were part of the NSW Government's electricity generation sale package. It included three small hydro power generators at Hume (58MW), Burrinjuck (28MW) and Keepit (7.2MW) dams, the Blayney wind farm (10MW) and 80% of the Crookwell wind farm (5MW). [According to the Government](#), the sale of the Green State Power assets along with the sale of Delta Electricity and Eraring Energy power stations cleared the State of more than \$2 billion in liabilities attached to the Gentrader agreements.

Macquarie Generation

Following the Australian Competition Tribunal's [decision](#) to allow the sale, AGL completed the \$1.5 billion acquisition of Macquarie Generation from the Government in September 2014. This included the Bayswater and Liddell power stations. The Tribunal approved the transaction with conditions that placed an obligation on AGL to offer no less than 500 MW of electricity hedge contracts to smaller retailers in NSW per year for a period of seven years. The Australian Competition and Consumer Commission opposed the transaction, [saying](#) "it would substantially lessen competition in the electricity market."

Colongra Power Station

On 30 January 2015 NSW Treasurer Andrew Constance [announced](#) the completion of the sale of Delta Electricity's gas-fired Colongra power station to Snowy Hydro. The NSW Government agreed to sell it for \$234 million. As a result of the transaction, a \$90 million liability associated with the Colongra gas lateral pipeline lease had been removed from Delta Electricity's balance sheet.

Government Property NSW

In late 2012, the Government established a new agency, [Government Property NSW](#) (GPNSW), to manage the properties of government agencies. According to the [2013-14 Annual Report](#), GPNSW holds approximately \$672 million of assets, across commercial, value add and estate properties that generate approximately \$56 million of gross rent per annum.

Since April 2013, GPNSW has sold properties worth \$1 billion including: seven office blocks worth \$400 million (among them the [Ausgrid building](#) in Sydney's CBD for \$151 million, and justice precinct buildings in Parramatta worth \$170 million); Bidura House and surrounding grounds at Glebe Point for \$33 million; and the sale of the ground lease for the Sir Stamford Hotel for \$16.9 million.

GPNSW also launched the Millers Point sales program. The prospective sale of 293 properties in the Sydney Harbour foreshore, including properties in Millers Point, Gloucester Street and the Sirius building in The Rocks have been the subject of much debate over the past year or so (discussed in detail in Chapter 3 of the NSW Legislative Council Select Committee [report](#)).

Research Service Publications

A Haylen, [Trends in New South Wales public sector assets and sales](#), Statistical Indicators 3/2014

D Montoya, [Infrastructure funding and the Restart NSW Fund Bill 2011](#), e-brief 10/2011

Poles and Wires Lease

Andrew Haylen

Electricity privatisation, in one form or another, has been on and off the NSW political agenda since the 1990s. In 2015 it was the defining issue in the election debate. The electricity network privatisation debate is contested, with political parties and research bodies alike holding different viewpoints.

NSW Government Position

On 10 June 2014 Premier Mike Baird [announced](#) that State Cabinet had endorsed a proposal to take the [99-year lease](#) of 49% of the NSW electricity network to the 2015 State election.

Treasurer Andrew Constance [responded](#) to a December 2014 scoping study prepared by UBS and Deutsche Bank, confirming the Government would proceed with the network lease. The study recommended the long-term lease of 100% of TransGrid, 50.4% of Ausgrid and 50.4% of Endeavour Energy. As part of a deal with the Nationals, Essential Energy would be exempted from the sale.

The Government estimated it could raise \$13 billion through private investors, with a further \$2 billion (15% of the asset sale value) to flow from [Commonwealth funds](#). The Government [confirmed](#) that the process was unlikely to be completed before the end of 2016. Included in the Government announcement was a [list of key infrastructure projects](#) targeted through the funds raised from the sale. Modelling by Deloitte Access Economics found that if implemented effectively the plan would increase gross state product by around \$30.9 billion and add 122,000 more jobs.

Labor opposition to the network lease

The Labor Party is opposed to the poles and wires privatisation. The primary argument, with reference to higher prices in South Australia, is that prices will rise under private network ownership. This was emphasised by NSW Labor Leader Luke Foley at the Party's [campaign launch](#) and in all 3 leaders' [debates with Premier](#)

[Mike Baird](#).

On 18 February 2015 Mr Foley released Labor's [infrastructure plan](#). Had it been elected, it would have spent \$10 billion on infrastructure, financing it through: the deferral of the abolition of business stamp duty taxes until budget circumstances allow (raising \$5.1 billion); and uncommitted funds in Restart NSW (\$4.9 billion).

Minor party positions

The **Greens NSW** opposed the lease. They [proposed](#) raising poker machine and property taxes and deferring the abolition of a range of business levies to cover the cost of borrowing \$20 billion to pay for infrastructure upgrades over the next 20 years.

In December 2014 the **Shooters and Fishers Party** [declared](#) that it would use its numbers in the Upper House to block the sale if it retained a share of the balance of power after the election.

Christian Democratic Party MLC the Reverend Fred Nile said he supported the sale in principle but in speaking to [Fairfax](#) in February 2015, said he would demand a full public inquiry.

Public perception of privatisation

It was reported in the [Sydney Morning Herald](#) in February 2015 that only 23% of voters supported the partial privatisation of the poles and wires. If the proceeds were used to fund infrastructure projects in NSW, 47% supported the proposal and 46% were opposed, with 8% undecided.

Based on results in the [ABC Vote Compass survey](#), 14% of NSW voters had asset sales as their top concern prior to the election and were regarded as the second most important issue of the election behind the economy.

Key issues associated with the lease Methods of infrastructure financing

A key issue in the election debate was finding the most appropriate and economic way to fund infrastructure, with the Coalition, Labor and the Greens all proposing different ways of funding varying levels of infrastructure spending.

The Productivity Commission provided in-depth

analysis of alternative methods of financing in Chapters 5 and 6 of their [Inquiry Report into Public Infrastructure](#). Peter Abelson, a leading public finance economist, also presents a comprehensive paper ([Financing transport infrastructure: Public finance issues](#)) discussing, in general terms, alternative forms of infrastructure financing.

Price rise or fall after the lease

Prices were a focal point of the poles and wires debate in the lead up to the election. The 'Stop the Sell Off' campaign [claimed](#) that there would be higher electricity bills under private ownership. A McKell Institute [report](#) commissioned by the campaign stated that under private ownership there would be an increase in electricity bills from \$38 a year to \$103 a year over 5 years.

NSW Treasury commissioned [analysis by Ernst and Young](#) found that between 1996/97 and 2012/13 network charges rose on average 122 and 140% in NSW and Queensland respectively. This compared with an average 18 and 17% fall in Victoria and South Australia respectively between 1998/99 and 2010/11. Deloitte research [on behalf of Infrastructure Partnerships Australia](#) found that the average household would save \$256 a year under private ownership.

On 27 November 2014, the Australian Energy Regulator released its [draft determination](#) which mandated a 10% annual cut in electricity prices whether the poles and wires are sold or not. As summarised in the Frontier Economics report for the Department of Premier and Cabinet:

This means that the network tariffs customers face do not depend on whether the network is owned by a jurisdictional government or a private or institutional investor.

Public vs private models of ownership

The relative efficiencies of public and private network ownership were an underlying element of the network privatisation debate.

The [Final Report of the Special Commission of Inquiry into the Electricity Transactions](#) supported the sale of the electricity network on the basis of greater efficiency under private ownership. The

case for privatising the poles and wires was also made in the [NSW Financial Audit 2011](#). The AER in their [draft determination for Endeavour Energy](#) highlighted inefficiencies in the publicly owned NSW network, claiming that "its historical efficiency is lower than the majority of its peers in the NEM" despite it being "the best performing distributor in NSW."

Conversely, the McKell Institute report [Nothing to gain, plenty to lose](#) argued that privatised networks would not operate more efficiently than the current regime. The report concluded that NSW capital expenditure was highly inflated over the last regulatory period because of the costs associated with essential asset replacement rather than "feather-bedding".

Financial benefits/costs of the lease

There are numerous financial considerations related to the proposed network lease. In particular, weighing up the long run cost from foregoing dividend and taxation revenue (i.e. the retention value) against the short run sale value of the lease.

The latest estimates suggest the Government will earn \$15 billion almost immediately from the 49% lease, plus an additional \$5 billion in interest after the sale. According to the [2014-15 Budget Papers](#), the State's electricity assets were expected to pay more than \$1.172 billion in dividends and income tax equivalent payments this financial year, down from \$1.7 billion in 2013-14. Budget papers, however, show that dividends and tax equivalent payments from the electricity networks are set to drop to \$407 million in 3 years. There are a host of variables going forward which could change these figures.

On this matter, the Senate Economics Reference Committee in their March 2015 report [Privatisation of state and territory assets and new infrastructure](#) recommended that:

...proper and rigorous analysis of total costs associated with privatisation projects be conducted when privatisation is proposed by governments at any level [and that] states and territories are encouraged to consider the merits of privatisation on a case by case basis.



Chapter 7

Environment NSW

Environment Statistics Biodiversity & Native Vegetation

Marine Parks

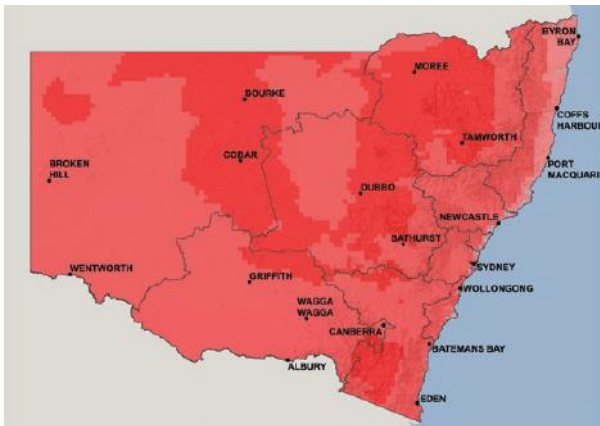
Drought

“Completed in December 2014, the final report [of the Independent Biodiversity Legislation Review Panel] made 43 recommendations...NSW Farmers welcomed the review’s findings and recommendations while environmental groups opposed many of the recommendations...The Coalition accepted all 43 recommendations...”

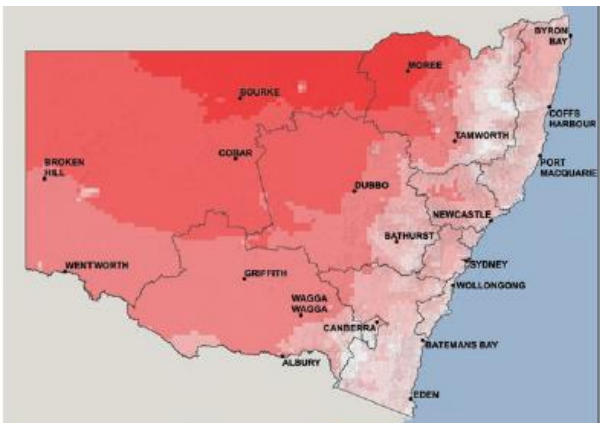
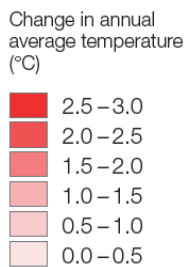
Environment Statistics

Daniel Montoya

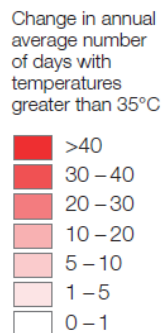
Climate change



A 2014 climate change projections [study](#) found that, compared to a baseline period (1990-2009), the annual mean maximum temperature in NSW will rise by up to 3°C in some parts of the State by the “far future” (2060-2079).

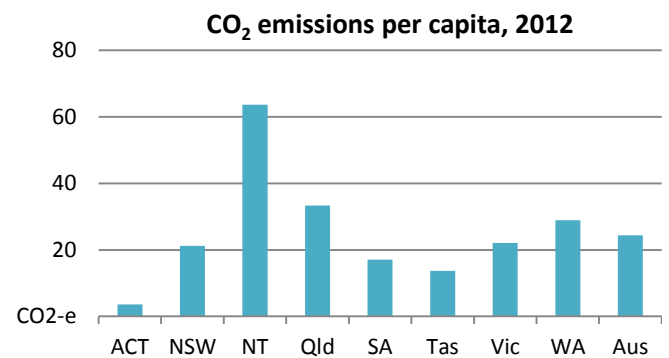
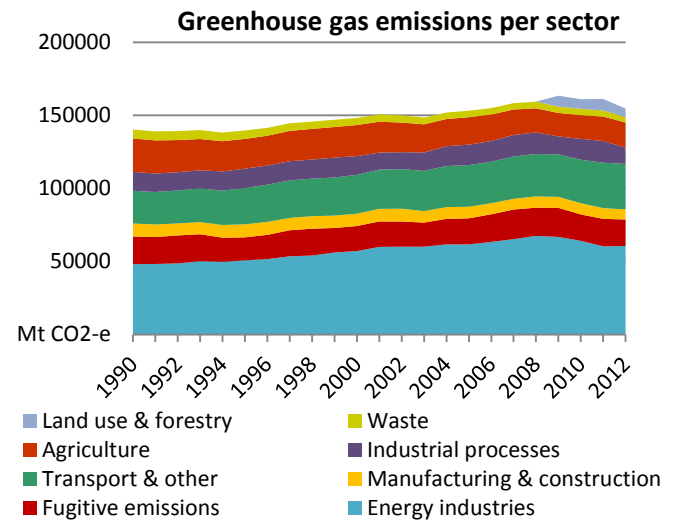


The same study predicted that, in the “far future”, the average number of days with temperatures greater than 35°C will generally increase, with a rise of more than 40 days in the State’s north. Also in the “far future”, summer and autumn rainfall will generally increase across the State; winter and spring rainfall will generally decrease.

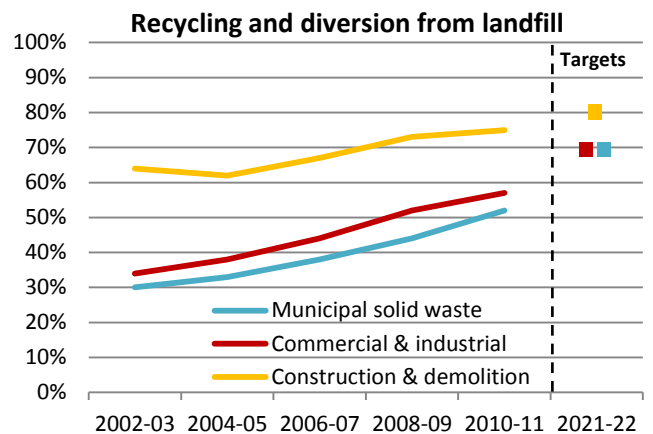


Greenhouse gas emissions

[NSW greenhouse gas emissions](#) peaked in 2009 at approximately 163,500Mt CO₂-e, and fell to 154,700Mt CO₂-e in 2012. In 2012, energy industries (39%), transport & other (20%) and fugitive emissions (12%) accounted for the largest proportions. In 2012, NSW emissions of 21.2t CO₂-e per capita were just under the national average (24.4t CO₂-e).



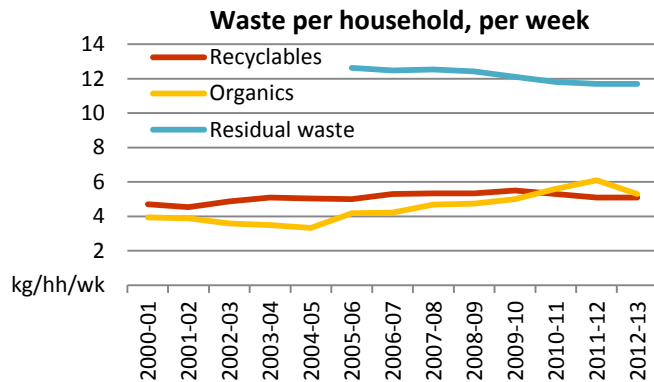
Waste



Waste recycling in NSW [increased substantially](#) between 2002-03 and 2010-11; the percentage of

total waste recycled rose from 45% to 63%. The amount of waste sent to landfill was lower in 2010-11 than 2002-03. Between 2008-09 and 2010-11, waste generation rates (5.2%) outstripped population growth (3.4%).

Up to 2012-13, residual waste generated per household per week trended downwards, falling from 12.6kg to 11.7kg. Recyclables generally increased, from 4.7kg to 5.1kg; organic material also generally increased, from 3.9kg to 5.3kg.



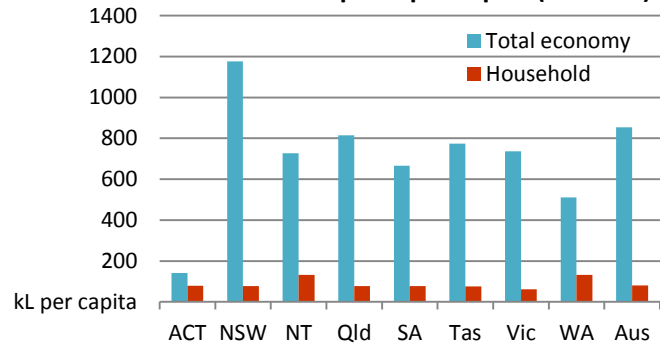
Water

Between the end of the Millennium Drought in 2009 and 2012-13, water consumption in NSW rose by 91% from 4,555GL to 8,713GL. Agriculture accounted for most of this increase. Household consumption rose by 4%.

Sector	2008-09		2012-13	
	GL	% of total	GL	% of total
Agriculture, forestry and fishing	2,022	44%	6,250	72%
Mining	67	1%	106	1%
Manufacturing	140	3%	123	1%
Water supply	1,329	29%	1,272	15%
Electricity, gas and waste	99	2%	100	1%
Other industries	350	8%	292	3%
Household	548	12%	571	7%
Total	4,555	100%	8,713	100%

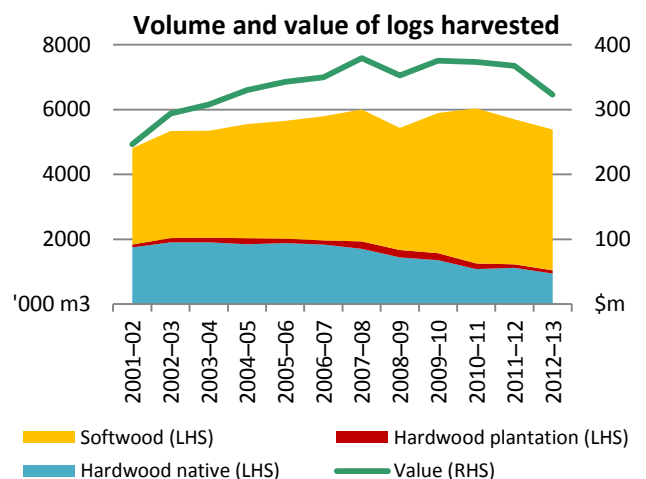
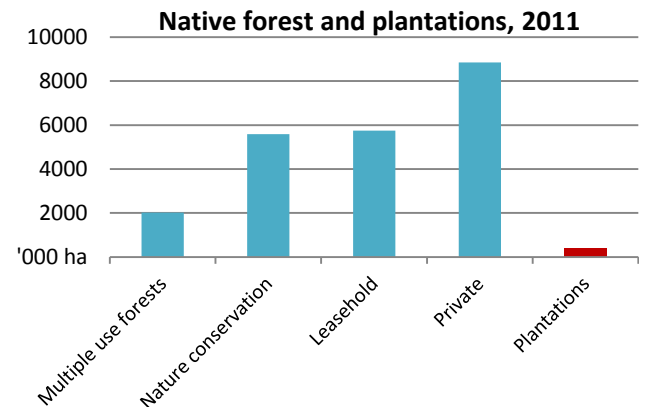
In 2012-13, NSW had the highest total economy water consumption per capita (1,176kL); the national average was 854kL. It had the joint third-lowest household water consumption per capita (77kL); the national average was 80kL.

Water consumption per capita (2012-13)



Forests

In 2011, native forest covered over 22 million hectares (27.8%) of NSW. Of this amount, 8.9% was multiple use forest and 24.6% was set aside for nature conservation. The contribution of native hardwood to total logs harvested has decreased, while the amount of softwood harvested has increased.



Research Service Publications

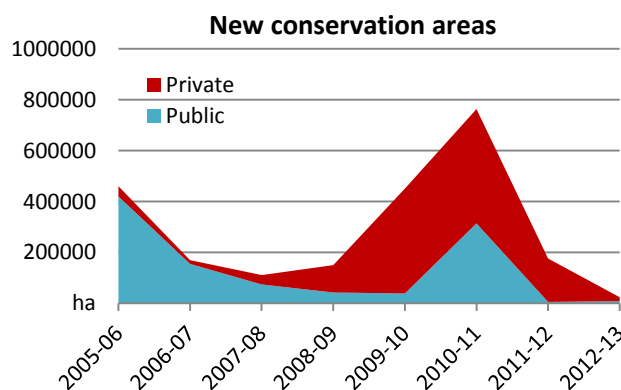
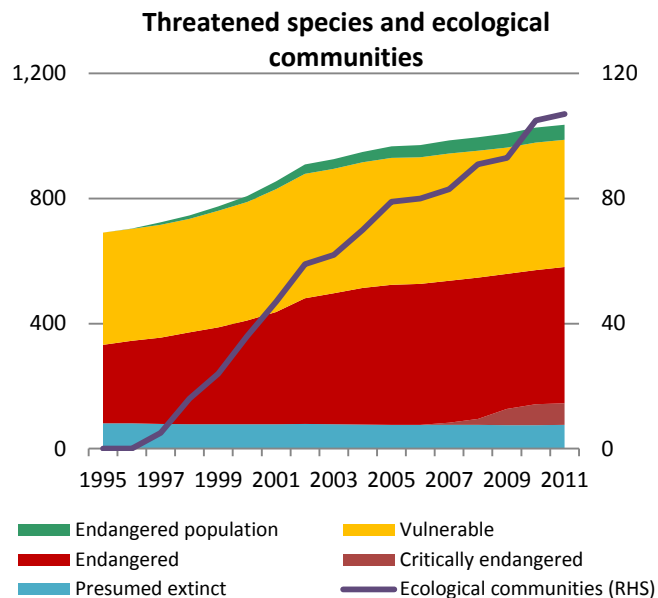
T Drabsch, [A statistical portrait of the environment](#), Statistical Indicators 2/2011

Biodiversity & Native Vegetation

Daniel Montoya

Biodiversity & conservation areas

In 2011, 1,036 species were listed as threatened under the [Threatened Species Conservation Act 1995](#) (TSC Act 1995) and the [Fisheries Management Act 1994](#). The total number of endangered or critically endangered species increased from 251 in 1995 to 505 in 2011. Species most at risk include terrestrial mammals (59% listed), amphibians (34%) and birds (30%). 107 ecological communities were also listed as threatened.



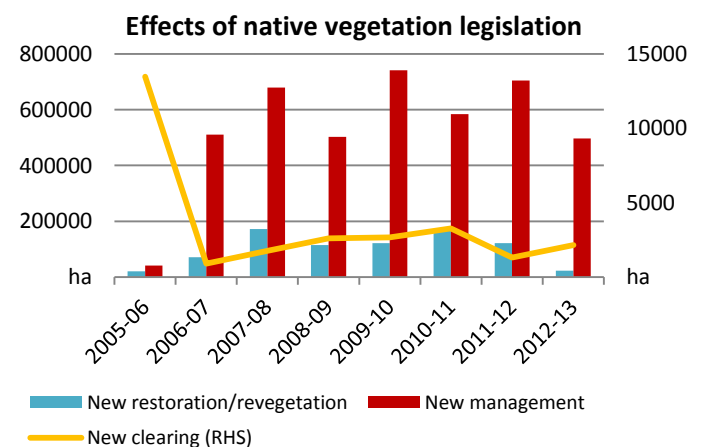
Conservation areas are one of several [policy options](#) for preserving biodiversity. As of July 2014, [public conservation areas](#) covered just over 7 million hectares (8.85%) of NSW; [private](#)

[conservation areas](#) covered just over 3 million hectares (3.9%) of NSW. Between 2005-06 and 2012-13, public conservation areas [grew](#) by 1.0 million hectares and private conservation areas [grew](#) by 1.2 million hectares.

On 1 October 2014, the NSW Government's [Biodiversity Offsets Policy for Major Projects](#) commenced its 12-18 month transitional implementation period. Designed to strike an effective balance between proponents, communities and the environment, it received a [mixed response](#).

Native vegetation

Native vegetation has been extensively cleared for settlement, industry and agriculture. Land clearing is listed as a key threatening process under the TSC Act 1995. It is regulated by the [Native Vegetation Act 2003](#) (NV Act 2003). After the Act came into force in December 2005, [approved clearing](#) fell to approximately 2,000 hectares per year. New restoration and revegetation (e.g. offsets to balance negative impacts of clearing under [Property Vegetation Plans](#) (PVPs)) averaged 116,000 hectares per year. Native vegetation under new management (e.g. [invasive native scrub](#) PVPs) averaged 609,000 hectares per year.



In March 2014, the NSW Government [amended](#) the [Protection of the Environment Operations \(General\) Regulation 2009](#) to permit burning of native forest biomaterial for electricity generation. On 11 November 2014, [amendments](#) to the NV Act 2003 proposed by the Shooters and Fishers Party failed to pass the Legislative Council. With a review of the Act ongoing, the Government only

supported some of the proposed amendments. On 20 November 2014, the Government [released](#) 3 new [self-assessable native vegetation codes](#).

Independent legislative review

In June 2014, the NSW Minister for the Environment appointed an [independent panel](#) to review the NV Act 2003, TSC Act 1995, [Nature Conservation Trust Act 2001](#) and those parts of the [National Parks and Wildlife Act 1974](#) (NPW Act 1974) that relate to native plants and animals and private land conservation. This legislative framework was [said](#) to be fragmented, overly complex and process driven. Further, it had inconsistent regulatory standards and failed to deliver the right incentives for industry and landholders. The review [aimed](#) to:

- Facilitate the conservation of biological diversity;
- Support sustainable development; and
- Reduce red-tape.

Completed in December 2014, the [final report](#) made 43 recommendations including:

- Repeal of the NV Act 2003, TSC Act 1995 and parts of the NPW Act 1974;
- A new Biodiversity Conservation Act, with the goal to maintain a healthy, productive and resilient environment for the greatest wellbeing of the community, now and into the future, consistent with the principles of ecologically sustainable development;
- Conservation of biodiversity at a bioregional or State scale;
- New agricultural developments that impact on native vegetation to require consent from authorities such as local government;
- Broader application of offsetting through policies such as the [Biodiversity Offsets Policy for Major Projects](#);
- Modernised regulation of human-wildlife interactions, including increased keeping of native animals as pets; and
- Development of a comprehensive system for monitoring and reporting on the condition of biodiversity.

[NSW Farmers](#) welcomed the review's findings

and recommendations while [environmental groups](#) opposed many of the recommendations.

Election policies

In what was reported to be an [unprecedented move](#), the Coalition signed a memorandum of understanding with the NSW Farmers on a wide range of policy areas, including repeal of the NV Act 2003. The Coalition [accepted](#) all 43 recommendations of the independent review of biodiversity legislation. It also [committed](#) to investing \$100 million over 5 years to protect threatened species under its [Saving our Species](#) initiative and to implementing recovery plans for every one of the 970 threatened species.

The Labor Party [committed](#) to policies including:

- Spending at least \$150 million over 4 years to establish new national parks, including a Great Koala National Park on the State's north coast;
- Reinstating the prohibition on burning native forest biomaterial to generate electricity;
- Retaining the NV Act 2003 and TSC Act 1995, while being [open to making changes](#); and
- Reviewing and replacing the [Biodiversity Offsets Policy for Major Projects](#).

The [Greens NSW](#) election policies included expanding the national parks estate and strengthened legislative protection of biodiversity and native vegetation. The [Shooters and Fishers Party](#) supported the review of biodiversity legislation, arguing for *active management* of the landscape to conserve and enhance biodiversity.

Research Service Publications

A Bombell and D Montoya, [Native vegetation clearing in NSW: a regulatory history](#), Briefing Paper 5/2014

D Montoya, [Burning native forest biomaterial for electricity generation](#), Issues Backgrounder 3/2014

H Park, [Biodiversity: regulatory frameworks](#), Briefing Paper 3/2010

The Marine Estate

Daniel Montoya

Marine parks moratorium

One of the first bills debated in the 55th Parliament was the Shooters and Fishers Party's [Marine Parks Amendment \(Moratorium\) Bill 2011](#). Introduced in May and passed in September 2011, the Bill introduced a 5 year moratorium on: the declaration of any new marine park; the alteration of an existing sanctuary zone; and the creation of a new sanctuary zone within a park. Also in May 2011, the Government moved and carried a [motion](#) disallowing the Keneally Government's [Marine Parks \(Zoning Plans\) Amendment \(Solitary Islands and Jervis Bay Marine Parks\) Regulation 2011](#), which had increased environmental protections.

Legislative and administrative reforms

In June 2011, the NSW Government [established](#) a [Marine Parks Independent Scientific Panel](#) to audit the effectiveness of marine parks. Released in February 2012, the [final report](#) recommended in part that the Government:

- Replace the Marine Parks Authority, Coastal Management Panel, NSW Fisheries and any other relevant bodies with the Coastal and Marine Management Authority established under one Act;
- Establish an independent scientific committee to oversee scientific research on the NSW marine estate; and
- Maintain the current system of marine parks and adopt mechanisms for the protection of biodiversity in the identified gaps, namely within the Hawkesbury Shelf and Twofold Shelf marine bioregions.

In March 2013, the Government [responded](#) by:

- Establishing an interim [Marine Estate Management Authority](#) (MEMA), which replaced the Marine Parks Authority;
- Establishing the [Marine Estate Expert Knowledge Panel](#); and
- Introducing an amnesty allowing line

fishing from ocean beaches and headlands in sanctuary zones with several exceptions.

The Government also lifted the moratorium in part through the [Marine Parks Amendment \(Moratorium\) Bill 2013](#), which permitted alteration of existing sanctuary zones, addition of new sanctuary zones and the review of marine park zoning plans.

It wasn't until November 2014 that the Government introduced [legislation](#) to set up MEMA as a statutory body. The [Marine Estate Management Act 2014](#) established MEMA as an advisory committee [consisting](#) of the heads of several government departments. Prior to the 2015 election, MEMA was developing a [marine estate management strategy](#), a [threat and risk assessment framework](#), and a [new approach to management planning](#) to be piloted at Batemans Marine Park and Solitary Islands Marine Park.

Following a risk assessment of the fishing amnesty in sanctuary zones by the Marine Estate Expert Knowledge Panel, the Government [removed](#) the amnesty from 20 sites and retained it at 10 sites, which are to be permanently rezoned to allow fishing.

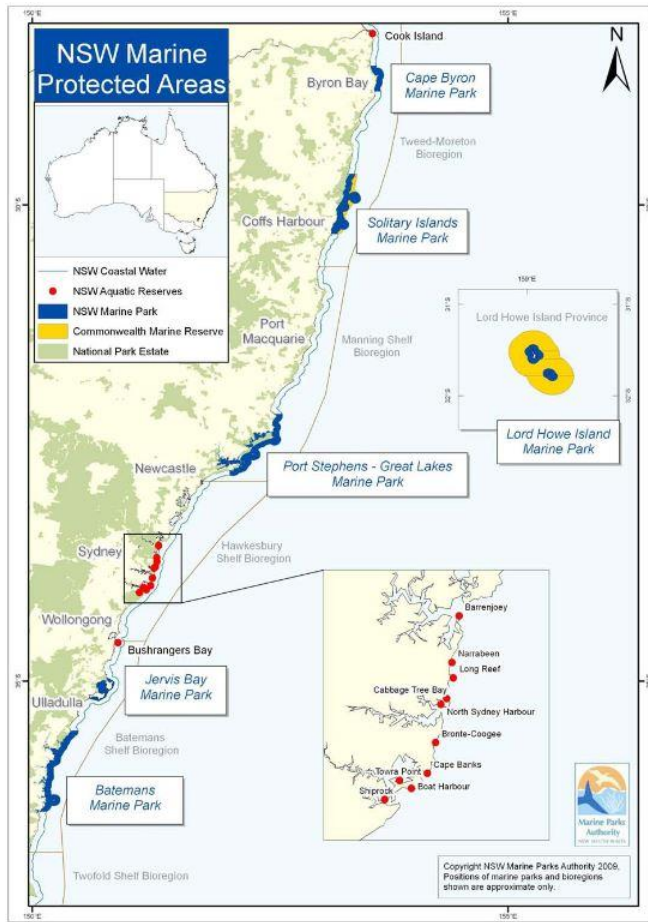
Marine protected areas

The NSW [marine estate](#) includes coastal waters, estuaries, lakes open to the sea and coastal wetlands. [Marine protected areas](#) within the estate include:

- 6 multiple use marine parks covering approximately one third (345,000 hectares) of the NSW marine estate, of which 66,000 hectares (6% of the marine estate) are zoned as marine sanctuaries;
- 12 [aquatic reserves](#) covering around 2,000 hectares of the marine estate; and
- 62 national parks and reserves with marine components covering around 20,000 hectares of the marine estate.

Marine parks and aquatic reserves are regulated by the [Marine Estate Management Act 2014](#); national parks and reserves are regulated by the

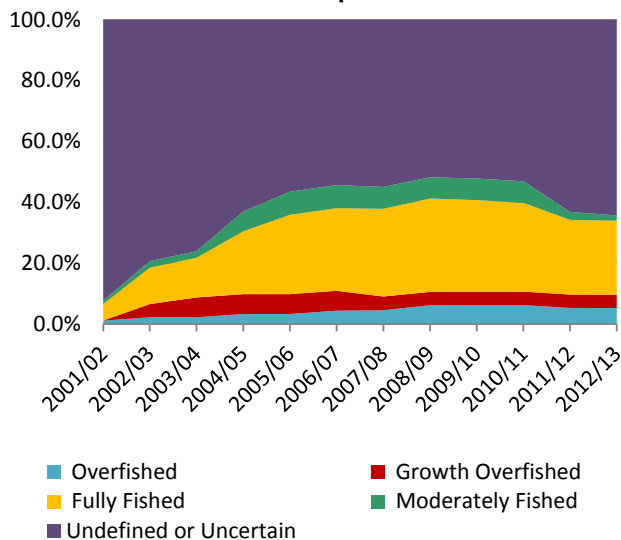
National Parks and Wildlife Act 1974.



Fisheries resources

In 2012-13, 10% of exploited marine species in NSW were overfished or growth overfished and 24% were fully fished.

Exploited status of assessed marine species



Identified gaps

The National Representative System of Marine Protected Areas, of which the NSW marine park system is a part, is based on the concept of it being Comprehensive, Adequate and Representative. As of 2015, two NSW marine bioregions aren't represented in the marine park system: the Hawkesbury Shelf and Twofold Shelf marine bioregions. The Twofold Shelf bioregion covers the southernmost part of NSW; the Hawkesbury Shelf bioregion stretches from Shellharbour to Stockton in the Hunter and includes Sydney Harbour.

Election policies

Sydney Harbour, one of the most beautiful harbours in the world, is also one of the most polluted. In 2013, the National Parks Association of NSW launched a campaign to create a Sydney Marine Park. Labor, the Greens NSW and Alex Greenwich, the Independent Member for Sydney, all support creation of a Sydney Marine Park. In November 2014, the NSW Government announced an assessment of the Hawkesbury Shelf bioregion to inform the creation of an integrated marine protected area along the metro coast by 2016. The assessment is due to commence in early 2015.

Labor and the Greens NSW both campaigned for a removal of the moratorium on the creation of new marine parks and a return of marine sanctuary zones to full protection. The Shooters and Fishers Party campaigned for a further 5 year extension on the moratorium.

Research Service Publications

D Montoya, Pollution in Sydney Harbour: sewage, toxic chemicals and microplastics, Briefing Paper 3/2015

H Park, Biodiversity: regulatory frameworks, Briefing Paper 3/2010

T Edwards, Marine protected areas, Briefing Paper 8/2008

Drought

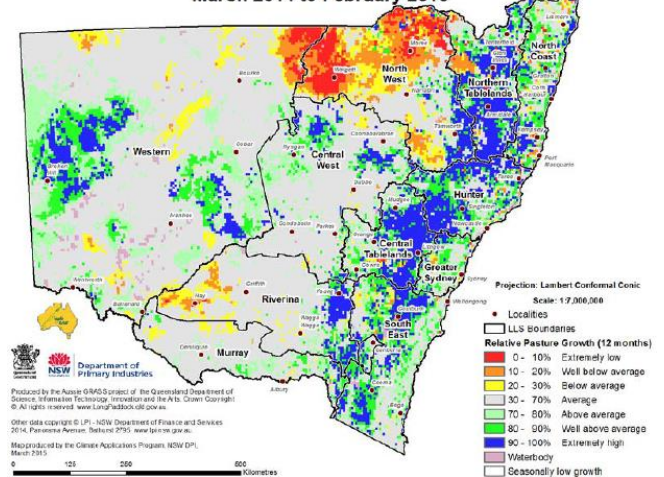
Daniel Montoya

The [Bureau of Meteorology](#) defines drought as a prolonged, abnormally dry period when the amount of available water is insufficient to meet normal use. For the Bureau, drought is not simply low rainfall; drought may be defined in terms of rainfall deficiencies, groundwater levels, social impacts or the impact on primary industries.

After February 2013, the [NSW Government](#) no longer declared a district to be in drought. Rather, [Seasonal Conditions Reports](#) were released on a monthly basis to help landholders manage operations and prepare for worsening seasonal conditions and drought. Highlights of the [March 2015 Report](#) include:

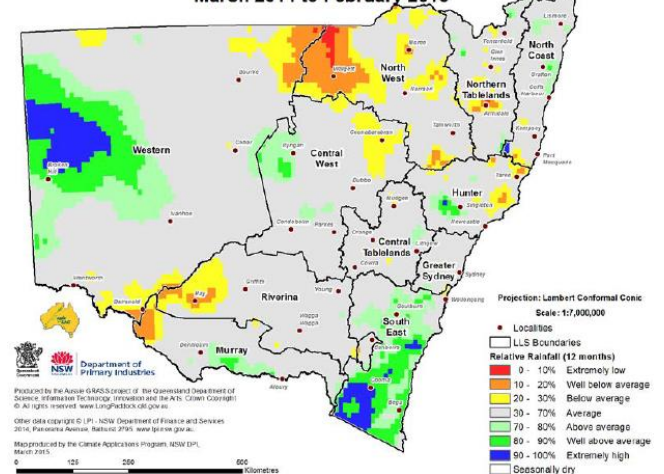
- February rainfall was below average across 30% of NSW;
- There is a near-equal chance of drier or wetter than normal conditions between March and May 2015;
- Topsoil moisture levels declined over western and central NSW, were stable in the east and increased in the north east; and
- Pasture growth slowed or declined, particularly across central and north western NSW.

Pasture Growth Relative to Historical Records from 1957
March 2014 to February 2015

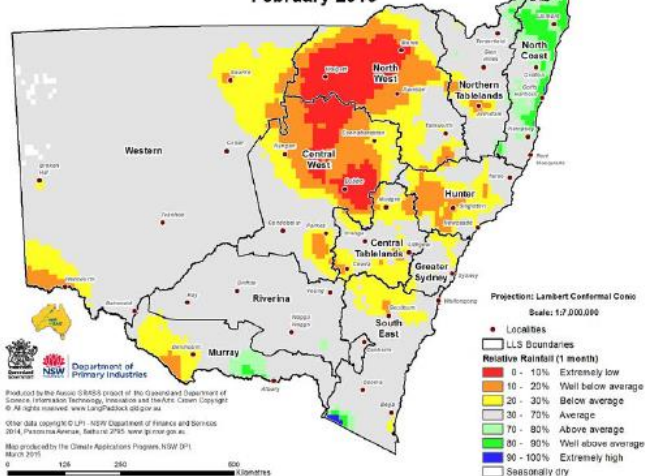


Over the 12 months to February, relative rainfall was average across 67% of NSW, above average across 4% and below average across 29%.

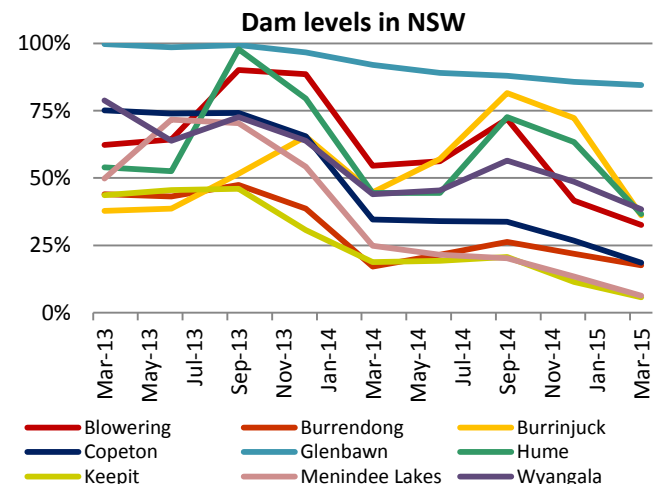
Rainfall Relative to Historical Records
March 2014 to February 2015



Rainfall Relative to Historical Records
February 2015



In March 2015, the dams with the lowest levels were Keepit (6%) and Menindee Lakes (6%).



Climate change

[Recent research](#) has generally found that climate change may already have led to an increased frequency and/or severity of drought in NSW, and will more than likely continue to do so. The [potential negative impacts](#) of increased drought include higher suicide rates amongst rural males aged 30-49 and a substantial drop in GDP.

Policy developments and election policies

In February 2013, the NSW Government introduced drought policy reforms which included:

- An independent [Regional Assistance Advisory Committee](#) (RAAC), to advise the Government on policy options;
- [Seasonal Conditions Reports](#); and
- A focus on pre-drought farm business and farm management preparedness and resilience programs.

Because of ongoing drought conditions in north west NSW in late 2013, additional [in-drought support measures](#) were provided, including transport assistance reimbursements and emergency water infrastructure grants. Some of these were discontinued upon commencement of the [Intergovernmental Agreement on National Drought Program Reform](#) (IGA) on 1 July 2014. Under the IGA, both State and [Federal](#) Governments have drought response roles.

In 2014, the RAAC commissioned a [review](#) of NSW drought policy. The review made 14 recommendations, which were [generally supported](#) by the NSW Government, including:

- The Government, with stakeholders, should develop a formal drought response framework that defines policy responses to be triggered at different drought stages;
- Transport subsidies or similar transaction-based grants should not be used;
- The provision of concessional farm finance by the Government *may* be consistent with national drought policy objectives, depending on how it is constructed; and
- The Government should identify the

impact of drought on clinical health issues among farmers and rural residents.

In [response](#), the NSW Government released its [2015 Drought Strategy](#). Valued at over \$300 million, measures include:

- \$250 million over 5 years to continue the [Farm Innovation Fund](#);
- \$45 million over 5 years for vocational training and farm business planning;
- \$5 million over 5 years to provide transport assistance for animal welfare and donated fodder;
- Development of a multi-peril insurance product for the cropping sector with the Federal Government and stakeholders;
- Development of a drought response framework; and
- \$5 million over 5 years to reinstate the Rural Support Worker Program and continue the [Rural Resilience Program](#).

The Government also [committed](#) to investing \$1.25 billion in five major regional water security programs across the State if re-elected. Labor's [election policies](#) included reintroducing stock and fodder subsidies and transport subsidies, reintroducing drought declarations, doubling the number of Rural Support Workers and lobbying the Federal Government to relax eligibility criteria for income support.

Several other developments occurred just prior to the election due to the ongoing drought conditions in north west NSW:

- An [additional \\$20 million](#) was made available under the [Emergency Water Infrastructure Rebate scheme](#);
- [Temporary restrictions](#) were placed on supplementary water licences in the north and north-west of the State for the first time since 2006-07; and
- The Commonwealth Government made a new [Drought Recovery Concessional Loans Scheme](#) available in NSW.

Research Service Publications

D Montoya, [Drought in NSW](#), e-brief 12/2013



Chapter 8

Learning NSW

Early Childhood Education

School Issues

School Funding

TAFE

School Performance

“NSW’s reading and numeracy NAPLAN scores are mixed, with no statistically significant improvements since 2008. The percentage of students scoring in the first two NAPLAN bands did mostly increase since 2008, but the percentage of students achieving the [National Minimum Standard] mostly decreased.”

Early Childhood Education

Tom Gotsis

The early childhood education and care sector in NSW is diverse. It includes: pre-schools, which operate 6 hours a day for children aged 3–5; long day care services, which operate 8 hours a day for children aged 0–5; combined pre-school and long day care centres; family day care; and out-of-school-hours care for children aged 5–12. In NSW in 2013 there were 57,486 children in long day care, 33,890 in community preschools and 4,765 in government preschools.

The broad goals of the early childhood education and care sector are to promote the development and wellbeing of children, as well as to increase workforce participation rates. Specific performance targets for the sector include: promoting universal access to early childhood education in the year before school; improving the quality of early education and care; and increasing accessibility and affordability.

Promoting universal access

In 2013 the Commonwealth, States and Territories, through the Council of Australian Governments (COAG), entered into a [National Partnership Agreement on Universal Access to Early Childhood Education \(NPUA\)](#). The goal of the NPUA is to promote universal access to a quality early childhood education program for children in the year before full time school, particularly for disadvantaged and special needs children. That program must be available for a minimum of 600 hours per year and, in line with the [National Quality Framework](#), be delivered by a qualified early childhood teacher. Universal access to quality early childhood education in the year before school is prioritised in [NSW 2021: A Plan to Make NSW Number One](#) (Goal 15).

In 2014 NSW [exceeded its target](#) of a 95% participation rate in education programs for children in the years before school. More Indigenous children and children from low income families also accessed early childhood education.

As the [Productivity Commission](#) noted, the

[NPUA's](#) focus on the year before school accords with the view that the benefits of quality early learning for children aged 4 to 5 are “largely undisputed”, with sound evidence of subsequent improved performance in the early years of primary school. According to the Productivity Commission, for children under 4 years evidence of developmental benefits is “less compelling”; for children under 1 year, although there may be some benefits, there is also the potential for some negative effects.

Improving quality

In 2009 COAG established a [National Partnership Agreement on the National Quality Agenda for Early Childhood Education and Care](#) (NPNQA). The NPNQA led to the formation of the [National Quality Framework](#) (NQF) in 2012, which aims to raise the quality and consistency of education and care provided to children in long day care centres, preschools, family day cares and out-of-school-hours care.

The [NQF](#) includes the [National Quality Standard](#) (NQS), the [Children \(Education and Care Services\) National Law \(NSW\)](#) and the [Education and Care Services National Regulations](#). The [Department of Education and Communities](#) is responsible for administering the [NQF](#) in NSW on behalf of the [Australian Children's Education and Care Quality Authority](#), including applying its [rating and assessment process](#).

The two areas identified as key to determining education and care quality are [staff qualifications](#) and [staff-to-child ratios](#). The NSW Government has introduced a [New Skills: Quality Care](#) program to help early childhood staff meet the [NQF](#) requirements.

On 31 December 2013 there were 4,785 approved early childhood education and care services in NSW (4,574 centre-based care services and 211 family day care services). Of those, 1,783 (37%) had been assessed and rated (starting with potentially weaker services). Of the assessed services, 884 (49.6%) had an overall rating of either meeting or exceeding the [NQS](#), compared to the national average of 59.4%.

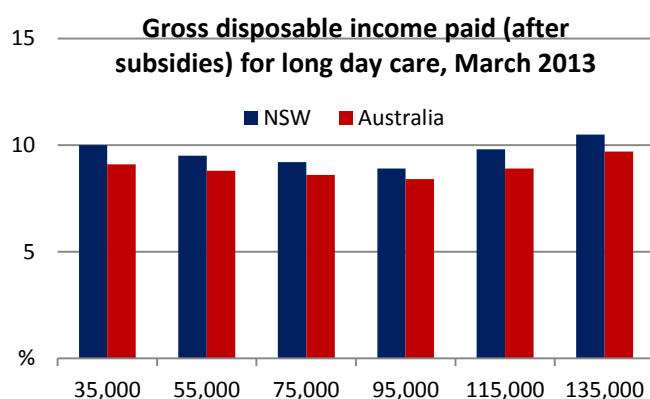
Quality rating of assessed service providers (%)		
	NSW	AUS
Excellent	< 1	< 1
Exceeding NQS	17.2	25.1
Meeting NQS	32.4	34.4
Working towards NQS	50.2	40.2
Significant improvement required	< 1	< 1

Increasing availability and affordability

There is high demand for early childhood education and care services. In 2013 there were 1.1 million children attending approved child care services in Australia. In many locations demand exceeds supply, and waiting lists are long. Parents who live in remote locations or who work long or irregular hours face additional difficulties accessing child care. The Productivity Commission estimated that, other things being equal, over 100,000 additional full time places will be needed nationally by 2026.

Despite growing public investment in early childhood education and care, costs remain high. While the average daily fee for children in community pre-schools in NSW actually decreased to \$24.61 (\$123.05 per week) in 2013, the median weekly fee for long day care increased to \$392, the second highest nationally.

After Commonwealth subsidies, out of pocket expenses for NSW families with one or two children in centre-based long day care are above the national average for all family income groups.



As the [White Paper on Reform of the Federation](#) points out, these high costs interact with the operation of the tax system, family benefits and child care fee assistance to produce high effective tax rates that can act as a “significant disincentive for single parents and secondary income earners in some families to participate in the labour force

or work additional hours.”

Funding

The Commonwealth Government is the major funder of the early childhood education and care sector. National spending increased from \$1.6 billion in 2003–04 to over \$6.5 billion in 2013–14. Child care fee assistance (which includes the Child Care Benefit and Child Care Tax Rebate) represents the bulk (around 85%) of Commonwealth expenditure. The rest of Commonwealth expenditure is directed towards universal access and quality improvement. The NSW Government’s funding is focused on public and not-for-profit preschools, and not-for-profit long day care centres. Funding to community preschools has recently increased under a [new funding model](#).

In 2012–13, Commonwealth Government funding of preschool and childcare services in NSW was \$1.8 billion, whereas NSW Government funding was \$252.8 million. In 2013–14 NSW spent \$236.8 million on early childhood education and has [budgeted](#) to spend \$361.1 million in 2014–15, an increase of 52%. The funding is directed to supporting and regulating the sector and to attaining the [NSW 2021](#) priority actions of: conducting a review of funding to identify ways of increasing participation in early childhood education; ensuring priority access to Indigenous children and children from disadvantaged backgrounds; and implementing the [NQF](#) by increasing staff-to-child ratios and staff qualification levels.

Productivity Commission report

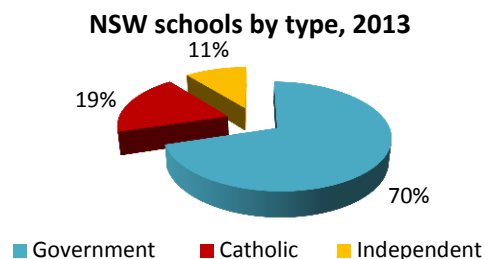
The [Productivity Commission](#) [recommends](#) maintaining federal funding but replacing the various existing fee assistance payments with a single means-tested and activity-tested payment, which would also cover nannies. Other recommendations include: a 100% subsidy for at risk children and making school principals responsible for providing out of hours school care. The [aim](#) of the recommendations is to provide a simpler, more flexible and higher-quality system for more children and their families.

School Funding

Tom Gotsis

Schools

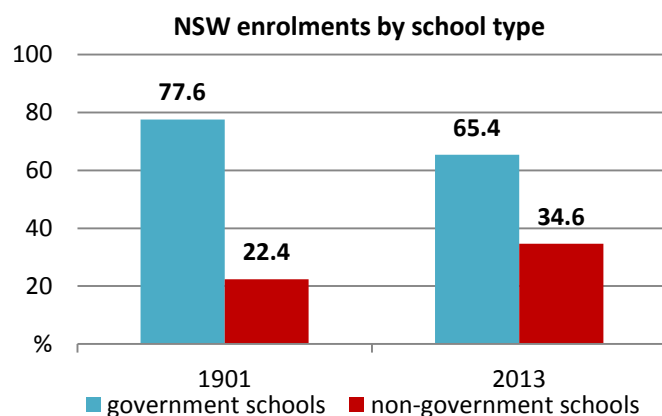
In 2013 there were 3,081 primary, secondary and special schools in NSW. From 2009 to 2013 the number of public schools fell from 2,181 to 2,164, while the number of non-government schools has remained relatively unchanged.



Enrolments

In 2013 there were 1,154,159 full time school enrolments in NSW, of which Indigenous students comprised about 5%. Enrolments in government schools represented 65.4% of NSW enrolments: 755,346 enrolments (448,759 primary enrolments and 306,587 secondary enrolments). Enrolments in non-government schools represented 34.6% of NSW enrolments: 398,813 enrolments (198,397 primary enrolments and 200,416 secondary enrolments).

Between 2009 and 2013 enrolments in government schools increased by 2.5%, while private school enrolments increased by 6.2%. Since 1901 the share of government school enrolments has decreased by 12.2%, from 77.6% at federation to 65.4% in 2013.



Funding

As both [NSW 2021](#) and the [Gonski review](#) emphasise, education funding is a key area of public policy because education outcomes are strongly associated with a broad range of socio-economic outcomes, including employment, health and social cohesion.

Schooling is the [third biggest area of spending by all Australian governments](#), comprising 8% of GDP and 7% of total Commonwealth spending. Spending by all Australian governments grew by 37%, in real terms, between 2002–03 and 2012–13.

Total Government Recurrent Expenditure on NSW schools 2012–2013 (\$ million) / (%)		
Government Schools in NSW		
Commonwealth Government	1,481	13%
NSW Government	10,100	87%
Total	11,582	100%
Non-Government Schools in NSW		
Commonwealth Government	2,521	73%
NSW Government	935	27%
Total	3,456	100%
All schools		
Commonwealth Government	4,002	27%
NSW Government	11,035	73%
Total	15,038	100%

Source: [Report on Government Services 2015](#): Table 4.1

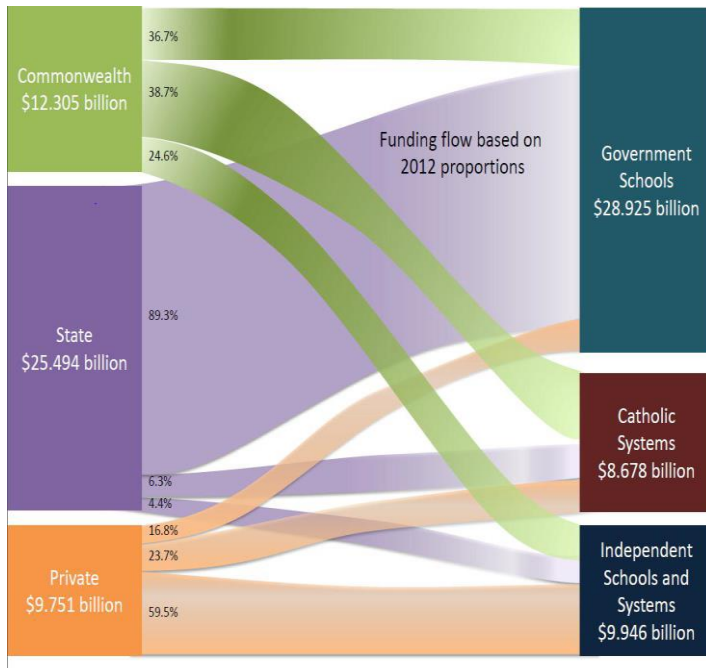
According to the [NSW Budget Statement for 2014–2015](#), Education and Communities expenses are \$14.2 billion (21% of total expenses). Overall NSW Government (recurrent) spending on schools in 2014–2015 includes \$10.7 billion for government primary and secondary schools and \$1 billion for non-government schools. The infrastructure program over the next four years for schools (and TAFE colleges) is \$1.9 billion.

Following the [Gonski review](#), NSW and the Commonwealth signed the National Education Reform Agreement (NERA), which would see NSW gain an additional \$3.27 billion in Commonwealth funding over the six years to 2019, above indexation. However, as the [NSW Budget Estimates for 2014–2015](#) state:

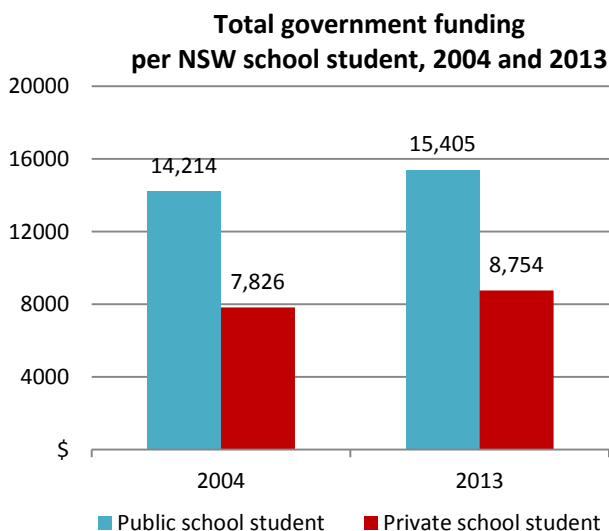
...the Commonwealth has indicated an intention to cease the NERA after 2017 along with lower indexation, which represents a reduction of \$1.27 billion over two years. Additional funding under

the NERA for 2014–15 is \$230 million”.

Viewed as a whole, school funding in Australia “[lacks transparency and coherence](#)”, with numerous agreements between school sectors and State and Commonwealth Governments making it difficult to determine how individual schools are funded.



State and Commonwealth funding to NSW public schools per student [grew](#) by 8% over the last decade, compared to 12% for private schools per student: from \$14,214 in 2004 to \$15,405 in 2013 per NSW public school student; and from \$7,826 to \$8,754 per NSW private school student over the same period.



Programs and initiatives

Current initiatives supported in NSW include:

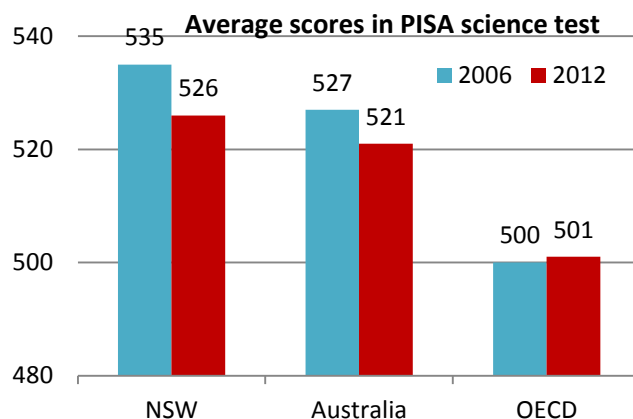
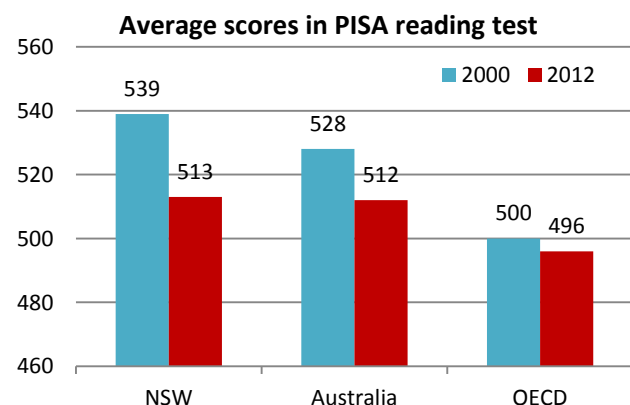
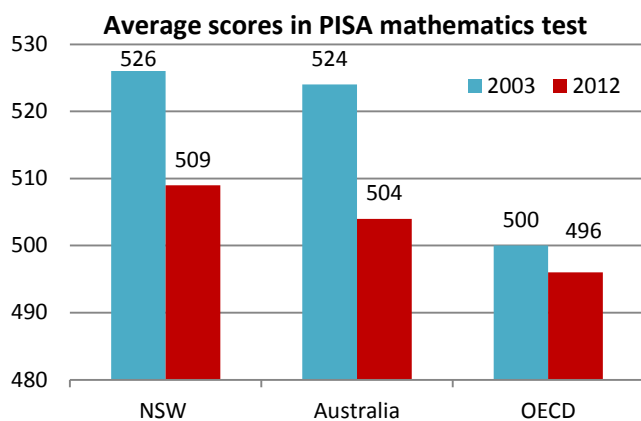
- [Local Schools, Local Decisions](#) and the [Resource Allocation Model](#), which together will see [schools manage](#) over 70% of the total public school education budget, compared with 10% in 2012.
- [Great Teaching, Inspired Learning](#), which strengthens teacher education, provides mentorship for early career teachers, and introduces an accreditation system.
- [Connected Communities](#), which positions 15 schools as community hubs in socially complex and disadvantaged areas. The schools deliver services from birth through to school, training and employment.
- [Every student, Every School](#), which enhances the capacity of schools to provide better learning and support for students with disabilities or additional learning needs. As detailed in Goal 15 of [NSW 2021](#), 60% of all NSW school students with a confirmed disability are to have a personalised learning and support plan by 2020.
- [Rural and Remote Education Blueprint](#), which aims to improve student learning in rural and remote public schools across NSW. Key actions include broadening curriculum opportunities and attracting and retaining quality teachers.
- [Early Action for Success](#) is the implementation strategy for the [State Literacy and Numeracy Plan](#), which aims to improve outcomes through targeted early interventions.
- National partnership agreements, which support [students with disabilities](#), improve [financial literacy](#) and enhance [school security](#).
- [School Excellence Framework](#), which is a self-assessment, planning and reporting tool designed to improve school performance and student outcomes, by providing a clear description of the key elements of high-quality learning, teaching and school leadership.

School Performance

Tom Gotsis

Numeracy, literacy and science

The main international assessment of Australia's educational performance is the OECD's triennial [Program for International Student Assessment \(PISA\)](#). PISA 2012 was conducted in 65 countries and involved 14,481 students in 775 schools across Australia. In NSW, 3,447 students participated, from 113 government schools, 43 Catholic schools and 28 Independent schools. Since 2000 NSW's and Australia's results have declined in both absolute and relative terms. Treating the results for NSW as if they were "national" results, in 2000 NSW would have [ranked](#) 3rd in mathematics, 1st in science and 2nd in reading. In 2012, while still performing above the OECD national average, NSW would have [ranked](#): 18th for mathematics, equal 9th for science, and 13th for literacy. Lower PISA results for Indigenous students and students from low socio-economic backgrounds also indicate that equity goals are not being achieved.



The main domestic assessment of Australia's education system is the [National Assessment Program Literacy and Numeracy \(NAPLAN\)](#) tests, which students in Years 3, 5, 7 and 9 have sat since 2008. The NAPLAN assessment incorporates a National Minimum Standard (NMS), with a targeted 2% increase in the number of students achieving the NMS from the baseline year of 2008 by 2016. Another measure of success is the proportion of students in the top two NAPLAN performance bands.

Overall, as the following tables set out, NSW's reading and numeracy NAPLAN scores are mixed, with no statistically significant improvements since 2008. The percentage of students scoring in the first two NAPLAN bands did mostly increase since 2008, but the percentage of students achieving the NMS mostly decreased. Disparity remains between the scores of Indigenous and non-Indigenous students.

NSW NAPLAN mean reading scores					
Year	2008	2013	2014	'08 / '14	'13 / '14
9	583.1	584	584.3	*	*
7	542.5	544.1	548.3	*	*
5	494.7	506.4	504	*	*
3	412.3	424	422.9	*	*

* difference not statistically significant

NSW NAPLAN mean numeracy scores					
Year	2008	2013	2014	'08 / '14	'13 / '14
9	591.4	591.9	594.3	*	*
7	551.3	547.5	550.3	*	*
5	487.8	493.1	493.4	*	*
3	408.9	403.6	407.3	*	*

* difference not statistically significant

% of students in top two NAPLAN bands						
Year/subject	2008		2013		2014	
	NSW	Aus	NSW	Aus	NSW	Aus
3 reading	44.3	39.5	48	45.8	48.1	46.2
3 numeracy	40	33.5	36	31.9	39.5	36.2
5 reading	32.1	27.4	35.4	32.8	36.1	34.5

% of students in top two NAPLAN bands (continued)						
Year/subject	2008		2013		2014	
	NSW	Aus	NSW	Aus	NSW	Aus
5 numeracy	27	20.6	29.1	25.1	29	25.9
7 reading	27.8	24.6	28.1	26	30.3	29
7 numeracy	32.5	28.9	29.6	26.6	30.7	28.6
9 reading	22.5	20	22	19.8	23.8	21.3
9 numeracy	27.5	22.1	28.9	24.5	27.8	24

% NSW students at or above NMS		
	2008	2014
Year 3 reading	95.1	94.7
Year 3 numeracy	96.9	95.4
Year 5 reading	93.5	93.7
Year 5 maths	94.4	94.3
Year 7 reading	95.4	95.4
Year 7 numeracy	96	95.5
Year 9 reading	94.4	92.6
Year 9 numeracy	94.7	94.5

Mean scores NSW 2014		
	Indigenous	Non-Indigenous
Year 3 reading	355.2	426.6
Year 3 numeracy	348.1	410.6
Year 5 reading	440.4	507.3
Year 5 numeracy	433	496.6
Year 7 reading	495.4	551.1
Year 7 numeracy	489.2	553.6
Year 9 reading	529.2	587.5
Year 9 numeracy	531.5	598

NSW Government policy

[NSW 2021](#) aims to improve student literacy and numeracy by increasing the proportion of students in Years 3, 5, 7 and 9 who: (i) meet and exceed the NMS for reading and numeracy; and (ii) are in the top two NAPLAN performance bands for reading and numeracy. The priority actions are: providing effective professional learning programs for teachers; supporting teachers to better identify and respond to students' individual needs; and implementing the [NSW Literacy and Numeracy Action Plan](#).

Great Teaching, Inspired Learning

Within schools, the greatest influence on student engagement and achievement is the teacher. In 2013 the NSW Government launched [Great Teaching, Inspired Learning](#), a blueprint for improving the quality of teaching and learning in NSW schools. 16 reforms are provided across a teacher's career cycle. They include improving:

- the quality of teacher education programs;
- the induction and mentoring of new teachers;
- teaching standards and accreditation; and

- professional learning and career development.

A recent [review](#) into teacher education found that many teaching degrees are [mired in theory](#) and not equipping new teachers with the practical skills required to be an effective teacher, particularly in the areas of mathematics and science. [Research](#) has also found that fewer aspiring teachers studied any mathematics for the HSC, reflecting lower mathematics participation in the general student population. The NSW Government has [announced](#) that it will retrain 320 existing teachers in maths and science.

The NSW Centre for Education Statistics and Evaluation [reported](#) that student outcomes improve when teachers: set high expectations; use explicit teaching; provide effect feedback; use performance data to inform practice; manage their classes effectively; promote student wellbeing; and collaborate with peers.

Academic commentators Professors [Masters](#) and [Scott](#) argue that in order to optimise teacher effectiveness, the school environment must engender a sense of professionalism. This requires opportunities for ongoing professional development, including [mentoring](#) and collaboration with colleagues. It also requires the resources needed to identify and monitor the learning abilities and needs of all students, and to provide each student with individualised support.

Literacy and Numeracy Action Plan

The [Plan](#) and its implementation strategy ([Early Action for Success](#)) involve hiring 50 specialist Instructional Leaders in the most disadvantaged schools to facilitate teacher professional development and co-ordinate the resources available to each school into a single coherent strategy. Additional literacy and numeracy teachers will also be employed, with an initial cohort of 200 being hired in 2012.

The Plan involves a change in pedagogy, away from a whole-class focus towards personalised learning and diagnostic assessment. This change in focus entails, for each child, early identification of educational attainment, the development of tailored programs of learning and ongoing assessment of progress.

School Issues

Tom Gotsis

Retention rates

Retention rates are proxy measures of school engagement and completion. The NSW 2013 retention rate of 76.7% for Years 7–12 was lower than the national average of 81.6%. Only Tasmania (68.7%) and the Northern Territory (55.8%) and had lower rates than NSW.

Retention rates are not uniform across the NSW education system. The 2013 Year 7–12 retention rates in some areas of Sydney were up to 30–40% higher than some regional areas. Further, students in government schools (72.7%) have lower retention rates than students in non-government schools (83%); male students (72.4%) have lower retention rates than female students (81.2%); and Indigenous students (49.5%) have much lower retention rates than non-Indigenous students (76.7%).

Attendance rates

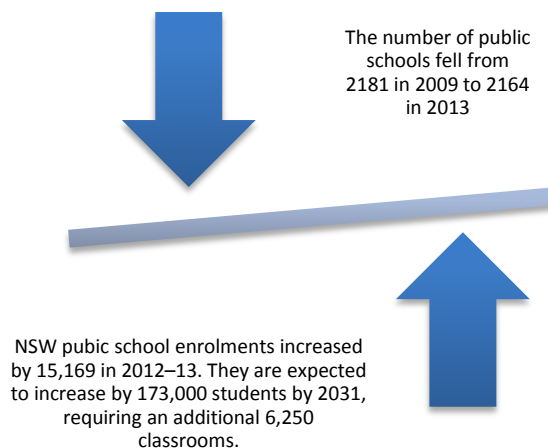
The Commonwealth and NSW Governments are [targeting](#) increased attendance rates as a means of [improving](#) educational outcomes. From 2015 onwards, attendance data for every school will be included on the [MySchool](#) website. Those figures will identify average attendance rates for Indigenous and non-Indigenous students, and include [family holidays](#) taken during term.

Class sizes

In NSW, over the period 1997–2014, average class sizes in government primary schools have decreased from 26.9 to 24.0 students. The largest decreases have been across Kindergarten to Year 2 (24.1 to 19.3 for Kindergarten, 25.5 to 21.4 for Year 1 and 26.2 to 22.7 for Year 2). Data for the average high school class size has not been collected since 2002. However, student to staff ratios in government secondary schools have remained stable over 2003–2012, ranging from 12.6 to 12.3.

Overcrowding

Despite individual class sizes not having increased (at least in primary schools), overcrowding has arisen as a contentious school issue, particularly following the sale and closure of public school sites over the last decade. Future enrolment growth is [expected](#) to exacerbate the current situation.



In such areas as [Parramatta and inner Sydney](#), this situation is leading to the development of [high rise schools on smaller blocks of land](#).



An artist's impression of the proposed Arthur Phillip High School in Parramatta: [NSW Government](#).

On 25 November 2014 the Minister for Education, Adrian Piccoli, [announced](#) \$1 billion from Rebuilding NSW funds for education infrastructure to “service growing student populations”.

The Minister, referring to [Infrastructure NSW](#) estimates of a need for 6,250 more classrooms by 2031, said:

In NSW each child is entitled to be enrolled at the government school in his or her intake area. A growing population is placing this entitlement under increasing pressure.

Population projections for school aged children to 2031 show growth of 267,000, of which 65% (or an expected 173,000 children) are expected to enter the public education system. An additional 6,250 classrooms will be needed to accommodate these extra students. Over 5,450 classrooms will be required in Sydney, including 4,050 in Western Sydney.

According to [Infrastructure NSW](#), the capital and land costs of providing the equivalent of 6,250 classrooms by 2031 are \$8.25 billion.

Computers in schools

In 2008 the Commonwealth Government introduced the Digital Education Revolution (DER), with the aim of providing a computer to every student in Years 9 to 12 by 2012. In NSW, the 1:1 ratio was achieved by the beginning of 2012. The program involved spending \$446 million in NSW to provide 250,000 laptops across more than 500 schools.

With the end of Commonwealth funding for the DER program, schools and education systems are examining ways of maintaining a 1:1 computer to student ratio. Bring Your Own Device (BYOD) is emerging as a possible answer. Almost 30% of schools in Australia now require children to bring their own devices.

Concerns have been raised that BYOD may increase the “digital divide”, as some families cannot afford to purchase devices for their children. There are also concerns that, for BYOD to be effective, professional development and curriculum support resources must be provided to teachers. Others have argued that personal devices will be too much of a distraction for students and detract from learning outcomes.

[Proponents argue](#) that BYOD, by enabling on-line student-centred lessons to be developed, will [positively transform](#) the nature of teaching and

learning, an effect which will only be realised fully as more schools and homes connect to the National Broadband Network and online teaching resources are developed.

Violence in schools

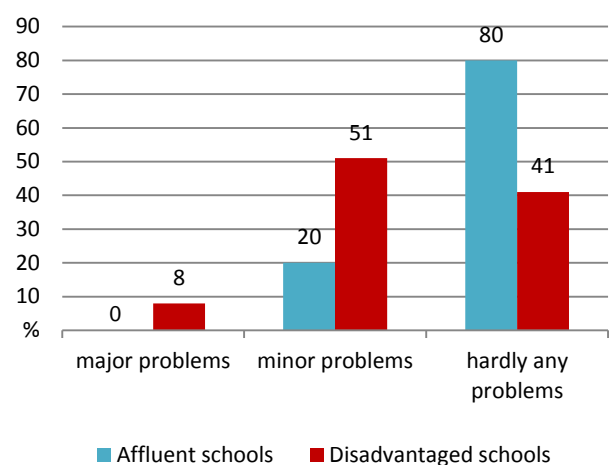
The NSW Bureau of Crime Statistics and Research (BOCSAR) [found](#) an increase in recorded assaults between students on school premises over 2005–2009.

More [recently](#), there were: 626 alleged assaults in NSW public schools in 2013 and 241 alleged assaults in the first two terms of 2014. Between 1 July 2003 and 31 December 2013 87 Apprehended Violence Orders were [issued](#) on behalf of teachers.

Over October 2010–September 2014, there were 167 cases finalised in the Children’s Court (134) and Local Court (33) where the principal offence was either [s 60E\(1\)](#) or [s 60E\(2\)](#) of the *Crimes Act 1900*, which prohibit the harassment, intimidation and assault of school students and staff.

One in four school principals [report](#) they have experienced physical violence carried out by students or parents. The [Australian Council for Education Research](#) reports that, amongst a sample of schools across Australia, principals in disadvantaged schools have greater concerns about safety and orderliness than principals in affluent schools.

Principals' concerns about school safety and orderliness, 2011, Australia



TAFE

Tom Gotsis

TAFE is part of the Vocational Education and Training (VET) system. VET plays a [key role](#) in generating economic growth. The vocational skills acquisition it facilitates enables people to engage in more sophisticated, productive and rewarding forms of economic activity.

VET provides post-secondary qualifications in line with the [Australian Qualifications Framework](#), in such areas as business, health, hospitality, manufacturing and building. The qualifications include Certificates I–IV, Diplomas, Graduate Diplomas and some Degrees. VET courses are generally post-secondary but apprenticeships and traineeships can be commenced by secondary students. In NSW VET is provided by Registered Training Organisations (RTOs), including: 10 TAFE NSW Institutes, the [Open Training Education Network](#) and private training colleges.

In 2012 there were 598,482 total [student enrolments](#) in NSW (53.9% from the lowest two socio-economic quintiles). About 5.5% of students were Indigenous; 7.1% had a disability; and 17.7% did not use English as their first language.

Performance and targets

A [NSW 2021](#) VET goal is to increase by 50% the proportion of working-aged people with post school qualifications at Certificate III level and above ([from](#) 55.8% in 2010 to 83.7% in 2020). Based on the 2013 rate of 58.1%, NSW is [unlikely](#) to meet this target. However, the number of Diploma and Advanced Diploma completions [increased](#) from 15,481 in 2009 to 25,561 in 2011, which places NSW on track to meeting its [target](#) of doubling the number of people qualified at Diploma level and above by 2020. The proportion of the NSW population with qualifications at Diploma level or above [increased](#) from 11.7% in 2005 to 18.5% in 2011.

More women in NSW are completing VET qualifications at Certificate III level and above. The 2011 figure (63,593) [exceeds](#) the NSW 2021

[target](#) of a 20% increase. A 20% increase is also likely to be met in respect of rural, regional and Indigenous student completions at Certificate III level and above.

NSW is unlikely to meet its [target](#) of having 90% of young people participating in post-school education, training or work by 2020. In 2013 about [75%](#) of young people were fully engaged in post-school education, training or work.

NSW is exceeding its target of increasing by 10% the number of [completed](#) apprenticeships and traineeships by 2016: from 50,147 in 2010 to 60,969 in 2013. However, the [proportion](#) of NSW apprentices and trainees who complete their contracts remains low: 44% for trade occupations and 53.2% for non-trade occupations. Further, between September 2012 and September 2013, there were [falls](#) in the number of apprentices and trainees in training (15% fall) and the number of apprenticeships and traineeships commenced (25% fall).

The National Centre for Vocational Education Research has [found](#) that employment outcomes for VET graduates across Australia are at a decade low: 44.4% of all VET graduates who had been unemployed before training reported they had found employment, down from 61.8% in 2005; 42.3% of TAFE graduates who were unemployed before training found employment; and 14.8% of previously employed graduates reported being employed at a higher skill level than before they had undertaken training.

Funding

In [2013–14](#) the NSW Department of Education and Communities allocated 85.4% of VET funding directly to TAFE, which has [historically](#) provided most of NSW's training. 11% of VET funding was contestable between RTOs, of which 2.75% was distributed to TAFE and 8.25% to about 750 private RTOs. Adult Community Colleges received 1% of non-contestable funding as grants. Administration costs accounted for the remaining funding.

Effective from 1 July 2014, TAFE NSW was separated from the Department of Education and Communities into an autonomous agency. As

noted in the NSW [Budget Estimates](#) for 2014–15, in 2013–14 TAFE NSW received \$1.866 billion in recurrent expenditure and in 2014–15 is expected to receive \$1.861 billion. Recurrent expenditure on VET increased by 99.2% during the period 2013–14 to 2014–15, from \$318.9 million to \$635.3 million, including [\\$125 million](#) to support the [Smart and Skilled](#) reforms. Over 2003 to 2012, total government real recurrent expenditure per annual student hour (in 2012 dollars) [decreased](#) by about 22%, from \$16.31 to \$12.65.

Capital expenditure on TAFE NSW decreased from \$90.3 million to \$76.9 million over 2013–14 to 2014–15. The capital expenditure will be [used](#) for new building and information technology projects and to continue 19 major projects.

Smart and Skilled reforms

The NSW TAFE and VET sector is undergoing “[profound change](#)”. This is being driven by the [National Partnership Agreement on Skills Reform](#) (NPASR) and NSW’s [Smart and Skilled](#) reforms, which commenced on 1 January 2015. A new [Skills Board](#) will oversee the process.

Entitlement to subsidised training

The core feature of Smart and Skilled is that, in return for Commonwealth NPASR funding, NSW will create an [entitlement](#) to subsidised VET training up to Certificate III level. The entitlement is payable to the RTOs in which students choose to enrol, effectively opening up more of the market to competition. Additional features include: improving VET quality, efficiency and reporting; ensuring access and equity to VET; supporting TAFE to function in a more competitive market; and increasing the number of course completions.

Budget-neutrality vs skills growth

The NSW Government intends Smart and Skilled to be [budget-neutral](#). As the Auditor General [reported](#), this will require: a competitive tender process to allocate funding; capping the number of available training places; and, at least initially, regulating prices. The Auditor General further [reported](#) that the goal of budget-neutrality will lead to a “restricted” market, where contestability is not being utilised fully to “drive efficiencies and expand VET activity to meet the State’s long-term

objectives”. Increasing funding and contestability may help Smart and Skilled maximise public value and attain the NSW 2021 goals for VET.

Fee increases

[Concerns](#) have been raised about the likelihood and [impact](#) of fee increases, especially given the prevailing [high](#) youth unemployment [rates](#) and the socioeconomically [disadvantaged](#) background of many TAFE students. Informed by the IPART report [Pricing VET under Smart and Skilled](#), the new fees are set out by the Department in [Smart and Skilled: Training provider guide to 2015 prices, fees and subsidies](#). The Government has said that increased student fees will enable [46,000](#) more students to be trained. The Government has further announced [Reskilling NSW](#), a reform that will make it free for 200,000 disadvantaged young people to access VET, especially residents in social housing.

Alternative policies

NSW Labor’s \$100 million TAFE Rescue [Plan](#) proposed to abolish Smart and Skilled, reverse fee increases and protect TAFE by capping to 30% the amount of contestable public funds. The Greens NSW [oppose](#) Smart and Skilled, arguing that: TAFE should be the main provider of VET; students should not be charged any fees; and private colleges should not profit by up to [\\$193 million](#) from Government subsidies at the expense of TAFE. A Greens NSW [Bill](#) to stop Smart and Skilled was defeated in November 2014.

Unscrupulous conduct

Concerns have been raised in [NSW](#) and [nationally](#) about some training colleges using [unscrupulous](#) marketing and sales tactics to sign up vulnerable people to expensive but poor-quality training, using government loans ([VET FEE HELP](#)) that they cannot afford to repay. In the last financial year nearly [600 consumers](#) have called NSW Fair Trading with complaints about being tricked into taking out expensive student loans or experiencing difficulties concerning refunds, cancellations and cooling off periods.

Research Service Publications

J Wilkinson, [TAFE organisation and funding in NSW: past and present](#), e-brief 17/2014.



Chapter 9

Healthy NSW

Hospital Funding

Mental Health

Hospital Performance

Obesity

Rural Health

Medical Cannabis

“...from July 2017, the current activity-based funding model will be discarded and replaced by a new population growth / CPI model. The new arrangements will reduce Commonwealth spending on public hospitals by almost \$2 billion over 4 years, from 2014–15 to 2017–18, with the largest reduction to occur in 2017–18.”

Hospital Funding

Tom Gotsis

Public hospitals perform a vital social role. Despite this, the funding of public hospitals is fragmented and fractious. A shared responsibility of Commonwealth and State Governments, public hospital funding has been the subject of a series of troubled intergovernmental agreements.

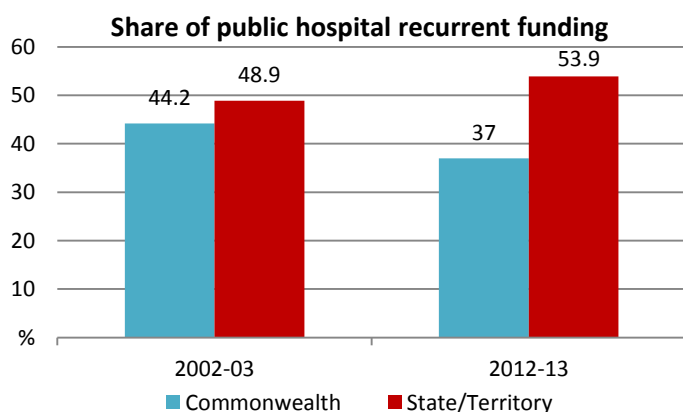
National Health Reform Agenda

In 2007 Prime Minister Rudd [said](#) he would work with the States to [improve](#) the public hospital system or else hold a [referendum](#) to enable a “[federal takeover](#)”. In 2010 COAG (with the exception of Western Australia) [agreed](#) that the Commonwealth would fund 60% of the cost of public hospital services, with \$16 billion in additional funding guarantees through to 2019. Subsequently, the States rejected the agreement.

In 2011 Prime Minister Gillard introduced the [National Health Reform Agreement \(NHRA\)](#). As [reported](#) by the *Reform of Federation White Paper*, under the NHRA:

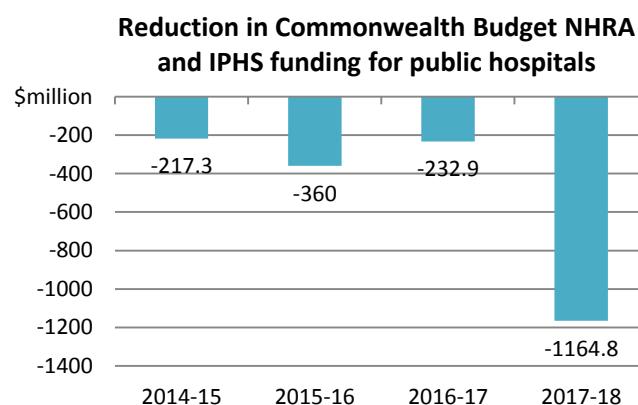
The Commonwealth ... committed to funding 45% of the growth in efficient hospital costs from 2014–15 to 1 July 2017, at which time it was to rise to 50%. The additional funding was guaranteed to be at least \$16.4 billion from 2014–15 to 2019–20.

While less generous than the proposed Rudd reform, the NHRA would have arrested the ongoing decline in the Commonwealth’s share of recurrent funding for public hospitals, which fell from 44.2% in 2002–03 to in 37% 2012–13.



Commonwealth Budget 2014–15

The Abbott Government’s [budget announced](#) the end of the [NHRA](#) and the related [National Partnership Agreement on Improving Public Hospital Services \(IPHS\)](#). Consequently, from July 2017, the current activity-based funding model will be discarded and replaced by a new [population growth / CPI model](#). The new arrangements will reduce Commonwealth spending on public hospitals by almost \$2 billion over 4 years, from 2014–15 to 2017–18, with the largest reduction to occur in 2017–18.



Impact of changes on NSW

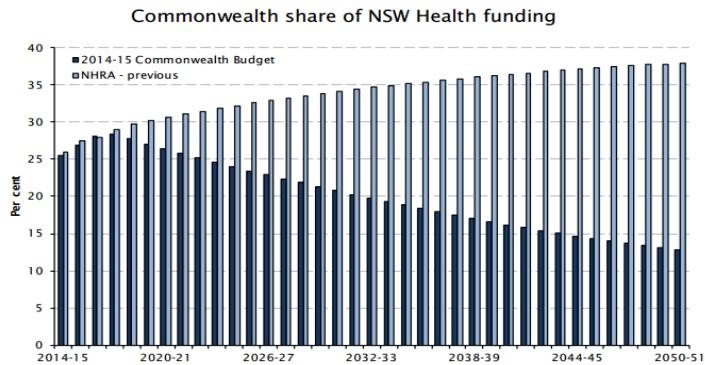
According to the [NSW Budget Statement](#), the new Commonwealth funding arrangements represent a “[worsening of the State’s position](#)”. Significantly, the new funding formula does not recognise the additional cost pressures faced by hospitals, with an ageing population and expensive medical technology adding around 0.5 and 1.2 percentage points respectively to demand growth each year. The new formula will:

shift a significant share of the intergenerational burden of health and hospital funding from the Commonwealth onto the states and territories.

As outlined in the [Budget Statement](#), the long-term impact of the new funding arrangements on the NSW health system will be drastic:

... long-term growth in Commonwealth health funding to NSW is projected to fall from 7.2 to 4% per annum. Moreover, since NSW health expense pressures are projected to grow at around 6% per annum over the long-term, the Commonwealth contribution to NSW health spending is expected to halve, from 26% in 2014–15 to 13% in 2050–51.

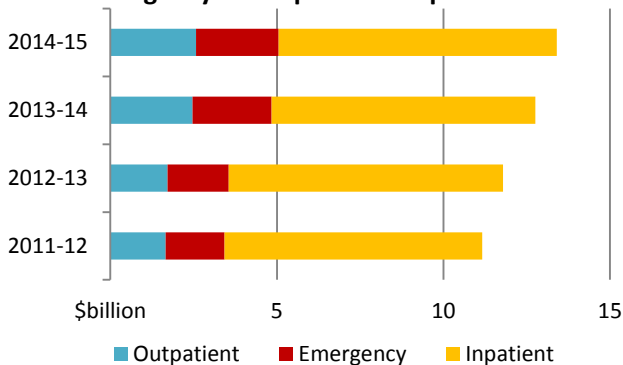
In Premier Baird’s words, health funding is now the “[biggest challenge](#)” facing NSW.



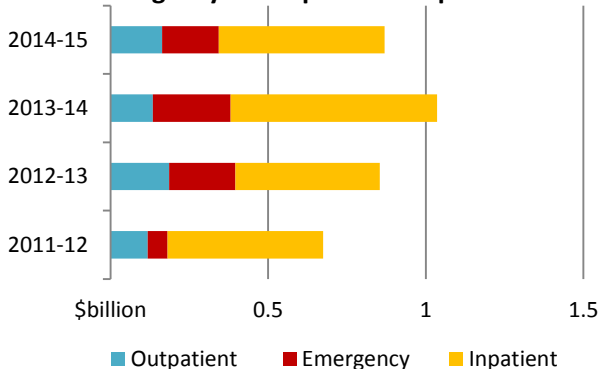
NSW expenditure

Health is the largest policy area of expenditure (27.6% of total expenses for 2014–15), and has been so for the last 10 years. Spending on public hospitals is in turn the largest component of NSW health spending. Recurrent expenditure on health for 2014–15 is \$18.7 billion, of which \$13.4 billion (71.7%) will be spent on the core hospital areas of outpatient, emergency and inpatient services. Capital expenditure on health in 2014–15 will be almost \$1.3 billion, of which \$869.7 million (66.9%) will be spent on outpatient, emergency and inpatient hospital services.

NSW recurrent expenditure on outpatient, emergency and inpatient hospital services



NSW capital expenditure on outpatient, emergency and inpatient hospital services



Policy developments

During the 2015 NSW election campaign the Baird Government [announced](#) it would spend more than \$5 billion over 4 years to build and upgrade hospital and health infrastructure, including: Broken Hill, Coffs Harbour, John Hunter, Maitland, Northern Beaches, Prince of Wales, St George, Wyong and Westmead hospitals. It also [announced](#) plans to hire an additional 2,100 nurses and midwives, 700 doctors, 300 allied health staff, 53 paramedics and 400 support staff.

NSW Labour [announced](#) it would redevelop hospital infrastructure, including: Byron Central (\$80 million), Concord (\$323 million), Lismore Base (\$90 million), Nepean (\$351 million), The Tweed (\$211 million) and Westmead (\$430 million) hospitals. It also planned to create 4 nurse-led [Walk-in Centres](#); establish nurse-to-patient [ratios](#) (which will involve hiring an additional 840 nurses); and fund the hiring of 500 more [paramedics](#) and 5 more [paediatric surgeons](#).

Public Private Partnerships

In 2014 the Baird Government entered into a [Public Private Partnership](#) (PPP) with [Healthscope](#) for the design, building and operation of a new [Northern Beaches Hospital](#). PPPs are invariably contentious, especially in this case in light of the difficulties and controversies experienced with the 1994 [Port Macquarie Base Hospital](#) PPP.

The Labor Party and the Greens NSW oppose the Northern Beaches Hospital PPP. Shadow Minister for Health, Walt Secord, [describes](#) it as a case of “profits before patients.” The Greens’ Dr John Kaye [says](#) it is a “frightening blueprint for the next generation of hospitals”.

Premier Baird [affirmed](#) the Government’s support for PPPs where they can “deliver better facilities, improved services and great outcomes” for the community.

Research Service Publications

T Drabsch, [Health Indicators for NSW](#), Statistical Indicators 6/2012.

Hospital performance

Tom Gotsis

The States have sole responsibility for the delivery of hospital services. However, as a condition of Commonwealth funding, the States have agreed to operate public hospitals in line with national performance indicators. Many of these national indicators are expressly adopted in the NSW [State Plan](#).

The Australian Institute of Health and Welfare ([AIHW](#)) and National Health Performance Authority ([NHPA](#)) monitor hospital performance on a national and State basis. The NHPA also publishes performance data for individual hospitals on its [MyHospitals](#) website. The [NSW Bureau of Health Information](#) reports on hospital performance across the State and at the individual hospital level.

Care is required when evaluating data from the various agencies. Differences in definitions, data collection and reporting timeframes mean the data are not directly comparable and can give rise to discrepancies in outcomes.

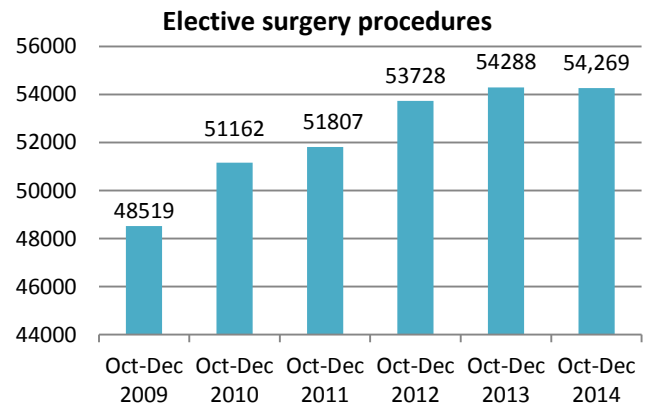
The following discussion focuses on two key hospital performance indicators: elective surgery and Emergency Department waiting times.

Elective surgery waiting times

Elective surgery (also known as planned surgery) is surgery that can be delayed by at least 24 hours.

Figures from the NSW Bureau of Health Information [reveal](#) that, during October to December 2014, [54,269](#) elective surgery procedures were performed in NSW public hospitals, slightly less than the same quarter in 2013. Over the last quarters of the past five years, the amount of elective surgery performed increased from a baseline of 48,519 in 2009 to 54,288 in 2013 and 54,269 in 2014.

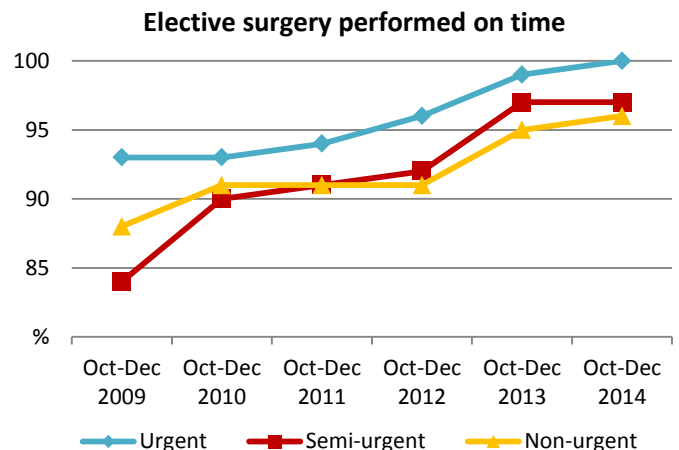
During October to December 2014, [97%](#) of elective surgery procedures were performed on time (within recommended timeframes).



Elective surgery procedures performed on time, NSW public hospitals, last quarter 2014

Urgency Category	%	Recommended time (days)
Urgent	100	30
Semi-urgent	97	90
Non-urgent	96	365
All	97%	N/A

Over the last quarters of the past five years, there has been improvement in the percentage of elective surgery procedures performed on time, across all urgency categories.



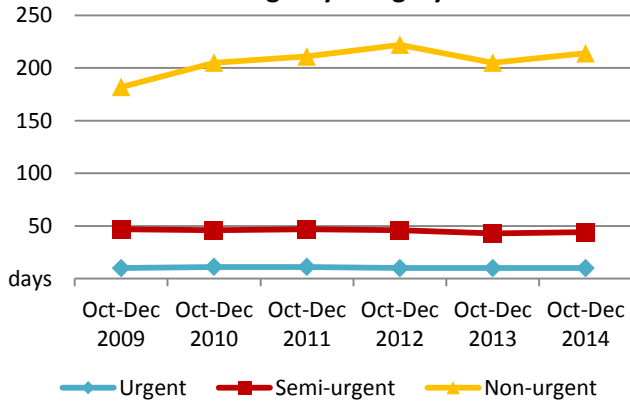
However, comparing the last quarters of 2013 and 2014, there were minor increases in the median waiting times for semi-urgent and non-urgent elective surgery. The median waiting time for urgent elective surgery remained unchanged.

Elective surgery median waiting times last quarter 2013 and 2014

Urgency Category	Days last quarter 2014	Days last quarter 2013
Urgent	10	10
Semi-urgent	44	43
Non-urgent	214	205

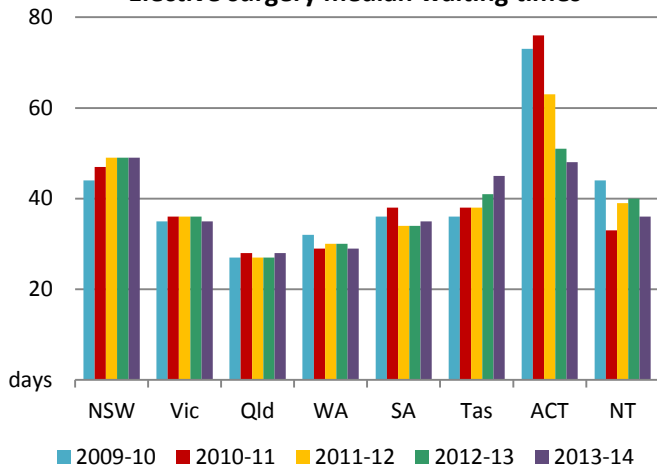
Last quarter figures over the past five years show that the median waiting time for non-urgent elective surgery has increased, from 182 days to 214 days. The median waiting times for the other categories remained relatively unchanged.

Elective surgery median waiting times, by urgency category



The Australian Institute of Health and Welfare reports that, over 2009 to 2014, elective surgery median waiting times in NSW were the second highest in Australia. In 2013-14 the NSW figure of 49 days was the highest in Australia.

Elective surgery median waiting times



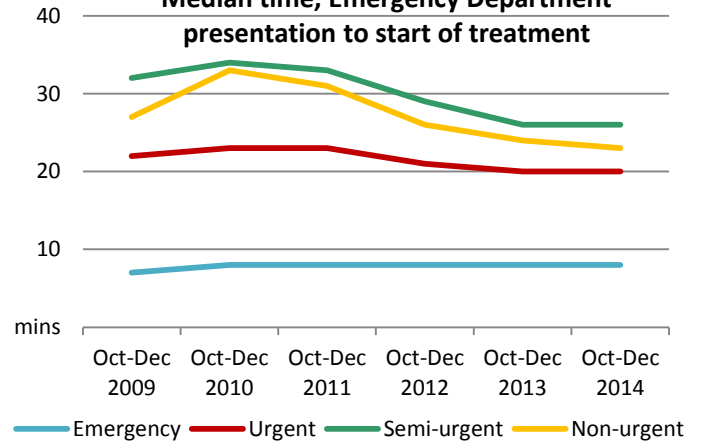
Emergency Department waiting times

Figures from the NSW Bureau of Health Information show that, during October–December 2014, there were 636,925 presentations at NSW public hospital Emergency Departments. This is a 3% increase from the corresponding 2013 quarter. Over the past 5 years, Emergency Department presentations increased from 502,315 in the last quarter of 2009 to 613,241 in the last quarter of 2014.

The last quarter 2014 median time from

presentation to treatment was effectively unchanged from 2013. Over five years the median time decreased in three triage categories and effectively remained constant in the other.

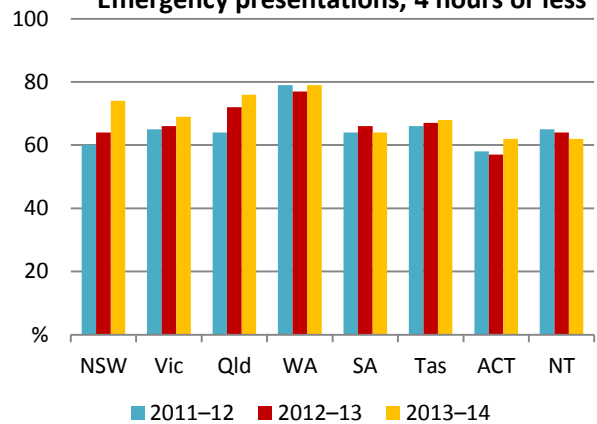
Median time, Emergency Department presentation to start of treatment



For all presentations, the median time from presentation to leaving the Emergency Department has, after initially increasing, decreased from 3 hours and 9 minutes in the last quarter of 2009 to 2 hours and 46 minutes in the last quarter of 2014. Further, during the last quarter of 2014, 73% of patients left NSW Emergency Departments within 4 hours of presentation. This is 2% more than the last quarter of 2013 and 14% more than the 59% recorded in the last quarters of 2010 and 2011.

Figures from the Australian Institute of Health and Welfare show that, over 2011–12 to 2013–14, NSW had the largest increase in the proportion of Emergency Department presentations lasting 4 hours or less.

Emergency presentations, 4 hours or less



Rural Health

Lenny Roth

NSW Health [notes](#) that:

Just over a quarter of the people in New South Wales live outside the three major cities of Sydney, Newcastle and Wollongong. Rural NSW is characterised by its diversity. It is made up of major regional centres and coastal cities, small towns and remote communities.

It also notes that 7 of the 15 Local Health Districts in NSW comprise rural areas: [Far West](#); [Hunter New England](#); [Mid North Coast](#); [Murrumbidgee](#); [Northern NSW](#); [Southern NSW](#); [Western NSW](#).

Health status

A 2014 Australian Institute of Health and Welfare (AIHW) [report](#) stated that “Australians in regional and remote areas tend to have shorter lives and higher rates of disease and injury than people in major cities”. It explained that this may reflect a range of factors, including higher levels of socio-economic disadvantage, difficulties accessing services, higher health risk factors (e.g. smoking), and higher occupational and physical risks (e.g. from farming work and transport accidents). The AIHW also noted that there were higher proportions of Aboriginal and Torres Strait Islander people in remote and very remote areas and they have poorer health outcomes.

According to ABS [data](#), in NSW in 2013, in major cities the median age at death was 82.1, compared to 81.5 in inner regional areas, 80.1 in outer regional areas, 77.1 in remote areas, and 67.8 in very remote areas. Based on this data, a [Sydney Morning Herald article](#) observed that “the average person in remote western NSW can expect to live a shorter life than someone in North Korea or Iraq”. It stated that only Western Australia and the Northern Territory had a worse life expectancy in remote areas. It also noted that, for the past decade the same areas in Western NSW featured in the 10 areas in NSW with the highest death rates: e.g. Walgett and Bourke.

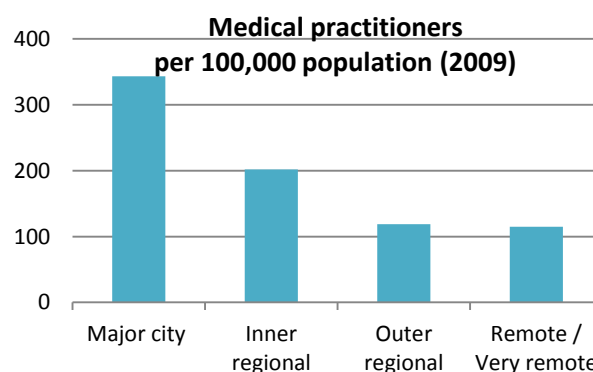
A 2013 [article](#) in the *Medical Journal of Australia* assessed whether the disadvantage in cancer deaths rates among regional and remote Australians had reduced over the decade from 2001 to 2011. It concluded that little, if any, progress had been made. It noted that during the decade, there were about 9,000 excess cancer deaths in regional and remote areas.

Access to services

NSW Health Statistics [data](#) shows that in 2012 12% of persons in major cities reported difficulties accessing health services when they needed it compared to 19% of people in inner regional areas and 33% of people in outer regional and remote areas. Similar figures were reported in the previous 10 years. Difficulties accessing health services in rural areas may be due to: higher levels of socio-economic disadvantage, shortages of doctors/facilities, and longer distances.

Doctor shortages

Figures from a 2011 NSW Health [paper](#) show a much higher ratio of doctors to population in major cities than in regional and remote areas.



The AIHW report [Medical Workforce 2012](#) has more recent national (but not NSW) figures. It shows a similar gap between major cities and regional and remote areas but, at the national level, the difference between inner and outer regional rates is not as large as in NSW. At the national level, GPs were evenly spread across major cities and regional and remote areas; the biggest difference between major cities and regional and remote areas was for specialists.

A [background paper](#) for an AMA (NSW) Regional Specialist Workforce Forum in December 2013 stated that “distribution of the specialist workforce

by speciality is not possible to accurately ascertain from published statistical measures". The paper outlined current Commonwealth and NSW Government initiatives to recruit and retain rural specialists. It also identified some key themes in recruiting and retaining specialists: e.g. supporting the rural pipeline by recruiting more rural students, creating more opportunities for rural immersion during medical training, and having more generalist training options.

Achievements in NSW

In its recent NSW Rural Health Plan (see further below), NSW Health [outlined](#) achievements in rural health, including (for example):

- From 2010 to 2014 the rural health workforce increased by 29% in the medical category, and 6% for nurses;
- People in rural areas now receive 85% of care within their Local Health District;
- 95% of the NSW population have access to a cancer care centre within 100 kilometres of their residence;
- The NSW Stroke Reperfusion Program is being rolled out across many rural areas;
- Renal dialysis, palliative care and trauma services have also been expanded in rural and remote NSW.

Government strategies

Strategies have been developed at the national and State levels. In 2012, the Standing Council on Health published [The National Strategic Framework for Rural and Remote Health](#); and in November 2014, the NSW Minister for Health, Jillian Skinner, launched the [NSW Rural Health Plan: Towards 2021](#). It has three directions:

1. *Healthy communities*: Strengthen health promotion, disease prevention and community health services to ensure people in rural communities are healthy.
2. *Access to high quality care*: Improve access to health services as close to home as possible and enable the provision of high quality care in local rural health services.
3. *Integrated services*: Ensure services and networks work together, are patient-centred

and planned in partnership with local communities and health service providers, and provide better continuity of care.

The Plan also has three strategies:

- Enhancing the health workforce;
- Strengthening infrastructure, research and innovation; and
- Improving e-health

Strategies have also been developed specifically for the health workforce. In 2012, NSW Health released the [Health Professionals Workforce Plan 2012-2022](#). In 2013, Health Workforce Australia published the [National Rural and Remote Health Workforce Innovation and Reform Strategy](#).

AMA Policy Statement

In the lead up to the 2015 NSW election, the AMA (NSW) [called for](#) a range of actions to be taken to improve the health of rural and regional NSW. This included additional funding of \$30 million per annum for regional Local Health Districts to establish 60 new registrar positions and 60 new specialist positions over the next 4 years.

Election policies

The NSW Coalition [announced](#) upgrades of a number of rural hospitals, including Wagga Wagga Base (\$170m), Dubbo (\$150m) and Mudgee (\$60m). It also [announced](#) that frontline health staff (across NSW) would increase by at least 3,500 full-time equivalent positions over the next 4 years (including 700 doctors); and it would provide extra doctor training positions, including 20 new positions in the Rural Generalist Training Program; and 60 new Medical Specialty Training positions, with a rural and regional focus.

Labor's [Plan for Rural, Regional and Coastal Health](#) proposed upgrading several hospitals including Tweed (\$211m) and Muswellbrook (\$50m), and building a new hospital in Maitland. Labor would also set up a Regional Multipurpose Health Facilities Program (\$300m) and a Care Co-location Program (\$100m); introduce nurse-to-patient ratios in emergency and paediatric wards, resulting in 840 new nurses across NSW; and increase funding for the Isolated Patients Travel and Accommodation Assistance Scheme.

Mental Health

Lenny Roth

Mental illness is the [third largest](#) contributor to the burden of disease and injury in Australia, after cancer and cardiovascular disease. Over the last decade or so, several inquiries have highlighted problems with the mental health system: e.g. 2002 NSW Legislative Council Committee [report](#); 2006 Senate Committee [report](#); and 2008 Garling [report](#) on acute care in NSW public hospitals.

Prevalence

A 2007 [national survey](#) reported:

- One in five (20%) experienced a mental disorder in the previous 12 months: 14.4% had an anxiety disorder; 6.2% had an affective disorder and 5.1% had a substance use disorder
- Of those who had a mental disorder in the previous 12 months, 20.5% were classified as severe, 33.2% as moderate, and 46.3% as mild
- The youngest age group (16-24) had the highest rate of mental disorder in the previous 12 months (26%) and incidence declined with age

NSW [Health Statistics](#) show:

- In 2013, 9.8% of adults in NSW reported high or very high levels of psychological distress;
- In 2012-13, there were more than 10,000 hospitalisations in NSW for intentional self-harm
- In 2011, 592 persons in NSW committed suicide (76% of suicides involved males)

Commonwealth–State roles

The Commonwealth Government funds:

- Services provided by GPs, psychiatrists and allied mental health professionals;
- Mental health related medications under the

Pharmaceutical Benefits Scheme;

- Programs to increase social support and community-based care for people with a mental illness and to prevent suicide.

It also provides funding for public hospitals under the National Healthcare Agreement.

State Governments fund and deliver public specialised mental health services including:

- *Admitted patient care in hospitals:* either in psychiatric units in general hospitals or in stand-alone psychiatric hospitals;
- *Ambulatory care services:* these include crisis assessment and treatment services, and outpatient clinics (provided in a hospital or community mental health centre).
- *Community residential care:* these services provide rehabilitation, treatment and care to residents in a domestic-like environment.

Expenditure

According to the [latest report](#) from the Australian Institute of Health and Welfare, in 2011-12 national recurrent expenditure on all mental health-related services was over \$7.2 billion.

The State and Territory Governments spent \$4.4 billion (60.9%), although this included some Commonwealth funding under the National Healthcare Agreement. The Commonwealth spent \$2.5 billion (30.5%) and private health insurers spent \$299 million (4.1%).

The NSW Government spent \$1.4 billion on mental-health related services: 53.6% was spent on services in public hospitals (including 16.9% on psychiatric hospitals), 35.8% on community mental health care, 0.9% on residential mental health care, and 4.9% was spent on grants to non-government organisations.

In a recent [survey](#) of psychiatrists in the public system, 34% said that resources were “grossly inadequate” to meet demand and a further 50% said that resources were “inadequate”. Public health experts have also recently expressed [concerns](#) that mental health funding is being used

by some local health districts for other purposes.

NSW policy developments

In August 2012, the NSW Government established the [Mental Health Commission of NSW](#), which was given several functions including: preparing a draft strategic plan for the mental health system in NSW; and reviewing and evaluating mental health services and other issues affecting people with a mental illness.

In May 2014, the Commission presented its draft Strategic Plan to the Minister for Health; and in December 2014, the Commission launched [Living Well: A Strategic Plan for Mental Health in NSW 2014 - 2024](#). The Strategic Plan calls for:

- Stronger local decision making and greater accountability
- Stronger partnerships with Aboriginal communities
- Consumer and carer participation at all levels
- Improved prevention and early intervention for children and young people
- Complete de-institutionalisation
- A revitalised community-based mental health system
- Better integration of care
- Co-ordinated responses across human services
- Better use of technology
- Promotion of innovation, learning and leadership

On the same day as the Strategic Plan was published, the NSW Government released its policy: [Strengthening mental health care in NSW](#). It outlines “a once in a generation overhaul of mental health care service delivery, with a \$115 million boost to mental health funding over three years”. The policy focuses on five key areas:

- Strengthening early intervention and prevention
- A greater focus on community-based care
- Developing a more responsive system
- Working together to deliver person-centred care
- Building a better system

In November 2014, following a statutory [review](#), some changes were made to the [Mental Health](#)

[Act 2007](#), which amongst other things provides for involuntary treatment of persons with mental illness in certain circumstances.

Recent national policy developments

At its December 2012 meeting, COAG endorsed the [Roadmap for National Mental Health Reform: 2012-2022](#). It provides a national framework for the focus or renewal of related policies such as the [National Mental Health Policy](#) and the [Fourth National Mental Health Plan](#). The Roadmap outlines six priorities for reform:

1. Promote person-centred approaches
2. Improve the mental health and social and emotional wellbeing of all Australians
3. Prevent mental illness
4. Focus on early detection and intervention.
5. Improve access to high quality services and supports
6. Improve the social and economic participation of people with mental illness.

The Roadmap noted that COAG was creating a Working Group on Mental Health Reform that would develop a successor to the Fourth National Mental Health Plan, which was due to expire at the end of 2014. No plan has yet been released.

A [National Mental Health Commission](#) was also set up in 2012. It has published two [report cards](#) on mental health and suicide prevention. In November 2014, it also completed a [national review](#) of mental health services and programs. As yet not officially [published](#), according to the ABC’s [7.30 report](#), the review concludes that “the system’s poorly planned and integrated and is a ‘massive drain on people’s wellbeing’”; and it recommends that the Federal Government redirect more than \$1 billion from acute hospital care to community-based mental health services.

Another significant development is the proposed introduction of the National Disability Insurance Scheme. A 2014 [paper](#) stated that the full implications of the NDIS for people with a mental illness are yet to be understood. It noted that only 12% of adults with severe mental disorders would be eligible under the NDIS; and that the NDIS would not cover clinical mental health services.

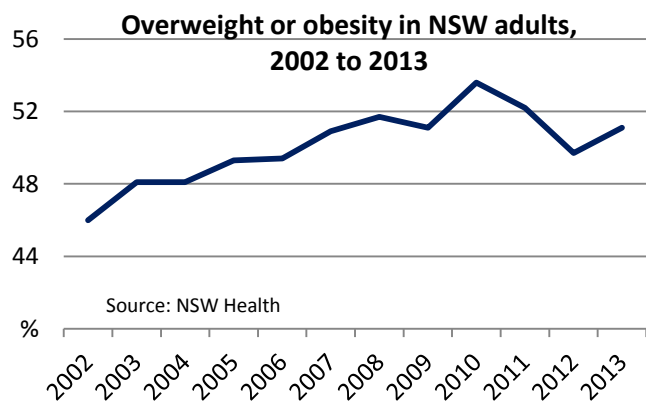
Obesity

Chris Angus

In recent decades Australians of all ages have become increasingly overweight or obese, leading to chronic health issues for individuals and high costs for governments. In fact, obesity has become such a widespread issue that in 2014 the Council of Australian Governments (COAG) Reform Council [listed](#) it as one of 6 areas of concern for the country.

Obesity levels and trends

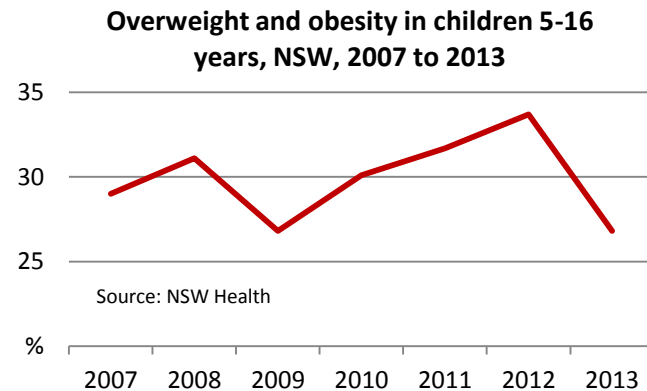
According to the [Australian Bureau of Statistics](#), 62.8% of Australians aged over 18 years were overweight or obese in 2011-12 (35.3% overweight, 27.5% obese). This represents an increase in levels from 56.3% in 1995 and 61.2% in 2007-08. In 2013 the [NSW Adult Population Health Survey](#) estimated that 51.1% of adults aged 16 years and over (58.3% of men and 43.9% of women) were overweight or obese in the State.



The ABS [further reported](#) that more men tend to be overweight or obese than women (69.7% compared with 55.7%), but obesity rates only are the same for both sexes (27.5%). Australians living in inner regional, outer regional and remote areas were more likely to be overweight or obese compared to people living in major cities, while the COAG Reform Council [reported](#) that rates of obesity increase the greater the level of disadvantage.

Of particular concern are [rising obesity levels](#)

amongst children, with 26.8% of NSW children overweight or obese in 2013. While this represents a statistically significant reduction from 2012 levels (33.7%), it is not yet clear whether this change is a random fluctuation or the beginning of a downward trend in obesity levels.



Health and economic impacts

There is a range of clinical evidence [linking](#) overweight and obesity to a range of diseases, including cardiovascular disease, Type II diabetes, some musculoskeletal conditions and cancers. The Australian Institute of Health and Welfare (AIHW) [warns](#):

If left unchecked, trends in chronic disease risk factors—especially physical inactivity and poor nutrition leading to overweight and obesity—combined with a growing and ageing population will lead to increasing numbers of people living with chronic diseases.

In relation to child obesity, the AIHW reports that overweight and obesity can harm both the short and long term health of a child, while also risking bullying and isolation from their peers.

In addition to negative health outcomes there are considerable economic costs to rising obesity levels. A 2008 Access Economics report [estimated](#) the financial cost of obesity to Australia at \$8.283 billion, with significant productivity and taxation losses, health system and carer costs, and rising social service payments. At \$2.7 billion, the financial cost of obesity was highest in NSW.

The National Partnership Agreement on Preventative Health

The National Partnership Agreement on Preventative Health (NPAPH) was the

predominant strategy at the Commonwealth level to respond to obesity and other preventative health issues. The NPAPH [aims](#):

To address the rising prevalence of lifestyle related chronic disease by laying the foundations for healthy behaviours in the daily lives of Australians through settings such as communities, early childhood education and car environments, schools and workplaces, supported by national social marketing campaigns.

The NPAPH [provided](#) \$872.1 million for health prevention over 6 years from 2009-10, and consisted of 10 initiatives directly related to obesity. The NPAPH [includes](#) performance benchmarks for obesity that were to be met by 2018.

Adults	Children
<ul style="list-style-type: none"> • Reduce proportion of overweight adults to baseline; • Increase daily serves of fruit/vegetables to 0.6/1.5; • 15% of adults exercising 30 minutes 5 times per week. 	<ul style="list-style-type: none"> • Reduce proportion of overweight children to baseline; • Increase daily serves of fruit/vegetables to 0.6/1.5; • 15% of children exercising 60 minutes daily.

NPAPH funding also included the establishment of the Australian National Preventative Health Agency (ANPHA), a statutory authority [tasked](#) with driving the preventive health agenda and providing policy leadership to government and health organisations.

Although the NPAPH was extended in June 2012 to June 2018, the Commonwealth Government [ceased](#) funding for the NPAPH and ANPHA in the 2014-15 Budget. This funding cut has resulted in criticism from health organisations such as the *Medical Journal of Australia*, which [contends](#) that the NPAPH has, amongst other achievements, helped slow the rate of childhood obesity.

NSW response to obesity

Over the past decade there has been a [range](#) of NSW initiatives undertaken to tackle the problem of obesity. Many of these programs have been funded through the NPAPH, but there have been

several independent NSW Government initiatives. The current NSW Government obesity strategy is the [Healthy Eating and Active Living Strategy 2013-2018](#) (HEALS). HEALS is a whole of government framework intended to promote and support healthy eating and active living in NSW, while reducing the impact of lifestyle-related chronic disease. It has 4 key strategic directions:

- Environments to support healthy eating and active living;
- State-wide healthy eating and active living support programs;
- Healthy eating and active living advice as part of routine service delivery; and
- Education and information to enable informed, healthy choices.

HEALS is informed by and complements several other policy and strategic initiatives, most notably the [NSW 2021 Plan](#). Goal 11 of *NSW 2021* recognises the need to “keep people healthy and out of hospital”; HEALS [aims](#) to meet this goal by reducing overweight and obesity rates in children, young people and adults.

HEALS was initially funded through a combination of NSW Government funding and the NPAPH. Following the Commonwealth Government’s decision to end NPAPH funding, NSW has been [required](#) to meet the shortfall for these initiatives. In the 2014-15 NSW Budget \$19 million was provided to [continue](#) NSW programs that address obesity, healthy eating and physical activity in children and adults.

According to the 2014 HEALS [Status Report](#), there have been mixed results in the first year of HEALS’s implementation. On the positive side, parent-reported data indicates a possible decline in child obesity levels, and the rate of overweight and obesity in adults has remained stable since 2008; more negative findings are that fruit and vegetable consumption remains below optimum levels, and there has been a steady increase in sedentary behaviour.

Research Service Publications

E Schneller, [Obesity](#), Briefing Paper 8/2012

Medical Cannabis

Chris Angus

Cannabis is and will remain a prohibited drug under Commonwealth and State law. However, in NSW the longstanding and quite distinct debate about the availability of cannabis solely for medical purposes has taken a decisive turn. Following a 2013 Legislative Council [committee inquiry](#) there is now broad, but not [unanimous](#), cross-party support for medical cannabis, a standpoint that seems to reflect majority [public support](#) on the subject.

The questions that remain are largely about timing and procedure. The Baird Government has proposed a 5 year clinical trial of cannabis-derived products; Labor and the NSW Greens would prefer a shortened timetable.

Legal status and moves to decriminalisation

[Cannabis](#) is a generic term used for drugs that are made from any of the genus cannabis plants. While the psychotropic or psychoactive effects of cannabis have led to the drug's prohibition throughout the world, a number of chemical substances within the plant have the potential to treat certain medical conditions, such as chemotherapy-induced nausea and vomiting, neuropathic pain and symptoms of Multiple Sclerosis.

Cannabis is a [prohibited plant](#) in all Australian jurisdictions, and its possession, cultivation and trafficking is a criminal offence in all jurisdictions, including NSW. However, there have been several past State policies that have moved away from the absolute criminalisation of cannabis.

Following the [1999 NSW Drug Summit](#), the Carr Government introduced a cannabis cautioning scheme on 3 April 2000. The scheme gave police the discretion to issue up to two cautions to adults for minor cannabis offences involving personal use up to 15 grams of cannabis; half the amount of a “small quantity” (30 grams) of cannabis leaf

under Schedule 1 of the [Drug Misuse and Trafficking Act 1985](#).

In August 2000 the [Report of the Working Party on the Use of Cannabis for Medical Purposes](#) was submitted to the Carr Government. A key finding was that some cannabinoid substances may have value in the treatment of certain medical conditions. However, the NSW Working Party cautioned against the legalisation of crude cannabis products in Australia.

Discussed was the potential for inconsistency between a NSW trial and existing Federal customs law and the *Therapeutic Goods Act 1989* (Cth). Even if cannabis was sourced and supplied solely from within NSW, using its “external affairs” power in the Constitution the Commonwealth could still invalidate the relevant State law.

On 20 May 2003 the Carr Government announced its intention to introduce a draft exposure bill to provide for a 4 year medical cannabis trial. This trial was not pursued. In April 2004, the Government [announced](#) that, after examining various options:

the preferred delivery method—a metered dose inhaler or spray—was years away from being available and the NSW (and federal) government opposed any means that allowed growing in backyards, i.e. decriminalization of cannabis cultivation or purchase on the black market.

2013 NSW Legislative Council Committee Report

In late 2012 the Legislative Council's General Purpose Standing Committee No 4 commenced an inquiry into:

- the efficacy and safety of cannabis for medical purposes;
- if and how cannabis should be supplied for medical use; and
- the legal implications and issues concerning the use of cannabis for medical purposes.

The Committee's [report](#) was released in 2013. According to the Chair's Foreword:

The Committee considers that in general terms

medical cannabis has potential as an effective treatment for some medical conditions with appropriate safeguards in place. Our reading of the evidence gathered during the inquiry – including rigorous scientific evidence – is that cannabis products are emerging as a promising area of medicine, most notably in respect of a number of painful conditions that do not respond to existing treatments. Given this evidence, a compassionate approach is appropriate here.

The Committee made five recommendations. Recommendation 1 requested that the NSW Minister for Health write to her Commonwealth counterpart expressing in principle support for evidence-based expansion of access by certain patient groups to approved and affordable cannabis pharmacotherapies. Other recommendations included:

- the creation of an “authorised cannabis patients and carers” register, and a legal defence for patients and carers on this register who possess and use up to 15g of cannabis;
- further consideration of issues around lawful supply of crude cannabis products for medical purposes; and
- the NSW Ministry of Health to implement an education strategy to accompany the proposed legislative amendment.

In her November 2013 [response](#) the Health Minister expressed support for Recommendation 1, but announced that the Government would not support the remaining recommendations.

Current party views

On 16 September 2014 Premier Mike Baird [announced](#) that the Government would invest up to \$9m over the next five years to support clinical trials of cannabis derived products. The [primary trial](#) would be established for children with severe, drug-resistant epilepsy. The Government also flagged its intention to consider additional trials involving adults with terminal illness and/or chemotherapy-induced nausea and vomiting. The NSW Government would also [consider](#) whether it should grow its own cannabis supply for the trials.

Premier Baird further [announced](#) that police

guidelines would be changed to allow police officers to exercise discretion not to charge terminally ill adults who use cannabis to alleviate their symptoms.

For its part, Labor [pledged](#) to give chronically ill people access to legalised cannabis as soon as possible. Similarly, the Greens NSW have called for wider and faster legislative reform to legalise medical cannabis. In 2014 Dr John Kaye twice submitted a [Private Member’s Bill](#) that largely mirrored the recommendations of the 2013 Legislative Council report. In his [second reading speech](#), Dr Kaye argued that, while the Greens were not opposed to clinical trials, they were concerned that trials were unlikely to uncover additional information and that they would be costly and take years to conduct.

As for the prospect of federal intervention to prevent a medical cannabis trial, this seems unlikely at present, with Prime Minister Tony Abbott [declaring recently](#) that he has “no problem with the medical use of cannabis”.

Developments in other jurisdictions

Elsewhere in Australia, at the Federal level a [Private Member’s Bill](#), sponsored by Greens Senator Richard di Natale and [co-sponsored](#) by Labor’s Melissa Parke and the Liberal’s Sharman Stone, has been introduced to the Senate. This would establish a Regulator of Medicinal Cannabis to formulate rules for licensing the production, manufacture, supply, and use of medical cannabis. In Victoria, where the issue has been referred to the [Victorian Law Reform Commission](#), Premier Daniel Andrews has [said](#) that he intends to legalise medical cannabis in Victoria by the end of 2015.

Internationally, developments include the [legalisation](#) of medical cannabis in 23 US states and in Washington DC. Additionally, 8 US states have passed “[Cannabidiol Bills](#)” that allow the use of the non-psychoactive chemical cannabidiol found in cannabis for medical purposes.

Research Service Publications

D Montoya & G Griffith, [Medical Cannabis](#), Issues Backgrounder 5/2014



Chapter 10

Living NSW

Cost of Living

Social Housing

Utilities and Petrol Prices

Homelessness

Home Owner Affordability

Wellbeing

“The price growth has seen many first home buyers (FHBs), particularly in Sydney, effectively frozen out of the market. With the exception of the brief upturns in 2011 and 2012, FHB demand has been in decline in NSW since peaking in 2009.”

Cost of Living

Andrew Haylen

A major concern for households is the expense they incur buying goods and services necessary to maintain a certain standard of living. There is a perception that the cost of living in Australia is out of control, outstripping wages growth.

What does the evidence say? Are cost of living pressures a by-product of consumer perceptions and higher standard of living expectations?

Cost of living measurements

The ABS [Consumer Price Index](#) (CPI) is the official measure of price change in Australia, but is not specifically designed to measure cost of living.

For practical and theoretical reasons, a true cost of living index is very difficult to measure and no such index is compiled within Australia or internationally. Other measures of inflation are available that assess cost of living movements including those from the ABS, RBA and National Centre for Social and Economic Modelling (NATSEM). Generally speaking, they are closer in concept to a 'true' of cost of living inflation measurement compared to the CPI.

The CPI is subject to certain biases when used to assess cost of living inflation. Nevertheless, according to the RBA:

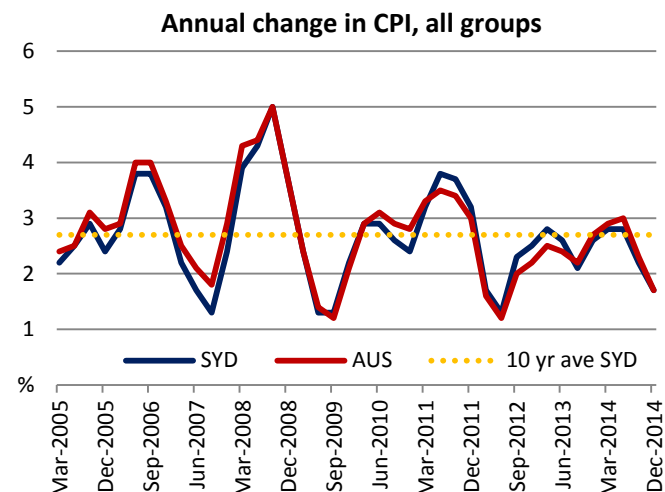
...these have either tended to even out over a long period of time or have been present in other measures to a similar degree.

Consumer Price Index

Looking at the longer term trend in the CPI it is clear that inflation is not out of control. With the exception of the sharp fluctuation in 2008 and 2009, the CPI has stayed more or less within the RBA target band of 2 to 3%.

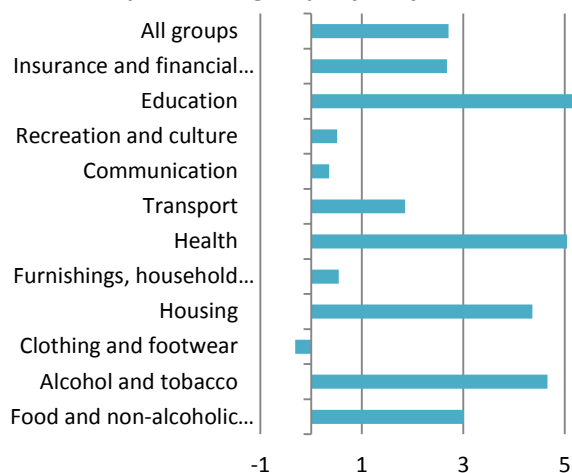
The CPI is a complex assortment of goods and services with each item having its own relative importance in the 'basket of goods'. While it is true that the price of some items, often the

necessities of life, have increased significantly more than the CPI, there is also a range of other items that help to offset these price increases.



For example, prices of certain items, including essentials such as health and education, have risen at a relatively fast pace in recent years. Other items have compensated with much lower or negative price inflation (e.g. audio visual and computing equipment, motor vehicles and clothing and footwear).

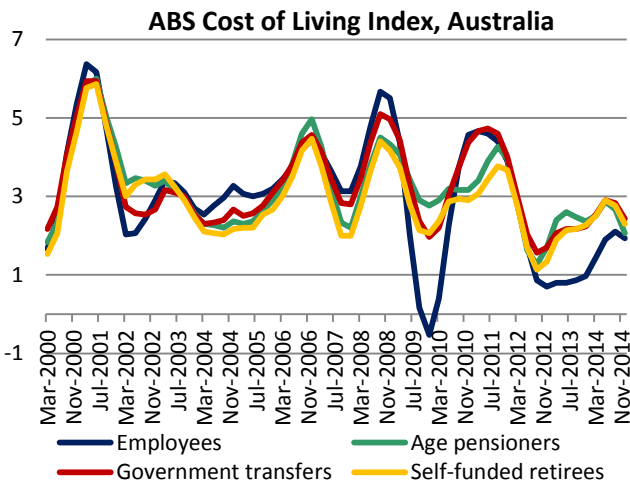
Average annual price movements, by CPI expenditure group, Sydney, 2004-2014



Looking ahead, the RBA [expects](#) that the spare capacity in labour markets will see domestic inflationary pressures remain contained around the 2 to 3% target over the next few years.

Cost of living indices

The [ABS Selected Living Cost Index](#) estimates the distribution of cost of living inflation based on the source of household income. Over the longer term, cost of living inflation rates for different categories of household income have generally followed similar trajectories (figure below).



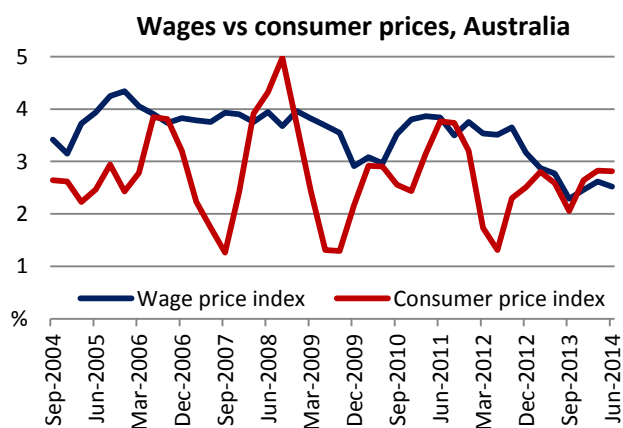
The [RBA Cost of Living Index](#), constructed from ABS Household Expenditure Survey data, also showed that the distribution of cost of living inflation rates across households has been fairly narrow over the past decade.

The [NATSEM Cost of Living Index](#) also reveals that changes in living costs do not diverge greatly based on levels of income.

Wages growth

In the context of the cost of living debate wages growth is equally as important as price changes. This is ultimately what determines the *standard of living* for households. To illustrate, if all prices rise by 5% but household income increases by 10%, then clearly the household is better off than if both were unchanged.

Over the longer term, wages growth has not been detrimental from a cost of living standpoint, growing at or above the rate of price growth over the past decade.



Wages growth has however slowed in recent

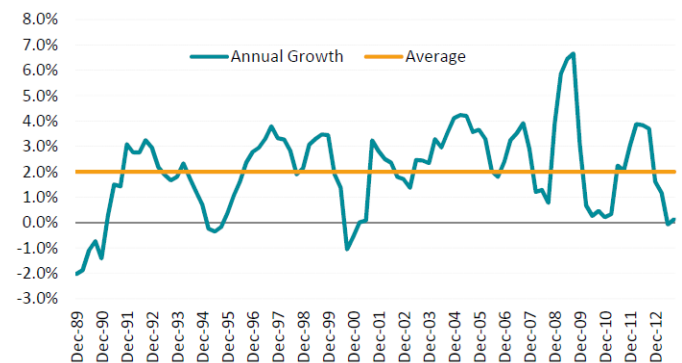
years. The broad-based decline in wage growth is consistent with other evidence of spare capacity in the labour market. In particular, measures of unemployment and underemployment are at elevated levels.

Standard of living

By comparing cost of living and income changes, NATSEM derives the financial standard of living for a range of Australian household types.

The figure below shows that growth in Australia's financial standard of living is positive in almost every one of the 25 years to 2013, at an average of around 2%. Overall, Australia's financial standard of living has increased by 63% since 1988.

Household growth in standard of living, Australia



Western Australian households doubled their financial standard of living over the past 25 years and have an extra \$24,044 per annum in income after accounting for their cost of living increases. NSW households, on average, increased their standard of living by \$15,309 per year.

Myth or reality?

So is the concept of a rising real cost of living in Australia a myth or reality? The short answer: it is a myth; although the issue is complex and comes with a number of caveats. In particular, that is not to say that there aren't segments, including the elderly and disabled, within Australian society struggling with acute and chronic cost of living pressures. Rather, at an aggregated level, cost of living pressures do not appear to be as significant as might initially be perceived.

Research Service Publications

A Haylen, [Rising cost of living: myth or reality](#), e-brief 16/2014

Utilities and Petrol Prices

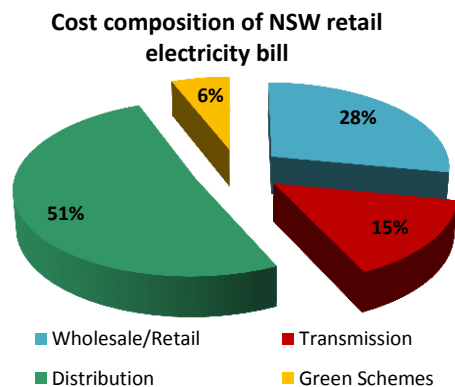
Andrew Haylen

Electricity prices

As at December 2014, the retail [electricity price index](#) in Sydney was 14.5% higher than two years prior. The rise would have been more substantial if it were not for the removal of the carbon pricing component as part of the Commonwealth's [Clean Energy Legislation \(Carbon Tax Repeal\) Act 2014](#). The Sydney electricity price index fell by 7.3% following the removal of the carbon price.

NSW Standing Offer Price Changes (%)					
Distribution network	2011	2012	2013	2014	2014 Ave. Bill (\$)
Ausgrid	17.9	20.6	3.9	-5.5	1,991
Endeavour	15.5	11.8	1.6	-6.7	1,908
Essential	18.1	19.7	-0.6	-6.9	2,536

The electricity bills paid by retail customers cover the costs of wholesale energy, transport (via transmission and distribution networks) and retail services. The Australian Energy Regulator [estimated](#) the composition of a typical electricity retail bill for a NSW residential customer in 2014.



Until 1 July 2014, all National Electricity Market jurisdictions except Victoria and South Australia applied some form of retail price regulation for electricity supplied under a standard retail contract. In September 2013, the Australian Energy Market Commission released its final report, [Review of Competition in the Retail Electricity and Natural Gas Markets in New South Wales](#), which found competition was effective in NSW energy retail markets, with substantial

discounts being offered from the regulated price.

The NSW Government subsequently removed retail price regulation, meaning that the Independent Pricing and Regulatory Tribunal (IPART) no longer sets electricity prices for retail customers.

Gas prices

As at December 2014, the retail [gas price index](#) in Sydney was 40.9% higher than two years prior. According to [IPART](#), the sustained increases in network costs have contributed to gas price rises. The [Australian Energy Market Operator](#) concluded that "rising wholesale costs [from] the diversion of gas supplies to LNG export have put further pressure on retail prices."

IPART is responsible for regulating retail gas prices for around 28% of residential and small business customers in NSW. These are the prices the Standard Retailers in NSW (AGL, ActewAGL and Origin Energy) charge customers who have not signed a market contract with them or another retailer.

Annual bill for typical residential customer (\$)				
Retailer	2013-14	2014-15	2015-16	+/-
AGL	901	1,056	1,063	162
ActewAGL	1,292	1,515	1,522	230
Origin (Wagga)	1,027	1,237	1,212	186

On 1 July 2014, IPART published the latest price [review](#) on regulated prices for 2014-15 and 2015-16 in which it determined that average regulated retail gas prices can increase by up to 17.7% across NSW over the next 2 years.

Retailers offer contracts for a range of products with different price structures. The variety of discounts and non-price inducements therefore make direct price comparisons difficult.

The AER [estimated](#) the composition of a typical gas retail bill in 2014 for a residential customer in NSW. Transmission and distribution charges accounted for 51% of gas retail prices. Wholesale and retailer operating costs accounted for the remainder of the gas costs.

Petrol prices

The fall in the crude oil price in the second half of 2014 was both dramatic and unexpected. The World Bank had [forecast](#) crude oil to average US\$96/bbl in 2015. As at 13 April 2015, crude oil was trading around \$52/bbl.

In short, a cocktail of supply, demand and geopolitical conditions created a surplus of oil internationally which drove down the price resulting in a fall in retail petrol prices.

Because spending on petrol accounts for 3.5% of an average household spending basket for NSW residents, households were the main beneficiaries of this rapid drop in the oil price. When the petrol price was at \$1.13/litre in January 2015, it was [estimated](#) that the average family petrol budget would have improved by around \$14 a week compared to mid-2014.

Despite the generally positive sentiment around this price fall, there was [evidence](#) to suggest that regional consumers were being “ripped off by petrol chains refusing to pass on a plunge in petrol prices”. By the start of 2015 the gap between regional and metro petrol price had more than tripled to around 17 cents per litre. This gap subsequently narrowed following a [warning](#) from ACCC Chairman Rodd Simms to retailers.

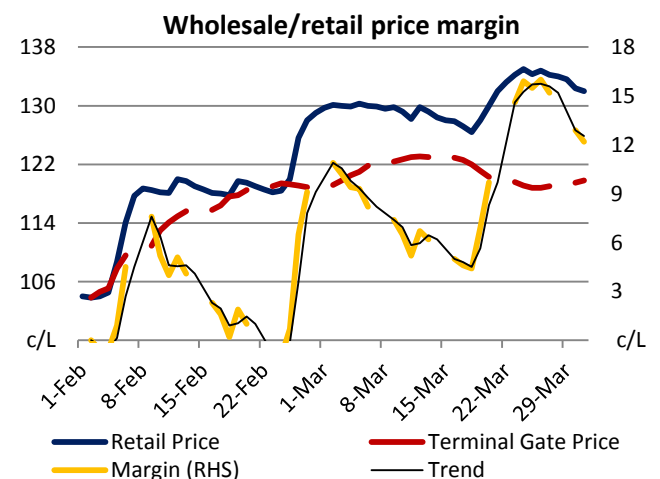
Regional petrol prices (c/L), week ending 12 April 2015			
	Weekly average	Weekly change	+/- from metro
State Average	129.8	-2.4	+3.0
Sydney	126.8	-4.2	-
Canberra	133.5	-0.2	+6.7
Regional Average	133.2	-0.4	+6.4

The fall in retail petrol prices ended abruptly in early February as the retail price in Sydney rose from 104c/litre on 2 February 2015 to around 119c/L a week later. For the week ending 12 April 2015, the petrol price was at 126.8c/litre, which was at the bottom of that price cycle.

Recent price results would not be concerning had the international crude oil price followed a similar trajectory. Yet it remains at a similar level prior to the recent retail price jump. A recently falling Australian dollar increases the cost of wholesale

petrol and that would have accounted for a proportion of the domestic wholesale price rise.

But as can be seen in the figure below, retail price growth has outstripped the terminal gate price (i.e. wholesale price) in Sydney over the months of February and March. While the margin was historically quite low in February at close to parity, it has since risen and was as high as 16 c/L on 26 March 2015.



This margin does not represent pure retail profits and as noted by the [Australian Institute of Petroleum](#) can include: the land transport costs of petrol; administration costs; operation costs of service stations; as well as taxes.

Yet given most of these costs are fixed or at least likely to be relatively stable in the short term, it isn't immediately clear how the margin between the retail and terminal gate price has risen so dramatically in the months of February and March.

Research Service Publications

A Haylen, [Electricity prices, demand and supply in NSW](#), Briefing Paper No 3/2014

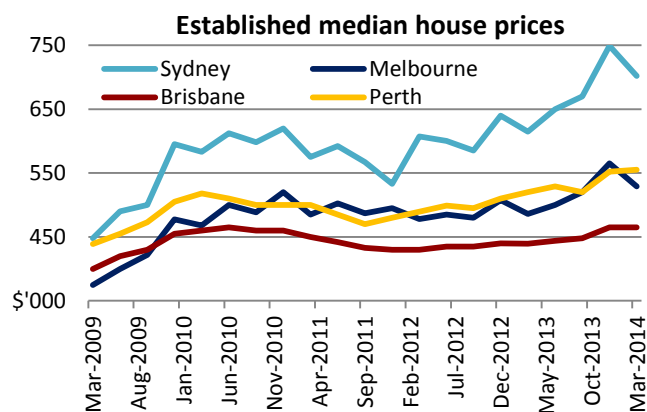
A Haylen, [A tightening gas market: supply, demand and price outlook for NSW](#), Briefing Paper No 4/2014

A Haylen, [A plunging oil price: implications and expectations](#), e-brief 1/2015

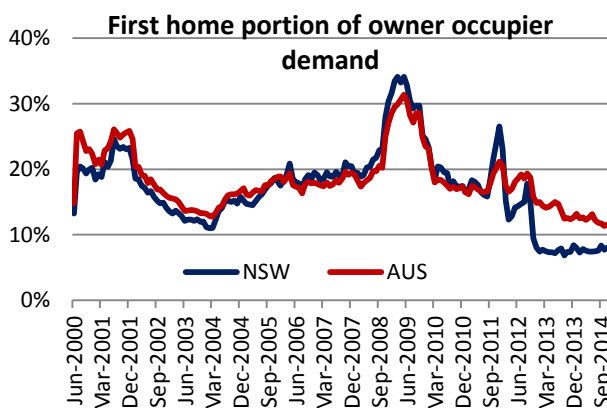
Home Owner Affordability

Andrew Haylen

Based on the latest data from [CoreLogic](#) Sydney's median dwelling price has surged by almost \$100,000, or 13.2% over the past year. Data from the [ABS](#) corroborates the extent of such price growth.



The price growth has seen many first home buyers (FHBs), particularly in Sydney, effectively frozen out of the market. With the exception of the brief upturns in 2011 and 2012, FHB demand has been in decline in NSW since peaking in 2009. FHB commitments were 51% lower in 2013 compared to 2012, and are on track to be just as low in 2014.



First home buyer [finance commitments](#) have accounted for between 7 and 8% of all owner occupier finance commitments in NSW over the last 12 months. This is below the Australian average of 12%.

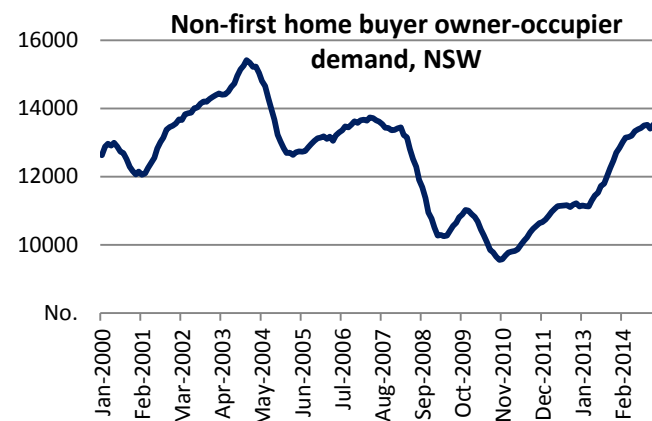
The causes

Housing supply in NSW has failed to keep pace

with rising house prices. Between 1995 and 2012, annual dwelling approvals in NSW decreased by 22%. Housing (as opposed to unit) approvals alone were down by 40% over this period. While approvals have increased more recently in response to the surge in prices, there is some way to go before the supply-demand imbalance in NSW is corrected.

So where is all the demand coming from?

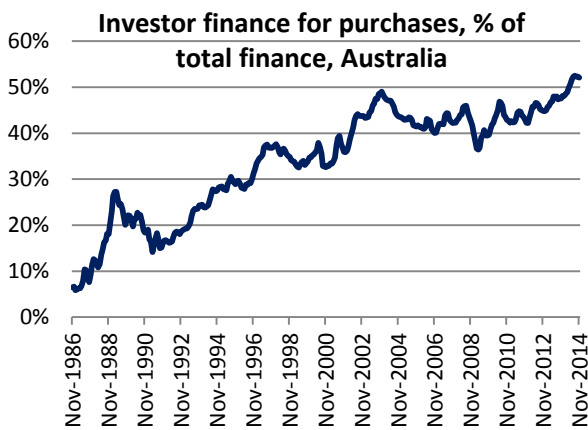
Upgraders and downsizers represent the largest component of real estate demand in NSW, which has been relatively strong in the last couple of years because of price growth and favourable lending conditions. Despite these developments, owner-occupier demand still remains down, in absolute terms, on the levels seen in the early 2000s.



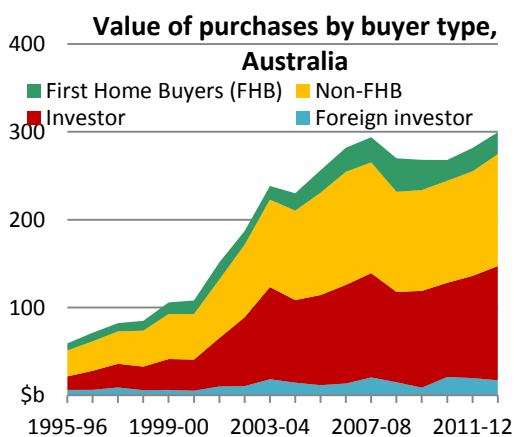
So that begs the question, if FHB demand is weak and other owner-occupier demand remains down on historical levels, how is it that house prices have continued surging ahead? The short answer is **investors**.

In 1985, investors accounted for only 10% of housing finance for purchases in Australia; as at November 2014, this number stood at 51%. It should be noted that this figure represents only part of the total market share of investors in residential real estate.

Investors have been a key ingredient of rising housing market activity in the last two years, with investor finance commitments up by 41% in the 24 months to November 2014.



First home buyers and owner-occupiers are now not only competing with domestic investors, but also foreign investors. Foreign investment in Australian residential real estate has nearly tripled since the mid-1990s, increasing from \$6.2 billion in 1996 to \$17.2 billion in 2012-13. Foreign investment in NSW residential real estate alone has increased from \$2 billion in 2010 to \$5.58 billion in 2012-13. Nationally, local and foreign investors now conservatively account for 44% of residential real estate purchases.



Future policy options

Monetary policy implemented by the RBA is the most direct mechanism to influence demand in the housing market. However, it is independent of government and cannot be targeted toward specific segments of the market.

In fact, it could be argued that when interest rates go down, it is usually incumbent home owners and investors that benefit the most through reduced ongoing housing expenses. A prospective first home buyer, on the other hand, may have cash in term deposits or other savings accounts in preparation for purchasing a home.

Given all this, what can the State and Federal

Governments do by the way of targeted home ownership affordability schemes? The structural nature of the affordability problem means that effective long run solutions to housing affordability lie in addressing the underlying determinants of demand and supply.

With continued pressures from population and household income growth, demand is likely to be reduced only by reducing the attractiveness of housing as an investment asset. This would involve adjustments to the taxation system at the Federal level; most notably the abolition or reform of [negative gearing](#) which was identified by the RBA as a key factor contributing to the housing boom. Regulation concerning foreign investment in real estate has also been [reviewed](#) by the Commonwealth House of Representatives Economics Committee.

Policies have been implemented at the State level with perceived benefits for first home buyers, most notably the [first home owner's grant](#). However, there is [evidence](#) to suggest that such demand side subsidies are unlikely to be effective because the expenditure is only capitalised into higher housing prices.

Various supply-side costs have created a wedge in the cost of making new housing available. There is [evidence](#) that State Government policy, related to taxation, planning and approvals processes, has contributed to these costs, further undermining the supply of housing.

At the State level, adjustments to planning and approvals processes, first home buyer grant schemes and taxation are among measures advocated by the [Productivity Commission](#). Longer term structural improvements in home ownership affordability will require a mix of State and Federal policy.

Research Service Publications

A. Haylen [House prices, ownership and affordability: trends in NSW](#), Briefing Paper 1/2014

Social Housing

Andrew Haylen

Social housing is part of a larger picture concerned with housing affordability, in which context social housing seeks to address the housing needs of the poorest and those most in need in the community. It is [reported](#) that, since its inception in NSW in the early 1900s, the focus of social housing has shifted from the provision of affordable properties for low and middle income working families to the provision of accommodation on a priority needs basis for special needs households.

Currently, social housing is the subject of considerable comment, including [Legislative Assembly](#), [Legislative Council](#) and [Senate](#) committee inquiries, focusing on the sale of assets but also on broader policy aims and issues.

Legal and Administrative Framework

Social housing in NSW has three components: public housing; community housing; and aboriginal housing.

Public housing is NSW Government-owned or managed social housing delivered by the [Department of Family and Community Services](#) (FACS). As established under the [Housing Act 2001](#), the social housing function within FACS is divided into two separate agencies, the [Land and Housing Corporation](#) (LAHC) and [Housing NSW](#) (HNSW). HNSW is responsible for the tenancy management of public housing. LAHC is responsible for managing the housing asset base, planning and building, selling and modifying public housing properties. LAHC was transferred to the [Office of Finance and Services](#) in October 2011. It was transferred back to FACS in August 2013.

Community housing organisations provide and maintain housing properties, ranging from crisis and transitional housing to affordable housing (under such schemes as the [National Rental Affordability Scheme](#)). Community housing

providers range from small, locally-based organisations to large providers with several thousand properties. The [Community Housing Providers \(Adoption of National Law\) Act 2012](#) regulates the community housing sector by providing for the [National Regulatory System for Community Housing](#) and establishes a [Registrar of Community Housing](#) as an independent regulator.

Aboriginal housing is governed by the [Aboriginal Housing Act 1998](#) and is owned by the NSW Government through the [Aboriginal Housing Office](#) (AHO), or by community housing providers specifically for Aboriginal people. [Housing NSW](#) manages more than 4,300 properties on behalf of the AHO.

The [Residential Tenancies Act 2010](#) applies to social housing, and its provisions in relation to social housing tenancy.

The [Affordable Housing Taskforce](#), established in May 2011, helps drive new planning policies for delivering affordable housing in NSW and is comprised of experts from a range of backgrounds, including academics, planners, development groups and government representatives.

Key social housing statistics

NSW has the largest social housing portfolio in Australia, consisting of 153,210 dwellings: public housing (117,198 dwellings); community housing (25,954 dwellings); and Aboriginal housing (9,458 dwellings).

About 214,000 people currently live in public housing, with a further 55,000 eligible households (equivalent to 120,000 people) on the waiting list for accommodation.

The number of potential tenants is also increasing. The waiting list is projected to grow by 60%, to more than 86,000 by 2016. There are many eligible households for social housing that are not on the waiting list. By 2016, it is [estimated](#) that 132,000 households will be in this position.

Over the last decade, the annual number of newly housed applicants has almost halved, from

10,024 in 2002-03 to 6,434 in 2011-12. As quoted in the 2013 [Auditor-General](#) report on public housing, Housing NSW estimates that all social housing only meets 44% of need in NSW.

Why is there a supply shortage?

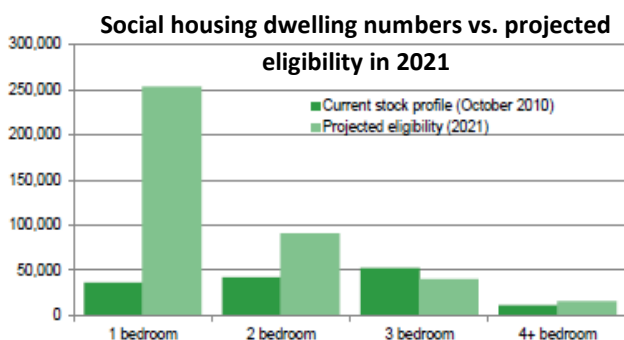
A combination of inadequate housing stock, slower supply growth and changes in eligibility criteria have created the supply shortage in NSW.

Most of the current public housing stock was developed when the majority of public housing tenants were working families. It consists of many larger properties (3+ bedrooms); 25% of which are over 40 years old. There is now a disparity between the type of public housing stock that exists and the type of stock that would best match tenants' needs.

[Housing NSW](#) estimates that only 67.6% of public housing households match the size of the dwelling. They have also commented that there are "larger families on the waiting list that could fill the larger dwellings, but with priority status rather than household size as the key allocation factor, dwellings are under-occupied."

At February 2013, 30% (around 15,600) of three or more bedroom public housing properties were occupied by singles or couples.

Housing NSW estimates show that current and projected eligibility for social housing exceeds current stock capacity in all housing locations.



Social housing costs versus revenues

The LAHC was in deficit by \$490 million in 2012-13 because the operating cost of providing housing exceeded revenue. A key factor behind this result is that rental income is not keeping pace with the increasing cost of providing public housing. The total cost of public housing per

dwelling is now almost 50% higher than in 2001-02.

The majority of dwellings (more than 60%) in the social housing portfolio were constructed between 1970 and 2000. Only around 10% of the portfolio has been constructed since 2000. The ageing portfolio brings with it increased costs in the form of repairs and maintenance.

LAHC's public housing portfolio was worth approximately \$34.4 billion in 2014 and according to the [Auditor-General](#) report, could notionally generate market rent income of around \$1.5 billion. However, nearly \$860 million is forgone to fund rental rebates to public housing tenants. Almost 90% of public housing tenants receive a rent subsidy by way of paying less than market rent. Only 42% of market rent was recovered in 2012-13.

Public housing rents are pegged to between 25 and 30% of the income levels of their tenants. The current allocation process of providing public housing to those of highest priority has increased the percentage of tenants who are unemployed and receive government benefits (e.g. [Commonwealth Rent Assistance](#)), and therefore pay the lowest rents. As a consequence, revenue growth is minimal. At June 2011, 94% of public housing subsidised tenants received a Centrelink benefit as their main income.

Sale of housing assets

LAHC reported that from 2003-04 to 2011-2012 the sale of over 5,500 dwellings raised \$1.2 billion. In 2013-14, LAHC sold \$97.1 million worth of residential properties, down from \$152.3 million in 2012-13. Asset sales are reported by LAHC as a major source of funding to support its capital programs. It has advised that asset sales have also been used to support operating costs.

The subject of considerable [inquiry](#) and debate is the prospective sale of 293 properties in the Sydney Harbour foreshore, including properties in Millers Point, Gloucester Street and the Sirius building in The Rocks.

Homelessness

Chris Angus

Homelessness is visible to us all, a daily reminder of the consequence that can follow when life takes a wrong turn. Its social costs are heavy; its personal costs heavier still. Homelessness is about lost lives, opportunities, capacities and more. Youth homelessness is especially tragic, a stain on our social fabric.

With the 2011 Census showing a rise in the number of homeless Australians since 2006, for all levels of government homelessness is a public policy issue of pressing concern. At the coalface are those non-government organisations that reach out to the homeless in many contexts on a day-to-day basis. For them, a pressing concern is funding, its adequacy and continuity.

What is homelessness?

In its *Homelessness Action Plan 2009–2014* (the Action Plan) the NSW Government identified [three types of homelessness](#):

- **Primary homelessness:** living on the street, sleeping in parks, squatting in derelict buildings, or using cars or railway carriages for temporary shelter;
- **Secondary homelessness:** moving frequently from one form of temporary shelter to another; and
- **Tertiary homelessness:** living in a premises without a lease guaranteeing accommodation, or access to basic private facilities.

Contrary to popular perception, most homeless persons are in some form of accommodation, albeit short-term, while those “sleeping rough” account for a relatively small proportion of the overall homeless population.

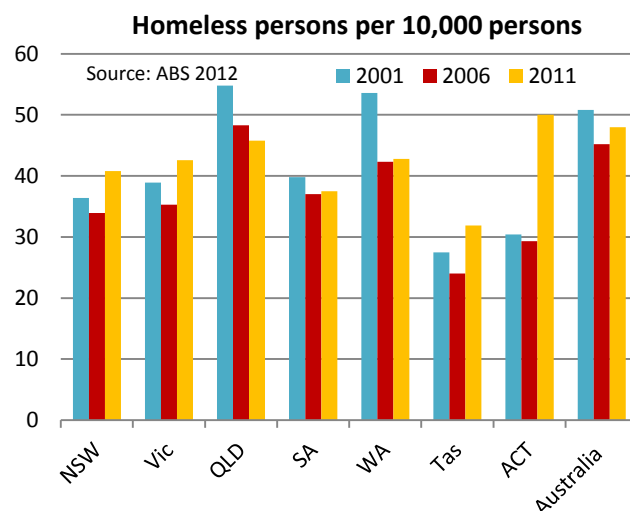
Accommodation type	NSW (%)	Aust (%)
Improvised dwelling	6.8	6.5
Supported accommodation	17.5	20.2
Staying temporarily in other household	17.5	16.5

Boarding house	23.1	16.8
Other temporary lodging	0.9	0.7
Severely crowded dwelling	34.3	39.3

Source: AIHW 2013

Current rates of homelessness

In its 2013 report on Australia’s welfare, the [Australian Institute of Health and Welfare](#) (AIHW) reported that 105,200 people were homeless on the 2011 Census night – an increase from 89,700 reported in the 2006 Census. Turning to NSW, the [2011 Census](#) found that the State’s rate of homelessness is 40.8 per 100,000 persons – a [27% increase](#) in overall numbers of homeless people since 2006.



Despite the increase, homelessness levels in NSW remain lower than the Australian average, and markedly lower than the Northern Territory which has a rate of homelessness of 730.7 per 10,000 persons.

Groups at risk of homelessness

Homelessness can occur for a range of reasons. In its [Action Plan](#) the NSW Government reported that reasons for people seeking assistance from Supported Accommodation Assistance Program services included: domestic and family violence; relationship or family breakdown; alcohol or substance use; and financial difficulties.

Certain groups of people are more susceptible to becoming homeless than the general population. According to the [AIHW](#), these include: males (1 in 179 males were homeless on Census night, compared to 1 in 238 females); Aboriginal or Torres Strait Islanders (1 in 20 Indigenous

people, compared to 1 in 284 non-Indigenous people); and young Australians.

Youth homelessness is an area of particular concern, with 5 typical pathways into adult homelessness: youth-to-adult, family breakdown, housing crisis, substance abuse and mental health. The [AIHW](#) reports that the youth-to-adult pathway is the most common pathway.

The 2015 study [The Costs of Youth Homelessness in Australia](#) made several key findings regarding the reasons for youth homelessness, as well as the consequences of becoming homeless at a young age:

- Over half of young people under 25 receiving support from homeless services slept rough at least once before turning 18;
- 63% of surveyed homeless youth had been placed in some form of out-of-home care by the time they had turned 18;
- 53% reported being diagnosed with at least one mental health condition; and
- 20% of homeless young women and 17% of young men had attempted suicide in the past 6 months.

Responses to homelessness

As part of the Council of Australian Governments' (COAG) National Affordable Housing Agreement, the National Partnership Agreement on Homelessness (NPAH) commenced in July 2009. [NPAH](#) aims to help people who are, or at risk of, homelessness through three key strategies: prevention and early intervention to stop people becoming homeless; breaking the cycle of homelessness; and improving and expanding the service response to homelessness.

The original funding for NPAH was [scheduled to expire](#) on 30 June 2013, with Federal, State and Territory governments entering into negotiations for a new NPAH. Transitional funding arrangements have been in place since July 2013; however, Commonwealth funding is now [\\$44 million less](#) per year than under the previous Government.

In 2009, in conjunction with NPAH, the NSW Government introduced its [Homelessness Action Plan](#). The Action Plan uses the following strategic

directions to create concrete priorities, strategies and actions to reduce homelessness:

1. **Preventing homelessness:** to ensure that people never become homeless;
2. **Responding effectively to homelessness:** to ensure that people who are homeless receive effective responses so that they do not become entrenched in the system; and
3. **Breaking the cycle:** to ensure that people who have been homeless do not become homeless again.

The Commonwealth Department of Social Services has assessed the progress of initiatives, achievements and performance measures under the NSW Action Plan. According to its last [Annual Report](#), 92% of the State's NPAH-funded projects have met or over-achieved their targets, and accordingly "NSW has made significant achievements in the delivery of services to clients who are homeless or at risk of homelessness."

NSW policies

In February 2013 the NSW Government released its [Going Home Staying Home](#) Reform Plan (GSH). GSH aims to improve specialist homelessness services in NSW, as well as improving planning and resource allocation, developing the homelessness sector and workforce, and finding better ways of contracting to deliver quality and continuous improvement.

As part of the GSH reforms, the Minister for Family and Community Services [announced](#) a 3 year, \$550 million funding package in June 2014 that increased funding for specialist homelessness services by 9.6%. This new funding model was criticised for resulting in the closure of up to [80 homelessness services](#), including specialised services for vulnerable groups. The NSW Government has since [restored](#) \$8.6 million to 5 long running shelters.

Research Service Publications

K Simon, [Homelessness in NSW](#), Briefing Paper 3/2009

Wellbeing

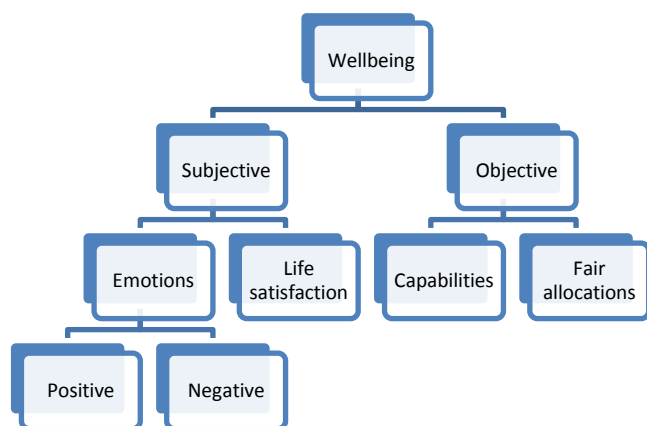
Chris Angus

What is wellbeing? Although it is a nebulous concept, eluding precise definition, the wellbeing dimension to public policy debate is now firmly established. Australian governments and experts now recognise that measurements of social progress are about more than Gross Domestic Product; wellbeing measurements also [include](#) health, income inequality, the environment, our collective knowledge (“human capital”) and more.

Further to this, bodies such as the Australian Bureau of Statistics (ABS) have been tasked with tracking the development of wellbeing indicators. Wellbeing plays an important role in the Government’s [NSW 2021](#) plan, where economic growth targets are joined by goals and standards in public services, infrastructure and the environment.

What is wellbeing?

Wellbeing is a multifaceted concept; attempts to define it often prove controversial and value-laden. There are generally [two broad categories of wellbeing](#) – subjective and objective wellbeing. Subjective wellbeing considers an individual’s satisfaction with their own life; objective wellbeing is concerned with the material conditions that affect a person’s life, such as access to education and employment opportunities. Using these two categories, wellbeing can be depicted as follows:



Source: NSW Parliamentary Research Service 2012

Benefits of wellbeing

Some question whether the subjective wellbeing

of individuals is an appropriate concern for government. The alternative view is that government consideration of wellbeing indicators is justified by the benefits that can accrue to society.

The 2007 Joint Istanbul Declaration by the OECD, European Commission, the Organisation of the Islamic Conference, the UN, the UN Development Programme and the World Bank summarised the benefits of considering the full ambit of wellbeing in policymaking:

A culture of evidence-based decision making has to be promoted at all levels, to increase the welfare of societies. ... The availability of statistical indicators of economic, social, and environmental outcomes and their dissemination to citizens can contribute to promoting good governance and the improvement of democratic processes.

In a similar vein, the Commonwealth Senate Legal and Constitutional References Committee wrote in its 1996 *Report on National Wellbeing* that:

Good government is directly related to the quality of information that is available to decision makers. Access to information also empowers the individual and non government organisations, in that it allows them to participate rationally and constructively in the workings of society.

Measuring Australia’s wellbeing

Australia is a global leader in measuring the wellbeing of its citizens, with a [number](#) of wellbeing indicator frameworks currently used by government and non-government organisations. Of particular note is the ABS’s [Measures of Australia’s Progress](#) (MAP) series, developed in 2002.

The MAP series use a dashboard approach to assess changes to Australians’ wellbeing, and attempts to determine whether the lives of Australians are improving according to a number of wellbeing indicators (see the table below).

The [2013 MAP](#) recorded improvements across 10 wellbeing indicators since 2001, with examples including the following:

- **Health:** life expectancy increased in the 10 years to 2011;
- **Learning and knowledge:** between 2002 and 2012, the proportion of 25–64 year olds with a vocational or higher education qualification rose from 54% to 67%; and
- **Living standards:** Australia’s real net national disposable income grew from \$40,600 per person in 2001-02 to \$51,800 per person in 2010-11.

2. Return quality services (transport, health, family and community services, education, police and justice);
3. Renovate infrastructure;
4. Strengthen our local environment and communities; and
5. Restore accountability to government.

As part of the broader *NSW 2021* plan, local councils and communities have developed their own local and regional action plans. Examples of priorities and actions under Regional Action Plans are shown in the following table:

Society	Economy
<ul style="list-style-type: none"> • Health • Close relationships • Home • Safety • Learning and knowledge • Community connections and diversity • A fair go • Enriched lives 	<ul style="list-style-type: none"> • Opportunities • Jobs • Prosperity • A resilient economy • Enhancing living standards • Fair outcomes • International economic engagement
Environment	Governance
<ul style="list-style-type: none"> • Healthy natural environment • Appreciating the environment • Protecting the environment • Sustaining the environment • Healthy built environments • Working together for a healthy environment 	<ul style="list-style-type: none"> • Trust • Effective governance • Participation • Informed public debate • People's rights and responsibilities

Western Sydney/Blue Mountains	Riverina	New England/ North West
<ul style="list-style-type: none"> • Grow the economy of Western Sydney • Improve integrated and regional transport • Improve access to health services • Provide more affordable housing options. 	<ul style="list-style-type: none"> • Support economic growth • Deliver accessible health services that attract skilled health professionals • Improve education outcomes and increase community participation • Improve regional infrastructure. 	<ul style="list-style-type: none"> • Support sustainable economic growth • Deliver integrated and coordinated human services • Deliver quality integrated health services • Improve education pathways for young people • Invest in regional and local infrastructure.

Two wellbeing indicators had regressed since 2001: the resilience of Australia’s economy, owing to decreasing productivity; and sustaining the environment, the result of increasing greenhouse gas emissions. Some indicators, such as close relationships and trust, have not changed greatly in recent years. Other indicators, such as effective governance or “a fair go”, were not yet developed enough or lacked sufficient data to measure, highlighting the challenges of definitively assessing wellbeing.

NSW 2021 and wellbeing

[NSW 2021](#) is the main long-term development plan for the State. While it sets targets for economic growth, it also aims to implement a wide range of goals related to broader concepts of wellbeing. In total, 32 goals and 180 targets are set over a 10 year period in line with the following strategies:

1. Rebuild the economy;

NSW 2021 has reached a number of milestones. According to the [2013 Measures Report](#), these include: the commencement or completion of infrastructure projects such as the WestConnex road development and light rail infrastructure in Sydney’s inner west; additional nurses, teachers and police; and new and better hospital facilities and services in country and metropolitan NSW.

The 2013 Measures Report also noted that NSW now has the strongest growth in economic activity of all States, the highest job growth rates for the past decade, and the lowest unemployment levels in Australia.

Research Service Publications

T Drabsch, [Measuring Wellbeing](#), Briefing Paper 4/2012



Chapter 11

Social Issues

NSW

Disability Support

Ice Addiction

Autism

Youth Unemployment

Child Protection

Youth Suicide

“These statistics, along with studies showing increased aggression and violence amongst ice users and claims of ice use by children as young as 8 years old, have led to increasing community concern. The Australian Crime Commission recently concluded that ice “poses the highest risk to the Australian community”.”

Disability Support

Chris Angus

With the setting up of the National Disability Insurance Scheme (NDIS), the provision of disability services will be transformed over the next few years. As the [first State](#) to sign up to the NDIS, NSW continues to implement earlier disability funding initiatives, while preparing for the full rollout of the NDIS in 2018.

Key statistics

According to the [Australian Bureau of Statistics](#), 4.2 million Australians, or 18.5% of the population, reported having a disability in 2012. In [NSW](#) 1.35 million people (18.2% of the State population) had a disability in 2012.

472,200 NSW residents had a severe or profound limitation in the core activities of self-care, mobility or communication, while 639,600 had a moderate or mild core-activity limitation. The majority of people with a disability in NSW (52.8%) were under the age of 65, while 10.9% were under the age of 25.

State-Federal Roles

Until the nationwide rollout of the NDIS is [completed](#) in July 2019, the 2009 National Disability Agreement (NDA) remains in force. The NDA, a high level agreement by the Council of Australian Governments (COAG), sets out the responsibilities of Australian Governments in relation to disability support.

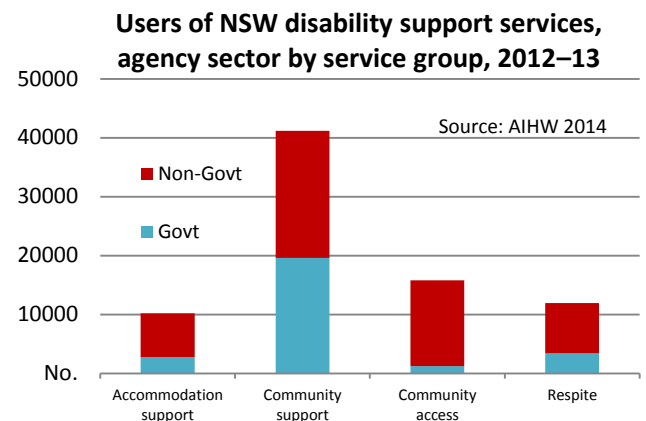
Under the NDA, the Commonwealth Government is [responsible](#) for providing income support and employment services, while State Governments are responsible for providing all other specialist disability services, including disability supported accommodation, and respite and community support services.

Disability services

The Australian Institute of Health and Welfare (AIHW) [estimates](#) that in 2012-13 312,539 Australians accessed disability support services, at a cost of \$7.2 billion.

65% of service users accessed State/Territory-delivered services, and 41% accessed Federal Government-delivered employment services.

The vast majority of disability support agencies were in the non-government sector (77%). In NSW, out of the 53,128 users of State-based disability support services, 80.8% [received](#) assistance from non-government agencies.



NSW Government Strategy

In December 2013 the NSW Government released its [Ready Together](#) plan. Ready Together continues the funding commitments of the 2006-16 [Stronger Together](#) reforms, which provides \$5.34 billion in funding over 10 years, but also aims to implement both the NDIS and the *Living Life My Way* framework, which guides the expansion of individualised funding for people during the transition to the NDIS.

To facilitate the full implementation of the NDIS, Ready Together incorporates 2 legislative changes: the [Disability Inclusion Act 2014](#), which outlines the role of the NSW Government in the context of the NDIS and provides for appropriate safeguards and mechanisms to promote the inclusion of people with disability in the NSW community; and the [National Disability Insurance Scheme \(NSW Enabling\) Act 2013](#), which enables the transfer of NSW Government disability services and resources to the NDIS.

Creation of the NDIS

In February 2010, following a series of reports that found deep flaws in the existing disability support system, the Commonwealth Government requested the Productivity Commission undertake an inquiry into establishing a National Disability

Long Term Care and Support Scheme. In August 2011 the Productivity Commission released its *Disability Care and Support* Report, which [recommended](#) the creation of a National Disability Insurance Scheme (NDIS) that would provide long term, high quality care and support for Australians in the event of significant disability.

On 7 December 2012 COAG signed an [Intergovernmental Agreement for the NDIS Launch](#), which acknowledged the shared responsibility all Australian Governments would have for the scheme. Several States, including NSW, signed [bilateral agreements](#) with the Commonwealth to operate the NDIS on a trial basis, and [Heads of Agreement](#) for the implementation of the full NDIS by 1 July 2018.

The NDIS's enabling legislation, the [National Disability Insurance Scheme Act 2013](#), was passed [unanimously](#) by the Commonwealth Parliament in March 2013. The NDIS has since commenced on a [trial basis](#) in Tasmania, South Australia, the ACT, and select regions of Victoria, NSW, the NT and WA. In NSW the NDIS trial [operates](#) in the Hunter region, including the Newcastle, Maitland and Lake Macquarie Local Government Areas.

Key features of the NDIS

The NDIS has a range of objectives, outlined in the table below:

Objectives of the NDIS Act

- supporting people with disability to pursue their goals and maximise their independence and social and economic participation
- developing the capacity of people with disability to participate in the community and in employment
- providing reasonable and necessary supports, including early intervention supports, for Scheme participants
- supporting people with disability to exercise choice and control in the pursuit of their goals and the planning and delivery of their supports
- building a sustainable Scheme which is based on insurance principles.

The NDIS is currently [available](#) for Australian residents who have a permanent and significant disability, are aged less than 65 years, and live in a trial site location. Families and carers are also provided with assistance to ensure that the

support they give can be sustained.

Eligible scheme participants have their existing support services assessed to determine their effectiveness, and can then have these services tailored to help meet their individual needs and goals. Examples of tailored support [include](#): employment training and networking; funding of travel costs for study purposes, and providing accessible technology for day-to-day activities.

NDIS funding

The Commonwealth Government has provided the bulk of funding for the NDIS. After [providing](#) an initial \$1 billion over 4 years in the 2012-13 Budget, the [2013-14 Budget](#) committed \$19.3 billion over 7 years to roll out the NDIS nationwide, a further \$11.7 billion for the 2019-20 financial year, and \$825 million for a DisabilityCare Australia Fund, which States and Territories will be able to draw upon to fund the additional costs of delivering the NDIS.

Additionally, the States and Territories will contribute a total of \$10.3 billion to the scheme. By 2018-19 NSW will [contribute](#) \$3.1 billion to the NDIS and the Commonwealth \$3.3 billion, bringing total disability expenditure to \$6.4 billion per annum. Premier Mike Baird has also [promised](#) to begin rolling out the NDIS a year ahead of schedule (in 2015), with 140,000 NSW residents expected to join by July 2018.

Performance of the NDIS trials

In February 2015 the Scheme Actuary released an [analysis](#) of the 7 NDIS trial sites. It reported that, as of 31 December 2014, 13,646 participants were eligible for the NDIS, comprising nearly 100% of the bilateral target. 81% of participants had an approved disability plan; \$565.3 million was committed to their support, the average annualised package cost across all trial sites being approximately \$40,800. Participant satisfaction was high, with overall scheme costs remaining within the planned funding envelope.

Research Service Publications

L Roth, [Government Policy and Services to Support and Include People with Disabilities](#), Briefing Paper 1/2007

Autism

Lenny Roth

The growing number of children diagnosed with autism and the adequacy of support available for people with autism is an issue of concern in NSW, across Australia and overseas.

What is autism?

Autism Spectrum Disorder (ASD) is a developmental disorder that emerges in early childhood and is characterised by impairments in social interaction and communication, and restricted and repetitive behaviour and interests. As indicated by the word “spectrum”, the nature and severity of ASD and its impact on levels of functioning can vary widely from one person to another. The disorder is much more common in males than females. The causes of ASD are not yet clear but it appears that it is caused by a combination of genetic and other risk factors.

Diagnosis of ASD is based on behavioural observation, commonly by a developmental assessment team. The diagnostic criteria are outlined in American Psychiatric Association’s *Diagnostic Statistical Manual of Mental Disorders* (DSM). In May 2013, a new edition of the DSM (DSM-5) was released which contained major [changes](#) to the criteria including: replacing a number of distinct ASD disorders (e.g. Autistic disorder, Aspergers) with one disorder (ASD); and including in a diagnosis an indication of the level of support the person requires, as well as relevant clinical specifiers (e.g. language levels).

Prevalence

A 2006 [report](#) estimated that 1 in 160 children in Australia between the ages of 6 and 12 had ASD. ABS [data](#) from the 2012 Survey of Disability, Ageing and Carers showed an estimated 115,400 Australians (0.5% or 1 in 200 people) had ASD. This was a 79% increase on the 64,400 people estimated to have the condition in 2009. An estimated 29,100 people in NSW had ASD (0.4%). It was noted that “there was considerable variation in the prevalence of autism across age groups, with a marked drop off in prevalence after

peaking in the 5 to 9 years age group”. Of people with ASD, 73% reported having a profound or severe core activity limitation in the areas of mobility, communication or self-care.

The prevalence of ASD in Australia and overseas appears to have increased significantly in recent decades. It is not known to what extent this reflects an increasing number of people with ASD or other factors, such as an expansion in the diagnostic criteria and an increase in awareness.

Impacts and costs

[Data](#) from the 2012 Survey of Disability, Ageing and Carers shows that people with ASD have significantly lower rates of completing post-school qualifications and participating in the labour force than all people with a disability and people with no disability. A 2011 [report](#) estimated that the economic costs of ASD in Australia were between \$8.1 billion and \$11.2 billion per annum. This included the direct costs of health care, social services and education; other tangible costs (reduction in income from lost employment and the costs of informal care for adults); and intangible costs (impacts on quality of life).

Early intervention programs

There are different types of early intervention programs for children with ASD. These have been broadly classified as: behavioural, developmental, combined, therapy-based and family-based. A 2012 [report](#) concluded that the evidence base was still very limited on the effectiveness of the various types of programs. The best programs were shown to be high intensity interventions that addressed the child and family’s needs using a behavioural, educational and/or developmental approach. The only models or programs that the report assigned an “established” research rating to were: Applied Behavioural Analysis (ABA) and Early Intensive Behavioural Intervention (EIBI).

NSW Government support

The NSW Government provides a range of support for people with disabilities (including ASD) through various agencies:

- NSW Health provides diagnostic and early intervention therapy services.

- Family and Community Services (FACS) provides and funds services for people with a disability including early intervention, every-day living support, respite care, and post-school programs. In 2013, FACS released a position paper on [Strengthening supports for children and families 0-8 years](#). It has introduced several ASD-specific initiatives including: funding ASD-specific early intervention services, providing 1,000 flexible funding packages over five years (2011-2016) to assist children with ASD, and establishing an ASD specific [childcare centre](#) in Western Sydney.
- Education and Communities provides learning support in schools. In 2011, the Department [noted](#) that it provides support to over 10,000 students with ASD in public schools in NSW, both in regular classes and in 122 specialist ASD support classes.

Federal Government support

In 2008, the Federal Government introduced the [Helping Children with Autism](#) (HCWA) Package. A major element of HCWA is that children who have been diagnosed with ASD before the age of 6 can access \$12,000 in early intervention support over 2 years from a range of authorised providers. Other components of HCWA include:

- funding of 40 autism advisors to provide information for parents after diagnosis;
- Medicare rebates for diagnosis and visits to allied health professionals,
- 150 ASD-specific playgroups,
- professional development for 450 teachers and support staff, and
- an ASD [website](#).

The Federal Government has also funded 6 ASD-specific early learning and care centres, including a [centre](#) in South-West Sydney.

Gaps identified in support

A 2010 national [report](#) on post-diagnosis support for children with ASD identified a number of gaps in support including: a lack of tailored ASD programs, a need for a transition process that supports families from diagnosis into therapy, a

need for detailed information which is localised and personalised, and the need for case management. The report concluded that significant resources were being invested to help families with children with ASD but that there were long waiting lists for allied health services and intensive treatment services. A similar [report](#) in relation to older children and young people and their families also identified gaps in support.

In 2011, the Australian Advisory Board on ASD issued a [National Call to Action](#) which called for action in seven broad areas including: diagnosis; early intervention services; education; a comprehensive and integrated support system; an improved range of services for adults; as well as the establishment of a national ASD register and a national research program.

[Debates](#) in the NSW Parliament in relation to World Autism Day 2012 raised a number of issues including: long waiting lists for diagnosis of ASD in the public health system; the cost of early intervention services for families (\$30,000); problems accessing services in regional areas; the difficulties schools are facing; and the need for interventions to continue into adulthood.

National Disability Insurance Scheme

The Australian Advisory Board on ASD [has](#) highlighted the importance of considering the distinct aspects of ASD in the design of the NDIS. [Figures](#) on the first year of the trial in NSW show that people with “autism and related disorders” comprised 21% of approved plans. A June 2014 [article](#) reported on an issue for trial participants with autism, who were told “they will receive funding for less than six hours of therapy a week, less than a third of the recommended 20 hours”. An NDIS spokesman said the “benchmark price” of \$16,000 for an annual program of early childhood therapy provided an estimate for planning purposes, and was based on what was considered good practice in relation to the supports likely to be appropriate to the individual.

Research Service Publications

L Roth, [Autism Spectrum Disorder](#), Briefing Paper 5/2013

Child Protection

Lenny Roth

One of the NSW Government's most important and challenging responsibilities is to protect children and young people from abuse and neglect. Major developments in recent years include the 2009 *Keep Them Safe* reforms, following the Special Commission of Inquiry into child protection services, and the 2014 *Safe Home for Life* reforms. Ongoing is the Royal Commission into Institutional Child Sex Abuse.

Key statistics

- In 2013-14, there were 265,071 child and young person concern reports in relation to 109,583 children and young people;
- 125,994 of these reports met the threshold of Risk of Significant Harm (ROSH), relating to 73,678 children and young people;
- 26% of the 73,678 children and young people with at least one ROSH report received a face-to-face assessment;
- As at 30 June 2014, 18,950 children and young people were living in out of home care, and 6,793 (36%) of them were Aboriginal and/or Torres Strait Islander;
- In December 2014, there were 2,021 FACS full-time equivalent caseworkers; there was an overall vacancy rate of 5%, but four districts had a vacancy rate above 10%;
- In 2010 and 2011 (2 years), 38 children died from abuse or neglect and 10 other deaths were suspicious of abuse or neglect; half of the families had a child protection history.

Sources: FACS, [Annual Report 2013-14](#); [Community Services Quarterly Data June 2014](#); [Community Services Caseworker Dashboard, December 2014 quarter](#); NSW Ombudsman, [Report of Reviewable Deaths in 2010 and 2011 Volume 1: Child Deaths](#)

Keep Them Safe reforms

In March 2009, the NSW Government published a five-year action plan, [Keep Them Safe: A shared approach to child wellbeing](#) (KTS). This plan had funding of \$750 million over 5 years: 2009-2014.

KTS had seven elements, namely:

1. Strengthening the universal service system
2. Strengthening early intervention and community-based services
3. Better protection for children at risk
4. Changing practice and systems
5. Supporting Aboriginal children and families
6. Strengthening partnerships across the community services sector
7. Delivering the plan and measuring our success

In June 2014, an evaluation team led by the UNSW Social Policy Research Centre presented the Government with an [outcomes evaluation report](#). In summary, it concluded (in part):

...KTS has had success in changing the system areas across the four [key] objectives. In a relatively short time-frame KTS has provided a solid platform for future improvements in the quality of service provision, collaborative practice, adoption of a more strategic approach to early intervention, better engagement with Aboriginal communities and improvements in the identification and protection of children at risk of significant harm (ROSH).

The cost effectiveness analysis shows that KTS funding, in particular funding directed towards prevention and early intervention, has had a significant impact on reducing the rate of children reported at ROSH to the Child Protection Helpline.

However, the five years of KTS have not been long enough to realise its objectives fully. The five year time-frame should be seen as the first stage in a longer journey towards a truly effective system that ensures the safety and wellbeing of children in NSW.

Ombudsman report

In April 2014, the NSW Ombudsman published [Review of the NSW Child Protection System: Are Things Improving?](#) The report noted that since its 2011 review, some progress had been made: e.g. the annual rate of face-to-face assessments of ROSH reports had increased from 21% to 28%. However, this rate was higher for children under 12 (31%) than for adolescents (22%). The report noted that caseworker numbers had risen slightly but that "several districts still have high vacancy rates". Also outlined in the report were a number

of significant unresolved practice issues: e.g. chronic delays in the investigation of reportable conduct allegations; and failure to determine current potential risk to children when assessing reports about historical allegations. In addition, the Ombudsman's report emphasised the need to develop inter-agency operational frameworks to support efficient and effective work with high-risk families and in high need communities.

Safe Home for Life reforms

The [Safe Home for Life](#) reforms, which were introduced by the [Child Protection Legislation Amendment Act 2014](#), focus on three areas:

- building parenting capacity and increasing parental responsibility
- providing greater permanency for children and young people in care
- delivering a modern, responsive and child-focused system.

With respect to the first of these areas, the Act made changes to expand the use and increase the effectiveness of Parental Responsibility Contracts; and to enable the Children's Court, in certain circumstances, to make a Parent Capacity Order, which requires a parent to participate in a parent capacity program, service, or treatment aimed at enhancing their parenting skills.

In regard to permanency planning, the legislation sets out an order of preference for the permanent placement of a child or young person; from family preservation, to guardianship, open adoption (for non-Aboriginal children), and lastly, parental responsibility to the Minister. The Act also contains timeframes in which the Children's Court must make its decision about restoration:

- for a child less than 2 years of age – within 6 months from the time an interim care order is made by the court;
- for a child or young person 2 years of age or older – within 12 months of the time an interim care order is made by the court.

Reforms to create a modern, child-focused system included, changing the way decisions about contact arrangements between children in care and their birth parents are made; promoting

greater use of alternative dispute resolution; and simplifying parental responsibility orders.

Social Benefit Bonds

In an Australian first, the NSW Government is currently piloting two [Social Benefit Bonds](#) in the area of child protection. A Social Benefit Bond:

...pays a return based on the achievement of agreed social outcomes. Private investors provide capital to a service provider to achieve improved social outcomes. If these outcomes are achieved, there are cost savings to Government that can be used to repay that upfront investment plus a financial return.

The *Newpin bond* will operate over 7 years, with Uniting Care Burnside delivering an intensive support program to improve parenting. Payments to investors are related to the proportion of children who are returned from out of home care to their families. The bond targets a financial return of 10-12% pa. In its first year, the bond delivered a return of 7.5%. The *Benevolent Society bond* will operate over 5 years to deliver intensive family support services. Payments will be based on performance of the program at the end of the 5 years by reference to entries into out of home care and other indicators.

Royal Commission

The Commonwealth [Royal Commission into Institutional Child Sex Abuse](#) was established in January 2013. In June 2014, the Commissioners presented an [interim report](#), outlining its work to date, including holding hearings and research and policy papers. In January 2015, they released an [issues paper](#) on redress schemes and civil litigation, with a view to presenting a report on this subject in mid-2015. At the Commissioners' request, their final reporting date has been extended by 2 years, to 15 December 2017.

Research Service Publications

L Roth, [Permanency planning and adoption of children in out-of-home care](#), Briefing Paper 3/2013

L Roth, [Social Impact Bonds](#), e-brief 17/2011

Ice Addiction

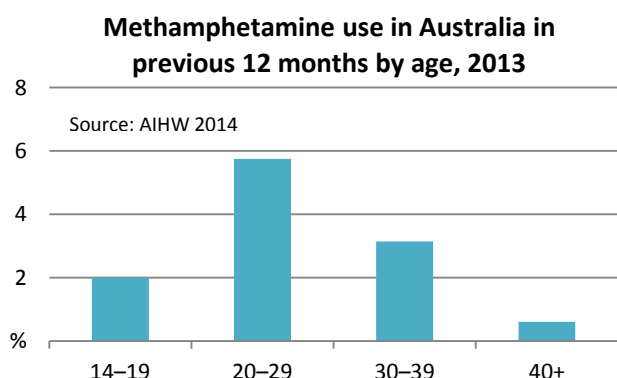
Chris Angus

“Ice” is a highly purified, crystalline form of [methamphetamine](#), a drug that, along with other drugs such as ecstasy, is derived from the stimulant amphetamines. Ice use in Australia has been associated with significant medical, social and criminal problems. [NSW crime statistics](#) show that, over the 24 months to December 2014, the number of arrests for amphetamine possession increased by 36.3%; arrests for amphetamine dealing rose by 27.6%; and that both regional NSW and parts of Sydney have seen large increases in amphetamine-related offences.

These statistics, along with [studies](#) showing increased aggression and violence amongst ice users and claims of ice use by [children](#) as young as 8 years old, have led to increasing community concern. The Australian Crime Commission recently [concluded](#) that ice “poses the highest risk to the Australian community”.

User demographics

According to the [Australian Institute of Health and Welfare](#) (AIHW) methamphetamines are increasingly used by younger Australians. Although people aged 30–39 are slightly more likely than other age groups to have ever used methamphetamines (14.7%), people aged 20–29 are more likely to have used the drug in the last 12 months (5.8%).



Methamphetamine users are twice as likely to live in remote and very remote areas, with 4.4% of these communities using the drug compared to

2.1% of people in major cities. Unemployed people are 2.4 times more likely to have used methamphetamines than the employed, while people with the lowest socio-economic status were slightly more likely to use methamphetamines (2.2%) than those from the highest socio-economic background (1.8%). Indigenous Australians are 1.6 times more likely to use methamphetamines than non-Indigenous Australians, while homosexual/bisexual people are 4.5 times more likely to use this class of drug than heterosexual people.

Health and social impacts of ice

Ice affects the neurotransmitters that regulate feelings of excitement, euphoria and alertness and can cause users to feel confident and energetic. Because of its [higher level of purification](#)—approximately 80% compared to 10–20% for powder-based methamphetamines—ice use results in a more intense “high” when taken, with effects experienced for up to 12 hours. Long-term effects from ice use include high blood pressure, extreme mood swings, paranoia, depression and anxiety, and seizures. Studies have [found](#) a correlation between ice use and psychosis.

Methamphetamine use is also linked to violent crime. A 2008 study by the [National Drug Law Enforcement Research Fund](#) concluded that methamphetamine use significantly increased the risk of violent offending, with approximately 40% of study participants violently offending in the previous 12 months.

Much of the violent behaviour and aggression by methamphetamine users was domestic in nature, raising issues about the safety of children of methamphetamine users; concern has also been expressed for police and emergency personnel who deal with users under adverse circumstances (although evidence indicates that [problematic alcohol consumption](#) remains the primary concern of many of these workers).

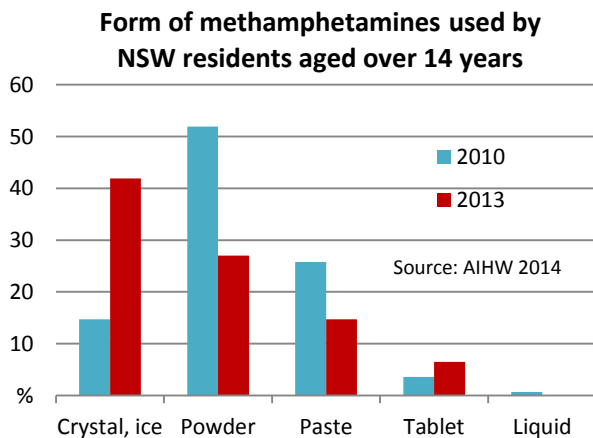
The impact of methamphetamines extends beyond drug users. A [2014 Victorian inquiry into methamphetamines](#) found that the families of users suffer from financial strain and loss of

assets, fear of aggression and violence and family breakdown as a result of these drugs. Furthermore, towns reputed to be “ice hotspots” face economic consequences due to the negative impact on tourism and business.

Recent trends amongst users

Methamphetamine use in NSW remains low and stable; 1.4% of the State population used methamphetamines in 2013, slightly lower than 2010 levels (1.6%), and lower than the Australian average for both reporting dates (2.1%). However, there has been a significant shift in use from less potent powder-based methamphetamines to highly purified ice.

Between 2010 and 2013, the AIHW found that, in line with Australia-wide trends during the same period, ice use by NSW methamphetamine users nearly tripled from 14.7% to 41.9%, while the use of powder-based methamphetamines fell from 51.9% to 27%.



Ice is also being used by individuals on a more frequent basis, with the AIHW reporting that the proportion of Australian ice users using the drug weekly doubled from 12.4% in 2010 to 25% in 2013.

Turning to treatment services, the proportion of drug treatment episodes involving methamphetamines increased from 7% in 2009-10 to 14% in 2012-13. Three-quarters of these episodes were for clients aged 20–39, followed by those aged 40–49 (14%) and aged 10–19 (9%).

Trafficking of methamphetamines has increased in recent years, with the Australian Crime Commission [reporting](#) that over the past 5 years

there has been significant growth in the detected importation, manufacture and supply of the drug, while an increase in addiction-related crimes is anticipated to increase the burden on both law enforcement and the health sector.

Responses by Australian Governments

Premier Mike Baird has [pledged](#) to halve the threshold required to charge dealers with possessing large commercial quantities of ice, thereby subjecting more offenders to a maximum penalty of life imprisonment; greater powers to confiscate the assets of drug dealers and traffickers have also been proposed.

For Labor, Luke Foley [requested](#) further details of the Government’s proposal before committing support for the plan; Labor also proposed to convene a summit on methamphetamines with health and law enforcement professionals.

As for other States, the Victorian Law Reform, Drugs and Crime Prevention Committee recently completed its [inquiry into the supply and use of methamphetamines](#). It made 54 recommendations, including: the creation of a Ministerial Council on Methamphetamine, chaired by the Premier; development of a Methamphetamine Action Plan; and improved training for frontline service workers and support for at-risk children. In [response](#), the Victorian Government released its Ice Action Plan on 5 March 2015, with \$45.5 million in funding to support families, expand drug treatment services, and purchase new drug and booze buses.

At the Commonwealth level, Assistant Health Minister Fiona Nash has [announced](#) that the Australian National Advisory Council on Alcohol and Drugs will make the ice problem its top priority. Prime Minister Tony Abbott has also [established](#) a National Ice Taskforce to examine existing efforts to address ice, and identify ways to take a systematic, comprehensive and coordinated approach to education, health and law enforcement.

Research Service Publications

T Drabsch, [Crystal Methamphetamine Use in New South Wales](#), Briefing Paper 19/2006

Youth Unemployment

Andrew Haylen

Key measures of youth unemployment

The [International Labour Organization](#) describes unemployed people as those who are: without work; seeking work (in a recent past period); and currently available for work. Youth unemployment refers to those aged 15-24 years.

Young people may undertake a complex range of work and study arrangements; some may be studying part-time and working part-time, while others may be studying full-time and not working at all (nor actively looking for work).

Youth unemployment is consequently a complex issue, the interpretation of which can be approached from a number of statistical perspectives, including:

- The **youth unemployment rate** which is the number of unemployed youth expressed as a percentage of the youth labour force.
- The **ratio of youth-to-adult unemployment rates** which is calculated by dividing the youth unemployment rate by the adult unemployment rate (persons aged over 25).
- The **youth unemployment ratio** which is the number of unemployed youth expressed as a percentage of the youth population, including those in full-time education.

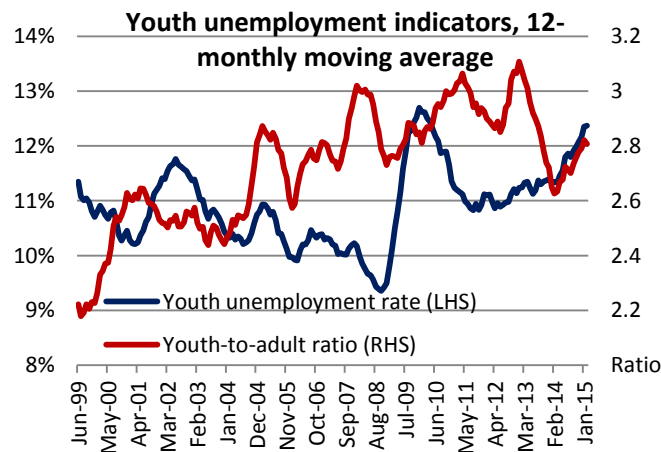
Full discussion around these and other youth unemployment indicators can be found [here](#). The Commonwealth Parliamentary Library also [provides](#) a brief overview of youth unemployment, the key concepts and terminology used, and lists relevant data sources.

Youth unemployment trends

In February 2015 the 12-monthly average for the youth unemployment rate in NSW was 12.4%, up from 11.3% the previous year. The youth unemployment rate has been trending up the last few years since spiking after the GFC. The youth unemployment rate is subject to considerable cyclical variation; as such the 12 monthly moving

average has been represented below.

The ratio of youth-to-adult unemployment rates is also represented in the figure below. It is clear that, over the longer term, this ratio has been rising, suggesting that youth unemployment is worsening relative to the remainder of the working population.



Youth unemployment by NSW electorate

In 2011, youth unemployment rates vary considerably by NSW electorate (2013 redistribution). The electorates of Monaro (6.9%), North Shore (7.3%), Cronulla (7.4%), Pittwater (7.5%) and Manly (7.9%) have the lowest rates of youth unemployment. The electorates of Clarence (18.0%), Cabramatta (17.8%), Oxley, Fairfield and Lakemba (all 17.7%) have the highest youth unemployment rates.

These rates do not necessarily correspond proportionately with the rates of full-time youth employment (which is the number of full-time employed youth expressed as a per cent of the youth labour force). The Upper Hunter (52.8%), Monaro (50.8%), Barwon (49.9%), Orange (49.7%) and Hawkesbury (49.7%) had the highest rates of full-time youth employment. Davidson (26.6%), Ku-ring-gai (27.2%), Ballina (29.4%), Tweed (29.9%) and Epping (31.1%) had the lowest. The NSW average was 40.1%.

The full-time youth employment rates are reflective of other socio-demographic factors, such as participation in full-time tertiary studies. Among NSW State electorates, while Davidson (9.6%) was at the lower end of the youth unemployment spectrum, it had the highest rate of full-time student status (71.9%), followed by

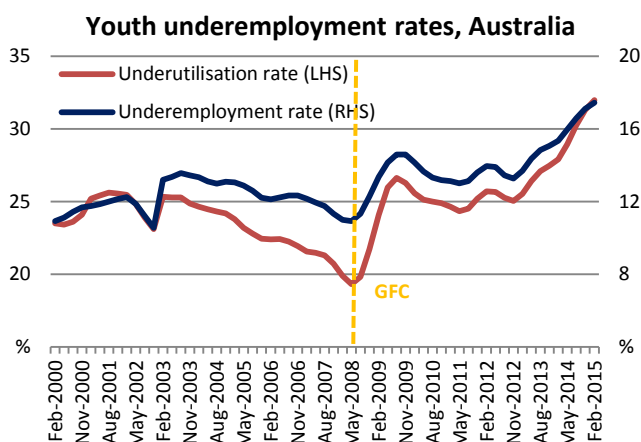
Ku-ring-gai (71.2%) and Epping (69.4%). The NSW average was 49.6%.

Youth underemployment

Underemployed workers are defined as part-time workers who want, and are available for more hours of work than they currently have, plus full-time workers who work part-time hours.

In February 2015, the **underemployment rate** for the Australian population was 8.7% whereas it was 17.4% for 15 to 24 year-olds (data not available for NSW). There are around 365,000 people aged 15 to 24 who are underemployed in Australia.

The **labour force underutilisation rate** measures the collective number of unemployed and underemployed, as a proportion of the labour force. The underutilisation rate for the entire labour force in February 2015 was 15.1%, compared to 32.0% for 15 to 24 year-olds. As the figure below shows, the GFC was a turning point in the latest upward trend of underutilisation of the youth labour force in Australia.



According to a Brotherhood of St Laurence [report](#), young people in the workforce are more likely to be underemployed because of the types of jobs open to them. In particular, they are more likely to be in non-permanent jobs than other age groups.

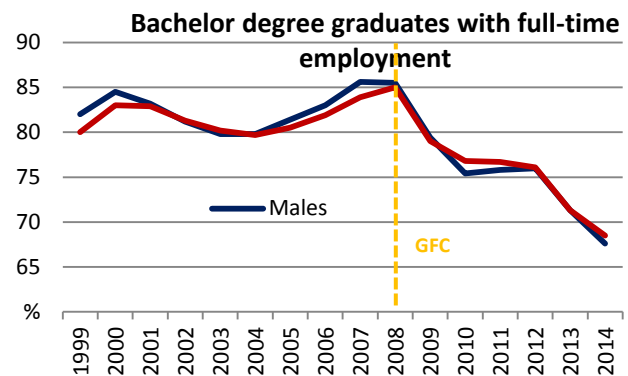
For every year between 2001 and 2012 (except 2008) the proportion of employed youth with a non-permanent contract was more than 50%, well above the proportion for all workers. The gap has widened since the GFC as the proportion of young employees in precarious jobs has grown

faster than for any other age group.

Transitions from education to work

While younger people may be less actively engaged in the workforce because of educational and training commitments, there is evidence to suggest that there are difficulties in finding full-time work even once such endeavours are completed.

The [report](#) by the Foundation for Young Australians examines the extent to which young higher education graduates are absorbed into the labour market. The figure below presents the percentage of bachelor degree graduates who are employed full-time as a proportion of graduates who are available for full-time employment. It shows that the proportion of young higher education graduates who are in full-time employment has dropped since 2007.



Other data not presented shows a clear downward trend in recent years in the proportion of 20–24 year-old vocational education and training graduates employed after training. Additionally, the ages at which young people enter full-time work has increased markedly for both males and females over the last two decades (For other detailed data and graphical information related to such findings, see the Graduate Careers Australia [website](#)).

Research Service Publications

D Montoya, [Labour force trends in Greater Sydney](#), Statistical Indicators 5/2014

D Montoya, [Labour force trends in Regional NSW](#), Statistical Indicators 6/2014

Youth Suicide

Chris Angus

Youth suicide is a tragic occurrence, not only cutting a victim's life short but also irreparably harming their families and communities. Recent high profile cases include the [death](#) of two young rugby league players over the 2014 Australia Day long weekend.

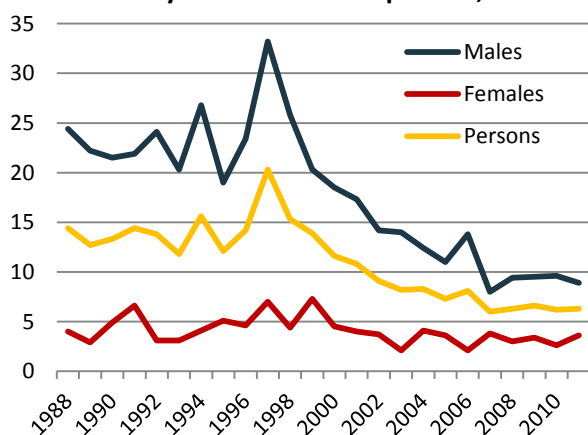
While current suicide rates for young people in NSW are [lower](#) than the rest of Australia, the death of young people by suicide remains an issue of great concern in this State. Its underlying causes must continue to be addressed.

Current youth suicide statistics

According to the [NSW Chief Health Officer](#), in 2011 the suicide rate for young people in NSW aged 15–24 years was 6 per 100,000 persons. The rate for males (9 per 100,000) was more than double the rate for females (4 per 100,000 persons).

As concerning as these figures are, according to [NSW Health](#) they are the lowest levels of youth suicide in Australia. NSW Health [statistics](#) also show that there has been a dramatic drop in suicide rates for young people in NSW aged 15–24 since 1997, when the suicide rate was 33.2 per 100,000 persons for males, and 7 per 100,000 persons for females.

NSW youth suicide rate per 100,000



Source: NSW

Despite this reduction, a 2014 [Mission Australia](#) report found that suicide has overtaken car accidents as the leading cause of death for young Australians aged 15-24.

Factors influencing youth suicide

According to [NSW Health](#), youth suicide occurs for a range of reasons:

Factors such as depression, disruption to psychological, educational and social development, legal or disciplinary problems, parental illness or divorce and strain on personal relationships (for example, breaking up with a girlfriend or boyfriend) can increase risk of suicide in young people.

Alcohol is another factor in youth suicide. A NSW Legislative Council Committee [inquiry into youth alcohol abuse](#) reported that, between 1993 and 2001, there were over 500,000 hospitalisations caused by risky and high-risk drinking in Australia, with 20,374 alcohol-related hospitalisations involving attempted suicide. The inquiry also found that alcohol is associated with “the three leading causes of death among young people: unintentional injuries, homicide and suicide”.

Certain groups of young people are particularly vulnerable to suicide and self-harm. In a study of trends in deaths for people aged 10-17 years in NSW from 1996 to 2005, [NSW Health](#) found that 66% of suicide victims faced ongoing mental health problems, family dysfunction and school related difficulties; 22% had experienced personal problems such as physical illness or accidents, sexual assault or job loss.

NSW Health [reported](#) that Gay, Lesbian, Bisexual and Transgender (GLBT) people are between 3.5 to 14 times more likely than the wider community to attempt suicide. The [suicide risk](#) for Aboriginal males aged 15 to 19 years is 4 times higher than the general population, with a quarter of all Aboriginal deaths between 2000 and 2007 attributed to suicide.

Reluctance to seek professional help

Many youths with mental health issues are either unwilling to seek professional help, or are unaware of available services.

[Mission Australia](#) reported that less than 1 in 4 16-24 year olds diagnosed with a mental health disorder accessed health services in the previous year, with males especially unlikely to access services. Reasons for this include inadequate knowledge about mental health, as well as embarrassment and stigma surrounding their condition.

SNAPSHOT: Mission Australia Youth Mental Health Report 2014

- 21.2% of young people who responded to the Youth Survey met criteria for a probable serious mental illness;
- Although males are more likely to commit suicide, females are almost twice as likely to have a probable serious mental illness;
- 35.3% of young people with a probable serious mental illness expressed concerns about suicide, compared to 6.8% of youth without a serious mental illness; and
- Over 60% of young people with a probable serious mental illness were not comfortable seeking information, advice or support from professional services.

In response to these findings, Mission Australia [recommended](#): targeting mental health in schools through awareness and early intervention programs; promoting peer education and support; reducing stigma around mental health; culturally appropriate service delivery; and building better understanding of mental health issues among families and those working with young people.

NSW Suicide Prevention Strategy

The [NSW Suicide Prevention Strategy 2010–2015](#) (the NSW Strategy) is the basis for a coordinated whole of government approach to suicide prevention in this State, and creates a community framework for a range of stakeholders to foster collaboration and partnerships. The NSW Strategy sets out 6 Strategic Directions:

1. Improving the evidence base and understanding of suicide prevention;
2. Building individual resilience and the capacity for self-help;
3. Improving community strength, resilience and capacity in suicide prevention;

4. Taking a coordinated approach to suicide prevention; and
5. Providing targeted suicide prevention activities.

Under the NSW Strategy individuals are placed at the centre of suicide prevention. These prevention measures aim to improve the access of individuals. Examples of initiatives targeted at youth include: provision of youth mental health services; screening and self-referral to psychologists and counsellors at Juvenile Justice Centres; adapted assessment tools and models for youth services.

National Suicide Prevention Strategies

The [National Suicide Prevention Strategy](#) (NSPS) has four components:

1. [Living Is For Everyone \(LIFE\) Framework](#);
2. [National Suicide Prevention Strategy Action Framework](#);
3. [National Suicide Prevention Programme \(NSPP\)](#); and
4. Mechanisms to promote alignment with and enhance state and territory suicide prevention activities.

Examples of youth-oriented programs funded under the NSPS [include](#) the Koori Kids Wellbeing Program, which targets Indigenous primary school children; and the ReachOut! Pro Website, aimed at providing information, updates, and best practice case studies for youth aged 16-25 years.

In May 2013, the Federal Government released the [National Aboriginal and Torres Strait Islander Suicide Prevention Strategy](#). Key initiatives aimed at reducing youth suicide include:

- assisting communities in implementing intervention and prevention activities;
- using culturally appropriate community activities to engage youth and build life skills;
- promotion of elders, fathers and other men as positive role models for youth; and
- incorporating suicide and self-harm risk assessment into Indigenous community-controlled healthcare sector.



Chapter 12

Crime & Justice NSW

Domestic Violence

Bail

Family Violence Courts

Sentencing

Alcohol-related Violence

Prison Population

Organised Crime Laws

Reducing Reoffending

“In NSW, 46% of adult offenders who were released from prison in 2011-12 returned to prison within two years. This rate is above the 2000-01 rate (45%). The NSW reimprisonment rate is currently the second highest in Australia (after the Northern Territory).”

Domestic Violence

Chris Angus

With Rosie Batty's appointment as the 2015 [Australian of the Year](#) domestic and family violence has been placed squarely on the political agenda. This is at a time of concern about aspects of government policy in this area, in NSW and Australia generally. The effectiveness of the judicial system and of apprehended domestic violence orders (ADVOs) are of [particular concern](#) in NSW, as are [funding levels](#) for women's refuges.

Domestic and family violence?

[Domestic violence](#) refers primarily to violence perpetrated in the context of intimate relationships by adult men against women. The violence can be physical, sexual, psychological, emotional or economic in nature and can include verbal abuse, harassment and stalking. The related, but broader, concept of [family violence](#) refers to controlling and abusive behaviours across a range of interpersonal relationships, extending to child abuse and sibling abuse.

The preferred terminology today is "domestic and family violence" (DFV), defined by [Women NSW](#) as:

any relationship in an intimate or family relationship, which is violent, threatening, coercive or controlling, causing a person to live in fear. It is usually manifested as part of a pattern of controlling or coercive behaviour.

Prevalence and consequences

[NSW Bureau of Crime Statistics and Research](#) (BOCSAR) statistics indicate that reported rates of domestic violence-related assaults in NSW have remained stable over the past decade. The number of unreported incidents is another matter. A 2013 [BOCSAR](#) survey found that only half of NSW respondents reported domestic violence to police, while [analysis](#) of the 2008-09 Australian Bureau of Statistics Crime Victimization Survey concluded that as few as one in three assaults may be reported to police.

The harms caused by DFV are many and varied.

In 2011 the [NSW Audit Office](#) reported that DFV is "present in 50% of households where children are abused, and contributes to nearly 20% of homelessness cases". It was also found to contribute more than any other single factor to death, ill health and disability amongst women under 45 years of age. DFV was estimated to cost the NSW economy \$4.5 billion each year.

Developments in NSW

Reviewing the many policies aimed at reducing DFV in NSW, the [NSW Auditor General](#) in 2011 and the [Legislative Council's Standing Committee on Social Issues](#) in 2012 arrived at a range of findings, including that:

- there was no common framework, objectives or goals for agencies to work together on DFV issues;
- there was no shared means for organisations to identify or assess risk, with victims falling through gaps between agencies;
- there were significant barriers to sharing information between agencies; and
- there were few programs that sought to change perpetrator behaviour.

Informed by these findings and a year-long consultation process, in February 2014 Women NSW released the NSW Government's Domestic and Family Violence Framework for Reform, [It Stops Here](#) (the Framework). The Framework aims to address DFV through 5 priority "elements":

1. a strategic approach to prevention and early intervention;
2. streamlined referral pathways to secure victims' safety and recovery;
3. accessible, flexible, person-centred service responses that make the best use of resources;
4. a strong, skilled and capable workforce; and
5. a strengthened criminal justice system response.

Further to Element 2 of the Framework, in September 2014 [Safer Pathway](#) was launched on a trial basis in Orange and Waverley, and will be rolled out from 2015 across 28 NSW sites. *Safer Pathway* creates a holistic and coordinated DFV service with tailored support for victims that meets both their immediate and long term safety, health

and wellbeing needs. These needs are met by: streamlining referral pathways; increasing information sharing between service providers; introducing new assessment tools specifically designed to assess domestic violence threats; and improved support for victims facing serious threats.

ADVOs

By placing [restrictions on a defendant](#), ADVOs are designed to ensure the safety and protection of vulnerable persons. A person can apply for an ADVO if they have had a [“domestic relationship”](#) with the defendant; and they have reasonable grounds to fear a [“personal violence offence”](#) by the defendant. Breach of an ADVO incurs a [criminal offence](#) with a maximum penalty of 2 years imprisonment and a fine of 50 penalty units.

The effectiveness of ADVOs is in dispute. A 2010 joint report by the [Australian and NSW Law Reform Commissions](#) found that stakeholders were concerned about a lack of enforcement of breaches or, if enforced, the lenient treatment of offenders at sentencing. In NSW, BOCSAR [reported](#) that there were 11,688 breaches of ADVOs in 2013, and an upward trend over the previous 5 years. Of the 3,154 offenders found guilty of breaches, 38.2% received a bond, 17.8% were fined, and 12.4% were given a custodial sentence.

The [2012 NSW Legislative Council inquiry into domestic violence trends](#) recommended that the Department of Attorney General and Justice review existing ADVO programs to implement best practice advice and support programs across NSW local courts. This recommendation was [accepted in principle](#) by the NSW Government.

Women’s refuges

As part of broader reforms to reduce homelessness, including homelessness caused by domestic violence, the NSW Government launched its [Going Home Staying Home](#) reform in February 2013. The program allocates Specialist Homelessness Services program funding on the basis of demographic and population trends, with over half of the new specialist homelessness services including support for women. The

funding model has been criticised, with the changes resulting in a loss of up to [80 homelessness services](#), including [specialised domestic violence services](#) such as Killara refuge in Randwick and Erin’s Place in Marsfield. The NSW Government has since [restored](#) \$8.6 million to 5 long-running inner-city shelters.

NSW election policies

During the 2015 State election campaign, Premier Baird [proposed](#) setting up a domestic violence register, which could be accessed by individuals concerned that their partners may pose a risk to them. Following the election, the Government [appointed](#) Pru Goward to the role of Minister for the Prevention of Domestic Violence and Sexual Assault, the first such Minister in Australia.

Responding to community concern over ADVO breaches, NSW Labor [promised](#) if elected to introduce specialist domestic violence and sexual assault courts, to streamline and expedite ADVO applications, reduce the opportunity for breaches and provide additional support to DFV victims. Both [Labor](#) and the [Greens NSW](#) also committed to restoring funding to specialist services and women’s refuges.

Other Australian developments

Federally, developments point in several directions. The Prime Minister has signalled his intention to pursue [national co-ordination of domestic violence orders](#) at the next COAG meeting, with model legislation currently being drafted. However [calls](#) for a royal commission into domestic violence have not been supported, and there has been criticism of cuts to homeless services and a possible move away from federal social housing support.

At a State level, the Victorian Government commenced a [Royal Commission into Family Violence](#) in late 2014, while in Queensland a [Domestic Violence Taskforce](#) headed by former Governor-General Dame Quentin Bryce released its report into reducing domestic violence on 28 February 2015.

Research Service Publications:

T Drabsch, [Domestic Violence in NSW](#), Briefing Paper 7/2007

Family Violence Courts

Chris Angus

Family violence courts (FVCs) are a branch of specialist courts that have developed in several Australian States since the late 1990s. They [aim](#) to improve the criminal justice response to domestic violence by increasing victim support services, enhancing community awareness of domestic and family violence, and increasing the prosecution of offenders.

In NSW, the Domestic Violence Intervention Court Model (DVICM) was created in 2 pilot courts in 2005. While this experiment has continued, to date it has not been extended.

Features of FVCs

According to a [2010 Joint Report](#) by the Australian and NSW Law Reform Commissions (ALRC/NSWLRC), FVCs tend to have: specialised personnel and procedures; an emphasis on specialised support services; special arrangements for victim safety; and offender programs.

[FVCs](#) operate primarily in an adversarial, non-therapeutic environment. They differ from other specialist courts in that they focus on victims and their safety over other considerations, although offender rehabilitation programs are also part of FVCs in Australia.

FVCs bring a number of [potential advantages](#) to the issue of domestic and family violence. However, specialisation also creates a number of [challenges](#), as shown below:

Potential Advantages	Potential Challenges
Greater sensitivity to family violence and victims' needs	Operational challenges such as adequate resourcing and support
Greater consistency in the handling of family violence cases	Ongoing accessibility and resourcing concerns
Greater case integration, coordination and efficiency	Staff recruitment and retention issues

Greater efficiency in court processes	Possible jurisdictional uncertainty and conflict
Better outcomes in terms of victim satisfaction and safety, and potential changes in offender behaviour	Services may only cater to certain population segments, leaving others without support

Australian FVCs and recent trends

Since the late 1990s a number of Australian States have [implemented or trialled](#) FVCs:

Year	State	Type of court
1998	ACT	Specialist list pilot in Magistrates Court
1999	SA	Family Violence Court
2000	WA	Specialist stream of Magistrates Court
2000	ACT	Specialist list in Magistrates Court
2005	NSW	DVICM pilot in Campbelltown and Wagga Wagga
2005	VIC	Family Violence Court Division; Specialist Family Violence Service
2006	QLD	Rockhampton Magistrates Court pilot
2011	ACT	Family Violence Court

FVCs [vary](#) between States; Western Australia and NSW deal exclusively with criminal matters related to family violence; in [South Australian](#) and [ACT](#) they also deal with applications for protection orders.

The Victorian [Family Violence Court Division](#) (FVCD) is the closest example of a “one stop shop” model for victims of family violence in Australia. Originally a pilot program at the Ballarat and Heidelberg Courts, the FVCD is established by legislation, and exercises jurisdiction over protection orders as well as a range of civil, family and criminal matters related to family violence.

Victoria also has 4 [Specialist Family Violence Service courts](#), which are funded separately from the FVCD and aim to provide [enhanced support services](#) for victims at existing Victorian Magistrates' Courts. These courts exhibit similar features to the FVCD, but do not exercise the FVCD's combined jurisdiction; nor do they have the power to compel a respondent to attend counselling.

While the general trend since the 1990s has been

towards establishing dedicated FVCs, the reverse is now occurring in Western Australia. In 2014 the State's Department of the Attorney General conducted a [cost-benefit analysis](#) of two State FVCs. The analysis found these to be ineffective in reducing reoffending rates, and were more expensive to run than mainstream courts.

Following the review, the WA Government announced that the FVCs will cease operations on 1 July 2015. This has led to [criticism](#) from the Labor Opposition, which is concerned that victims will have inadequate support from the mainstream legal system.

NSW FVCs

In NSW, the Domestic Violence Intervention Court Model (DVICM) commenced at Wagga Wagga and Campbelltown Local Courts in 2005 and remains permanently in these locations. The two courts were established by a Memorandum of Understanding between several NSW Government agencies. According to the [ALRC/NSWLRC](#):

The DVICM program focused on improved evidence collection by the police, automated referrals to victim services, and increased information sharing and co-ordination from key agencies through Regional Reference Groups and Senior Officers Groups. The Local Courts implemented a Practice Note requiring early disclosure of evidence. Stakeholder agencies met weekly to update matters before the court. Magistrates could, if deemed appropriate as part of the sentence, place an offender on a perpetrator program run by the Probation and Parole Service in Wagga Wagga and Campbelltown.

A 2008 [evaluation](#) of the DVICM found that the most successful aspect of the courts was increased access to victim support; no significant impact on early pleas, prosecutions or penalties was found. A 2012 [follow-up study](#) also reported mixed results: although domestic violence matters were finalised faster under the DVICM, the proportion of guilty pleas, dismissals, penalties of bonds with supervision, and terms of imprisonment remained the same as other courts.

Despite the mixed results, the 2012 NSW

Legislative Council [inquiry into domestic violence](#) commended the DVICM as a "first step towards a comprehensive integrated approach to domestic violence", and recommended that the most successful aspects of the model be integrated into NSW local courts.

Joint Report on Family Violence

The 2010 Joint Report into family violence expressed the view that specialised family violence courts should be more widely established in Australia. It [recommended](#) that State and Territory governments establish or further develop FVCs within their existing courts. This recommendation appears to be modelled on the Victorian FVCD, and to an extent on the South Australian FVC. However, the Joint Report also cautioned that resourcing and training issues would need to be addressed in order for new FVCs to operate effectively.

Calls for additional FVCs in NSW

In 2010 then NSW Attorney General, John Hatzistergos, and Premier, Kristina Keneally, [announced](#) that the Government would establish a working group to examine the implementation of FVCs in NSW. This working group did not eventuate.

In the lead up to the 2015 NSW Election, [NSW Labor](#) committed to trialling specialist sexual assault and domestic violence courts in Sydney, the Hunter and the Illawarra. If successful, a comprehensive rollout of FVCs across the State was envisioned.

Other political parties have not expressed support for the creation of additional FVCs in NSW. The Greens NSW [proposed](#) broader improvements to the justice system through increased access to specialist family violence support workers, staff and magistrates with training in family violence issues, and the provision of free legal advice for women.

Research Service Publications:

E Schneller, [Family Violence Courts](#), e-brief 12/2012

Alcohol-related Violence

Chris Angus

Concern about alcohol-related violence, particularly in and around licensed premises, has a long history in NSW. The intensity of that concern has deepened over the past few years following community outrage over “king hit” or “coward punch” attacks that resulted in the deaths of [Thomas Kelly](#) in July 2012 and [Daniel Christie](#) in January 2014. These incidents led to the recall of Parliament and the passing of the [Liquor Amendment Act 2014](#).

Alcohol use in NSW

The [Australian Institute of Health and Welfare](#) (AIHW) reported that in 2013 34.5% of people in NSW engaged in “risky” drinking behaviour (had 4 or more standard drinks on one occasion at least annually). Men were more likely to be classified as risky drinkers (44.7%) than women (24.4%), and nearly 3 times more likely than women to drink excessively on a weekly basis (18.3% to 6.7%).

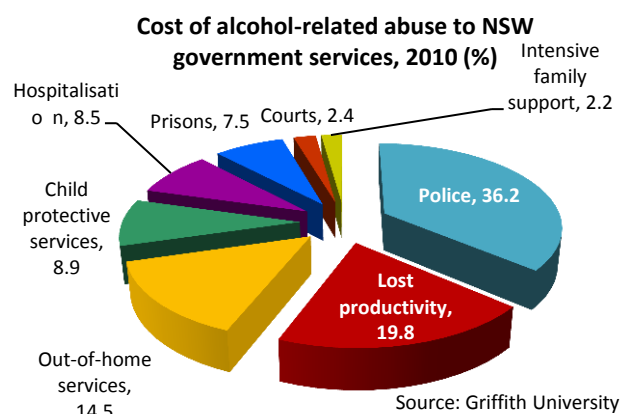
People in their 20s were more likely to engage in risky drinking, with 38% of this age group drinking 5 or more standard drinks at least once a month. [NSW Audit Office](#) figures showed that in 2012 approximately a third of NSW residents aged over 16 consume more than the recommended 2 standard drinks in any one day, putting them at risk of long-term alcohol-related harm.

In 2013 the Legislative Council Standing Committee on Social Issues completed an inquiry into alcohol abuse among young people in NSW. The [report](#) expressed alarm at rising incidences of “pre-loading” (consumption of alcohol before going out to licensed premises or other venues) and binge drinking among young people, noting that such activities can contribute to alcohol-related violence, including sexual assault.

Economic costs of excessive alcohol consumption

High levels of alcohol consumption have a disproportionately high impact on Australian

society. Research by the [Australian Institute of Criminology](#) (AIC) found that in 2010 the social costs of alcohol abuse (\$14.35bn) were double the Commonwealth’s taxation revenue from alcohol sales (\$7.075bn). In NSW, a 2013 [NSW Audit Office](#) report estimated that alcohol-related abuse cost the State \$3.87bn per year. NSW government services incurred approximately \$1.029bn of this cost, with \$474.2m spent on the criminal justice system (including \$372m on policing), \$263.1m on community services, \$87.3m on the health system and \$204.2m on lost productivity.



Links between alcohol and violence

Existing research indicates a strong link between the availability of alcohol and violence. A 2011 study by the [NSW Bureau of Crime Statistics and Research](#) (BOCSAR) into violence in the Sydney Local Government Area (LGA) reported that assaults were more likely to occur around licensed premises than other parts of the LGA.

According to statistics provided by [BOCSAR](#) to the 2014 NSW Legislative Assembly inquiry into alcohol and drug-related violence, between April 2013 and March 2014 the average age of offenders in licensed premises in Kings Cross and Sydney City was 24 and 28 years respectively. The same statistics showed that males were predominantly responsible for assaults in licensed venues; 83.3% of offenders in Kings Cross and 86.4% in Sydney City.

In another study, the [AIC](#) found that 30% of surveyed police detainees in 2009 attributed their current offending to alcohol intoxication, while 40% attributed their current offending to being

high and/or drunk. In comparison, only 25% attributed their crimes to economic factors such as the need to fund drug addictions.

The nexus between alcohol and domestic violence is strong and enduring, with AIC [research](#) identifying excessive alcohol consumption as an important risk factor for domestic violence. According to [BOCSAR](#), 41% of NSW domestic assaults in 2010 were found by police to be alcohol-related, an increase from 36% in 2004. There are also [links](#) between alcohol abuse and child abuse, maltreatment and neglect.

Government responses

Between 2008 and 2014, NSW Governments introduced a variety of policies in response to alcohol-related violence, including the [following](#):

- a 1am lockout and 3am close time at licensed premises in the Newcastle CBD;
- special conditions for “violent venues”, including a mandatory 2am lockout of patrons, no glass containers and drink restrictions after midnight;
- a “three strikes” disciplinary scheme that can result in the cancellation of liquor licenses if a licensee breaches the *Liquor Act 2007*; and
- restrictions on Kings Cross licensed premises, including maximum drink purchase limits and prohibition of glass containers.

The [Liquor Amendment Act 2014](#) introduced the following restrictions in the Kings Cross Precinct and newly designated [Sydney CBD Entertainment Precinct](#):

- 1.30am lockouts at licensed premises;
- 3am cessation of service of alcohol; and
- temporary banning orders for troublemakers in the Sydney CBD.

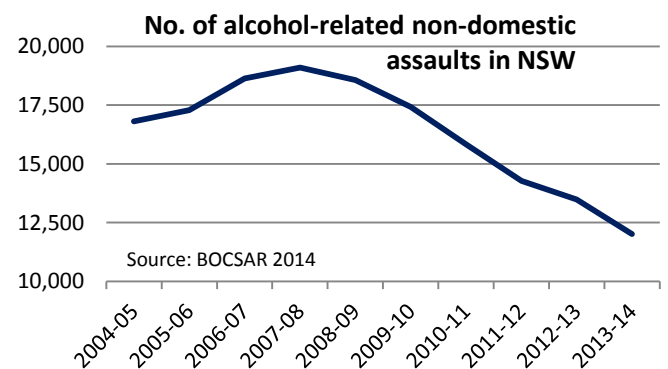
The Act also imposed a ban on takeaway alcohol sales after 10pm across NSW. Passed at the same time, the [Crimes and Other Legislation \(Assault and Intoxication\) Act 2014](#) created a new offence of assault causing death. It carries a maximum penalty of 20 years jail, and a minimum mandatory sentence of 8 years applies if the

offender was intoxicated by alcohol or drugs.

The impact of the measures

[Evaluations](#) of the 2008 Newcastle restrictions, conducted in 2010 and 2014, found they reduced assaults in the intervention area, with little flow-on effects on surrounding suburbs. These reductions were mainly attributed to the 3am closing time.

According to [BOCSAR research](#), the 2014 restrictions have seen violence in the Sydney CBD reduce by 40%, and by 32% in Kings Cross. A smaller 9% reduction in assaults occurred across the rest of NSW. These findings support earlier [BOCSAR research](#), which shows that alcohol-related violence across NSW has declined every year since 2007-08.



Positive as these findings are, it remains [unclear](#) whether the decline in assaults in Sydney CBD and Kings Cross are due to a change in alcohol consumption, or a change in the number of people visiting the 2 Precincts. BOCSAR has advised that further monitoring is necessary to determine whether reductions will continue in the long term.

[Premier Mike Baird](#) has said the measures will not be reviewed before a statutory review is due in February 2016. For [Labor](#), Luke Foley has expressed support for the current measures.

Research Service Publications

L Roth, [Liquor licensing restrictions to address alcohol-related violence in NSW: 2008 to 2014](#), e-brief 4/2014

L Roth, [Alcohol-related violence: key sources](#), Issues backgrounder 1/2014

Organised Crime Laws

Lenny Roth

In recent years there has been extensive legislative activity targeting organised crime. For the most part, this occurred in response to a 2009 brawl at Sydney airport involving rival motorcycle gangs, and a large number of drive-by shootings in Western and South-Western Sydney during 2011. Further laws to tackle organised crime were proposed in the 2015 election campaign.

Changes to criminal gang offences

In 2012, changes were made to offences relating to participation in a criminal group, which had been inserted into the *Crimes Act 1900* in 2006 (section 93T). The 2006 provisions made it an offence for a person to participate in a criminal group, knowing it was a criminal group and knowing or being reckless as to whether his or her participation contributed to any criminal activity. The maximum penalty was 5 years imprisonment. In 2012, the elements of the offence were changed from “knowing or being reckless”, to “knows or ought reasonably to know”; and new offences were introduced including, directing any of the activities of a criminal group, which carries a maximum penalty of 10 years imprisonment (15 years if the group’s activities are organised and ongoing).

New scheme of control orders

In 2009, the Rees Government introduced the *Crimes (Criminal Organisations Control) Act*, which the High Court subsequently declared to be invalid: [Wainohu v State of New South Wales](#) [2011] HCA 24. In 2012, the O’Farrell Government introduced a revised [Act](#) with the same name; and in 2013, further changes were made to the Act following another High Court decision upholding the validity of similar laws in Queensland: [Condon v Pompano](#) [2013] HCA 7.

Under the 2013 Act, the Police Commissioner may apply to the Supreme Court for a declaration that an organisation is a “criminal organisation”. The Court may make a declaration if members of the organisation associate for the purpose of

organising or engaging in serious criminal activity, and the continued existence of the organisation is an unacceptable risk to the safety, welfare or order of the community. The Court may make a control order in relation to a person who is a member of a declared organisation. If a control order is made, it is an offence for the person to associate with another person who is also subject to a control order. In addition, an authorisation for the person to carry on a prescribed activity (e.g. supplying liquor) is automatically suspended.

To date, no declarations have been made under the Act. In budget estimates [hearings](#) in August 2014, the Minister for Police, Stuart Ayres, said that the police were “hard at work preparing an application for the first declaration”.

Changes to consorting offence

In 2012, the consorting offence in the *Crimes Act 1900* (section 93X) was “modernised”. It is an offence for a person to habitually consort with at least 2 convicted offenders after having been given an official warning in relation to those offenders. The offence has a maximum penalty of 3 years imprisonment and/or a \$16,500 fine. These provisions were unsuccessfully challenged in the High Court: [Tajjour v NSW](#) [2014] HCA 35.

In November 2013, the NSW Ombudsman released an [issues paper](#) in relation to its review of the use of the provisions. It noted that there had been more than 1,000 official consorting warnings in the first year of the provisions but only 14 people had been charged with consorting offences. The paper asks a number of questions, including whether the provisions are too broad. The review is due to be completed in April 2015.

Changes to firearm laws

Reforms in 2012 created an aggravated form of the offence of firing at a dwelling, where it occurs in the course of organised criminal activity. It has a maximum penalty of 16 years imprisonment, compared to 14 years for the standard offence. Further legislation in 2013 expanded the scope of firearm prohibition orders, which can be made by the Police Commissioner in respect of a person who is not fit to have a firearm, and gave police the power to enter and search premises occupied

by a person subject to such an order.

Changes to right to silence

Changes to the *Evidence Act* in 2013 allow an unfavourable inference to be drawn against persons accused of a serious indictable offence who refuse to cooperate with the police during official questioning and who later seek to rely on a fact in their defence at trial that they could reasonably have mentioned during this questioning. This only applies if the police gave the person a special caution in the presence of their lawyer, and they were allowed a reasonable opportunity to consult with their lawyer.

New regulation of tattoo parlours

The *Tattoo Parlours Act 2012* established a scheme for the licencing and regulation of body art tattooing businesses and artists. The Government [stated](#) that the Act aimed “to break the stranglehold that outlaw motorcycle gangs have over the tattoo industry”, noting that removing them would “reduce the reasons for rival gangs to fight turf wars”.

Changes to Restricted Premises Act

In 2013, amendments were made to the *Restricted Premises Act 1943* to increase penalties for offences relating to reputed criminals attending declared premises; and to empower police officers to enter such premises without warrant to search for firearms.

Changes to asset confiscation laws

Since the 1980s, NSW has had the following two types of asset confiscation laws:

- *Conviction-based*: a court can make an order to confiscate certain assets from a person convicted of a serious criminal offence; this requires proof of guilt beyond reasonable doubt: *Confiscation of Proceeds of Crime Act 1989*.
- *Civil-based*: the Supreme Court can make an order to confiscate certain assets from a person if the court is satisfied on the balance of probabilities that the person has engaged in serious criminal activity: *Criminal Assets Recovery Act 1990*.

In 2010, the civil-based scheme was extended. Under the new laws, the Supreme Court can make an order to confiscate wealth from a person if satisfied that there is a reasonable suspicion that he or she has engaged in serious crime-related activity and he or she cannot lawfully account for the wealth (Pt3, Div2 of the 1990 Act).

In 2013-14, the estimated value of property confiscated under [conviction-based orders](#) was \$1 million; and the estimated value of realisable [civil-based orders](#) was \$28.3 million, including \$1.2 million from unexplained wealth orders.

Changes to Crime Commission Act

The NSW Crime Commission's functions include investigating organised crime. Following the recommendations of the 2011 [Report of the Special Commission of Inquiry into NSW Crime Commission](#), the Act governing the Commission was changed to make it more “modern”: *Crime Commission Act 2012*. In [2013-14](#), there were 175 arrests and 684 charges arising from the Commission's investigations: 58% of the charges related to drug supply offences.

Recent proposals

On 3 March 2015, Premier Baird [announced](#) new measures targeting organised crime. One of these is introducing Serious Crime Prevention Orders to restrict the activities of persons or businesses involved in a serious crime related activity, as exists in the United Kingdom. Other proposed measures include:

- streamlining the process used to confiscate assets used in serious criminal activity; and
- increasing the maximum penalties for the money laundering offence of dealing with property suspected of being proceeds of crime (to 5 years imprisonment if property valued over \$100,000).

Research Service Publications

G Griffith, [The High Court and the constitutional limits of anti-gang laws](#), e-brief 14/2014

L Blayden, [Anti-gang laws in Australia](#), Issues Backgrounder 5/2013

Bail Laws

Lenny Roth

Bail enables a person in custody who is charged with a criminal offence to be released on the condition that he or she undertakes to appear in court and observe any specified conditions. Bail decisions are made by the police and courts. Bail laws attempt to strike the right balance between, on the one hand, not infringing upon the liberty of an accused person who is entitled to the presumption of innocence; and, on the other hand, ensuring that the accused person will attend court, and will not interfere with witnesses or commit other offences. In recent years, significant changes have been made to bail laws.

Former Bail Act

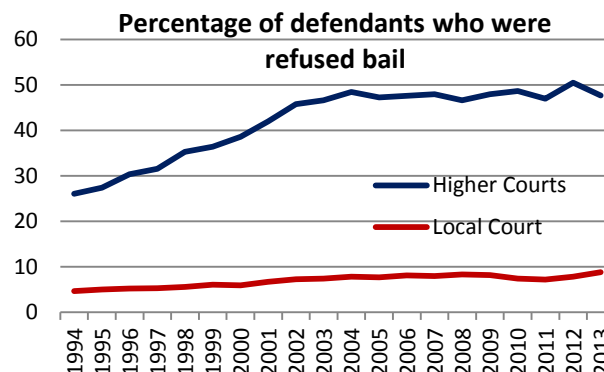
When the *Bail Act 1978* was enacted it created a presumption in favour of bail for all offences except violent or armed robbery. Over the following 25 years, several amending Acts removed this presumption for a range of offences. For various offences, not only was the presumption in favour of bail removed, but it was replaced with a presumption against bail. And in the case of persons charged with murder and certain "repeat offenders", bail could only be granted "in exceptional circumstances".

The changes were justified on the basis that they would provide greater protection to the community. However, in 2010, the Bail Reform Alliance, which included the NSW Law Society, criticised the ad hoc changes to bail laws over many years and called for reforms. It argued that the changes had undermined the notion of "innocent until proven guilty", and it also claimed that the tougher laws had led to a large increase in the remand prisoner population, without any evidence that this had led to falling crime rates.

Bail decision statistics

A 2015 BOCSAR [study](#) of bail outcomes in relation to finalised charges in the period from 1994 to 2013 found that: in the Local Court, the proportion of defendants who were on remand (i.e. refused bail) at the time of charge finalisation

almost doubled from 4.7% to 8.8%; and in the Higher Courts, the proportion who were on remand at the time of charge finalisation almost doubled from 26.1% to 47.7%. In both cases, the increases in the proportion that were refused bail primarily occurred between 1994 and 2004.



In 2010, 8% of persons on remand when Local Court and High Court proceedings were finalised had all charges dismissed or otherwise disposed of; 9% in Children's Court proceedings. This equated to more than 500 adults and almost 100 young people who were on remand but found to be not guilty. In addition, 34% of persons who were found guilty in the Local Court and on remand when proceedings were finalised did not receive a custodial sentence; compared to 2% in the Higher Courts, and 26% in the Children's Court. This equated to more than 2,000 adults and almost 200 young people who were on remand and did not receive a custodial sentence. Further, in 2010-11, only 18% of young people who had been on remand *at any stage* of the proceedings received a custodial sentence.

There are no available statistics on the number of persons who commit an offence while on bail.

New Bail Act

In October 2010, the Department of Justice and Attorney General published a *Review of the Bail Act 1978* together with a [Draft Bail Bill 2010](#). The main aim of the review was "to improve the Act by making it more consistent, transparent, and simple to understand and apply". The Draft Bill proved to be controversial and was not progressed prior to the 2011 election.

In June 2011, the new Attorney-General, Greg Smith, asked the NSW Law Reform Commission to review the Bail Act. In June 2012 the

Commission's [report](#) was tabled. The report recommended that a new and simplified Bail Act should be drafted, and the report included specific proposals as to the content of the new Act. One of these was that there should be a uniform presumption in favour of release, except in relation to release pending appeal.

The NSW Government [agreed](#) to adopt many of these recommendations but not the presumption in favour of release. Instead, it proposed a model in which there would not be any presumptions and the bail authority would be required to assess the risk posed by an accused person when deciding whether to release or remand them. If it was satisfied that the accused presented an unacceptable risk, it would then need to consider whether this risk could be mitigated by bail conditions. If so, conditional bail would be granted; and if not, bail would be refused. This model was incorporated into the [Bail Act 2013](#), which came into force on 20 May 2014.

Changes in 2014

Following some contentious bail decisions, just over a month after the new Bail Act came into force, the Premier, Mike Baird, and the new Minister for Justice and Attorney-General, Brad Hazzard, announced a review of the Bail Act. The review was to be carried out by a former NSW Attorney-General, John Hatzistergos, and the purpose of the review was “to ensure the safety of the community, victims and witnesses is at the forefront of all decisions made on bail”.

Mr Hatzistergos completed his [report](#) in July 2014. One of his recommendations was for the introduction of a “show cause” requirement for a range of serious offences. In cases where a person is charged with one of these offences, the bail authority would be required to refuse bail unless the defendant showed cause why his or her detention in custody was not justified. The report also recommended that additional factors be considered as part of the risk assessment: for example, the conduct of the accused person towards any victim after the offence; and the accused person's criminal associations.

These recommendations were adopted by the

Government and enacted in the [Bail Amendment Act 2014](#), commencing on 28 January 2015.

The Attorney-General has asked the [NSW Sentencing Council](#) to consider suggested additions to the categories of offences for which the accused must ‘show cause’; specifically, where an accused person is charged with a serious offence committed: (i) while subject to a good behaviour bond, intervention program order, intensive correction order; (ii) while serving a sentence in the community; or (iii) while in custody. The Council is to report by 31 May 2015.

The 2014 changes to the Act were criticised by the legal profession and some academics. For example, the NSW Bar Association [argued](#) that:

The amendments to the Act are premature and based on perceptions rather than empirical evidence. The changes will see a return to the restrictive and unfair system under the old laws, and undermine the basic principle of our criminal justice system, the presumption of innocence.

Recent developments

The Martin Place Siege on 15 December 2014 has led to further consideration of bail laws. It emerged that the gunman was on bail for serious violence offences. One recommendation of the [Joint Commonwealth – New South Wales Review](#) of the siege was that the NSW Government should consider requiring a bail authority to take into account an accused person's links with terrorist organisations or violent extremism.

Premier Baird [suggested](#) that this proposal should go even further, such that a person identified as a terror suspect and charged with a serious offence would be refused bail. For the Opposition, Linda Burney, stated that “Labor will continue to work constructively in a bipartisan manner to protect the community and help the Government get the bail laws right”. The peak legal profession bodies were opposed to the Premier's proposal, as was Greens MLC, David Shoebridge.

Research Service Publications

L Roth, [Bail law: developments, debate and statistics](#), Briefing Paper 5/2010

Sentencing

Lenny Roth

Sentencing is never far from community and political debates. Recent reviews by the NSW Law Reform Commission and others have generated various proposals for reform. This brief focuses on sentencing of adult offenders.

Sentencing laws

The [Crimes Act 1900](#), which contains most offences, generally specifies a maximum penalty for the offence, but not a minimum. In determining an appropriate penalty in each particular case, the [Crimes \(Sentencing Procedure\) Act 1999](#) governs the sentencing of adult offenders. Key features of the Act are outlined below.

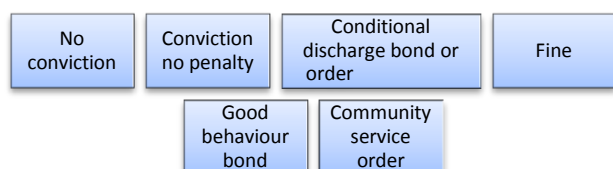
Purposes: The purposes for which a court may impose a sentence on an offender are:

- Punishing the offender
- Deterring the offender and others
- Protecting the community
- Rehabilitating the offender
- Making the offender accountable
- Denouncing the offender's conduct
- Recognising the harm done to the victim and the community

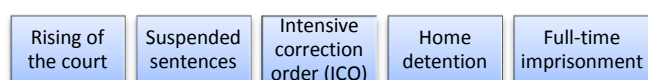
Factors: There are 22 aggravating factors (e.g. committed in company) and 13 mitigating factors (e.g. guilty plea) that the court is required to take into account in determining a sentence.

Sentencing options: The court has a range of non-custodial and custodial sentencing options:

Non-custodial options



Custodial options



Imprisonment and non-parole periods:

When the court imposes a sentence of full-time imprisonment, it must generally impose a non-parole period (the minimum period for which the offender must be in custody) before imposing the balance of the term. The non-parole period must be at least three quarters of the head sentence, unless the court finds special circumstances.

In 2002, the Carr Government introduced a Standard Non-Parole Period (SNPP) scheme for a range of serious offences, which only applies in respect of adults. The scheme originally applied to 21 offences that were set out in a Table along with the corresponding SNPPs (now 30 offences). The SNPP was stated to be the non-parole period for an offence "in the middle of the range of objective seriousness for offences in the Table".

The level of SNPPs that were set for the different offences varied from around 20% to around 70% of the maximum penalty for the offence. A 2010 Judicial Commission [study](#) examined the impact of the scheme between 2003 and 2010 and concluded that it had resulted in a greater uniformity of sentencing outcomes, as well as an increase in the severity of penalties imposed.

A 2011 decision of the High Court in [Muldrock v The Queen](#) ruled that the courts had taken the wrong approach to the SNPP scheme. Following recommendations in a 2012 [report](#) by the NSW Law Reform Commission, the *Muldrock* approach was confirmed with legislative clarification: see *Crimes (Sentencing Procedure) Amendment (Standard Non-parole Periods) Act 2013*.

Sentencing trends

In a [companion](#) to its 2013 report on sentencing, the NSW Law Reform Commission analysed sentencing patterns and statistics. Key findings in relation to the balance of sentences imposed in adult courts between 1997 and 2012 included:

- a decrease in the use of fines and an increase in the use of discharge without conviction and good behaviour bonds;
- a steady increase in the use of penalties more serious than a fine (39.5% in 2012; compared to 29% in 1999);

- the introduction of suspended sentences in 1999 led to a greater proportion of sentences being custodial (15% in 2003 compared to 10% in 1999);
- the proportion of offenders sentenced to full-time imprisonment held fairly steady over the period (between 8% and 9%).

A 2015 BOCSAR [study](#) found that over the past 20 years there has been a rise in the proportion of convicted offenders given a prison sentence and in the average length of prison terms. These increases were not uniform across all offence categories but were present in most.

Interstate comparisons

A 2015 [paper](#) by the NSW Judicial Commission compared sentences of imprisonment in NSW with those in Queensland and Victoria, for 5 types of offences: sexual assault, child sexual assault, dangerous driving causing death, robbery, and break and enter/burglary. NSW had the highest rate of imprisonment for all 5 offences; and it had longer median head sentences than Queensland and Victoria for the offences of child sexual assault, robbery, and break, enter/burglary.

Public opinion

Some key findings from [recent studies](#) on public opinion on sentencing in Australia include: when asked in surveys, a majority of people say that sentences are too lenient; however, responses to other questions in surveys reveal that people's attitudes to sentencing are more diverse than this. In addition, people who think that sentences are too lenient are more likely to have less knowledge about crime and imprisonment rates; and further, when asked to deliberate on cases, a majority of people select a sentence that is the same or more lenient than the judge's sentence.

Proposal for new Sentencing Act

In July 2013, the NSW Law Reform Commission submitted its [report](#) on sentencing. It proposed introducing a revised sentencing Act. Some of the key changes that were proposed include:

- replacing the long list of aggravating and mitigating factors with a list of six general factors to consider in sentencing;

- creating a new Community Correction Order, to replace community service orders and section 9 bonds;
- creating a new Community Detention Order, to replace home detention, ICOs and suspended sentences;
- changing the rules on setting a term of imprisonment, including adopting a presumptive ratio that the non-parole period should be two-thirds of the head sentence;

The NSW Government has not yet released a detailed response to the report.

Proposals relating to certain offences

In September 2013, the Attorney-General asked the NSW Sentencing Council to advise on the offences that should be included in the SNPP Table; and the SNPPs for those offences. The Council's [report](#) recommended retaining the existing offences, and adding several child sex offences and certain firearm offences. It recommended SNPPs for these additional offences, as well as adjusting the SNPPs for related offences already in the SNPP Table.

In October 2014, the Joint Select Committee on Sentencing of Child Sexual Assault Offenders tabled its [report](#). It made 29 recommendations across a range of areas, including increasing the maximum penalty for the offence of sexual intercourse with a child under 10, from 25 years to life imprisonment; and adding several child sex offences to the SNPP Scheme (following the Sentencing Council's recommendations).

On 4 March 2015, Premier Baird [announced](#) that, if re-elected, the Government would introduce a number of reforms in relation to child sexual assault, including implementing both of the Committee recommendations referred to above. On 16 March, the Premier [announced](#) that the Government would also raise the SNPP for certain firearms offences and include other firearms offences in the SNPP scheme (following the Sentencing Council's recommendations).

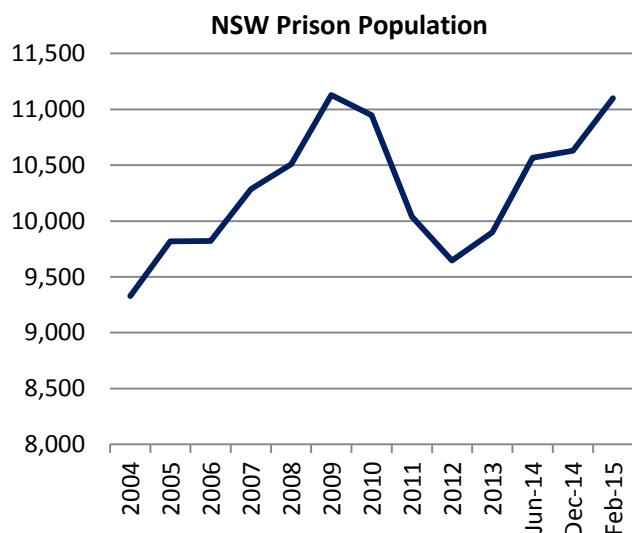
Research Service Publications

T Gotsis, [A statistical snapshot of crime and justice in NSW](#), Statistical Indicators 10/2014

Prison Population

Lenny Roth

After a period of decline from June 2009, the prison population has been rising rapidly since June 2012 and, according to [media](#) reports, was back at record levels (11,100) in February 2015.



Sources: The figures for 2004 to 2014 (June) are from [ABS, 2014](#); The December 2014 figure is from [BOCSAR, 2014](#); and the February 2015 figure is from the media report.

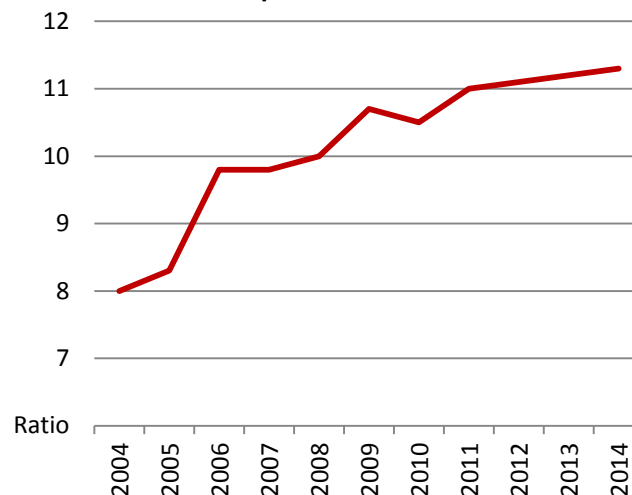
The prison population is comprised of persons on remand (i.e. those refused bail and waiting for court proceedings to be finalised) and persons serving a sentence of imprisonment. As at 30 June 2014, remand prisoners made up 26% of the prison population (up from 20% in 2004).

Selected prisoner characteristics

According to ABS [data](#), prisoners are primarily male; females account for only around 7% of the population (same as in 2004). The average age of prisoners is 36 years (34 years in 2004).

Indigenous persons comprise 24% of the prison population (up from 17% in 2004) despite making up less than 3% of the NSW population. After adjusting for the age profiles of the respective populations, the Indigenous imprisonment rate (1,700 prisoners per 100,000) is 11 times higher than the non-Indigenous rate. This level of overrepresentation in prison has increased over the past decade (it was 8 in 2004).

Indigenous to non-Indigenous imprisonment rates



More than half of the total prison population (56%) has had a prior period of imprisonment.

According to the [2009 NSW Inmate Health Survey](#), 49% of inmates had previously been assessed or treated by a doctor or psychiatrist for a mental health problem (up from 43% in 2001); and 16% of inmates had previously been admitted to a psychiatric unit (14% in 2001).

Why are inmate numbers rising?

In general, the prison population is affected by the number of persons entering prison and the length of time that a person spends in prison. Remand numbers are affected by crime and arrest rates, offence and offender profiles, bail laws and decisions, and the time taken to finalise court proceedings. Sentenced prisoner numbers are affected by crime, arrest and conviction rates, offence and offender profiles, sentencing laws and decisions, and parole laws and decisions.

A BOCSAR [preliminary analysis](#) of the rapid growth in the prison population between January 2013 and March 2014 found that the key contributing factors were a higher rate of arrest for serious crime and an increase in the proportion of convicted offenders given a prison sentence. BOCSAR [explained](#) that the rise in the prison population in the second half of 2014 was due to a growth in prisoners on remand.

Concerns about recent growth

In a 2014 [paper](#), BOCSAR stated that the recent rapid growth in the prison population was a matter

of significant concern. It explained that:

Prison is a very expensive form of crime control. The marginal cost of each additional prisoner over the period from September 2013 to the present was approximately \$119 per day. To be sure, the expenditure is not without its benefits. Incapacitating offenders does help reduce crime. Recent research, however, suggests that the marginal effectiveness of prison as a crime control tool declines as a prison system expands. Rapid prison population growth also carries risks. If the number of prisoners expands faster than prison capacity, the resulting overcrowding can disrupt the provision of rehabilitation programs and services.

Is prison capacity sufficient?

A recent Productivity Commission [report](#) noted that in 2013-14, the NSW prison design capacity utilisation rate was 107.5% for open prisons and 110.5% for secure prisons, compared to 91.5% and 99.5% respectively in 2012-13 (daily average prisoner population divided by average prison design capacity). An [article](#) in the *Sydney Morning Herald* on 3 February 2015 reported that inmates were being “detained overnight at police stations and courthouses because there are not enough jail beds to meet the current demand”.

Initiatives to increase capacity

On 5 February 2015, the Attorney-General and Minister for Justice, Brad Hazzard, [announced](#) a \$10 million project that involves prisoners building 80 new modular cells that would house 160 inmates at existing correctional centres. The first cells would become operational by the end of August, with the locations still to be decided.

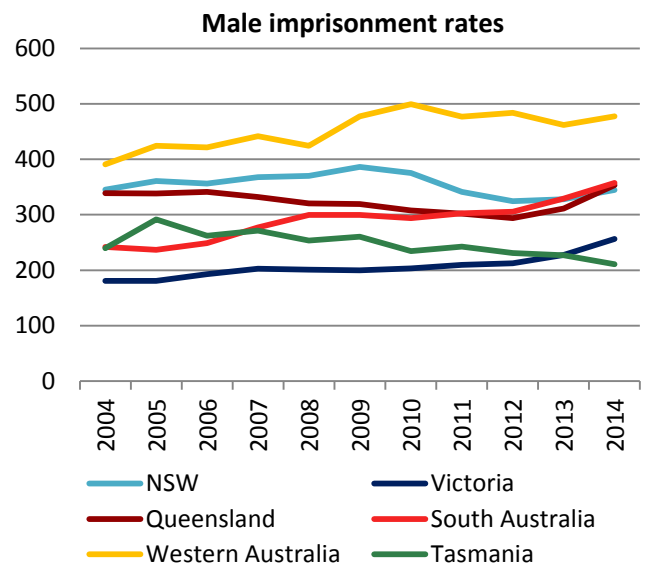
On 17 February, Mr Hazzard [announced](#) that Kirkconell Correctional Centre would be reopened and would hold 260 minimum security inmates. That centre was closed in October 2011, along with those at Berrima and Parramatta; and in 2012 the Grafton Correctional



Centre was downsized. The reasons behind the closures and downsizing are discussed in a 2013 Legislative Council Select Committee [report](#).

Interstate comparisons

The NSW male imprisonment rate of 345 (i.e. number of prisoners per 100,000 population) is the fourth highest of the six States. The NSW rate is much lower than the Western Australian rate (478) and slightly lower than the Queensland and South Australian rates (354 and 358 respectively). All of these States have much higher imprisonment rates than Victoria (256).



A 2011 BOCSAR [paper](#) examining the reasons why the NSW imprisonment rate was twice as high as the Victorian rate found that this was due to four factors: (i) a greater rate of court appearance (ii) a slightly higher conviction rate (iii) a greater likelihood of imprisonment, and a higher probability of remand in custody.

Research Service Publications

T Gotsis, [A statistical snapshot of crime and justice in New South Wales](#),

Statistical Indicators 10/2014

Reducing Reoffending

Lenny Roth

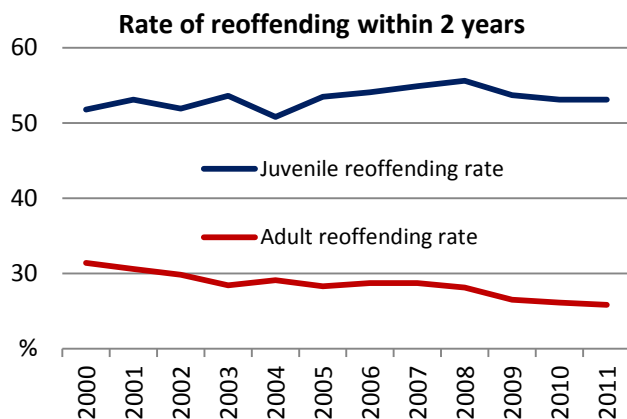
A major challenge for the NSW Government is to reduce the high rates of reoffending, which are responsible for a large proportion of crime, imprisonment and criminal justice system costs.

Reoffending rates

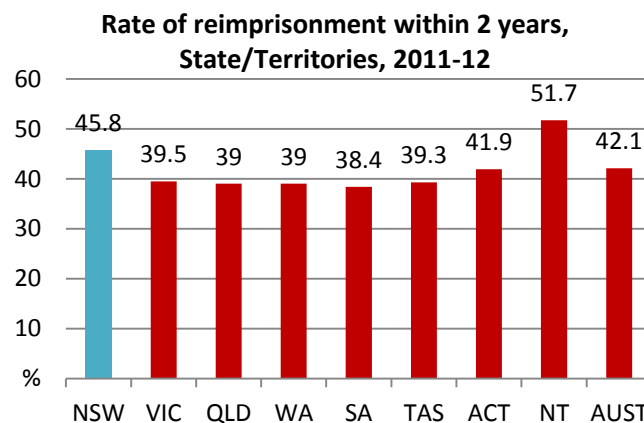
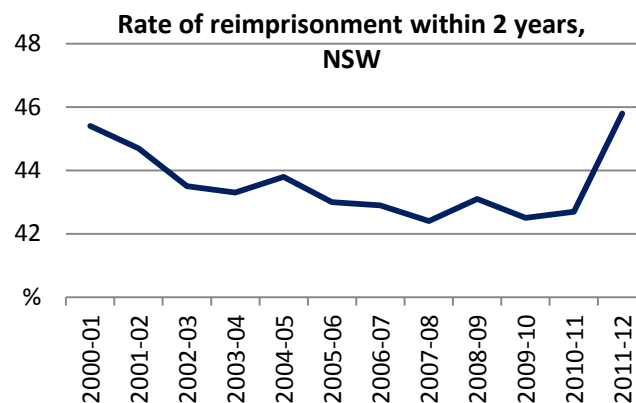
BOCSAR [publishes](#) time series data on the proportion of adult and juvenile offenders who are reconvicted of an offence within two years. The current series is for persons convicted of an offence between 2000 and 2011 (the two-year follow-up period takes the series up to 2013).

The **juvenile** reoffending rate for those convicted in 2011 was 53%. This rate is slightly higher than the 2000 rate (52%) but lower than the 2008 rate (56%). The Indigenous reoffending rate (70%) is much higher than the non-Indigenous rate (49%).

The **adult** reoffending rate for those convicted in 2011 was 26%. This rate is lower than the 2000 rate (31%). The Indigenous reoffending rate (48%) is much higher than the non-Indigenous rate (27%).



The Productivity Commission [reports](#) on the percentage of adult offenders who are released from prison and who return to prison following reconviction within two years. In NSW, 46% of adult offenders who were released from prison in 2011-12 returned to prison within two years. This rate is above the 2000-01 rate (45%). The NSW reimprisonment rate is currently the second highest in Australia (after the Northern Territory).



NSW Government policy

One of the goals of the NSW Government's State Plan, [NSW 2021](#), is preventing and reducing the level of reoffending. A key target is to reduce adult and juvenile reoffending by 5% by 2016. In 2014, Corrective Services NSW released [A Strategy for supporting Aboriginal offenders to desist from reoffending](#). In the same year, the Department of Police and Justice commenced leadership of an inter-agency project to develop a *NSW Strategy to Reduce Re-offending*.

Measures to reduce youth reoffending

Since the late 1990s, the NSW Government has introduced programs that divert juveniles from the court system and, in so doing, aim (at least in part) to reduce juvenile reoffending.

The *Young Offenders Act 1997* introduced a scheme of warnings, cautions and Youth Justice Conferences. A 2012 BOCSAR [paper](#) concluded that "the conference regime...is no more effective than the NSW Children's Court in reducing juvenile re-offending among young persons eligible for a conference". This and other research has led Don Weatherburn (Director of BOCSAR) to [argue](#) for a new approach in juvenile justice.

Other diversionary programs have included:

- [Youth Drug and Alcohol Court](#) (abolished in 2012)
- Youth Conduct Orders (abolished in 2014)
- [Youth on Track](#) (commenced July 2013)

In November 2014, the Attorney General Brad Hazzard [announced](#) that the Parramatta Children's Court is trialling a Youth Koori Court.

For juveniles on community-based orders, [Juvenile Justice](#) provides rehabilitation programs; it also funds non-government organisations to provide casework and other interventions. The Intensive Supervision Program, which operates in Newcastle and Western Sydney, is a program targeting repeat and/or serious offenders. Juvenile detention centres provide rehabilitation, educational and vocational programs. There is also a post-release support program.

In October 2011, the NSW Government began a [review](#) of juvenile justice legislation. A review report has not been published; and no major changes have been made to the Act. However, the Youth on Track early intervention program (noted above) was said to be based on the review's recommendations. A 2010 [review](#) of the juvenile justice system by *Noetic Solutions* recommended adopting a Justice Reinvestment Approach, as pioneered in the United States. A 2013 Senate Committee [report](#) on Justice Reinvestment recommended the Commonwealth commit to a trial in Australia in conjunction with relevant States and Territories. [Just Reinvest](#) is currently undertaking a pilot project in Bourke.

Measures to reduce adult reoffending

Since the late 1990s, the NSW Government has introduced a number of court-based interventions which aim (at least in part) to reduce adult reoffending. Those that have been shown to reduce reoffending include:

- [Magistrates Early Referral into Treatment \(MERIT\) program](#)
- [Drug Court program](#)
- Court Liaison Service for persons with mental illness and developmental disability

Those programs shown not to be effective in reducing reoffending (but which may be achieving other program objectives) include:

- [Court Referral of Eligible Defendants into Treatment \(CREDIT\) program](#)
- [Forum Sentencing](#)
- [Circle Sentencing](#)

A new court-based diversionary program is [Life on Track](#), which is being trialled in two locations.

Alternative custodial sentencing options have also been introduced to address reoffending: e.g. Compulsory Drug Treatment Orders and Intensive Correction Orders (ICOs). A 2013 BOCSAR [study](#) found that ICOs had lower rates of reoffending compared to periodic detention (which was abolished when ICOs were introduced) but there was no significant difference between those on ICOs and supervised suspended sentences.

[Corrective Services](#) provides a range of rehabilitation programs for prisoners and (to a lesser extent) those on community-based orders. Prisoners also have access to mental health treatment, education, training and employment. The extent to which rehabilitation programs are effective in reducing reoffending is not known. Following a review, Corrective Services is currently introducing a new suite of rehabilitation programs. Corrective Services also provides and funds post-release support for parolees.

The NSW Law Reform Commission has made several recommendations aimed at reducing reoffending. In a 2012 [report](#), it recommended expanding diversionary options for people with cognitive and mental health impairments. In a 2013 [report](#) on sentencing, it proposed introducing a general cautioning scheme for adults, extending court-based diversionary programs, and introducing more flexible custodial and non-custodial sentencing options. The Commission is also currently examining [parole](#).

Research Service Publications:

L Roth, [Reducing adult reoffending](#), Briefing Paper 2/2015